

**CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, JUNE 20, 2022
5:00 P.M.**

- A. 1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN**
- A. 2. PLEDGE OF ALLEGIANCE LED BY COUNCIL MEMBER DARON HOLLAND**
- A. 3. INVOCATION BY COUNCIL MEMBER DARON HOLLAND**

Citizen Comments

B. 1. CITIZEN COMMENTS

During this meeting, the City Council welcomes public comment **only** on agenda items listed under the Open Meeting portion of the agenda, in accordance with Texas Government Code Section 551.007. For items not listed on the agenda, those matters may be discussed with City staff during regular business hours, or with the Mayor or any Council member by contacting them at times other than at City Council meetings.

Consent Agenda

C. 1. CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Public Hearing

D. 1. PUBLIC HEARING

Proposed Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-A Improvements and Investments in Phase II-A Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

D. 2. PUBLIC HEARING

Proposed Agreement with Globitech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-B Improvements and Investments in Phase II-B Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

D. 3. PUBLIC HEARING

Proposed Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-C Improvements and Investments in Phase II-C Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

D. 4. PUBLIC HEARING

Proposed Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-D Improvements and Investments in Phase II-D Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Close Public Hearing

Resolutions

- E. 1. **RESOLUTION NO. 6909**
Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-A Improvements and Investments in Phase II-A Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas
- E. 2. **RESOLUTION NO. 6910**
Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-B Improvements and Investments in Phase II-B Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas
- E. 3. **RESOLUTION NO. 6911**
Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-C Improvements and Investments in Phase II-C Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas
- E. 4. **RESOLUTION NO. 6912**
Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-D Improvements and Investments in Phase II-D Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas
- E. 5. **RESOLUTION NO. 6913**
Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-A Improvements and Phase II-A Tangible Personal Property
- E. 6. **RESOLUTION NO. 6914**
Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-B Improvements and Phase II-B Tangible Personal Property
- E. 7. **RESOLUTION NO. 6915**
Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-C Improvements and Phase II-C Tangible Personal Property
- E. 8. **RESOLUTION NO. 6916**
Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-D Improvements and Phase II-D Tangible Personal Property
- E. 9. **RESOLUTION NO. 6917**
Confirming the Employment of the Sherman Police Department's Police Chief

E. 10. * RESOLUTION NO. 6918

Authorizing Submission of a Grant Application and the Acceptance of the Next Generation 9-1-1 Grant through the Commission on State Emergency Communications to Fund PSAP Equipment for the New Sherman Police Department.

E. 11. * RESOLUTION NO. 6919

Authorizing Execution of an Agreement with JDH Grimsley LLC for the Abatement of Ad Valorem Property Taxes for the Construction of a New Single-Family Residence at 315 East College Street within the City of Sherman Reinvestment Zone, Number Ten (#10)

Change Orders

F. 1. * CHANGE ORDER NO. 2

North Travis Water Line Replacement / US 75 Water Line Crossing; Hayes Construction, LLC; \$6,390.00 Increase

G. COUNCIL COMMENTS

Executive Session

H. 1. EXECUTIVE SESSION

In accordance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, the City Council may hold an Executive Session if the discussion of any of the items identified in this agenda, or any of the items identified below, concern one or more of the following:

Tex. Gov't Code §
551.071

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

(a) Receive Legal Advice Regarding Property Condition Issues at 1721 N. Hoard Avenue

Tex. Gov't Code §
551.072

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

Tex. Gov't Code §
551.073

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

Tex. Gov't Code §
551.074

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

(a) City Manager's Contract

Tex. Gov't Code §
551.076

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit.

Tex. Gov't Code §
551.087

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect.

(a) Sherman Hospital Project

Tex. Gov't Code §
551.089

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices.

The Council reconvenes into General Session

I. 1. OPEN MEETING

Reconvene into Open Meeting and Consider Action, if any, on items discussed in Executive Session

J. ADJOURNMENT

COUNCIL CALENDAR

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on Friday, June 17, 2022 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 17th day of June, 2022.
City of Sherman, Texas

City Clerk

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

All agenda items are subject to final action by the City Council.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concerns the purchase, exchange, lease or value of real property; the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; the deployment or use of security personnel or equipment; or requires consultations with the City Attorney.

At the discretion of the City Council, non-agenda items under the headings of "Citizens Requests", "Media Questions", and "Council Concerns" may be presented to the Council for informational purposes; however, by law, the Council shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place.

The City Attorney has approved the Executive Session items on this agenda.

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor

David Plyler

Deputy Mayor

Pamela L. Howeth

Council Members

Henry Marroquin, Council-At-Large, PL #1
Juston Dobbs, Council-At-Large, PL #2
Shawn C. Teamann, Council – District #1

Josh Stevenson, Council – District #2
Pamela L. Howeth, Council – District #3
Daron Holland, Council – District #4



City Council Regular Meeting

C. 1.

Meeting Date: 06/20/2022

Approved By: Robby Hefton, City Manager

Caption:

CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Issue:

E. 12. * RESOLUTION NO. 6918

Authorizing Submission of a Grant Application and the Acceptance of the Next Generation 9-1-1 Grant through the Commission on State Emergency Communications to Fund PSAP Equipment for the New Sherman Police Department.

E. 13. * RESOLUTION NO. 6919

Authorizing Execution of an Agreement with JDH Grimsley LLC for the Abatement of Ad Valorem Property Taxes for the Construction of a New Single-Family Residence at 315 East College Street within the City of Sherman Reinvestment Zone, Number Ten (#10)

F. 1 * CHANGE ORDER NO. 2

North Travis Water Line Replacement / US 75 Water Line Crossing; Hayes Construction, LLC; \$6,390.00 Increase



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 1.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

PUBLIC HEARING

Proposed Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-A Improvements and Investments in Phase II-A Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Issue:

Holding a public hearing on a proposed tax abatement agreement with GlobiTech Incorporated for Phase II-A improvements and Investments in Phase II-A Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

GlobiTech, Inc., Applicant
City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of GlobiTech facilities for 30 years.

Staff Recommendation:

The staff recommends that the City Council hold a public hearing on the proposed tax abatement agreement with GlobiTech Inc.

Alternatives:

As may be directed by the Council.

Attachments

GlobiTech Tax Abatement Agreement (Phase II-A)

Ordinance No. 6499 adopted June 16, 2022

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-A

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-A (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-A Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-A Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-A Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-A Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-A Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-A Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-A” means the phase of GlobiTech’s construction of the Phase II-A Improvements on the Land.
- Q. “Phase II-A Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-A Improvements and Phase II-A Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-A Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-A, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-A Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-A.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-A Improvements thereon following construction thereof, but excluding Phase II-A Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-A Improvements thereon and locating Phase II-A Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-A Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-A Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-A IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-A Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-A Improvements is \$650 million. Phase II-A shall consist of the Phase II-A Improvements and the Phase II-A Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-A Improvements to occur on or before January 1, 2024 and to cause Completion of Construction thereof on or before December 31, 2026. The location of the Phase II-A Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-A Improvements on the Land and/or to locate and maintain any Phase II-A Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-A or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-A Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-A Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-A Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-A Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-A Improvements and the Phase II-A Tangible Personal Property and the Land, less (ii) \$16,625,217 (the agreed Taxable Value for the Base Year of the Land demarked on Exhibit B). The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-A Improvements or Phase II-A Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-A Improvements or places the Phase II-A Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-A Improvements, the Tax Abatement shall apply to any Phase II-A Improvements constructed, and any Phase II-A Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-A CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-A Capital Investment in the Phase II-A Improvements and the Phase II-A Tangible Personal Property shall meet or exceed the aggregate amount of \$750 million as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-A Improvements and the Phase II-A Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-A Improvements and the acquisition, location and maintenance of the Phase II-A Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-A EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-A at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the

Improvements (the “**Employment Reports**”). The City shall have the right to inspect GlobiTech’s payroll and other employment records, including GlobiTech’s management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech’s reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an “Event of Default” hereunder: (1) GlobiTech’s failure to cause Commencement of Construction or Completion of Construction of the Phase II-A Improvements in accordance with this Agreement; (2) GlobiTech’s failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech’s failure to make the Phase II-A Capital Investment; (4) GlobiTech’s failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech’s cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.
- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years’ prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and

payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-A Improvements and any Phase II-A Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII. ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX. ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-A Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X. EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-A Improvements or the Phase II-A Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be

enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

**XV.
APPLICABLE LAW**

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

**XVI.
INDEMNIFICATION**

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City’s Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City’s Indemnified Party written notice that the City’s Indemnified Party is invoking its right to indemnification under this Agreement, the

City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

**XVII.
ENTIRE AGREEMENT**

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

**XVIII.
RECORDATION OF AGREEMENT**

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

**XIX.
INCORPORATION OF RECITALS; EXHIBITS**

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

**XX.
CERTIFICATIONS REQUIRED BY TEXAS LAW**

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.
- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises

or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

**XX.
NO VESTED RIGHTS**

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

**XXII.
COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written asset of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

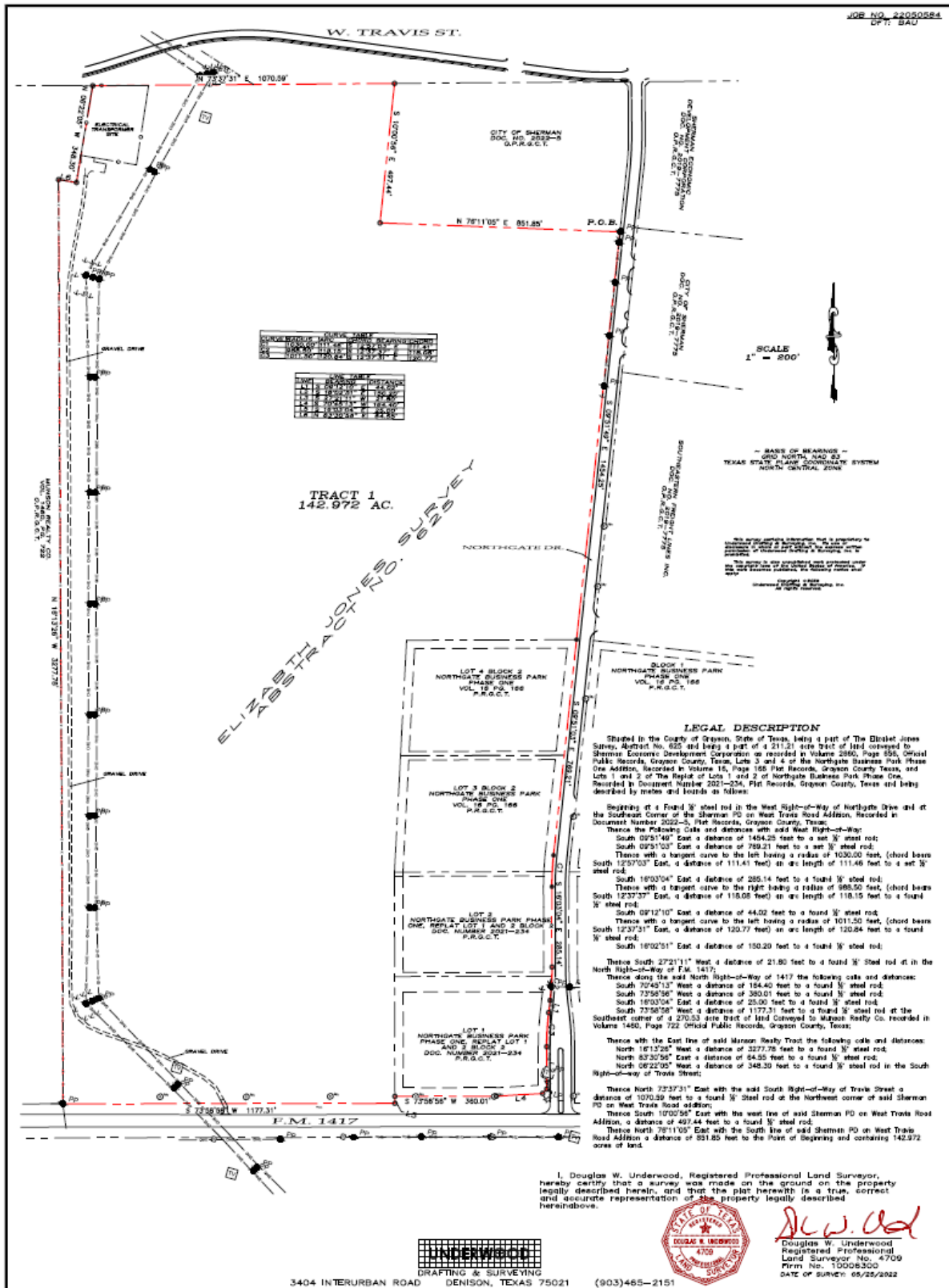


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-A Improvements

Phase II-A would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-A of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.

ORDINANCE NO. 6499

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DESIGNATING CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NO. 12; PROVIDING ELIGIBILITY OF THE ZONE FOR COMMERCIAL-INDUSTRIAL TAX ABATEMENT; CONTAINING FINDINGS THAT THE AREA DESCRIBED QUALIFIES FOR DESIGNATION AS A TAX ABATEMENT REINVESTMENT ZONE PURSUANT TO CHAPTER 312 OF THE TEXAS TAX CODE AND THAT THE IMPROVEMENTS PROPOSED BY THE LAND'S OWNER, GLOBITECH INCORPORATED, ARE FEASIBLE AND PRACTICABLE AND OF BENEFIT TO THE LAND AND THE CITY; AUTHORIZING THE CITY MANAGER TO NEGOTIATE WRITTEN AGREEMENTS WITH THE OWNERS OF ANY TAXABLE REAL AND TANGIBLE PERSONAL PROPERTY LOCATED WITHIN THE DESIGNATED ZONE; AUTHORIZING THE CITY MANAGER TO TAKE ALL OTHER ACTIONS NECESSARY TO EFFECTUATE THE SAME; PROVIDING A REPEALING CLAUSE AND SEVERABILITY CLAUSE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, GlobiTech Incorporated ("GlobiTech") is under contract to purchase from the Sherman Economic Development Corporation ("SEDCO") approximately 143± acres of land in the City of Sherman, Grayson County, Texas, as more particularly described and depicted in Exhibit A, attached hereto (the "Land");

WHEREAS, GlobiTech is considering constructing and developing a major semiconductor wafer fabrication facility on the Land in multiple phases along with other ancillary facilities such as required parking and landscaping (collectively, the "Improvements");

WHEREAS, GlobiTech has represented that the Improvements and tangible personal property would constitute an approximate investment of \$5 Billion by GlobiTech over a multi-year period and that, when fully operational, the Improvements would be expected to bring new employment to the City of Sherman, Texas ("City"), with Phase I employment totaling approximately 375 full-time jobs;

WHEREAS, GlobiTech has represented that Phase I of the Improvements would consist of a manufacturing building containing approximately 800,000± square feet, one or more operations support buildings, and other ancillary facilities and would be used to fabricate semiconductor wafers for use in industrial, automotive, communications and personal electronics products;

WHEREAS, GlobiTech has applied for a tax abatement pursuant to Chapter 312 of the Texas Tax Code from multiple taxing units, including the City, for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech also has applied for an economic incentive pursuant to Chapter 313 of the Texas Tax Code from the Sherman Independent School District for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech has requested, and the City desires, to establish a new tax abatement reinvestment zone to facilitate the applications of GlobiTech pursuant to Chapters 312 and 313 of the Texas Tax Code on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance;

WHEREAS, the City has established guidelines and criteria governing tax abatement agreements by the City and has previously adopted a resolution stating that the City elects to become eligible to participate in tax abatement;

WHEREAS, the Sherman City Council has caused notice to be published in a newspaper having general circulation in the City and has delivered such notice to the presiding officer of the governing body of each taxing unit that includes in its boundaries the Land described herein;

WHEREAS, the City Council has conducted a public hearing on the designation of the Land described herein as a reinvestment zone and has complied with all other requirements imposed by law;

WHEREAS, the City Council finds that it is in the best interest of the City and its citizens to designate the City of Sherman Industrial Reinvestment Zone No. 12, as described herein.

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

SECTION 1. That the Sherman City Council finds that the Land described in Exhibit A, attached hereto, if designated as a tax abatement reinvestment zone, will be reasonably likely to contribute to the retention or expansion of primary employment, or to attract major investment in the area of the zone that will be of benefit to the property and contribute to the economic development of the City. The City Council further finds that the Improvements sought are feasible and practicable and would be of benefit to the Land to be included in the zone and to the City after the expiration of a tax abatement agreement.

SECTION 2. That pursuant to Section 312.201 of the Texas Tax Code, the Land described in Exhibit A, attached hereto, is hereby designated as a reinvestment zone and for identification shall be known as the “City of Sherman Industrial Reinvestment Zone No. 12” on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance.

SECTION 3. That the property within the City of Sherman Industrial Reinvestment Zone No. 12 is eligible for commercial-industrial tax abatement.

SECTION 4. That the City Council hereby authorizes tax abatement agreements with GlobiTech as the owner of taxable real and tangible personal property located within the City of Sherman Industrial Reinvestment Zone No. 12, subject to the guidelines and criteria governing tax abatement, heretofore adopted by the City Council, and subject to compliance with the applicable requirements set forth in Section 312.205 of the Texas Tax Code, and on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance. The City Manager, or his designee, is hereby authorized to negotiate the tax abatement agreements, and any instruments or amendments related thereto, with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to negotiate economic development incentive agreements pursuant to Chapter 380 of the Texas Local Government Code with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to take any and all actions necessary to effectuate the provisions of this Ordinance.

SECTION 5. That all provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6. That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 7. That it is hereby officially found and determined that the meeting at which this Ordinance was introduced and passed was open to the public and that public notice of the time, place and purpose of said meeting were given as required by law.

SECTION 8. That this Ordinance shall become effective from and after its adoption.

[The remainder of this page intentionally left blank.]

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SHERMAN, TEXAS on this 16th day of June, 2022.**

DAVID PLYLER, MAYOR

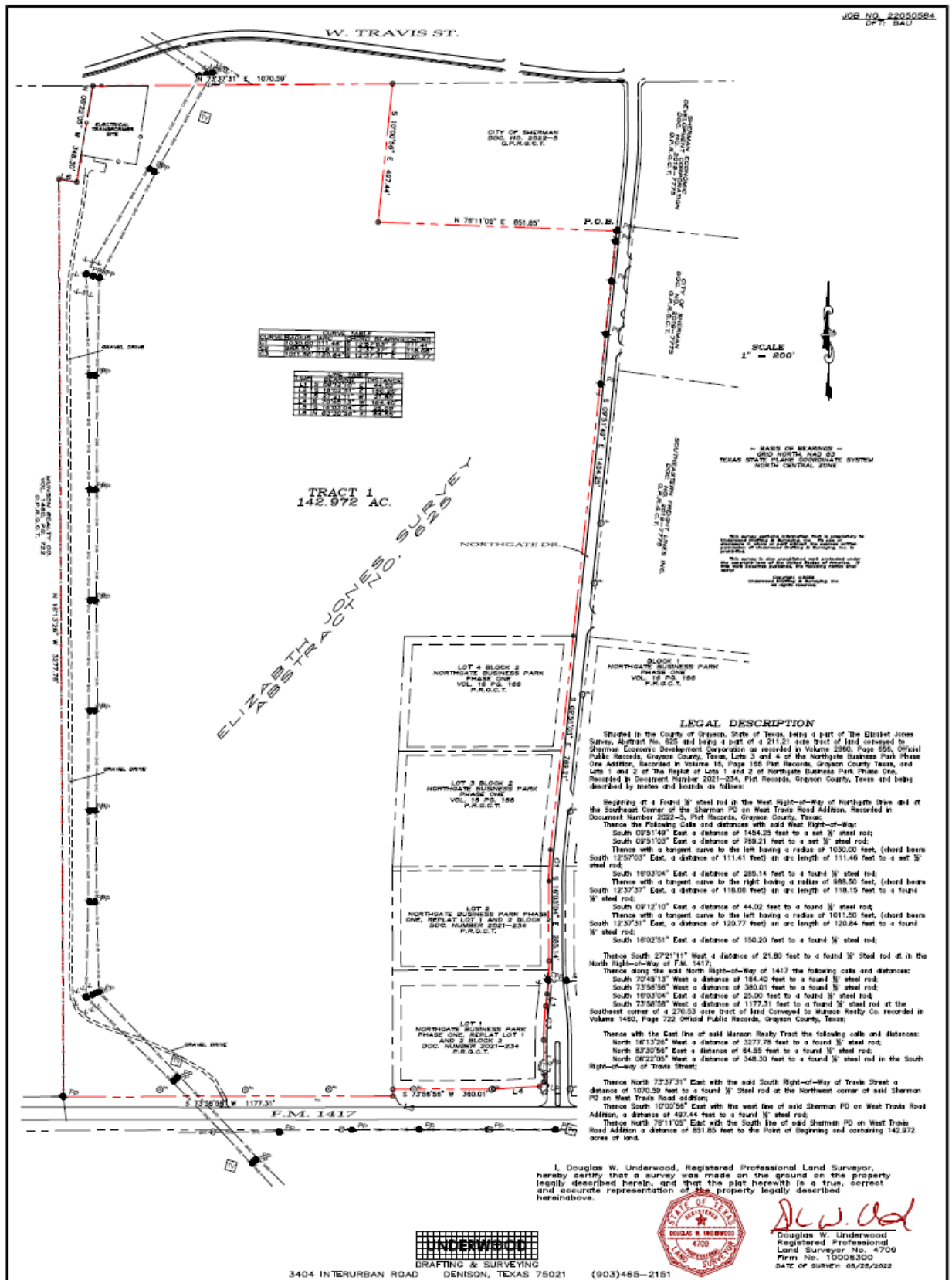
ATTEST:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY

Exhibit A





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 2.

Meeting Date: 06/20/2022

Approved By: Robby Hefton, City Manager

Caption:

PUBLIC HEARING

Proposed Agreement with Globitech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-B Improvements and Investments in Phase II-B Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Issue:

Holding a public hearing on a proposed tax abatement agreement with Globitech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-B Improvements and Investments in Phase II-B Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Inc., Applicant
City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

The staff recommends that the City Council hold a public hearing on the proposed tax abatement agreement with Globitech Inc.

Alternatives:

As directed by the City Council.

Attachments

GlobiTech Tax Abatement Agreement (Phase II-B)
Ordinance No. 6499 adopted June 16, 2022

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-B

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-B (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-B Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-B Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-B Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-B Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-B Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-B Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-B” means the phase of GlobiTech’s construction of the Phase II-B Improvements on the Land.
- Q. “Phase II-B Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-B Improvements and Phase II-B Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-B Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-B, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-B Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-B.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-B Improvements thereon following construction thereof, but excluding Phase II-B Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-B Improvements thereon and locating Phase II-B Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-B Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-B Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-B IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-B Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-B Improvements is \$650 million. Phase II-B shall consist of the Phase II-B Improvements and the Phase II-B Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-B Improvements to occur on or before January 1, 2032 and to cause Completion of Construction thereof on or before December 31, 2034. The location of the Phase II-B Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-B Improvements on the Land and/or to locate and maintain any Phase II-B Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-B or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-B Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-B Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-B Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-B Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-B Improvements and the Phase II-B Tangible Personal Property, less (ii) \$0 (the agreed Taxable Value for the Base Year of the Phase II-B Improvements and Phase II-B Tangible Personal Property located on the Land as demarked on Exhibit B). For the avoidance of doubt, the Taxable Value of the underlying Land is not subject to Tax Abatement under this Agreement. The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-B Improvements or Phase II-B Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-B Improvements or places the Phase II-B Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-B Improvements, the Tax Abatement shall apply to any Phase II-B Improvements constructed, and any Phase II-B Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-B CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-B Capital Investment in the Phase II-B Improvements and the Phase II-B Tangible Personal Property, when combined with Phase II-A Capital Investment, shall meet or exceed the aggregate amount of \$1.5 billion as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-B Improvements and the Phase II-B Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-B Improvements and the acquisition, location and maintenance of the Phase II-B Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-B EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-B at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of

its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the "**Employment Reports**"). The City shall have the right to inspect GlobiTech's payroll and other employment records, including GlobiTech's management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an "Event of Default" hereunder: (1) GlobiTech's failure to cause Commencement of Construction or Completion of Construction of the Phase II-B Improvements in accordance with this Agreement; (2) GlobiTech's failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech's failure to make the Phase II-B Capital Investment; (4) GlobiTech's failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech's cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.

- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years' prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-B Improvements and any Phase II-B Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII.

ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX.

ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-B Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-B Improvements or the Phase II-B Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech

from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely

or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

XVII. ENTIRE AGREEMENT

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

XVIII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

XIX. INCORPORATION OF RECITALS; EXHIBITS

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

XX. CERTIFICATIONS REQUIRED BY TEXAS LAW

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

XX.

NO VESTED RIGHTS

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

XXII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written assent of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

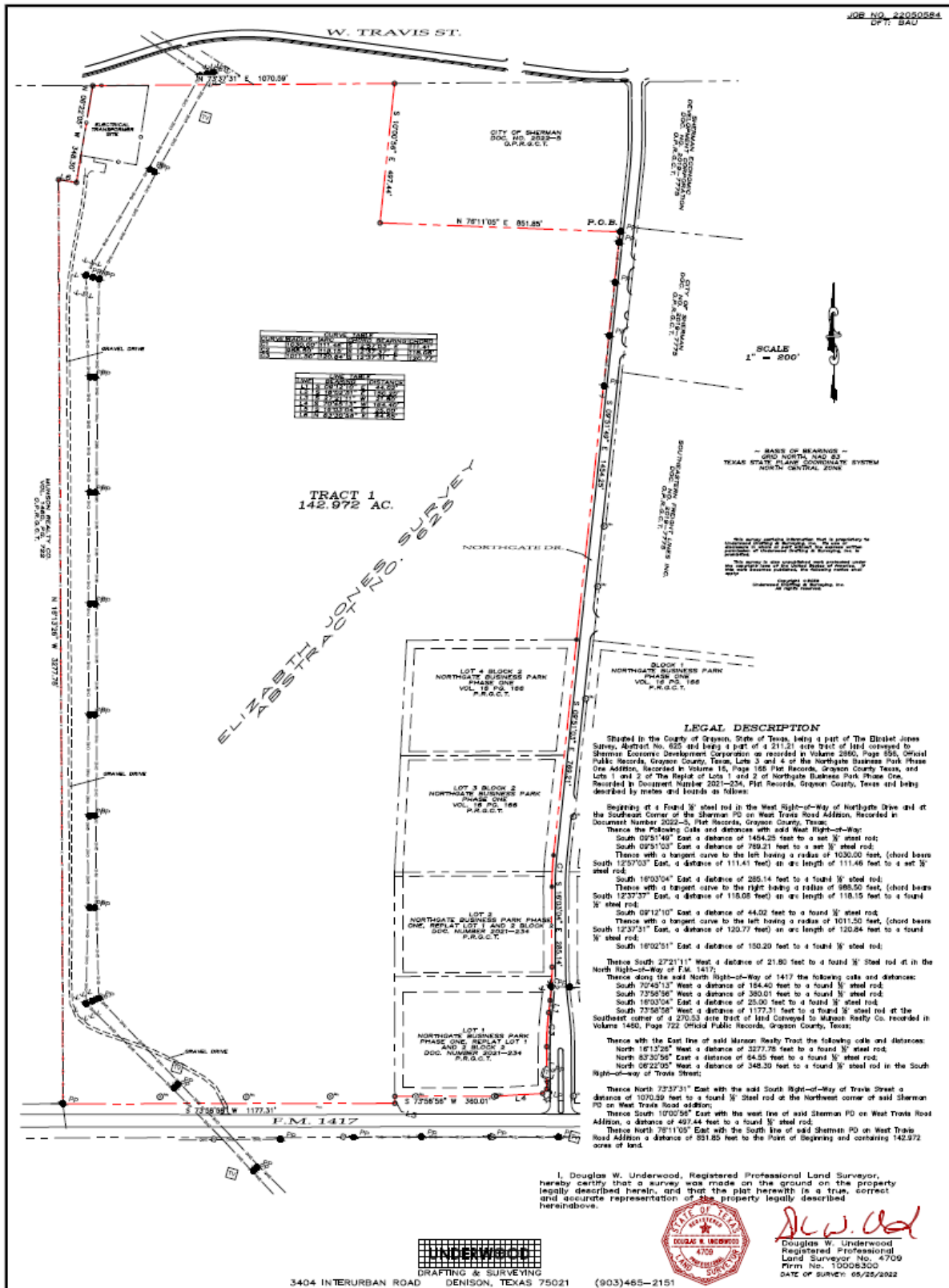


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-B Improvements

Phase II-B would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-B of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.

ORDINANCE NO. 6499

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DESIGNATING CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NO. 12; PROVIDING ELIGIBILITY OF THE ZONE FOR COMMERCIAL-INDUSTRIAL TAX ABATEMENT; CONTAINING FINDINGS THAT THE AREA DESCRIBED QUALIFIES FOR DESIGNATION AS A TAX ABATEMENT REINVESTMENT ZONE PURSUANT TO CHAPTER 312 OF THE TEXAS TAX CODE AND THAT THE IMPROVEMENTS PROPOSED BY THE LAND'S OWNER, GLOBITECH INCORPORATED, ARE FEASIBLE AND PRACTICABLE AND OF BENEFIT TO THE LAND AND THE CITY; AUTHORIZING THE CITY MANAGER TO NEGOTIATE WRITTEN AGREEMENTS WITH THE OWNERS OF ANY TAXABLE REAL AND TANGIBLE PERSONAL PROPERTY LOCATED WITHIN THE DESIGNATED ZONE; AUTHORIZING THE CITY MANAGER TO TAKE ALL OTHER ACTIONS NECESSARY TO EFFECTUATE THE SAME; PROVIDING A REPEALING CLAUSE AND SEVERABILITY CLAUSE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, GlobiTech Incorporated ("GlobiTech") is under contract to purchase from the Sherman Economic Development Corporation ("SEDCO") approximately 143± acres of land in the City of Sherman, Grayson County, Texas, as more particularly described and depicted in Exhibit A, attached hereto (the "Land");

WHEREAS, GlobiTech is considering constructing and developing a major semiconductor wafer fabrication facility on the Land in multiple phases along with other ancillary facilities such as required parking and landscaping (collectively, the "Improvements");

WHEREAS, GlobiTech has represented that the Improvements and tangible personal property would constitute an approximate investment of \$5 Billion by GlobiTech over a multi-year period and that, when fully operational, the Improvements would be expected to bring new employment to the City of Sherman, Texas ("City"), with Phase I employment totaling approximately 375 full-time jobs;

WHEREAS, GlobiTech has represented that Phase I of the Improvements would consist of a manufacturing building containing approximately 800,000± square feet, one or more operations support buildings, and other ancillary facilities and would be used to fabricate semiconductor wafers for use in industrial, automotive, communications and personal electronics products;

WHEREAS, GlobiTech has applied for a tax abatement pursuant to Chapter 312 of the Texas Tax Code from multiple taxing units, including the City, for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech also has applied for an economic incentive pursuant to Chapter 313 of the Texas Tax Code from the Sherman Independent School District for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech has requested, and the City desires, to establish a new tax abatement reinvestment zone to facilitate the applications of GlobiTech pursuant to Chapters 312 and 313 of the Texas Tax Code on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance;

WHEREAS, the City has established guidelines and criteria governing tax abatement agreements by the City and has previously adopted a resolution stating that the City elects to become eligible to participate in tax abatement;

WHEREAS, the Sherman City Council has caused notice to be published in a newspaper having general circulation in the City and has delivered such notice to the presiding officer of the governing body of each taxing unit that includes in its boundaries the Land described herein;

WHEREAS, the City Council has conducted a public hearing on the designation of the Land described herein as a reinvestment zone and has complied with all other requirements imposed by law;

WHEREAS, the City Council finds that it is in the best interest of the City and its citizens to designate the City of Sherman Industrial Reinvestment Zone No. 12, as described herein.

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

SECTION 1. That the Sherman City Council finds that the Land described in Exhibit A, attached hereto, if designated as a tax abatement reinvestment zone, will be reasonably likely to contribute to the retention or expansion of primary employment, or to attract major investment in the area of the zone that will be of benefit to the property and contribute to the economic development of the City. The City Council further finds that the Improvements sought are feasible and practicable and would be of benefit to the Land to be included in the zone and to the City after the expiration of a tax abatement agreement.

SECTION 2. That pursuant to Section 312.201 of the Texas Tax Code, the Land described in Exhibit A, attached hereto, is hereby designated as a reinvestment zone and for identification shall be known as the “City of Sherman Industrial Reinvestment Zone No. 12” on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance.

SECTION 3. That the property within the City of Sherman Industrial Reinvestment Zone No. 12 is eligible for commercial-industrial tax abatement.

SECTION 4. That the City Council hereby authorizes tax abatement agreements with GlobiTech as the owner of taxable real and tangible personal property located within the City of Sherman Industrial Reinvestment Zone No. 12, subject to the guidelines and criteria governing tax abatement, heretofore adopted by the City Council, and subject to compliance with the applicable requirements set forth in Section 312.205 of the Texas Tax Code, and on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance. The City Manager, or his designee, is hereby authorized to negotiate the tax abatement agreements, and any instruments or amendments related thereto, with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to negotiate economic development incentive agreements pursuant to Chapter 380 of the Texas Local Government Code with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to take any and all actions necessary to effectuate the provisions of this Ordinance.

SECTION 5. That all provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6. That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 7. That it is hereby officially found and determined that the meeting at which this Ordinance was introduced and passed was open to the public and that public notice of the time, place and purpose of said meeting were given as required by law.

SECTION 8. That this Ordinance shall become effective from and after its adoption.

[The remainder of this page intentionally left blank.]

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SHERMAN, TEXAS on this 16th day of June, 2022.**

DAVID PLYLER, MAYOR

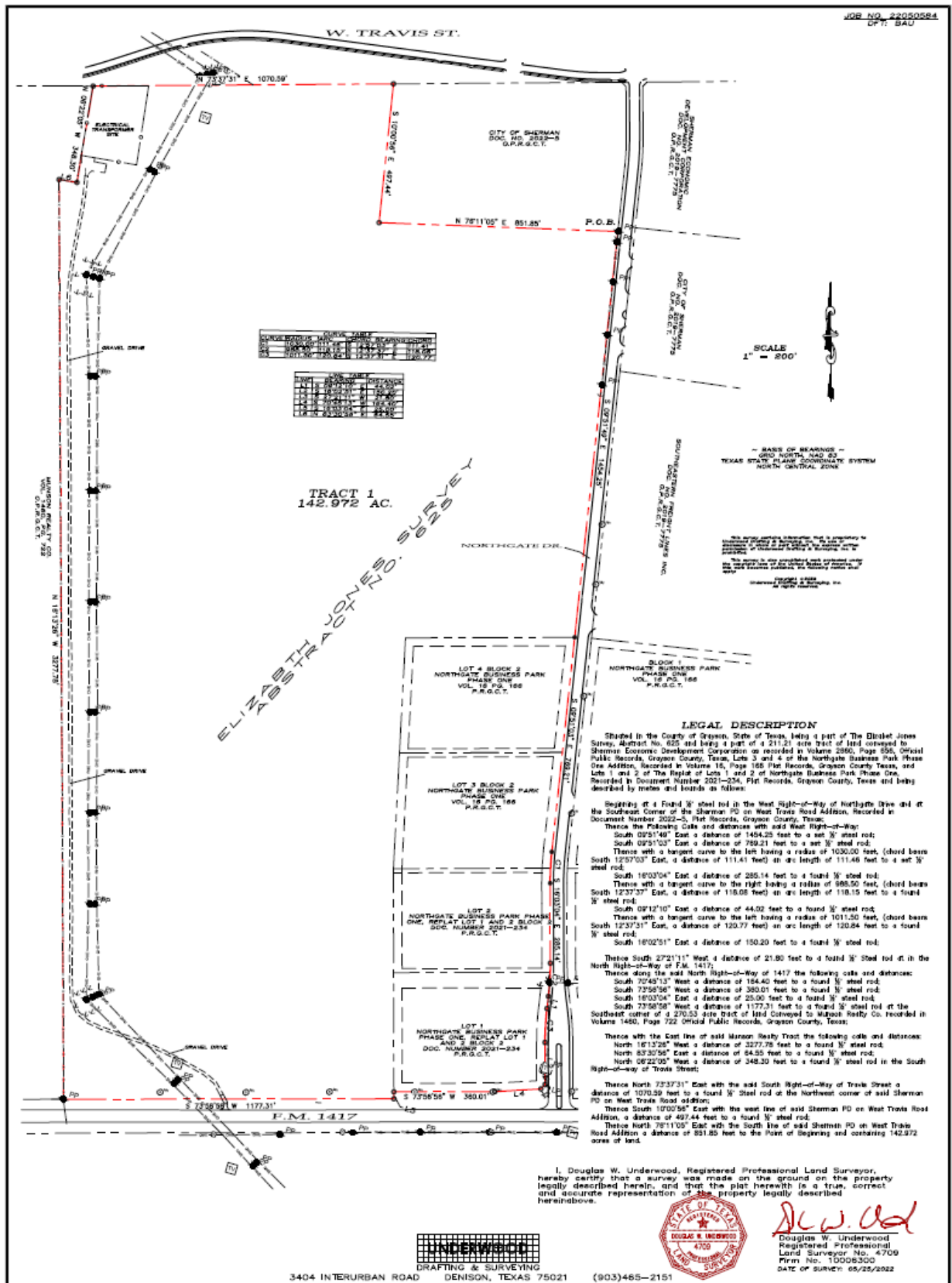
ATTEST:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY

Exhibit A





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 3.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

PUBLIC HEARING

Proposed Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-C Improvements and Investments in Phase II-C Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Issue:

Holding a public hearing on a proposed tax abatement agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-C Improvements and Investments in Phase II-C Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Inc., Applicant
City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

The staff recommends that the City Council hold a public hearing on the proposed tax abatement agreement with Globitech Inc.

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

GlobiTech Tax Abatement Agreement (Phase II-C)

Ordinance No. 6499 adopted June 16, 2022

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-C

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-C (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-C Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-C Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-C Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-C Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-C Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-C Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-C” means the phase of GlobiTech’s construction of the Phase II-C Improvements on the Land.
- Q. “Phase II-C Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-C Improvements and Phase II-C Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-C Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-C, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-C Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-C.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-C Improvements thereon following construction thereof, but excluding Phase II-C Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-C Improvements thereon and locating Phase II-C Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-C Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-C Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-C IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-C Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-C Improvements is \$650 million. Phase II-C shall consist of the Phase II-C Improvements and the Phase II-C Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-C Improvements to occur on or before January 1, 37 and to cause Completion of Construction thereof on or before December 31, 2039. The location of the Phase II-C Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-C Improvements on the Land and/or to locate and maintain any Phase II-C Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-C or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-C Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-C Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-C Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-C Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-C Improvements and the Phase II-C Tangible Personal Property, less (ii) \$0 (the agreed Taxable Value for the Base Year of the Phase II-C Improvements and Phase II-C Tangible Personal Property located on the Land as demarked on Exhibit B). For the avoidance of doubt, the Taxable Value of the underlying Land is not subject to Tax Abatement under this Agreement. The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-C Improvements or Phase II-C Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-C Improvements or places the Phase II-C Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-C Improvements, the Tax Abatement shall apply to any Phase II-C Improvements constructed, and any Phase II-C Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-C CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-C Capital Investment in the Phase II-C Improvements and the Phase II-C Tangible Personal Property, when combined with Phase II-A and Phase II-B Capital Investment, shall meet or exceed the aggregate amount of \$2.25 billion as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-C Improvements and the Phase II-C Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-C Improvements and the acquisition, location and maintenance of the Phase II-C Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-C EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-C at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of

its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the "**Employment Reports**"). The City shall have the right to inspect GlobiTech's payroll and other employment records, including GlobiTech's management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an "Event of Default" hereunder: (1) GlobiTech's failure to cause Commencement of Construction or Completion of Construction of the Phase II-C Improvements in accordance with this Agreement; (2) GlobiTech's failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech's failure to make the Phase II-C Capital Investment; (4) GlobiTech's failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech's cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.

- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years' prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-C Improvements and any Phase II-C Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII.

ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX.

ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-C Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-C Improvements or the Phase II-C Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech

from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely

or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

XVII. ENTIRE AGREEMENT

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

XVIII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

XIX. INCORPORATION OF RECITALS; EXHIBITS

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

XX. CERTIFICATIONS REQUIRED BY TEXAS LAW

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

XX.

NO VESTED RIGHTS

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

XXII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written assent of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager
Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President
Date: _____

EXHIBIT A Legal Description of the Land

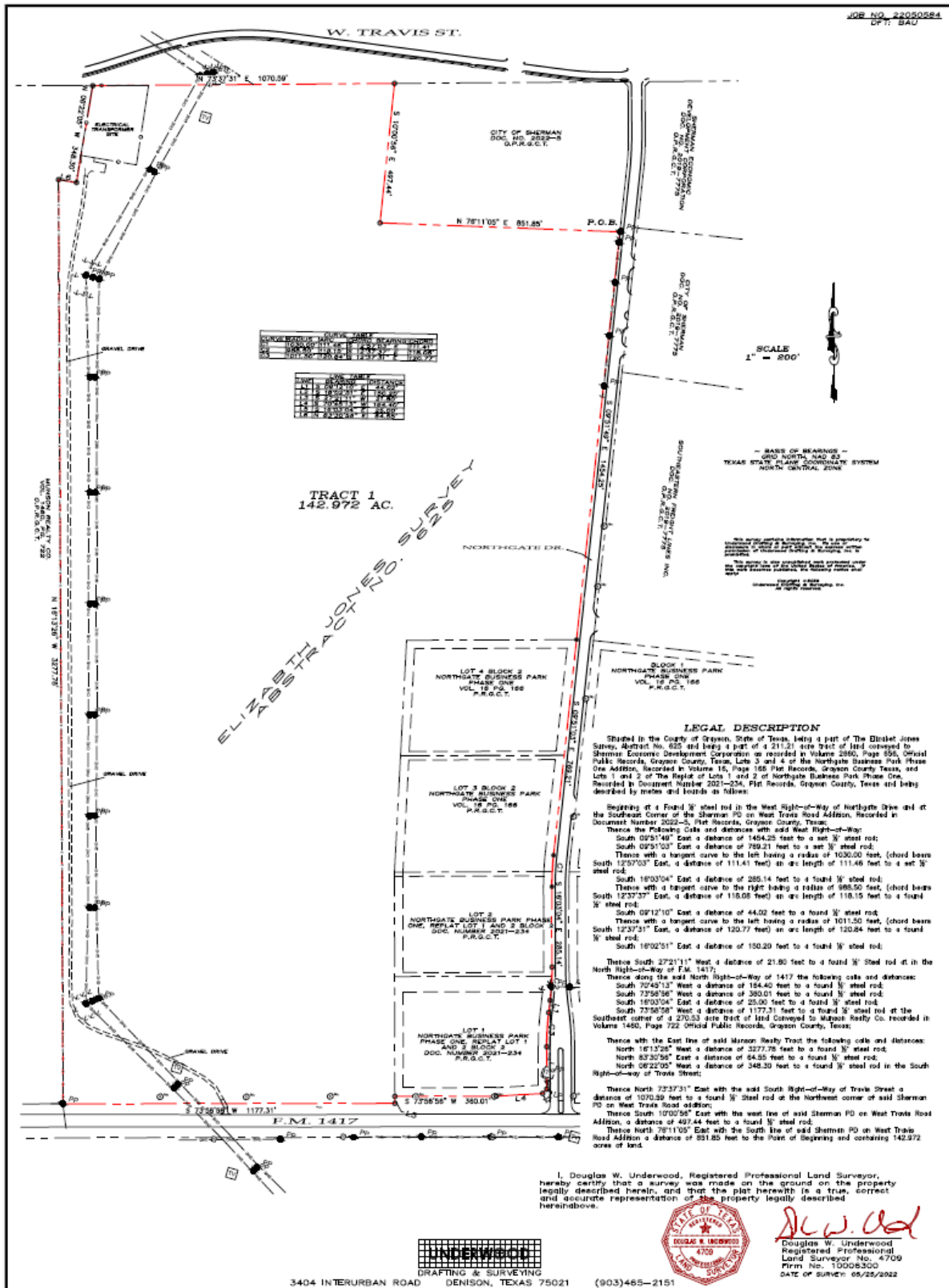


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-C Improvements

Phase II-C would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-C of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.

ORDINANCE NO. 6499

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DESIGNATING CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NO. 12; PROVIDING ELIGIBILITY OF THE ZONE FOR COMMERCIAL-INDUSTRIAL TAX ABATEMENT; CONTAINING FINDINGS THAT THE AREA DESCRIBED QUALIFIES FOR DESIGNATION AS A TAX ABATEMENT REINVESTMENT ZONE PURSUANT TO CHAPTER 312 OF THE TEXAS TAX CODE AND THAT THE IMPROVEMENTS PROPOSED BY THE LAND'S OWNER, GLOBITECH INCORPORATED, ARE FEASIBLE AND PRACTICABLE AND OF BENEFIT TO THE LAND AND THE CITY; AUTHORIZING THE CITY MANAGER TO NEGOTIATE WRITTEN AGREEMENTS WITH THE OWNERS OF ANY TAXABLE REAL AND TANGIBLE PERSONAL PROPERTY LOCATED WITHIN THE DESIGNATED ZONE; AUTHORIZING THE CITY MANAGER TO TAKE ALL OTHER ACTIONS NECESSARY TO EFFECTUATE THE SAME; PROVIDING A REPEALING CLAUSE AND SEVERABILITY CLAUSE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, GlobiTech Incorporated ("GlobiTech") is under contract to purchase from the Sherman Economic Development Corporation ("SEDCO") approximately 143± acres of land in the City of Sherman, Grayson County, Texas, as more particularly described and depicted in Exhibit A, attached hereto (the "Land");

WHEREAS, GlobiTech is considering constructing and developing a major semiconductor wafer fabrication facility on the Land in multiple phases along with other ancillary facilities such as required parking and landscaping (collectively, the "Improvements");

WHEREAS, GlobiTech has represented that the Improvements and tangible personal property would constitute an approximate investment of \$5 Billion by GlobiTech over a multi-year period and that, when fully operational, the Improvements would be expected to bring new employment to the City of Sherman, Texas ("City"), with Phase I employment totaling approximately 375 full-time jobs;

WHEREAS, GlobiTech has represented that Phase I of the Improvements would consist of a manufacturing building containing approximately 800,000± square feet, one or more operations support buildings, and other ancillary facilities and would be used to fabricate semiconductor wafers for use in industrial, automotive, communications and personal electronics products;

WHEREAS, GlobiTech has applied for a tax abatement pursuant to Chapter 312 of the Texas Tax Code from multiple taxing units, including the City, for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech also has applied for an economic incentive pursuant to Chapter 313 of the Texas Tax Code from the Sherman Independent School District for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech has requested, and the City desires, to establish a new tax abatement reinvestment zone to facilitate the applications of GlobiTech pursuant to Chapters 312 and 313 of the Texas Tax Code on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance;

WHEREAS, the City has established guidelines and criteria governing tax abatement agreements by the City and has previously adopted a resolution stating that the City elects to become eligible to participate in tax abatement;

WHEREAS, the Sherman City Council has caused notice to be published in a newspaper having general circulation in the City and has delivered such notice to the presiding officer of the governing body of each taxing unit that includes in its boundaries the Land described herein;

WHEREAS, the City Council has conducted a public hearing on the designation of the Land described herein as a reinvestment zone and has complied with all other requirements imposed by law;

WHEREAS, the City Council finds that it is in the best interest of the City and its citizens to designate the City of Sherman Industrial Reinvestment Zone No. 12, as described herein.

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

SECTION 1. That the Sherman City Council finds that the Land described in Exhibit A, attached hereto, if designated as a tax abatement reinvestment zone, will be reasonably likely to contribute to the retention or expansion of primary employment, or to attract major investment in the area of the zone that will be of benefit to the property and contribute to the economic development of the City. The City Council further finds that the Improvements sought are feasible and practicable and would be of benefit to the Land to be included in the zone and to the City after the expiration of a tax abatement agreement.

SECTION 2. That pursuant to Section 312.201 of the Texas Tax Code, the Land described in Exhibit A, attached hereto, is hereby designated as a reinvestment zone and for identification shall be known as the “City of Sherman Industrial Reinvestment Zone No. 12” on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance.

SECTION 3. That the property within the City of Sherman Industrial Reinvestment Zone No. 12 is eligible for commercial-industrial tax abatement.

SECTION 4. That the City Council hereby authorizes tax abatement agreements with GlobiTech as the owner of taxable real and tangible personal property located within the City of Sherman Industrial Reinvestment Zone No. 12, subject to the guidelines and criteria governing tax abatement, heretofore adopted by the City Council, and subject to compliance with the applicable requirements set forth in Section 312.205 of the Texas Tax Code, and on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance. The City Manager, or his designee, is hereby authorized to negotiate the tax abatement agreements, and any instruments or amendments related thereto, with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to negotiate economic development incentive agreements pursuant to Chapter 380 of the Texas Local Government Code with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to take any and all actions necessary to effectuate the provisions of this Ordinance.

SECTION 5. That all provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6. That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 7. That it is hereby officially found and determined that the meeting at which this Ordinance was introduced and passed was open to the public and that public notice of the time, place and purpose of said meeting were given as required by law.

SECTION 8. That this Ordinance shall become effective from and after its adoption.

[The remainder of this page intentionally left blank.]

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SHERMAN, TEXAS on this 16th day of June, 2022.**

DAVID PLYLER, MAYOR

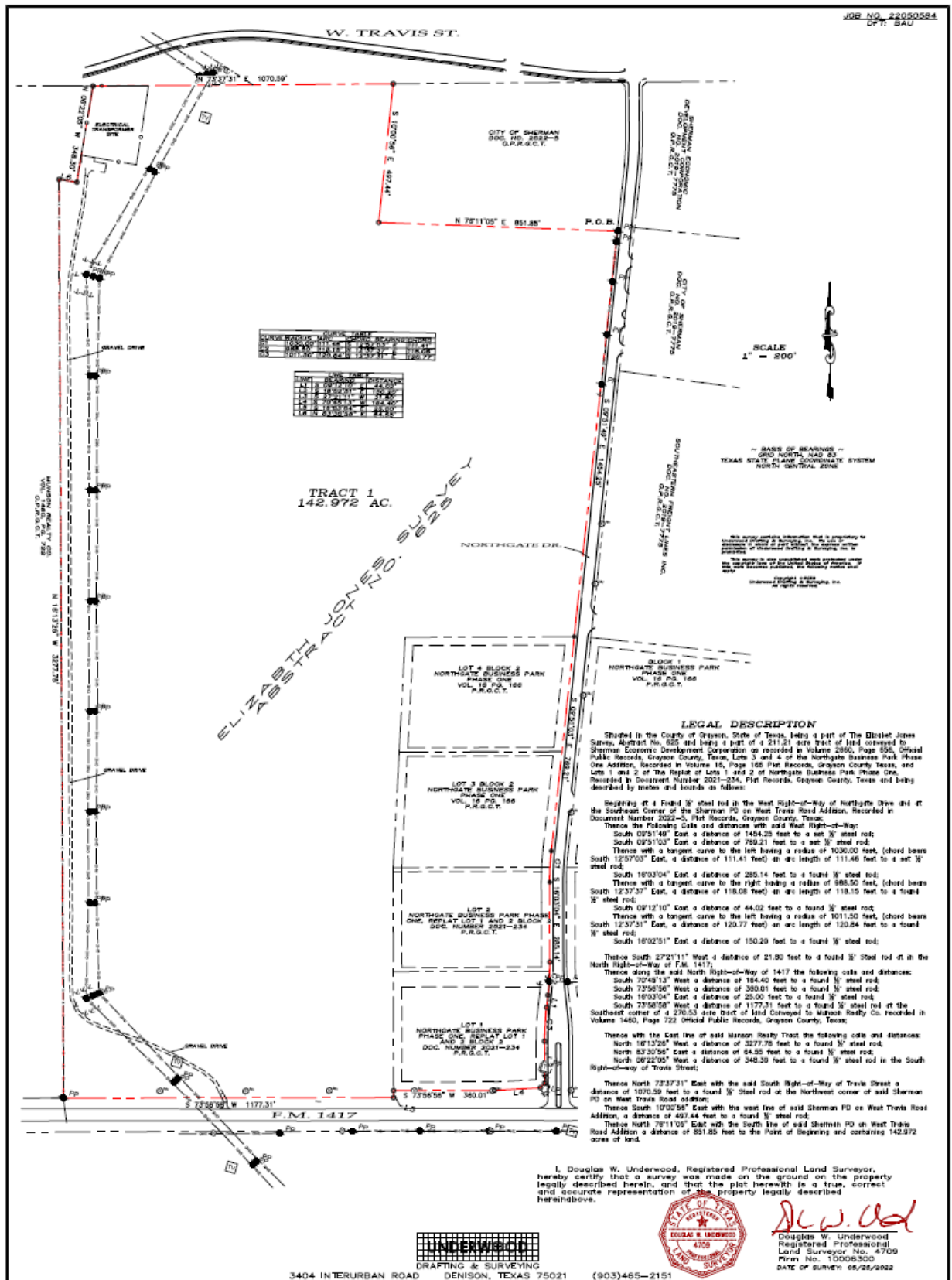
ATTEST:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY

Exhibit A





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

D. 4.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

PUBLIC HEARING

Proposed Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-D Improvements and Investments in Phase II-D Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Issue:

Holding a public hearing on a proposed tax abatement agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-D Improvements and Investments in Phase II-D Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12)

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Inc., Applicant
City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

The staff recommends that the City Council hold a public hearing on the proposed tax abatement agreement with Globitech Inc.

Alternatives:

As directed by the City Council.

Attachments

GlobiTech Tax Abatement Agreement (Phase 11-D)
Ordinance No. 6499 adopted June 16, 2022

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-D

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-D (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-D Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-D Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-D Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-D Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-D Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-D Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-D” means the phase of GlobiTech’s construction of the Phase II-D Improvements on the Land.
- Q. “Phase II-D Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-D Improvements and Phase II-D Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-D Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-D, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-D Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-D.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-D Improvements thereon following construction thereof, but excluding Phase II-D Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-D Improvements thereon and locating Phase II-D Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-D Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-D Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-D IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-D Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-D Improvements is \$650 million. Phase II-D shall consist of the Phase II-D Improvements and the Phase II-D Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-D Improvements to occur on or before January 1, 2040 and to cause Completion of Construction thereof on or before December 31, 2042. The location of the Phase II-D Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-D Improvements on the Land and/or to locate and maintain any Phase II-D Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-D or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-D Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-D Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-D Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-D Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-D Improvements and the Phase II-D Tangible Personal Property and the Land, less (ii) \$0 (the agreed Taxable Value for the Base Year of the Phase II-D Improvements and Phase II-D Tangible Personal Property located on the Land as demarked on Exhibit B). For the avoidance of doubt, the Taxable Value of the underlying Land is not subject to Tax Abatement under this Agreement. The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-D Improvements or Phase II-D Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-D Improvements or places the Phase II-D Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-D Improvements, the Tax Abatement shall apply to any Phase II-D Improvements constructed, and any Phase II-D Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-D CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-D Capital Investment in the Phase II-D Improvements and the Phase II-D Tangible Personal Property, when combined with Phase II-A, II-B, and II-C Capital Investment, shall meet or exceed the aggregate amount of \$3 billion as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-D Improvements and the Phase II-D Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-D Improvements and the acquisition, location and maintenance of the Phase II-D Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-D EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-D at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of

its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the "**Employment Reports**"). The City shall have the right to inspect GlobiTech's payroll and other employment records, including GlobiTech's management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an "Event of Default" hereunder: (1) GlobiTech's failure to cause Commencement of Construction or Completion of Construction of the Phase II-D Improvements in accordance with this Agreement; (2) GlobiTech's failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech's failure to make the Phase II-D Capital Investment; (4) GlobiTech's failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech's cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.

- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years' prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-D Improvements and any Phase II-D Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII.

ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX.

ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-D Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-D Improvements or the Phase II-D Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech

from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely

or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

XVII. ENTIRE AGREEMENT

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

XVIII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

XIX. INCORPORATION OF RECITALS; EXHIBITS

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

XX. CERTIFICATIONS REQUIRED BY TEXAS LAW

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

XX.

NO VESTED RIGHTS

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

XXII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written assent of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

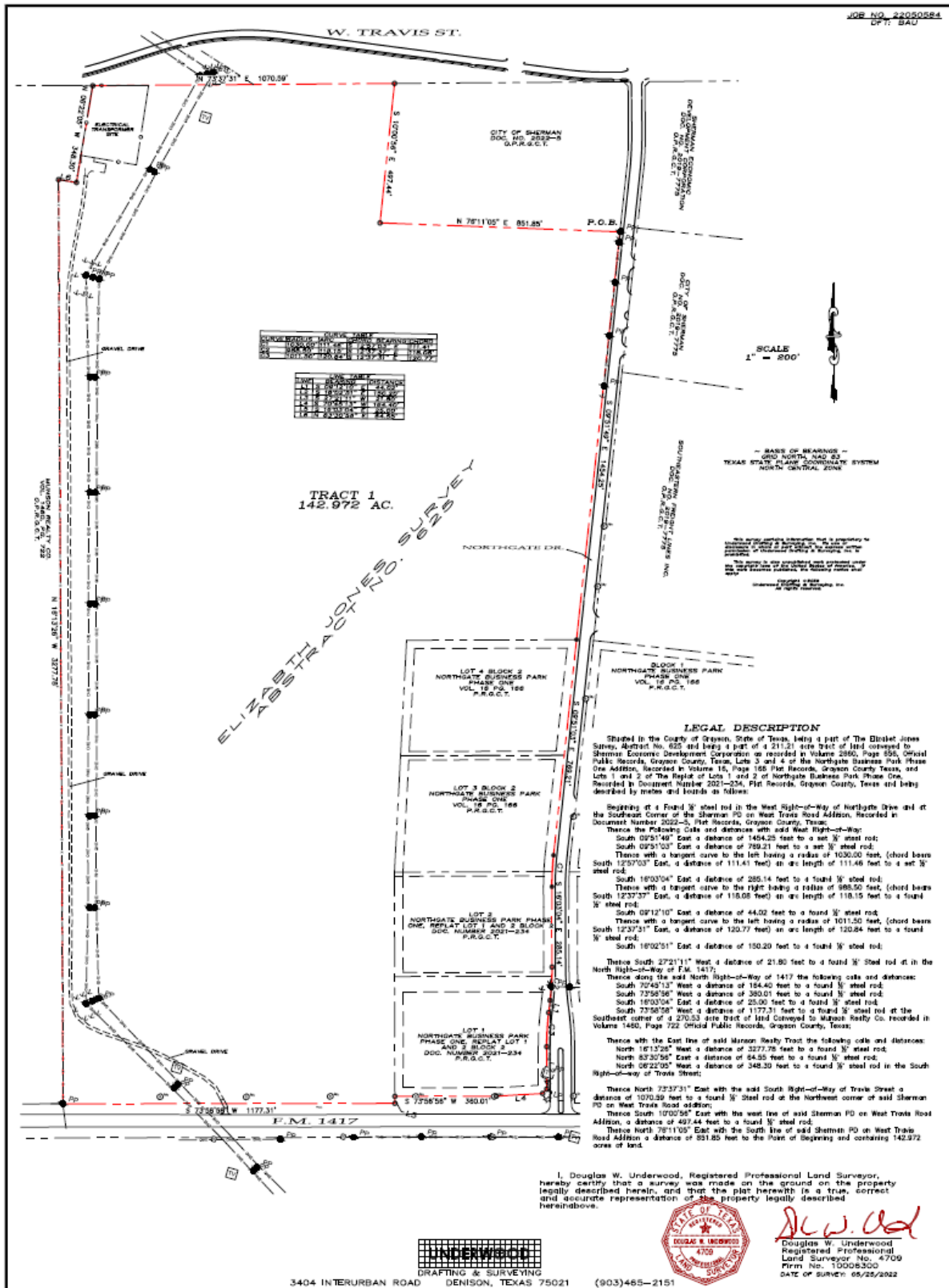


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-D Improvements

Phase II-D would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-D of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.

ORDINANCE NO. 6499

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DESIGNATING CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NO. 12; PROVIDING ELIGIBILITY OF THE ZONE FOR COMMERCIAL-INDUSTRIAL TAX ABATEMENT; CONTAINING FINDINGS THAT THE AREA DESCRIBED QUALIFIES FOR DESIGNATION AS A TAX ABATEMENT REINVESTMENT ZONE PURSUANT TO CHAPTER 312 OF THE TEXAS TAX CODE AND THAT THE IMPROVEMENTS PROPOSED BY THE LAND'S OWNER, GLOBITECH INCORPORATED, ARE FEASIBLE AND PRACTICABLE AND OF BENEFIT TO THE LAND AND THE CITY; AUTHORIZING THE CITY MANAGER TO NEGOTIATE WRITTEN AGREEMENTS WITH THE OWNERS OF ANY TAXABLE REAL AND TANGIBLE PERSONAL PROPERTY LOCATED WITHIN THE DESIGNATED ZONE; AUTHORIZING THE CITY MANAGER TO TAKE ALL OTHER ACTIONS NECESSARY TO EFFECTUATE THE SAME; PROVIDING A REPEALING CLAUSE AND SEVERABILITY CLAUSE; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, GlobiTech Incorporated ("GlobiTech") is under contract to purchase from the Sherman Economic Development Corporation ("SEDCO") approximately 143± acres of land in the City of Sherman, Grayson County, Texas, as more particularly described and depicted in Exhibit A, attached hereto (the "Land");

WHEREAS, GlobiTech is considering constructing and developing a major semiconductor wafer fabrication facility on the Land in multiple phases along with other ancillary facilities such as required parking and landscaping (collectively, the "Improvements");

WHEREAS, GlobiTech has represented that the Improvements and tangible personal property would constitute an approximate investment of \$5 Billion by GlobiTech over a multi-year period and that, when fully operational, the Improvements would be expected to bring new employment to the City of Sherman, Texas ("City"), with Phase I employment totaling approximately 375 full-time jobs;

WHEREAS, GlobiTech has represented that Phase I of the Improvements would consist of a manufacturing building containing approximately 800,000± square feet, one or more operations support buildings, and other ancillary facilities and would be used to fabricate semiconductor wafers for use in industrial, automotive, communications and personal electronics products;

WHEREAS, GlobiTech has applied for a tax abatement pursuant to Chapter 312 of the Texas Tax Code from multiple taxing units, including the City, for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech also has applied for an economic incentive pursuant to Chapter 313 of the Texas Tax Code from the Sherman Independent School District for the project, which requires GlobiTech to own an interest in the Land and the Land to be located within a tax abatement reinvestment zone established pursuant to Chapter 312 of the Texas Tax Code;

WHEREAS, GlobiTech has requested, and the City desires, to establish a new tax abatement reinvestment zone to facilitate the applications of GlobiTech pursuant to Chapters 312 and 313 of the Texas Tax Code on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance;

WHEREAS, the City has established guidelines and criteria governing tax abatement agreements by the City and has previously adopted a resolution stating that the City elects to become eligible to participate in tax abatement;

WHEREAS, the Sherman City Council has caused notice to be published in a newspaper having general circulation in the City and has delivered such notice to the presiding officer of the governing body of each taxing unit that includes in its boundaries the Land described herein;

WHEREAS, the City Council has conducted a public hearing on the designation of the Land described herein as a reinvestment zone and has complied with all other requirements imposed by law;

WHEREAS, the City Council finds that it is in the best interest of the City and its citizens to designate the City of Sherman Industrial Reinvestment Zone No. 12, as described herein.

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

SECTION 1. That the Sherman City Council finds that the Land described in Exhibit A, attached hereto, if designated as a tax abatement reinvestment zone, will be reasonably likely to contribute to the retention or expansion of primary employment, or to attract major investment in the area of the zone that will be of benefit to the property and contribute to the economic development of the City. The City Council further finds that the Improvements sought are feasible and practicable and would be of benefit to the Land to be included in the zone and to the City after the expiration of a tax abatement agreement.

SECTION 2. That pursuant to Section 312.201 of the Texas Tax Code, the Land described in Exhibit A, attached hereto, is hereby designated as a reinvestment zone and for identification shall be known as the “City of Sherman Industrial Reinvestment Zone No. 12” on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance.

SECTION 3. That the property within the City of Sherman Industrial Reinvestment Zone No. 12 is eligible for commercial-industrial tax abatement.

SECTION 4. That the City Council hereby authorizes tax abatement agreements with GlobiTech as the owner of taxable real and tangible personal property located within the City of Sherman Industrial Reinvestment Zone No. 12, subject to the guidelines and criteria governing tax abatement, heretofore adopted by the City Council, and subject to compliance with the applicable requirements set forth in Section 312.205 of the Texas Tax Code, and on the condition that GlobiTech acquires fee simple title in and to the Land from SEDCO within ____ days of the effective date of this Ordinance. The City Manager, or his designee, is hereby authorized to negotiate the tax abatement agreements, and any instruments or amendments related thereto, with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to negotiate economic development incentive agreements pursuant to Chapter 380 of the Texas Local Government Code with GlobiTech as the owner of taxable real and tangible personal property located within the reinvestment zone designated herein in accordance with this Ordinance. The City Manager, or his designee, is further authorized to take any and all actions necessary to effectuate the provisions of this Ordinance.

SECTION 5. That all provisions of any ordinance in conflict with this Ordinance are hereby repealed to the extent they are in conflict, but such repeal shall not abate any pending prosecution for violation of the repealed ordinance, nor shall the repeal prevent a prosecution from being commenced for any violation if occurring prior to the repeal of the ordinance. Any remaining portions of said ordinances shall remain in full force and effect.

SECTION 6. That in the event any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional and/or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof, regardless of whether any one or more sections, subsections, sentences, clauses or phrases is declared unconstitutional and/or invalid.

SECTION 7. That it is hereby officially found and determined that the meeting at which this Ordinance was introduced and passed was open to the public and that public notice of the time, place and purpose of said meeting were given as required by law.

SECTION 8. That this Ordinance shall become effective from and after its adoption.

[The remainder of this page intentionally left blank.]

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SHERMAN, TEXAS on this 16th day of June, 2022.**

DAVID PLYLER, MAYOR

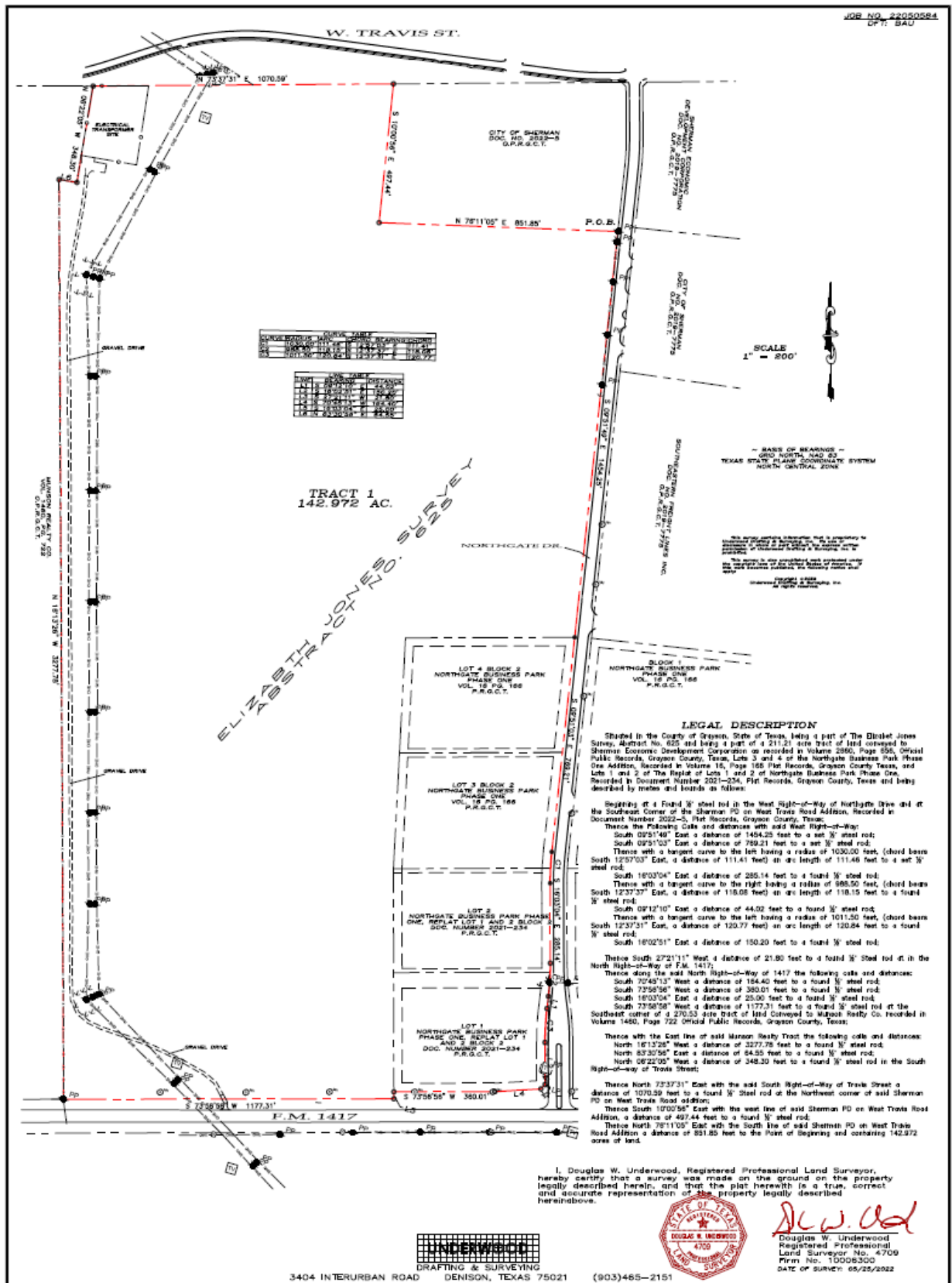
ATTEST:

LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

RYAN D. PITTMAN, CITY ATTORNEY

Exhibit A





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 1.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6909

Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-A Improvements and Investments in Phase II-A Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas

Issue:

Approval of a proposed property tax abatement agreement between the City of Sherman and Globitech Incorporated for Phase II-A Improvements and Investments in Phase II-A Tangible Personal Property

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Inc., Applicant

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

It is recommended that the City Council approve the proposed tax abatement agreement.

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

Resolution No. 6909

GlobiTech Tax Abatement Agreement (Phase II-A)

RESOLUTION NO. 6909

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH GLOBITECH INCORPORATED FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR PHASE II-A IMPROVEMENTS AND INVESTMENT IN PHASE II-A TANGIBLE PERSONAL PROPERTY WITHIN THE CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NUMBER TWELVE (#12), CITY OF SHERMAN, TEXAS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager is hereby authorized and directed, subject to receipt of a fully-executed agreement from GlobiTech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with GlobiTech Incorporated for the abatement of ad valorem property taxes for a period of ten (10) years, for improvements within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas, consisting of approximately \$1.25 billion of real property improvements and tangible personal property in connection with a semiconductor manufacturing facility, in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

**BY: _____
DAVID PLYLER, MAYOR**

ATTEST:

**BY: _____
LINDA ASHBY, CITY CLERK**

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

**BY: _____
RYAN D. PITTMAN, CITY ATTORNEY**

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-A

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-A (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-A Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-A Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-A Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-A Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-A Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-A Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-A” means the phase of GlobiTech’s construction of the Phase II-A Improvements on the Land.
- Q. “Phase II-A Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-A Improvements and Phase II-A Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-A Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-A, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-A Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-A.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-A Improvements thereon following construction thereof, but excluding Phase II-A Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-A Improvements thereon and locating Phase II-A Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-A Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-A Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-A IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-A Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-A Improvements is \$650 million. Phase II-A shall consist of the Phase II-A Improvements and the Phase II-A Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-A Improvements to occur on or before January 1, 2024 and to cause Completion of Construction thereof on or before December 31, 2026. The location of the Phase II-A Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-A Improvements on the Land and/or to locate and maintain any Phase II-A Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-A or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-A Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-A Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-A Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-A Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-A Improvements and the Phase II-A Tangible Personal Property and the Land, less (ii) \$16,625,217 (the agreed Taxable Value for the Base Year of the Land demarked on Exhibit B). The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-A Improvements or Phase II-A Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-A Improvements or places the Phase II-A Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-A Improvements, the Tax Abatement shall apply to any Phase II-A Improvements constructed, and any Phase II-A Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-A CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-A Capital Investment in the Phase II-A Improvements and the Phase II-A Tangible Personal Property shall meet or exceed the aggregate amount of \$750 million as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-A Improvements and the Phase II-A Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-A Improvements and the acquisition, location and maintenance of the Phase II-A Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-A EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-A at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the

Improvements (the “**Employment Reports**”). The City shall have the right to inspect GlobiTech’s payroll and other employment records, including GlobiTech’s management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech’s reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an “Event of Default” hereunder: (1) GlobiTech’s failure to cause Commencement of Construction or Completion of Construction of the Phase II-A Improvements in accordance with this Agreement; (2) GlobiTech’s failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech’s failure to make the Phase II-A Capital Investment; (4) GlobiTech’s failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech’s cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.
- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years’ prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and

payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-A Improvements and any Phase II-A Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII. ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX. ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-A Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X. EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-A Improvements or the Phase II-A Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be

enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City’s Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City’s Indemnified Party written notice that the City’s Indemnified Party is invoking its right to indemnification under this Agreement, the

City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

**XVII.
ENTIRE AGREEMENT**

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

**XVIII.
RECORDATION OF AGREEMENT**

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

**XIX.
INCORPORATION OF RECITALS; EXHIBITS**

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

**XX.
CERTIFICATIONS REQUIRED BY TEXAS LAW**

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.
- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises

or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

**XX.
NO VESTED RIGHTS**

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

**XXII.
COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written asset of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

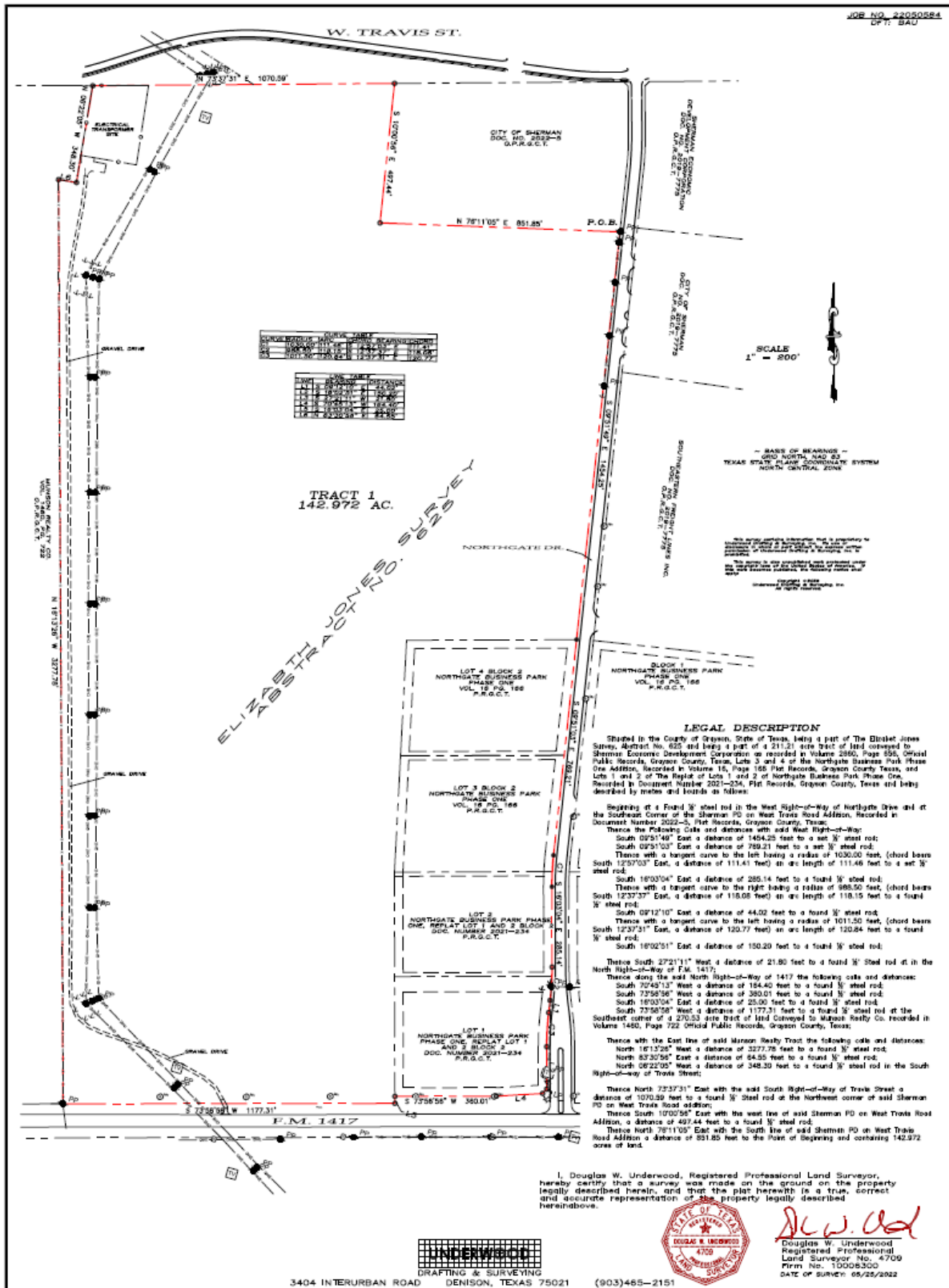


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-A Improvements

Phase II-A would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-A of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 2.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6910

Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-B Improvements and Investments in Phase II-B Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas

Issue:

Approval of a proposed property tax abatement agreement between the City of Sherman and Globitech Incorporated for Phase II-B Improvements and Investments in Phase II-B Tangible Personal Property

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Inc, Applicant

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

The City Council could deny the tax abatement agreement

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

Resolution No. 6910

GlobiTech Tax Abatement Agreement (Phase II-B)

RESOLUTION NO. 6910

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH GLOBITECH INCORPORATED FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR PHASE II-B IMPROVEMENTS AND INVESTMENT IN PHASE II-B TANGIBLE PERSONAL PROPERTY WITHIN THE CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NUMBER TWELVE (#12), CITY OF SHERMAN, TEXAS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager is hereby authorized and directed, subject to receipt of a fully-executed agreement from GlobiTech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with GlobiTech Incorporated for the abatement of ad valorem property taxes for a period of ten (10) years, for improvements within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas, consisting of approximately \$1.25 billion of real property improvements and tangible personal property in connection with a semiconductor manufacturing facility, in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-B

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-B (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-B Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-B Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-B Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-B Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-B Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-B Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-B” means the phase of GlobiTech’s construction of the Phase II-B Improvements on the Land.
- Q. “Phase II-B Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-B Improvements and Phase II-B Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-B Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-B, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-B Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-B.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-B Improvements thereon following construction thereof, but excluding Phase II-B Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-B Improvements thereon and locating Phase II-B Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-B Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-B Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-B IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-B Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-B Improvements is \$650 million. Phase II-B shall consist of the Phase II-B Improvements and the Phase II-B Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-B Improvements to occur on or before January 1, 2032 and to cause Completion of Construction thereof on or before December 31, 2034. The location of the Phase II-B Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-B Improvements on the Land and/or to locate and maintain any Phase II-B Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-B or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-B Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-B Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-B Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-B Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-B Improvements and the Phase II-B Tangible Personal Property, less (ii) \$0 (the agreed Taxable Value for the Base Year of the Phase II-B Improvements and Phase II-B Tangible Personal Property located on the Land as demarked on Exhibit B). For the avoidance of doubt, the Taxable Value of the underlying Land is not subject to Tax Abatement under this Agreement. The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-B Improvements or Phase II-B Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-B Improvements or places the Phase II-B Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-B Improvements, the Tax Abatement shall apply to any Phase II-B Improvements constructed, and any Phase II-B Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-B CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-B Capital Investment in the Phase II-B Improvements and the Phase II-B Tangible Personal Property, when combined with Phase II-A Capital Investment, shall meet or exceed the aggregate amount of \$1.5 billion as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-B Improvements and the Phase II-B Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-B Improvements and the acquisition, location and maintenance of the Phase II-B Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-B EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-B at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of

its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the "**Employment Reports**"). The City shall have the right to inspect GlobiTech's payroll and other employment records, including GlobiTech's management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an "Event of Default" hereunder: (1) GlobiTech's failure to cause Commencement of Construction or Completion of Construction of the Phase II-B Improvements in accordance with this Agreement; (2) GlobiTech's failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech's failure to make the Phase II-B Capital Investment; (4) GlobiTech's failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech's cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.

- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years' prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-B Improvements and any Phase II-B Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII.

ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX.

ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-B Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-B Improvements or the Phase II-B Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech

from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely

or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

XVII. ENTIRE AGREEMENT

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

XVIII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

XIX. INCORPORATION OF RECITALS; EXHIBITS

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

XX. CERTIFICATIONS REQUIRED BY TEXAS LAW

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

XX.

NO VESTED RIGHTS

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

XXII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written assent of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

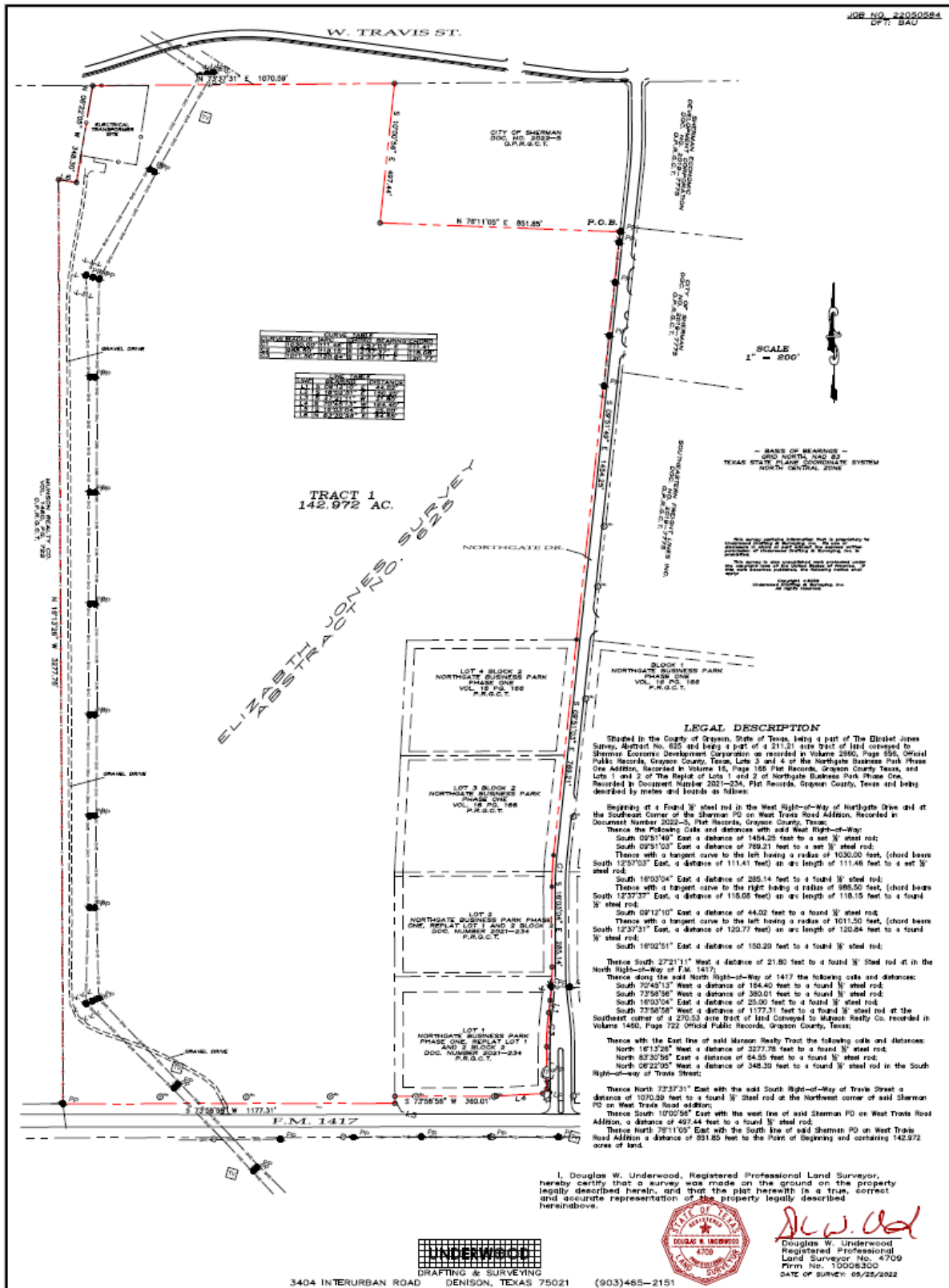


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-B Improvements

Phase II-B would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-B of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 3.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6911

Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-C Improvements and Investments in Phase II-C Tangible Personal Property within City of Sherman Industrial Reinvestment Zone NumberTwelve (#12), City of Sherman, Texas

Issue:

Approval of a proposed property tax abatement agreement between the City of Sherman and Globitech Incorporated for Phase II-C Improvements and Investments in Phase II-C Tangible Personal Property

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Applicant

Financial Consideration:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman. The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Staff Recommendation:

It is recommended that the City Council approve the proposed tax abatement agreement.

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

Resolution No. 6911

GlobiTech Tax Abatement Agreement (Phase II-C)

RESOLUTION NO. 6911

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH GLOBITECH INCORPORATED FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR PHASE II-C IMPROVEMENTS AND INVESTMENT IN PHASE II-C TANGIBLE PERSONAL PROPERTY WITHIN THE CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NUMBER TWELVE (#12), CITY OF SHERMAN, TEXAS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager is hereby authorized and directed, subject to receipt of a fully-executed agreement from GlobiTech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with GlobiTech Incorporated for the abatement of ad valorem property taxes for a period of ten (10) years, for improvements within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas, consisting of \$1.25 billion of real property improvements and tangible personal property in connection with a semiconductor manufacturing facility, in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

**BY: _____
DAVID PLYLER, MAYOR**

ATTEST:

**BY: _____
LINDA ASHBY, CITY CLERK**

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

**BY: _____
RYAN D. PITTMAN, CITY ATTORNEY**

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-C

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-C (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-C Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-C Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-C Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-C Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-C Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-C Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-C” means the phase of GlobiTech’s construction of the Phase II-C Improvements on the Land.
- Q. “Phase II-C Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-C Improvements and Phase II-C Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-C Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-C, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-C Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-C.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-C Improvements thereon following construction thereof, but excluding Phase II-C Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-C Improvements thereon and locating Phase II-C Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-C Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-C Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-C IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-C Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-C Improvements is \$650 million. Phase II-C shall consist of the Phase II-C Improvements and the Phase II-C Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-C Improvements to occur on or before January 1, 37 and to cause Completion of Construction thereof on or before December 31, 2039. The location of the Phase II-C Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-C Improvements on the Land and/or to locate and maintain any Phase II-C Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-C or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-C Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-C Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-C Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-C Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-C Improvements and the Phase II-C Tangible Personal Property, less (ii) \$0 (the agreed Taxable Value for the Base Year of the Phase II-C Improvements and Phase II-C Tangible Personal Property located on the Land as demarked on Exhibit B). For the avoidance of doubt, the Taxable Value of the underlying Land is not subject to Tax Abatement under this Agreement. The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-C Improvements or Phase II-C Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-C Improvements or places the Phase II-C Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-C Improvements, the Tax Abatement shall apply to any Phase II-C Improvements constructed, and any Phase II-C Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-C CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-C Capital Investment in the Phase II-C Improvements and the Phase II-C Tangible Personal Property, when combined with Phase II-A and Phase II-B Capital Investment, shall meet or exceed the aggregate amount of \$2.25 billion as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-C Improvements and the Phase II-C Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-C Improvements and the acquisition, location and maintenance of the Phase II-C Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-C EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-C at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of

its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the "**Employment Reports**"). The City shall have the right to inspect GlobiTech's payroll and other employment records, including GlobiTech's management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an "Event of Default" hereunder: (1) GlobiTech's failure to cause Commencement of Construction or Completion of Construction of the Phase II-C Improvements in accordance with this Agreement; (2) GlobiTech's failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech's failure to make the Phase II-C Capital Investment; (4) GlobiTech's failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech's cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.

- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years' prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-C Improvements and any Phase II-C Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII.

ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX.

ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-C Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-C Improvements or the Phase II-C Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech

from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely

or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

XVII. ENTIRE AGREEMENT

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

XVIII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

XIX. INCORPORATION OF RECITALS; EXHIBITS

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

XX. CERTIFICATIONS REQUIRED BY TEXAS LAW

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

XX.

NO VESTED RIGHTS

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

XXII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written assent of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager
Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President
Date: _____

EXHIBIT A Legal Description of the Land

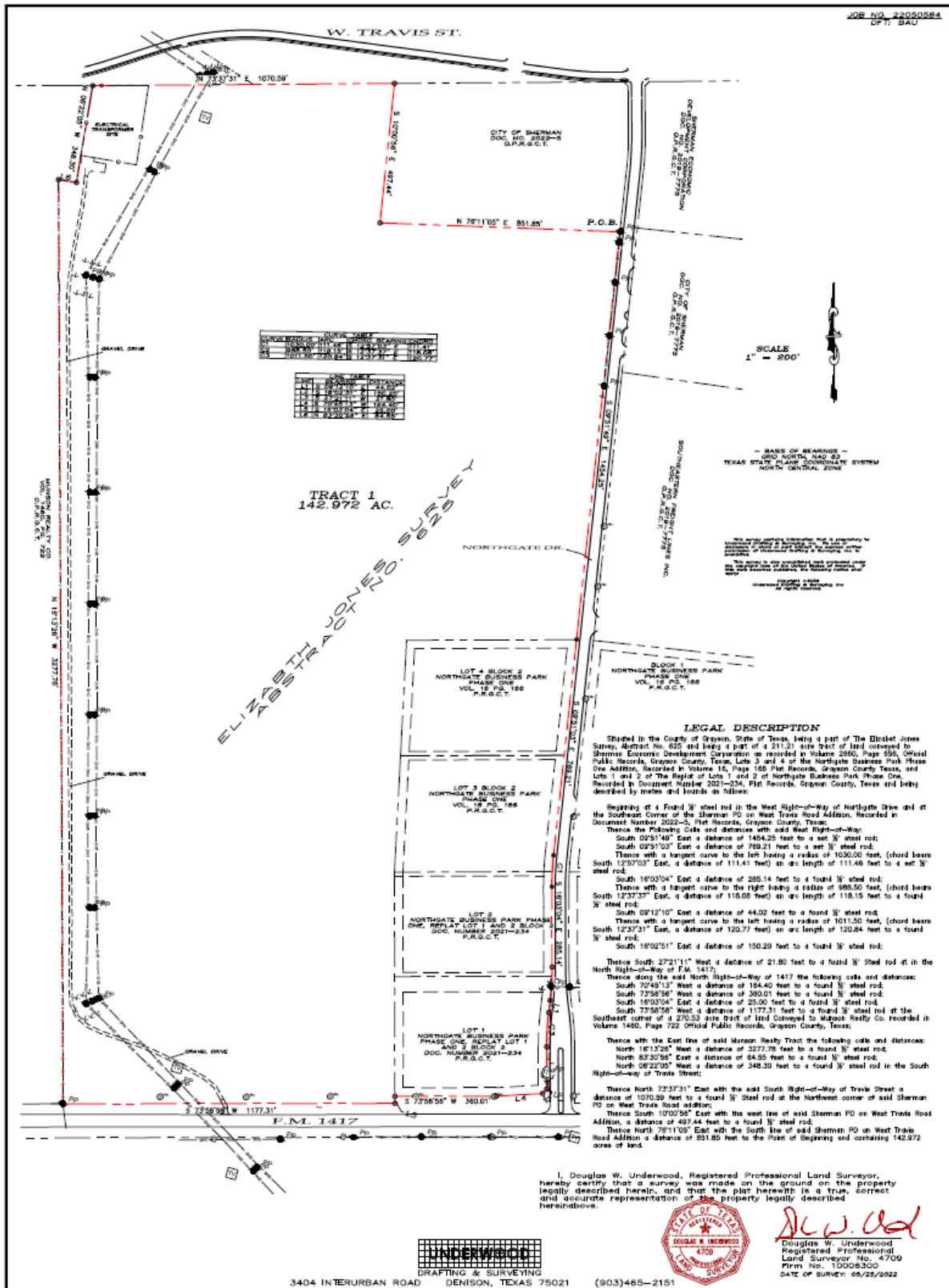


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-C Improvements

Phase II-C would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-C of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 4.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6912

Authorizing Execution of an Agreement with GlobiTech Incorporated for the Abatement of Ad Valorem Property Taxes for Phase II-D Improvements and Investments in Phase II-D Tangible Personal Property within City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas

Issue:

Approval of a proposed property tax abatement agreement between the City of Sherman and GlobiTech Incorporated for Phase II-D Improvements and Investments in Phase II-D Tangible Personal Property

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

Origination:

Globitech, Applicant

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

It is recommended that the City Council approve the proposed tax abatement agreement.

Alternatives:

The City Council could deny the tax abatement agreement.

Attachments

Resolution No. 6912

GlobiTech Tax Abatement Agreement (Phase 11-D)

RESOLUTION NO. 6912

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH GLOBITECH INCORPORATED FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR PHASE II-D IMPROVEMENTS AND INVESTMENT IN PHASE II-D TANGIBLE PERSONAL PROPERTY WITHIN THE CITY OF SHERMAN INDUSTRIAL REINVESTMENT ZONE NUMBER TWELVE (#12), CITY OF SHERMAN, TEXAS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the Mayor is hereby authorized and directed, subject to receipt of a fully-executed agreement from GlobiTech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with GlobiTech Incorporated for the abatement of ad valorem property taxes for a period of ten (10) years, for improvements within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), City of Sherman, Texas, consisting of \$1.25 billion of real property improvements and tangible personal property in connection with a semiconductor manufacturing facility, in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-D

This AD VALOREM TAX ABATEMENT AGREEMENT – PHASE II-D (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, Section 312.002 of the Texas Tax Code requires the City to adopt a resolution indicating the City’s desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City (the “**City Council**”) previously has adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on February 7, 2022, the City Council adopted Guidelines and Criteria for the Industrial Tax Abatement Program (“**Guidelines**”) through the adoption of Resolution No. 6846, pursuant to Section 312.002 of the Tax Code; and

WHEREAS, the Guidelines constitute appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, in accordance with the Guidelines, GlobiTech and the City entered into a Tax Abatement Agreement dated August 20, 2018 (the “**Phase I Agreement**”), concerning certain improvements in and to property near but not on the Land, as hereinafter defined, which were defined as the “Improvements” in the Phase I Agreement and are defined as the “Phase I Improvements” in this Agreement. The Phase I Improvements and Phase I Tangible Personal Property are not eligible for a tax abatement under this Agreement. Nothing in this Agreement is intended to modify, alter, amend or otherwise change any provision of the Phase I Agreement; and

WHEREAS, on June 16, 2022, the City Council of the City (“**City Council**”) adopted Ordinance No. 6499 (“**Ordinance**”), establishing Industrial Reinvestment Zone Number 12, City of Sherman, Texas, for commercial-industrial tax abatement, as authorized by Chapter 312 of the Texas Tax Code, on approximately 143 acres of land (“**Zone**”); and

WHEREAS, GlobiTech seeks to acquire from the Sherman Economic Development Corporation (“**SEDCO**”) approximately 143 acres of land more particularly described in Exhibit A attached hereto (the “**Land**”), which is the subject of the establishment of the Zone on said property; and

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility on the Land in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s)

(collectively, the “**Phase II Improvements**”). The Phase II Improvements and use of the Land is expected to significantly enhance the economic base of the City; and

WHEREAS, GlobiTech represents that each Phase of the Phase II Improvements and Phase II Tangible Personal Property, as hereinafter defined, will constitute an approximate investment of \$1.25 billion on average by GlobiTech, and that when fully operational, the Phase II Improvements are expected to retain significant existing employment and bring new employment to the City, with expected new employment totaling 300 Employment Positions, as hereinafter defined, in each such phase; and

WHEREAS, GlobiTech’s selection of the City as the location for the Phase II Improvements is the result of collaboration among GlobiTech, the City and other units of local government and economic development entities; and

WHEREAS, the City Council finds that the Phase II Improvements sought are feasible and practicable and would be of benefit to the land to be included in the Zone and the City after expiration of this Agreement; and

WHEREAS, the City Council has concluded that the Phase II Improvements and operations proposed by GlobiTech within the Zone and described in this Agreement and the terms of this Agreement are consistent with the requirements of Chapter 312 of the Tax Code and the Guidelines, or to the extent of any inconsistency with the Guidelines, the City Council has determined, in its discretion and in accordance with Section 312.002(d) of the Tax Code, that this Agreement should be entered into notwithstanding such inconsistency; and

WHEREAS, the City desires to enter into an Agreement with GlobiTech for the abatement of taxes assessed against a portion of the Phase II Improvements and Phase II Tangible Personal Property located on the Land as further set forth herein pursuant to the Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment in the Zone which contributes to the economic development of the City and the enhancement of the tax base in the City, the parties agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

- A. “Affiliate” shall mean any person, directly or indirectly controlling, controlled by, or under common control with GlobiTech. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.
- B. “Base Year” means the calendar year beginning January 1, 2022.

- C. “Certificate of Occupancy” means the final certificate of occupancy issued by the City with respect to any Phase II-D Improvements allowing for the entrance and operation within such improvements.
- D. “Commencement Date” means January 1 of the calendar year that GlobiTech elects to begin the Tax Abatement by providing written notice to the City and Grayson County Appraisal District, which notice shall include a final version of Exhibit B demarking the Phase II-D Land; provided, however, GlobiTech may not make such election or provide such notice until Completion of Construction of the Phase II-D Improvements.
- E. “Commencement of Construction” means: (1) the plans for the Phase II-D Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (2) all necessary permits for construction of the Phase II-D Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.
- F. “Completion of Construction” means a final Certificate of Occupancy has been issued by the City with respect to the Phase II-D Improvements.
- G. “Delinquent Ad Valorem Taxes” means any validly imposed ad valorem taxes that GlobiTech does not remit by the lawful due date, but does not include any such taxes that are subject to a protest or appeal brought by the Owner in accordance with the Texas Property Tax Code, including a protest or appeal concerning the value of the property that is subject to ad valorem taxation. If GlobiTech subsequently loses the protest or appeal, or fails to timely appeal any such loss, the taxes at issue will be considered “delinquent” the day after the date they become delinquent under the Texas Property Tax Code.
- H. “Effective Date” means the last date of acknowledgment of the signatures set forth on the signature page below.
- I. “Employment Positions” means non-temporary full time employment positions of GlobiTech or a GlobiTech Affiliate at the Premises, including employees of contractors assigned to the Premises as shown on GlobiTech’s internal management systems. Two (2) or more part-time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.
- J. “Event of Bankruptcy or Insolvency” means the dissolution or termination of GlobiTech’s existence as a going business, insolvency, appointment of receiver for any significant part of GlobiTech’s property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against GlobiTech and such proceeding is not dismissed within ninety (90) days after the filing thereof.

- K. “Force Majeure” means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech’s lack of, or inability to obtain, funding.
- L. “Land” shall mean the real property described in Exhibit A, attached hereto.
- M. “Person” shall mean an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
- N. “Phase I” means the phase of GlobiTech’s construction of the Phase I Improvements on the property located at 200 FM 1417 West, Sherman, TX 75092.
- O. “Phase I Improvements” shall mean and refer to the improvements described and subject to the Phase I Agreement. None of the Phase II Improvements shall be considered Phase I Improvements and vice versa.
- P. “Phase II-D” means the phase of GlobiTech’s construction of the Phase II-D Improvements on the Land.
- Q. “Phase II-D Capital Investment” means the total capitalized cost invested by GlobiTech for the Phase II-D Improvements and Phase II-D Tangible Personal Property that are the subject of the Tax Abatements (hereinafter defined) granted by this Agreement.
- R. “Phase II-D Improvements” collectively means all of the improvements that GlobiTech develops and constructs in Phase II-D, which include, without limitation, the improvements described in Exhibit C hereto and which shall be located on the portion of the Land demarked on Exhibit B.
- S. “Phase II-D Tangible Personal Property” means all Tangible Personal Property that GlobiTech places into service on the Premises in Phase II-D.
- T. “Premises” collectively means the portion of the Land demarked on Exhibit B, and any Phase II-D Improvements thereon following construction thereof, but excluding Phase II-D Tangible Personal Property.
- U. “Tangible Personal Property” means all tangible personal property, including, without limitation, equipment, machinery and fixtures, inventory, and supplies owned by GlobiTech that are located on the Premises.

- V. “Tax Abatement” shall have the same meaning set forth in Article IV herein.
- W. “Taxable Value” means the appraised value as certified by the Grayson County Appraisal District as of January 1 of a given year.

II. GENERAL PROVISIONS

- A. GlobiTech represents that it is seeking to acquire from SEDCO fee simple title in and to the Land and contemplates constructing the Phase II-D Improvements thereon and locating Phase II-D Tangible Personal Property on the Premises. The parties agree that all rights and obligations under this Agreement are conditioned on GlobiTech acquiring fee simple title in and to the Land from SEDCO within one year of the Effective Date of this Agreement.
- B. The Premises are not an improvement project financed by tax increment bonds.
- C. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the City; provided, however, that this section shall not be construed to create a security interest in the Land or Phase II-D Improvements in favor of such holders of outstanding bonds of the City.
- D. The Premises are not owned or leased by any member of the City Council or any member of the Planning and Zoning Commission of the City or any member of the governing body of any taxing unit joining in or adopting this Agreement.
- E. This Agreement is intended to comply with the requirements of Section 312.204 of the Code and is authorized by the Texas Property Redevelopment and Tax Abatement Act of the Texas Tax Code, Chapter 312, by the Guidelines and by resolution of the City Council authorizing execution of this Agreement.
- F. During the period of the tax abatement herein authorized, GlobiTech shall be subject to all applicable taxation not specifically abated or exempted, including but not limited to sales tax and ad valorem taxation on the Taxable Value for the Base Year of Land described in Section IV.B below.
- G. The Premises shall at all times be used in the manner (1) that complies with the City’s Ordinances, regulations, and other laws, and (2) that, during the period taxes are abated hereunder, is consistent with the general purposes of encouraging development or redevelopment within the Zone as set forth in the Guidelines as of the Effective Date.
- H. GlobiTech acknowledges and agrees, beginning on the date a final Certificate of Occupancy is issued for GlobiTech’s occupancy of the Phase II-D Improvements and continuing during the term of this Agreement, that GlobiTech or a GlobiTech Affiliate shall, subject only to events of Force Majeure, continuously own and occupy the Premises, and shall continuously operate and maintain the Premises as an electronics manufacturing facility.

III. PHASE II-D IMPROVEMENTS

- A. GlobiTech contemplates constructing or causing to be constructed on the Land the Phase II-D Improvements. GlobiTech represents that the approximate cost of construction of the Phase II-D Improvements is \$650 million. Phase II-D shall consist of the Phase II-D Improvements and the Phase II-D Tangible Personal Property that will be put into service on the Premises as set forth in Exhibit C. In order to receive the Tax Abatement under this Agreement, GlobiTech agrees, subject to events of Force Majeure, to cause Commencement of Construction of the Phase II-D Improvements to occur on or before January 1, 2040 and to cause Completion of Construction thereof on or before December 31, 2042. The location of the Phase II-D Improvements is to be shown on a site plan of the Premises submitted to, and approved by, the City. Nothing in this Agreement shall obligate GlobiTech to construct the Phase II-D Improvements on the Land and/or to locate and maintain any Phase II-D Tangible Personal Property on the Premises, but said actions are conditions precedent to the Tax Abatement provided herein. For the avoidance of doubt, nothing in this Agreement shall require GlobiTech to construct future phases after Phase II-D or penalize GlobiTech for failing to do so.
- B. As a condition precedent to the initiation of the Tax Abatement set forth in this Agreement, GlobiTech will diligently and faithfully, in good and workmanlike manner, pursue the Completion of Construction of the Phase II-D Improvements in accordance with all applicable state and local laws, codes, and regulations.
- C. GlobiTech shall maintain the Premises during the term of this Agreement in accordance with all applicable state and local laws, codes, and regulations.
- D. The City, its agents and employees shall have the right of reasonable access to the Premises during construction to inspect the Phase II-D Improvements at reasonable times and with reasonable notice to GlobiTech, and in accordance with GlobiTech's visitor access and security policies, to ensure that the construction of the Phase II-D Improvements are in accordance with this Agreement and all applicable state and local laws, codes, and regulations. After completion of the construction of any Phase II-D Improvements, the City, its agents and employees shall have the continuing right to inspect the Premises at reasonable times with reasonable notice to GlobiTech, and in accordance with GlobiTech's reasonable visitor access and security policies, to ensure that the Premises is thereafter maintained and operated in accordance with this Agreement during the term hereof.

IV. TAX ABATEMENT

- A. Subject to the terms and conditions of this Agreement, and to the extent authorized by the Texas Constitution and the Tax Code, the City grants GlobiTech the Tax Abatement set forth in this Article IV. The Tax Abatement is subject to and conditioned on the Completion of Construction on the Land within the timeframe set forth in Article III above. Subject to the notice and cure provisions set forth in this Agreement, this Agreement shall automatically terminate without notice to any party if the Completion of Construction does

not occur within the timeframe set forth in Article III above unless such delay is caused by events of Force Majeure.

- B. Subject to the conditions set forth herein, GlobiTech shall receive an abatement of 85% of the City's property taxes on the excess of (i) the Taxable Value of all of the Phase II-D Improvements and the Phase II-D Tangible Personal Property and the Land, less (ii) \$0 (the agreed Taxable Value for the Base Year of the Phase II-D Improvements and Phase II-D Tangible Personal Property located on the Land as demarked on Exhibit B). For the avoidance of doubt, the Taxable Value of the underlying Land is not subject to Tax Abatement under this Agreement. The Tax Abatement shall commence on the Commencement Date and shall continue for a period of ten (10) consecutive calendar years thereafter; provided, however, no Phase II-D Improvements or Phase II-D Tangible Personal Property shall be eligible for the Tax Abatement after ten (10) calendar years from the Commencement Date, regardless of circumstance or the date GlobiTech obtains Completion of Construction of the Phase II-D Improvements or places the Phase II-D Tangible Personal Property into service. Provided that the requirements set forth in this Agreement are satisfied in connection with minimum capital investment requirements, minimum Employment Positions and Completion of Construction of the Phase II-D Improvements, the Tax Abatement shall apply to any Phase II-D Improvements constructed, and any Phase II-D Tangible Personal Property placed into service following the Effective Date of this Agreement.

V.

PHASE II-D CAPITAL INVESTMENT; INVESTMENT REPORTS

GlobiTech covenants and agrees that the Phase II-D Capital Investment in the Phase II-D Improvements and the Phase II-D Tangible Personal Property, when combined with Phase II-A, II-B, and II-C Capital Investment, shall meet or exceed the aggregate amount of \$3 billion as of the Commencement Date. GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the minimum Capital Investment set forth herein (the "**Investment Reports**"). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech's investments in the Phase II-D Improvements and the Phase II-D Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech's books and records relating to the construction of the Phase II-D Improvements and the acquisition, location and maintenance of the Phase II-D Tangible Personal Property on the Premises, subject to GlobiTech's reasonable security and confidentiality requirements.

VI.

PHASE II-D EMPLOYMENT COMMITMENTS; EMPLOYMENT REPORTS

GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-D at the Premises beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of

its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech's compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the "**Employment Reports**"). The City shall have the right to inspect GlobiTech's payroll and other employment records, including GlobiTech's management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

VII. DEFAULT

- A. The following shall constitute an "Event of Default" hereunder: (1) GlobiTech's failure to cause Commencement of Construction or Completion of Construction of the Phase II-D Improvements in accordance with this Agreement; (2) GlobiTech's failure to pay any Delinquent Ad Valorem Taxes owed to the City or any other taxing authority; (3) GlobiTech's failure to make the Phase II-D Capital Investment; (4) GlobiTech's failure to meet the employment commitments described herein; (5) GlobiTech suffering an Event of Bankruptcy or Insolvency; or (6) GlobiTech breaching any of the terms and conditions of this Agreement, including without limitation, the other conditions to the Tax Abatements set forth herein.
- B. Upon occurrence of an Event of Default, the City shall notify GlobiTech in writing. GlobiTech shall have ninety (90) days from receipt of the notice in which to cure any such default. If the default cannot reasonably be cured within a ninety (90) day period, other than a monetary default, and GlobiTech has diligently pursued such remedies as shall be reasonably necessary to cure such default, then the City shall extend the period in which the default must be cured for an additional sixty (60) days.
- C. Upon the occurrence and during the continuance of an Event of Default, subject to GlobiTech's cure rights under Section VII.B., the City shall have all remedies available to it at law or in equity, including without limitation, termination of this Agreement. Upon an Event of Default, the City shall have the right hereunder to enforce specific performance of amounts owed to the City or to bring an action to collect such amounts. The City also will have the right to pursue legal action against GlobiTech to recapture, as described by Section VII.E., amounts of Tax Abatements granted to GlobiTech during the term of this Agreement. Upon the occurrence of an Event of Default there will be a stay of Tax Abatements and the City will be relieved of its obligations herein until such Event of Default is cured within the applicable cure period described.
- D. Periods described above for curing a delinquency or violation hereunder shall toll, and shall not be considered for any purpose as having run, beginning on the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding, including any appeals of such court decision.

- E. Upon any termination of this Agreement by the City, all tax abated as a result of this Agreement for the three years' prior to the year in which this Agreement is terminated shall become a debt of GlobiTech to the City as liquidated damages, and shall become due and payable not later than thirty (30) days after a notice of termination is delivered to GlobiTech. GlobiTech agrees that the City shall have all remedies for the collection of this debt as provided generally in the Tax Code for the collection of delinquent property tax. The City, at its sole discretion, has the option to provide a repayment schedule. The computation of tax abated for the purposes of the Agreement shall, with respect to any tax year in which an abatement was granted, be based upon the portion of the Taxable Values of any Phase II-D Improvements and any Phase II-D Tangible Personal Property which received abatement in such year, multiplied by the City's tax rate applicable in such year, as calculated each year by the Tax Assessor-Collector for the City, as the case may be.

VIII.

ANNUAL APPLICATION FOR TAX EXEMPTION

It shall be the responsibility of GlobiTech, pursuant to the Texas Tax Code, to file an annual exemption application form with the chief appraiser for the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs. A copy of the exemption application shall be submitted to the City contemporaneously therewith.

IX.

ANNUAL RENDITION

GlobiTech shall annually render the value of the Phase II-D Tangible Personal Property eligible for the Tax Abatement, being the subject of the abatement provided herein, to the Grayson County Appraisal District and any other appraisal district in which the eligible taxable property has situs and provide a copy of the same to the City simultaneously therewith.

X.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement may not be assigned without the written consent of the City, which shall not be unreasonably withheld. Notwithstanding the foregoing, so long as no Event of Default of GlobiTech under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City, (1) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (2) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-D Improvements or the Phase II-D Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech

from its obligations under this Agreement unless written consent to the assignment is provided by the City as contemplated above.

XI. 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 or by hand delivery:

<u>If to the City:</u>	City of Sherman, Texas 220 W. Mulberry Street Sherman, Texas 75090 Attn: City Manager
<u>With required copy to:</u>	Abernathy, Roeder, Boyd & Hullett, P.C. 1700 Redbud Blvd., Suite 300 McKinney, Texas 75069 Attn: Ryan D. Pittman
<u>If to GlobiTech:</u>	GlobiTech Incorporated 200 FM 1417 West Sherman, Texas 75092 Attn: Mark England
<u>With required copy to:</u>	Renn Neilson Baker Botts L.L.P. 910 Louisiana Ave. Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

XII. TERM

The term of this Agreement shall begin on the Effective Date and shall continue during the period set forth in Article IV hereof, unless sooner terminated. Time is of the essence in this Agreement.

XIII. AUTHORIZATIONS

The City Council has authorized the City Manager to execute this Agreement on the City's behalf. This Agreement was entered into by GlobiTech pursuant to authority granted by one or more of its officers to execute this Agreement on behalf of GlobiTech.

XIV. SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word herein is held invalid, illegal or unconstitutional, the balance of this Agreement, shall be enforceable and shall be enforced as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

XV. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be in the State District Court of Grayson County, Texas. The parties consent to venue and to the jurisdiction of the State District Court of Grayson County, Texas.

XVI. INDEMNIFICATION

- A. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER “CITY’S INDEMNIFIED PARTY”) FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS’ FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH’S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- B. Notice of Indemnified Loss. The City’s Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City’s Indemnified Party may be entitled to indemnification under this Article XVI. Such notice shall be given as soon as reasonably practicable after the City’s Indemnified Party becomes aware of the Loss or Claim for Losses.
- C. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City’s Indemnified Party by reason of any matter for which the City’s Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City’s Indemnified Party or its authorized agents or representatives, at GlobiTech’s sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech’s obligation to defend shall apply regardless of whether the City’s Indemnified Party is solely

or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

XVII. ENTIRE AGREEMENT

This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties and relating to the matters in this Agreement, and except as otherwise provided herein cannot be modified without written agreement of the parties to be attached to and made a part of this Agreement. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

XVIII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the real property records of Grayson County, Texas.

XIX. INCORPORATION OF RECITALS; EXHIBITS

The determinations recited and declared in the preambles to this Agreement are hereby incorporated herein as part of this Agreement. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

XX. CERTIFICATIONS REQUIRED BY TEXAS LAW

- A. Pursuant to Section 2271.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent, owner or affiliate of GlobiTech "boycotts Israel", and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, GlobiTech agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, "boycott Israel" shall have the meaning given such term in Section 2271.001, Texas Government Code.
- B. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- C. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that

discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- D. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Premises or on the Land who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.

XX.

NO VESTED RIGHTS

Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.

XXII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument. The parties acknowledge the inherent unpredictability of the global semiconductor industry and the possibility that schedules for investment and job creation and other provisions may require adjustment over the terms of this Agreement, subject to the mutual written assent of all parties.

[Rest of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective on the Effective Date.

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

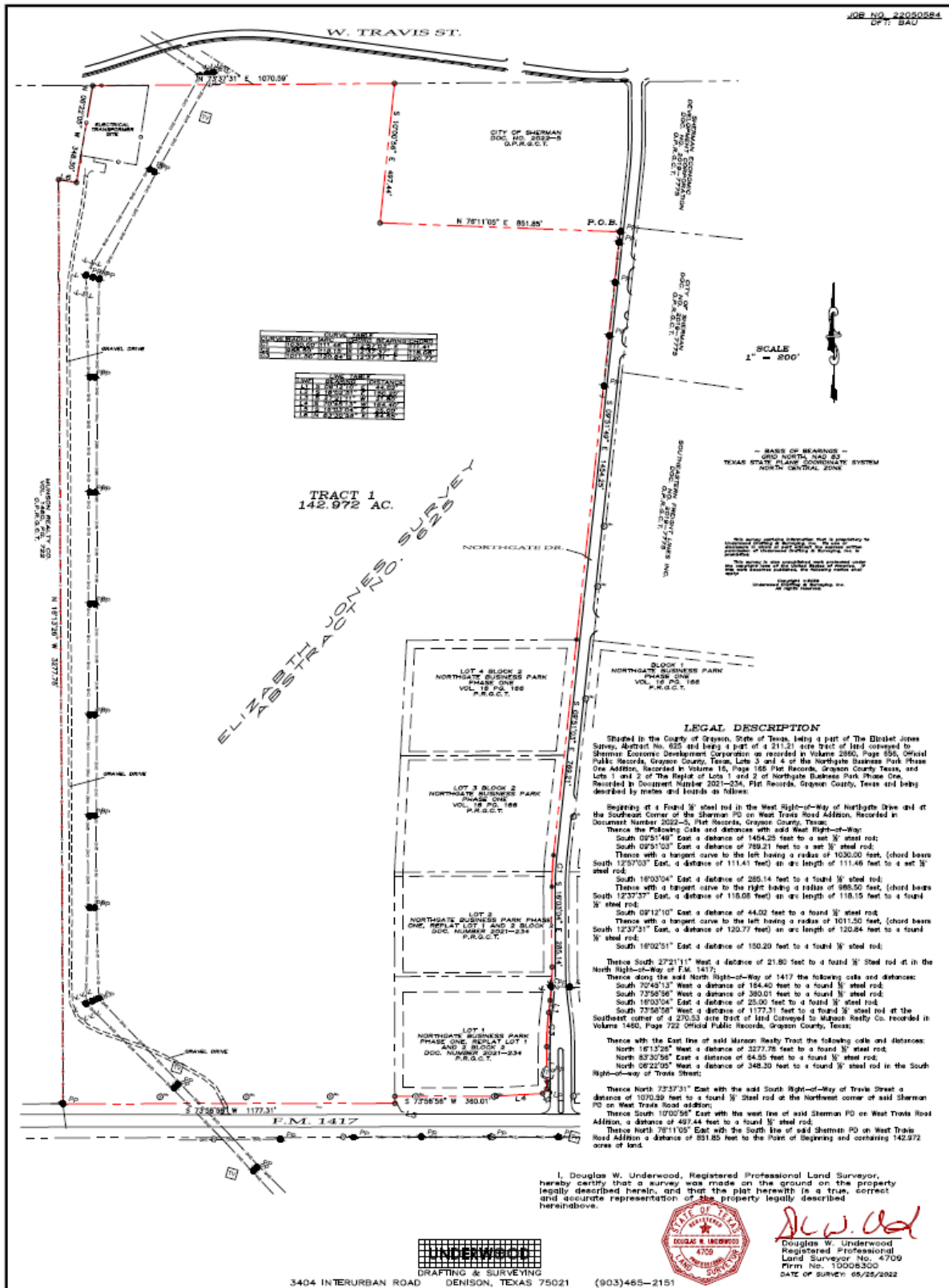


EXHIBIT B
Description of the Premises

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]

EXHIBIT C
Description of the Phase II-D Improvements

Phase II-D would include a multi-floor building of manufacturing and manufacturing support space, support buildings including crystal puller building, chemical/gas building, central utilities building, and an admin building in support of the manufacturing operations. Several additional detached structures would be constructed to house additional necessary infrastructure for the manufacture of 300mm wafers, including parking areas, water treatment facility, reactive and non-reactive gas pads, cooling towers, DIW plant, on-site powering solar panels, and an electrical substation.

Major components of Phase II-D of the proposed Project would include:

- Water chillers, CDA compressors, CPCW system, boilers, wastewater sewers, wastewater treatment, scrubbers, general exhaust, DIW plant, gas pads, Class 100 and Class 1 cleanrooms, H₂ storage, electrical substation, cooling towers, fire prevention system, electrical facilities, facilities and plant control system.
- Crystal pulling furnaces, ingot crop and grind tools, x-ray tools, wiresaws, slurry recycle system, lappers, edge grinders, laser markers, etch benches, edge and surface polishers, epi reactors, clean lines, and metrology equipment.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 5.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6913

Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-A Improvements and Phase II-A Tangible Personal Property

Issue:

Approving an Economic Development Program Agreement with Globitech Incorporated for incentives authorized under Chapter 380 of the Texas Local Government Code

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

This proposed 380 Agreement provides for two grants. Since the maximum statutory term of a tax abatement agreement is ten (10) years, the first grant of funds is expressed as a percentage of property taxes paid, to the taxpayer, payable only after the entire tax bill has been paid by the taxpayer for the year. The grant would cover an additional twenty (20) years and calculated at 75% of property taxes paid each year. The second grant is expressed as a discount of twenty percent (25%) off the current rate of commercial water and wastewater fees.

The 380 Agreements for each of the phases includes minimum investment and employment thresholds. These thresholds are \$750 million and 100 employees, respectively. Also, the Agreement calls for a minimum daily water usage of 300,000 gallons per day. These thresholds represent the minimum values that must be achieved for each phase to avoid a default of the Agreement by Globitech, so these amounts

are considerably lower than the estimated project amounts of \$1.25 billion, 350 jobs, and 500,000 gallons per day of water per phase.

Origination:

City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

It is recommended that the City Council approve the proposed incentive agreement.

Alternatives:

As may be directed by the Council.

Attachments

Resolution No. 6913

GlobiTech 380 Agreement (Phase II-A)

RESOLUTION NO. 6913

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH GLOBITECH INCORPORATED FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE FOR PHASE II-A IMPROVEMENTS AND PHASE II-A TANGIBLE PERSONAL PROPERTY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager is hereby authorized and directed, subject to receipt of a fully-executed agreement from GlobiTech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Economic Development Program Agreement with GlobiTech Incorporated for the grant of incentives pursuant to Chapter 380 of the Texas Local Government Code, for the construction and operation of Phase II-A of a semiconductor manufacturing facility, including investment in tangible personal property, within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-A

This CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-A (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s) (collectively, the “**Facility**” or “**Project**”) to be located on approximately 143 acres of land more particularly described on Exhibit A attached hereto (the “**Land**”). GlobiTech seeks to acquire fee simple title in and to the Land from the Sherman Economic Development Corporation (“**SEDCO**”); and

WHEREAS, components of the Facility include, without limitation, real property improvements, which include the above referenced fabrication facility, office space and other necessary facilities (collectively, the “**Real Property Improvements**”), and tangible, business personal property, which includes equipment, machinery and fixtures, inventory, and supplies owned or leased by GlobiTech that are located on the Land (collectively, the “**Tangible Personal Property**”); and

WHEREAS, the Real Property Improvements will include improvements to be developed and constructed in Phase II-A (the “**Phase II-A Improvements**”), which Phase II-A Improvements shall be located on the portion of the Land demarked on Exhibit B, and shall include, without limitation, the Real Property Improvements described in Exhibit B.

WHEREAS, GlobiTech and the City are executing a tax abatement agreement for Phase II-A (the “**Tax Abatement Agreement**”) simultaneously with the execution of this Agreement, which Tax Abatement Agreement provides for certain tax abatements for a specified time conditioned upon requirements further set forth therein with respect to the Phase II-A Improvements and Tangible Personal Property placed into service on or within the Phase II-A Improvements on the Land underlying the Phase II-A Improvements (the “**Phase II-A Tangible Personal Property**”); and

WHEREAS, pursuant to the Tax Abatement Agreement, upon Completion of Construction as defined by the Tax Abatement Agreement,¹ GlobiTech will provide the City with a finalized Exhibit B demarking the portion of the Land upon which the Phase II-A Improvements will be located, which Exhibit B shall, once provided, be incorporated by reference into this Agreement; and

¹ Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Tax Abatement Agreement, which is incorporated herein by reference for all purposes.

WHEREAS, GlobiTech has requested that the City authorize and provide certain economic development grants in connection with its development of the Project as provided herein; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code and for the public purpose of promoting economic development and diversity, increasing employment, reducing unemployment and underemployment, expanding commerce, and stimulating business and commercial activity in the State of Texas, Grayson County, and the City, the City desires to offer certain economic development grants to GlobiTech as more particularly described in this Agreement.

NOW, THEREFORE, for and in consideration of the promises, covenants, and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the City and GlobiTech agree as follows:

1. **Subject of this Agreement.** GlobiTech will construct, develop and operate the Project, as further described in the submittals filed with the City in order to obtain such permits as may be required under applicable City ordinances.
2. **Economic Development Grants.** Subject to the terms and conditions of this Agreement, and specifically the satisfaction of the conditions for qualifying in Section 3 below, the City will provide economic development grants (each a “**Grant**”) to GlobiTech as follows:
 - a. The reimbursement each calendar year as further set forth below of an amount equal to (A) the City’s property tax rate, multiplied by (B) seventy-five percent (75%), multiplied by (C) the difference between (i) the Taxable Value of the Phase II-A Improvements and the Phase II-A Tangible Personal Property and the Land for the year in which the Grant relates, less (ii) \$16,625,217 (the agreed taxable value for the calendar year beginning January 1, 2022 of the Land demarked on Exhibit B) (the “**Ad Valorem Tax Grant**”). Each such Ad Valorem Tax Grant shall be paid by the City to GlobiTech within thirty (30) days following receipt by the City of (i) the ad valorem tax payment corresponding to such Ad Valorem Tax Grant, (ii) Investment Reports (due under Section 3(a) of this Agreement), and (iii) Employment Reports (due under Section 3(b) of this Agreement). The Ad Valorem Tax Grants shall commence upon January 1 of the calendar year following the expiration of the calendar year in which the tax abatements with respect to the Phase II-A Improvements set forth in the Tax Abatement Agreement have expired by its terms, and shall continue for a period of twenty (20) consecutive calendar years thereafter. Provided that the requirements set forth in this Agreement and the Tax Abatement Agreement are satisfied in connection with minimum capital investment and minimum employment requirements and Completion of Construction of the Phase II-A Improvements described in Exhibit B, the Ad Valorem Tax Grant shall apply to any Phase II-A Improvements constructed, and any Phase II-A Tangible Personal Property placed into service following the Effective Date of this Agreement. Notwithstanding anything herein to the contrary, GlobiTech shall not be entitled to receive the Ad Valorem Tax Grant prior to the expiration of the tax abatements with respect to the Phase II-A Improvements and Phase II-A Tangible Personal Property set forth in the Tax Abatement Agreement under any

circumstance, and the Ad Valorem Tax Grant is contingent upon, among other things, compliance with this Agreement and the Tax Abatement Agreement during the term of the Tax Abatement Agreement as set forth in Section 3 below.

- b. A twenty-five percent (25%) discount on the then-current rate of commercial water and wastewater fees charged by the City for commercial water and wastewater services provided by the City in connection with the Real Property Improvements constructed in Phase II-A of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092 (collectively, the “**Utility Discount**”). Subject to the terms and conditions set forth herein, the Utility Discount shall commence upon GlobiTech’s obtaining Completion of Construction with respect to all of the Phase II-A Improvements, and shall continue for the remaining Term of this Agreement.
3. **Conditions to Qualify for Grants.** Subject to Section 5, each of the following conditions must be satisfied by GlobiTech for the entire Term (defined below) of this Agreement in order to qualify for the Grants:
 - a. The capital investment in the Phase II-A Improvements and the Phase II-A Tangible Personal Property shall meet or exceed the aggregate amount of \$750 million as of the Commencement Date as defined in the Tax Abatement Agreement (“**Commencement Date**”). GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the minimum capital investment set forth herein (the “**Investment Reports**”). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech’s investments in the Phase II-A Improvements and the Phase II-A Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech’s books and records relating to the construction of the Phase II-A Improvements and the acquisition, location and maintenance of the Phase II-A Tangible Personal Property, subject to GlobiTech’s reasonable security and confidentiality requirements.
 - b. GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-A beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the “**Employment Reports**”). The City shall have the right to inspect GlobiTech’s payroll and other employment records, including GlobiTech’s management system assigned to the Premises, as is

reasonably necessary to verify Employment Reports, subject to GlobiTech's reasonable security and confidentiality requirements.

- c. GlobiTech shall comply with the Tax Abatement Agreement during the term of the Tax Abatement Agreement, including but not limited to any requirements with respect to Commencement of Construction, Completion of Construction, and Investment Reports (as those terms are defined in the Tax Abatement Agreement) and not commit an "Event of Default" (as defined in the Tax Abatement Agreement) under the Tax Abatement Agreement that is not cured thereunder.
- d. GlobiTech must obtain from the City and use no fewer than 300,000 gallons of water per day on average at the Real Property Improvements constructed in Phase II-A of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092.
- e. GlobiTech must acquire fee simple title in and to the Land from SEDCO within one year of the Effective Date (hereinafter defined) of this Agreement.
- f. GlobiTech must be in continuous compliance with all terms, conditions, covenants, and obligations of this Agreement.
- g. At the time of payment of any portion of the Grants, GlobiTech must not be delinquent in the payment of any ad valorem taxes then owed by GlobiTech on the Project (provided, however, GlobiTech retains the right to timely and properly protest and contest any such ad valorem taxes).

If, after all of the conditions set forth above have been initially satisfied, any of the conditions set forth above are thereafter not satisfied during any calendar year for which a Grant is calculated and if such failure of a condition is not cured within ninety (90) days after written notice from the City to GlobiTech of such failure, the City will be relieved of its obligation to pay the portions of the Grants related to such calendar year; provided, however, that the subsequent failure of any of the conditions set forth above (after such conditions have been initially satisfied) will not constitute a default hereunder, unless such failure is not cured prior to the expiration of the notice and cure period set forth in Section 5(b). Furthermore, in the event the City provides any portion of a Grant to GlobiTech for a particular period based upon a statement or information provided by GlobiTech to the City that is incorrect and which, if correct, would have resulted in GlobiTech not being entitled to the portion of such Grant related to the applicable period for which the statement or information was provided, then GlobiTech will refund to the City the portion of such Grant which GlobiTech received based upon such statement or information within thirty (30) days after receipt of written demand by the City, subject to the right to cure and seek remedies under Section 5. If GlobiTech fails to refund such portion of the Grant as provided above, the City will be relieved of its obligation to pay Grants for the period of time that such refund remains unpaid and shall have the right to bring an action against GlobiTech for the payment of such refund.

4. **Term of this Agreement.** The term of this Agreement will commence on the Effective Date and will continue until the earlier to occur of the date that the City and GlobiTech mutually agree to terminate this Agreement or the date the City's obligation to pay the Grants set forth in Section 2(a) above expires (the "**Term**").
5. **Default.**
- a. Each of the following will constitute an "Event of Default" under this Agreement:
- (i) the City's failure to process any portion of the Grants owing to GlobiTech in accordance with this Agreement;
 - (ii) GlobiTech's failure to satisfy any of the conditions set forth in Section 3 above;
 - (iii) GlobiTech's failure to pay any real or business personal ad valorem taxes or other material fees or charges owed by GlobiTech to the City prior to delinquency (provided, however, GlobiTech retains the right to timely and properly protest and contest any such taxes or fees, and so long as GlobiTech is timely and properly protesting or contesting the same, it will not constitute an Event of Default);
 - (iv) a breach of any representation or covenant made in this Agreement by GlobiTech; or
 - (v) an attempted assignment of this Agreement by GlobiTech in violation of the terms set forth in Section 7 hereof.
- b. **Notice and Cure Periods.** In the event of the occurrence of an Event of Default described under Section 5(a)(i), (ii), (iii), or (v), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default.
- In the event of the occurrence of an Event of Default described under Section 5(a)(iv), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default; provided, however, if the defaulting party is diligently pursuing the cure of such default, but such default is not reasonably curable within thirty (30) days, then the defaulting party will have such additional amount of time as is reasonably necessary to cure such default.
- c. **Remedies.** Upon the occurrence and during the continuance of an Event of Default, the non-defaulting party shall have all remedies available to it at law or in equity, except as may be specifically limited in this Section 5.

Without terminating this Agreement, upon an Event of Default, GlobiTech and the City have the right hereunder to enforce specific performance of amounts owed to or by the City or bring an action to collect such amounts. Either party will further have the right to seek a judicial declaration of the total amount of Grants owed, whether an Event of Default has occurred, or whether any attempt to cure has been sufficient. Periods described above for curing a delinquency or violation shall toll, and shall not be considered for any purpose as having run, beginning upon the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding. No action will lie for damages by either party (beyond the foregoing amounts owed by the City upon an Event of Default by the City or the repayment obligations of GlobiTech under Section 3.e), including punitive damages, and no special or consequential damages will be recovered by either party.

Upon the occurrence of an Event of Default described in Section 5(a)(ii) (i.e., the conditions set forth in Section 3 are not satisfied during any period of time during the term of this Agreement), and without terminating this Agreement, the City will be relieved of its obligation to pay the portions of the Grants related to such year until such default is cured within the cure period described in Section 5(b) hereof. If such default is cured by GlobiTech within the cure period set forth in Section 5(b) hereof, the City will be obligated to pay to GlobiTech the portions of the Grants withheld during GlobiTech's failure to comply with Section 3 hereof.

- d. Termination. This Agreement will terminate upon the occurrence of any one of the following:
 - (i) the execution by both parties of a written agreement terminating this Agreement;
 - (ii) the expiration of the Term of this Agreement; or
 - (iii) at the option of the non-defaulting party, upon the occurrence and continuation of an Event of Default (subject to the notice and cure provisions of Section 5(b) above).
 - e. Attorney's Fees. Attorney's fees may be awarded by a court of competent jurisdiction in any legal proceeding to enforce this Agreement, in which case the attorney's fees will be paid by the party so ordered to pay.
6. **Force Majeure.** For purposes of this Agreement, the term "**Force Majeure**" means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is

similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech's lack of, or inability to obtain, funding.

7. **Assignment.** Except as may otherwise be provided under this Section 7, this Agreement may not be assigned without the City's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Any purported assignment in violation of this Agreement is void. Notwithstanding the foregoing, so long as no GlobiTech Event of Default under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City (i) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (ii) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-A Improvements or the Phase II-A Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech from its obligations under this Agreement unless approved by the City.
8. **Indemnification.**
 - a. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "CITY'S INDEMNIFIED PARTY") FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH'S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
 - b. Notice of Indemnified Loss. The City's Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City's Indemnified Party may be entitled to indemnification under this Section 8. Such notice shall be given as soon as reasonably practicable after the City's Indemnified Party becomes aware of the Loss or Claim for Losses.

- c. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City's Indemnified Party by reason of any matter for which the City's Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City's Indemnified Party or its authorized agents or representatives, at GlobiTech's sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech's obligation to defend shall apply regardless of whether the City's Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

9. **Miscellaneous.**

- a. All construction will be in accordance with applicable rules, regulations, and ordinances of the City, subject to any variances granted in writing by the City.
- b. It is acknowledged and agreed by the parties that the terms hereof are not intended to and will not be deemed to create a partnership or joint venture among the parties. It is further understood and agreed by the parties that GlobiTech and the City, in satisfying the conditions of this Agreement, have acted independently, and assume no responsibility or liability to third parties in connection with these actions.
- c. This Agreement contains the entire understanding of the parties with respect to the matters contained herein and may not be modified or terminated except in accordance with the provisions hereof or by the mutual written agreement of the parties hereto.
- d. This Agreement will be construed in accordance with the laws of the State of Texas and will be performable in Grayson County, Texas.
- e. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- f. The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others (i) that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, (ii) that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement, and (iii) that each individual affixing his or her signature hereto is authorized to do so and such authorization is valid and effective on the date hereof.

- g. This Agreement is executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.
- h. 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:

If to the City: City of Sherman, Texas
220 W. Mulberry Street
Sherman, Texas 75090
Attn: City Manager

With required copy to: Abernathy, Roeder, Boyd & Hullett, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Attn: Ryan D. Pittman

If to GlobiTech: GlobiTech Incorporated
200 FM 1417 West
Sherman, Texas 75092
Attn: Mark England

With required copy to: Renn Neilson
Baker Botts L.L.P.
910 Louisiana Ave.
Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

- i. This Agreement may be executed in any number of identical counterparts, each of which will be deemed an original for all purposes.
- j. In case any one or more of the provisions contained in this Agreement will for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

- k. Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its counsel.
- l. Time is of the essence in this Agreement.
- m. The recitals to this Agreement are incorporated herein for all purposes. The following exhibits are attached to this Agreement and incorporated by reference herein for all purposes:

Exhibit A — Property

Exhibit B — Phase II-A Project Improvements

- n. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.
- o. Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.
- p. It is expressly understood that this Agreement will be binding upon and benefit the parties hereto only upon execution by both parties.
- q. Pursuant to Section 2270.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of GlobiTech “boycotts Israel”, and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, “boycott Israel” shall have the meaning given such term in Section 2271.001, Texas Government Code.
- r. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- s. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- t. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Facility or on the Property who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.
- u. GlobiTech shall utilize, or cause its contractors to utilize, Separated Building Materials and Labor Contracts as defined in Comptroller Rule 3.291(a)(13) for all taxable building material contracts related to the construction of the Facility or the acquisition and installation of the Tangible Personal Property which equal or exceed the amount of \$100,000.00 and require that the situs of any sales tax paid and related thereto will be Sherman, Texas.

[Rest of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective when all the parties have signed it. The date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Agreement ("Effective Date").

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

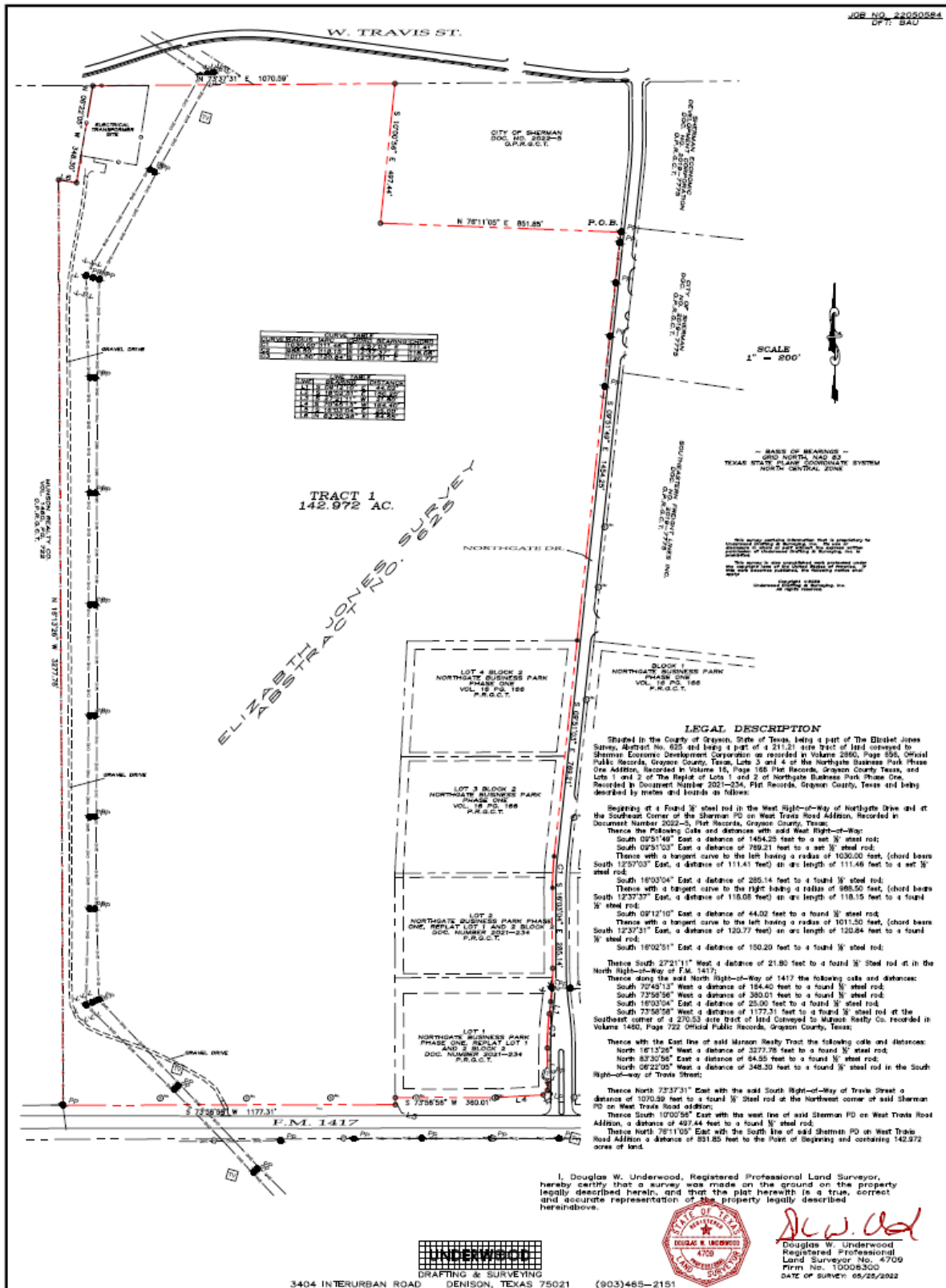


EXHIBIT B
Phase II-A Project Improvements

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 6.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6914

Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-B Improvements and Phase II-B Tangible Personal Property

Issue:

Approving an Economic Development Program Agreement with GlobiTech Incorporated for incentives authorized under Chapter 380 of the Texas Local Government Code

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

This proposed 380 Agreement provides for two grants. Since the maximum statutory term of a tax abatement agreement is ten (10) years, the first grant of funds is expressed as a percentage of property taxes paid, to the taxpayer, payable only after the entire tax bill has been paid by the taxpayer for the year. The grant would cover an additional twenty (20) years and calculated at 75% of property taxes paid each year. The second grant is expressed as a discount of twenty percent (25%) off the current rate of commercial water and wastewater fees.

The 380 Agreements for each of the phases includes minimum investment and employment thresholds. These thresholds are \$750 million and 100 employees, respectively. Also, the Agreement calls for a minimum daily water usage of 300,000 gallons per day. These thresholds represent the minimum values that must be achieved for each phase to avoid a default of the Agreement by Globitech, so these amounts

are considerably lower than the estimated project amounts of \$1.25 billion, 350 jobs, and 500,000 gallons per day of water per phase.

Origination:

City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

It is recommended that the City Council approve the proposed incentive agreement.

Alternatives:

As directed by City Council

Attachments

Resolution No. 6914

GlobiTech 380 Agreement (Phase II-B)

RESOLUTION NO. 6914

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH GLOBITECH INCORPORATED FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE FOR PHASE II IMPROVEMENTS AND PHASE II TANGIBLE PERSONAL PROPERTY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the Mayor is hereby authorized and directed, subject to receipt of a fully-executed agreement from Globitech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Economic Development Program Agreement with Globitech Incorporated for the grant of incentives pursuant to Chapter 380 of the Texas Local Government Code, for the construction and operation of Phase II-B of a semiconductor manufacturing facility, including investment in tangible personal property, within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-B

This CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-B (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s) (collectively, the “**Facility**” or “**Project**”) to be located on approximately 143 acres of land more particularly described on Exhibit A attached hereto (the “**Land**”). GlobiTech seeks to acquire fee simple title in and to the Land from the Sherman Economic Development Corporation (“**SEDCO**”); and

WHEREAS, components of the Facility include, without limitation, real property improvements, which include the above referenced fabrication facility, office space and other necessary facilities (collectively, the “**Real Property Improvements**”), and tangible, business personal property, which includes equipment, machinery and fixtures, inventory, and supplies owned or leased by GlobiTech that are located on the Land (collectively, the “**Tangible Personal Property**”); and

WHEREAS, the Real Property Improvements will include improvements to be developed and constructed in Phase II-B (the “**Phase II-B Improvements**”), which Phase II-B Improvements shall be located on the portion of the Land demarked on Exhibit B, and shall include, without limitation, the Real Property Improvements described in Exhibit B.

WHEREAS, GlobiTech and the City are executing a tax abatement agreement for Phase II-B (the “**Tax Abatement Agreement**”) simultaneously with the execution of this Agreement, which Tax Abatement Agreement provides for certain tax abatements for a specified time conditioned upon requirements further set forth therein with respect to the Phase II-B Improvements and Tangible Personal Property placed into service on or within the Phase II-B Improvements on the Land underlying the Phase II-B Improvements (the “**Phase II-B Tangible Personal Property**”); and

WHEREAS, pursuant to the Tax Abatement Agreement, upon Completion of Construction as defined by the Tax Abatement Agreement,¹ GlobiTech will provide the City with a finalized Exhibit B demarking the portion of the Land upon which the Phase II-B Improvements will be located, which Exhibit B shall, once provided, be incorporated by reference into this Agreement; and

¹ Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Tax Abatement Agreement, which is incorporated herein by reference for all purposes.

WHEREAS, GlobiTech has requested that the City authorize and provide certain economic development grants in connection with its development of the Project as provided herein; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code and for the public purpose of promoting economic development and diversity, increasing employment, reducing unemployment and underemployment, expanding commerce, and stimulating business and commercial activity in the State of Texas, Grayson County, and the City, the City desires to offer certain economic development grants to GlobiTech as more particularly described in this Agreement.

NOW, THEREFORE, for and in consideration of the promises, covenants, and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the City and GlobiTech agree as follows:

1. **Subject of this Agreement.** GlobiTech will construct, develop and operate the Project, as further described in the submittals filed with the City in order to obtain such permits as may be required under applicable City ordinances.
2. **Economic Development Grants.** Subject to the terms and conditions of this Agreement, and specifically the satisfaction of the conditions for qualifying in Section 3 below, the City will provide economic development grants (each a “**Grant**”) to GlobiTech as follows:
 - a. The reimbursement each calendar year as further set forth below of an amount equal to (A) the City’s property tax rate, multiplied by (B) seventy-five percent (75%), multiplied by (C) the difference between (i) the Taxable Value of the Phase II-B Improvements and the Phase II-B Tangible Personal Property for the year in which the Grant relates, less (ii) \$0 (the agreed taxable value for the calendar year beginning January 1, 2022 of the Phase II-B Improvements and the Phase II-B Tangible Personal Property located on the Land as demarked on Exhibit B) (the “**Ad Valorem Tax Grant**”). For the avoidance of doubt, the taxable value of the underlying Land is not included in calculation of the Ad Valorem Tax Grant under this Agreement. Each such Ad Valorem Tax Grant shall be paid by the City to GlobiTech within thirty (30) days following receipt by the City of (i) the ad valorem tax payment corresponding to such Ad Valorem Tax Grant, (ii) Investment Reports (due under Section 3(a) of this Agreement), and (iii) Employment Reports (due under Section 3(b) of this Agreement). The Ad Valorem Tax Grants shall commence upon January 1 of the calendar year following the expiration of the calendar year in which the tax abatements with respect to the Phase II-B Improvements set forth in the Tax Abatement Agreement have expired by its terms, and shall continue for a period of twenty (20) consecutive calendar years thereafter. Provided that the requirements set forth in this Agreement and the Tax Abatement Agreement are satisfied in connection with minimum capital investment and minimum employment requirements and Completion of Construction of the Phase II-B Improvements described in Exhibit B, the Ad Valorem Tax Grant shall apply to any Phase II-B Improvements constructed, and any Phase II-B Tangible Personal Property placed into service following the Effective Date of this Agreement. Notwithstanding anything herein to the contrary, GlobiTech shall not be entitled to

receive the Ad Valorem Tax Grant prior to the expiration of the tax abatements with respect to the Phase II-B Improvements and Phase II-B Tangible Personal Property set forth in the Tax Abatement Agreement under any circumstance, and the Ad Valorem Tax Grant is contingent upon, among other things, compliance with this Agreement and the Tax Abatement Agreement during the term of the Tax Abatement Agreement as set forth in Section 3 below.

- b. A twenty-five percent (25%) discount on the then-current rate of commercial water and wastewater fees charged by the City for commercial water and wastewater services provided by the City in connection with the Real Property Improvements constructed in Phase II-B of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092 (collectively, the “**Utility Discount**”). Subject to the terms and conditions set forth herein, the Utility Discount shall commence upon GlobiTech’s obtaining Completion of Construction with respect to all of the Phase II-B Improvements, and shall continue for the remaining Term of this Agreement.
3. **Conditions to Qualify for Grants**. Subject to Section 5, each of the following conditions must be satisfied by GlobiTech for the entire Term (defined below) of this Agreement in order to qualify for the Grants:
 - a. The capital investment in the Phase II-B Improvements and the Phase II-B Tangible Personal Property, when combined with Phase II-A capital investment, shall meet or exceed the aggregate amount of \$1.5 billion as of the Commencement Date as defined in the Tax Abatement Agreement (“**Commencement Date**”). GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the minimum capital investment set forth herein (the “**Investment Reports**”). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech’s investments in the Phase II-B Improvements and the Phase II-B Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech’s books and records relating to the construction of the Phase II-B Improvements and the acquisition, location and maintenance of the Phase II-B Tangible Personal Property, subject to GlobiTech’s reasonable security and confidentiality requirements.
 - b. GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-B beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or

contracted for at the Improvements (the “**Employment Reports**”). The City shall have the right to inspect GlobiTech’s payroll and other employment records, including GlobiTech’s management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech’s reasonable security and confidentiality requirements.

- c. GlobiTech shall comply with the Tax Abatement Agreement during the term of the Tax Abatement Agreement, including but not limited to any requirements with respect to Commencement of Construction, Completion of Construction, and Investment Reports (as those terms are defined in the Tax Abatement Agreement) and not commit an “Event of Default” (as defined in the Tax Abatement Agreement) under the Tax Abatement Agreement that is not cured thereunder.
- d. GlobiTech must obtain from the City and use no fewer than 300,000 gallons of water per day on average at the Real Property Improvements constructed in Phase II-B of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092.
- e. GlobiTech must acquire fee simple title in and to the Land from SEDCO within one year of the Effective Date (hereinafter defined) of this Agreement.
- f. GlobiTech must be in continuous compliance with all terms, conditions, covenants, and obligations of this Agreement.
- g. At the time of payment of any portion of the Grants, GlobiTech must not be delinquent in the payment of any ad valorem taxes then owed by GlobiTech on the Project (provided, however, GlobiTech retains the right to timely and properly protest and contest any such ad valorem taxes).

If, after all of the conditions set forth above have been initially satisfied, any of the conditions set forth above are thereafter not satisfied during any calendar year for which a Grant is calculated and if such failure of a condition is not cured within ninety (90) days after written notice from the City to GlobiTech of such failure, the City will be relieved of its obligation to pay the portions of the Grants related to such calendar year; provided, however, that the subsequent failure of any of the conditions set forth above (after such conditions have been initially satisfied) will not constitute a default hereunder, unless such failure is not cured prior to the expiration of the notice and cure period set forth in Section 5(b). Furthermore, in the event the City provides any portion of a Grant to GlobiTech for a particular period based upon a statement or information provided by GlobiTech to the City that is incorrect and which, if correct, would have resulted in GlobiTech not being entitled to the portion of such Grant related to the applicable period for which the statement or information was provided, then GlobiTech will refund to the City the portion of such Grant which GlobiTech received based upon such statement or information within thirty (30) days after receipt of written demand by the City, subject to the right to cure and seek remedies under Section 5. If GlobiTech fails to refund such portion of the Grant as provided above, the City will be relieved of its

obligation to pay Grants for the period of time that such refund remains unpaid and shall have the right to bring an action against GlobiTech for the payment of such refund.

4. **Term of this Agreement.** The term of this Agreement will commence on the Effective Date and will continue until the earlier to occur of the date that the City and GlobiTech mutually agree to terminate this Agreement or the date the City's obligation to pay the Grants set forth in Section 2(a) above expires (the "**Term**").

5. **Default.**

a. Each of the following will constitute an "Event of Default" under this Agreement:

- (i) the City's failure to process any portion of the Grants owing to GlobiTech in accordance with this Agreement;
- (ii) GlobiTech's failure to satisfy any of the conditions set forth in Section 3 above;
- (iii) GlobiTech's failure to pay any real or business personal ad valorem taxes or other material fees or charges owed by GlobiTech to the City prior to delinquency (provided, however, GlobiTech retains the right to timely and properly protest and contest any such taxes or fees, and so long as GlobiTech is timely and properly protesting or contesting the same, it will not constitute an Event of Default);
- (iv) a breach of any representation or covenant made in this Agreement by GlobiTech; or
- (v) an attempted assignment of this Agreement by GlobiTech in violation of the terms set forth in Section 7 hereof.

b. **Notice and Cure Periods.** In the event of the occurrence of an Event of Default described under Section 5(a)(i), (ii), (iii), or (v), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default.

In the event of the occurrence of an Event of Default described under Section 5(a)(iv), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default; provided, however, if the defaulting party is diligently pursuing the cure of such default, but such default is not reasonably curable within thirty (30) days, then the defaulting party will have such additional amount of time as is reasonably necessary to cure such default.

- c. Remedies. Upon the occurrence and during the continuance of an Event of Default, the non-defaulting party shall have all remedies available to it at law or in equity, except as may be specifically limited in this Section 5.

Without terminating this Agreement, upon an Event of Default, GlobiTech and the City have the right hereunder to enforce specific performance of amounts owed to or by the City or bring an action to collect such amounts. Either party will further have the right to seek a judicial declaration of the total amount of Grants owed, whether an Event of Default has occurred, or whether any attempt to cure has been sufficient. Periods described above for curing a delinquency or violation shall toll, and shall not be considered for any purpose as having run, beginning upon the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding. No action will lie for damages by either party (beyond the foregoing amounts owed by the City upon an Event of Default by the City or the repayment obligations of GlobiTech under Section 3.e), including punitive damages, and no special or consequential damages will be recovered by either party.

Upon the occurrence of an Event of Default described in Section 5(a)(ii) (i.e., the conditions set forth in Section 3 are not satisfied during any period of time during the term of this Agreement), and without terminating this Agreement, the City will be relieved of its obligation to pay the portions of the Grants related to such year until such default is cured within the cure period described in Section 5(b) hereof. If such default is cured by GlobiTech within the cure period set forth in Section 5(b) hereof, the City will be obligated to pay to GlobiTech the portions of the Grants withheld during GlobiTech's failure to comply with Section 3 hereof.

- d. Termination. This Agreement will terminate upon the occurrence of any one of the following:
- (i) the execution by both parties of a written agreement terminating this Agreement;
 - (ii) the expiration of the Term of this Agreement; or
 - (iii) at the option of the non-defaulting party, upon the occurrence and continuation of an Event of Default (subject to the notice and cure provisions of Section 5(b) above).
- e. Attorney's Fees. Attorney's fees may be awarded by a court of competent jurisdiction in any legal proceeding to enforce this Agreement, in which case the attorney's fees will be paid by the party so ordered to pay.
6. Force Majeure. For purposes of this Agreement, the term "**Force Majeure**" means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to

circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech's lack of, or inability to obtain, funding.

7. **Assignment.** Except as may otherwise be provided under this Section 7, this Agreement may not be assigned without the City's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Any purported assignment in violation of this Agreement is void. Notwithstanding the foregoing, so long as no GlobiTech Event of Default under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City (i) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (ii) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-B Improvements or the Phase II-B Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech from its obligations under this Agreement unless approved by the City.

8. **Indemnification.**

- a. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "CITY'S INDEMNIFIED PARTY") FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH'S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- b. Notice of Indemnified Loss. The City's Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City's Indemnified Party may be entitled to indemnification under this

Section 8. Such notice shall be given as soon as reasonably practicable after the City's Indemnified Party becomes aware of the Loss or Claim for Losses.

- c. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City's Indemnified Party by reason of any matter for which the City's Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City's Indemnified Party or its authorized agents or representatives, at GlobiTech's sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech's obligation to defend shall apply regardless of whether the City's Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

9. **Miscellaneous.**

- a. All construction will be in accordance with applicable rules, regulations, and ordinances of the City, subject to any variances granted in writing by the City.
- b. It is acknowledged and agreed by the parties that the terms hereof are not intended to and will not be deemed to create a partnership or joint venture among the parties. It is further understood and agreed by the parties that GlobiTech and the City, in satisfying the conditions of this Agreement, have acted independently, and assume no responsibility or liability to third parties in connection with these actions.
- c. This Agreement contains the entire understanding of the parties with respect to the matters contained herein and may not be modified or terminated except in accordance with the provisions hereof or by the mutual written agreement of the parties hereto.
- d. This Agreement will be construed in accordance with the laws of the State of Texas and will be performable in Grayson County, Texas.
- e. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- f. The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others (i) that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, (ii) that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement, and (iii) that each individual affixing his or

her signature hereto is authorized to do so and such authorization is valid and effective on the date hereof.

- g. This Agreement is executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.
- h. 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:

If to the City: City of Sherman, Texas
220 W. Mulberry Street
Sherman, Texas 75090
Attn: City Manager

With required copy to: Abernathy, Roeder, Boyd & Hullett, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Attn: Ryan D. Pittman

If to GlobiTech: GlobiTech Incorporated
200 FM 1417 West
Sherman, Texas 75092
Attn: Mark England

With required copy to: Renn Neilson
Baker Botts L.L.P.
910 Louisiana Ave.
Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

- i. This Agreement may be executed in any number of identical counterparts, each of which will be deemed an original for all purposes.
- j. In case any one or more of the provisions contained in this Agreement will for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

- k. Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its counsel.
- l. Time is of the essence in this Agreement.
- m. The recitals to this Agreement are incorporated herein for all purposes. The following exhibits are attached to this Agreement and incorporated by reference herein for all purposes:

Exhibit A — Property

Exhibit B — Phase II-B Project Improvements

- n. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.
- o. Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.
- p. It is expressly understood that this Agreement will be binding upon and benefit the parties hereto only upon execution by both parties.
- q. Pursuant to Section 2270.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of GlobiTech “boycotts Israel”, and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, “boycott Israel” shall have the meaning given such term in Section 2271.001, Texas Government Code.
- r. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- s. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- t. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Facility or on the Property who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.
- u. GlobiTech shall utilize, or cause its contractors to utilize, Separated Building Materials and Labor Contracts as defined in Comptroller Rule 3.291(a)(13) for all taxable building material contracts related to the construction of the Facility or the acquisition and installation of the Tangible Personal Property which equal or exceed the amount of \$100,000.00 and require that the situs of any sales tax paid and related thereto will be Sherman, Texas.

[Rest of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective when all the parties have signed it. The date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Agreement ("Effective Date").

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

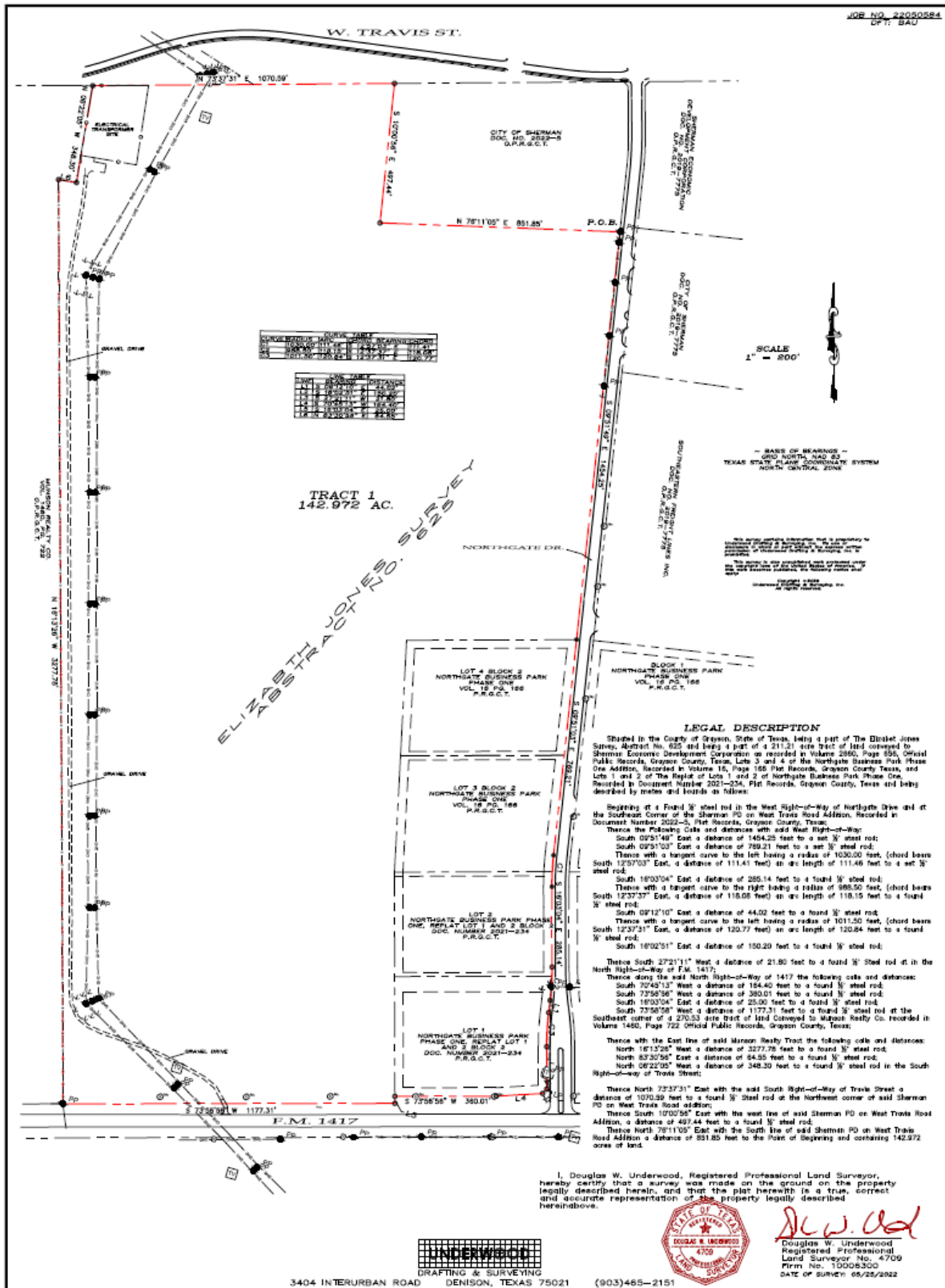


EXHIBIT B
Phase II-B Project Improvements

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 7.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6915

Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-C Improvements and Phase II-C Tangible Personal Property

Issue:

Approving an Economic Development Program Agreement with Globitech Incorporated for incentives authorized under Chapter 380 of the Texas Local Government Code

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

This proposed 380 Agreement provides for two grants. Since the maximum statutory term of a tax abatement agreement is ten (10) years, the first grant of funds is expressed as a percentage of property taxes paid, to the taxpayer, payable only after the entire tax bill has been paid by the taxpayer for the year. The grant would cover an additional twenty (20) years and calculated at 75% of property taxes paid each year. The second grant is expressed as a discount of twenty percent (25%) off the current rate of commercial water and wastewater fees.

The 380 Agreements for each of the phases includes minimum investment and employment thresholds. These thresholds are \$750 million and 100 employees, respectively. Also, the Agreement calls for a minimum daily water usage of 300,000 gallons per day. These thresholds represent the minimum values that must be achieved for each phase to avoid a default of the Agreement by Globitech, so these amounts

are considerably lower than the estimated project amounts of \$1.25 billion, 350 jobs, and 500,000 gallons per day of water per phase.

Origination:

City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

It is recommended that the City Council approve the proposed incentive agreement.

Alternatives:

The City Council could deny the agreement.

Attachments

Resolution No. 6915

GlobiTech 380 Agreement (Phase II-C)

RESOLUTION NO. 6915

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH GLOBITECH INCORPORATED FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE FOR PHASE II-C IMPROVEMENTS AND PHASE III-C TANGIBLE PERSONAL PROPERTY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager is hereby authorized and directed, subject to receipt of a fully-executed agreement from Globitech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Economic Development Program Agreement with Globitech Incorporated for the grant of incentives pursuant to Chapter 380 of the Texas Local Government Code, for the construction and operation of Phase II-C of a semiconductor manufacturing facility, including investment in tangible personal property, within the City of Sherman Industrial Reinvestment Zone Number Twelve (#12), in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-C

This CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-C (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s) (collectively, the “**Facility**” or “**Project**”) to be located on approximately 143 acres of land more particularly described on Exhibit A attached hereto (the “**Land**”). GlobiTech seeks to acquire fee simple title in and to the Land from the Sherman Economic Development Corporation (“**SEDCO**”); and

WHEREAS, components of the Facility include, without limitation, real property improvements, which include the above referenced fabrication facility, office space and other necessary facilities (collectively, the “**Real Property Improvements**”), and tangible, business personal property, which includes equipment, machinery and fixtures, inventory, and supplies owned or leased by GlobiTech that are located on the Land (collectively, the “**Tangible Personal Property**”); and

WHEREAS, the Real Property Improvements will include improvements to be developed and constructed in Phase II-C (the “**Phase II-C Improvements**”), which Phase II-C Improvements shall be located on the portion of the Land demarked on Exhibit B, and shall include, without limitation, the Real Property Improvements described in Exhibit B.

WHEREAS, GlobiTech and the City are executing a tax abatement agreement for Phase II-C (the “**Tax Abatement Agreement**”) simultaneously with the execution of this Agreement, which Tax Abatement Agreement provides for certain tax abatements for a specified time conditioned upon requirements further set forth therein with respect to the Phase II-C Improvements and Tangible Personal Property placed into service on or within the Phase II-C Improvements on the Land underlying the Phase II-C Improvements (the “**Phase II-C Tangible Personal Property**”); and

WHEREAS, pursuant to the Tax Abatement Agreement, upon Completion of Construction as defined by the Tax Abatement Agreement,¹ GlobiTech will provide the City with a finalized Exhibit B demarking the portion of the Land upon which the Phase II-C Improvements will be located, which Exhibit B shall, once provided, be incorporated by reference into this Agreement; and

¹ Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Tax Abatement Agreement, which is incorporated herein by reference for all purposes.

WHEREAS, GlobiTech has requested that the City authorize and provide certain economic development grants in connection with its development of the Project as provided herein; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code and for the public purpose of promoting economic development and diversity, increasing employment, reducing unemployment and underemployment, expanding commerce, and stimulating business and commercial activity in the State of Texas, Grayson County, and the City, the City desires to offer certain economic development grants to GlobiTech as more particularly described in this Agreement.

NOW, THEREFORE, for and in consideration of the promises, covenants, and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the City and GlobiTech agree as follows:

1. **Subject of this Agreement.** GlobiTech will construct, develop and operate the Project, as further described in the submittals filed with the City in order to obtain such permits as may be required under applicable City ordinances.
2. **Economic Development Grants.** Subject to the terms and conditions of this Agreement, and specifically the satisfaction of the conditions for qualifying in Section 3 below, the City will provide economic development grants (each a “**Grant**”) to GlobiTech as follows:
 - a. The reimbursement each calendar year as further set forth below of an amount equal to (A) the City’s property tax rate, multiplied by (B) seventy-five percent (75%), multiplied by (C) the difference between (i) the Taxable Value of the Phase II-C Improvements and the Phase II-C Tangible Personal Property for the year in which the Grant relates, less (ii) \$0 (the agreed taxable value for the calendar year beginning January 1, 2022 of the Phase II-C Improvements and the Phase II-C Tangible Personal Property located on the Land as demarked on Exhibit B) (the “**Ad Valorem Tax Grant**”). For the avoidance of doubt, the taxable value of the underlying Land is not included in calculation of the Ad Valorem Tax Grant under this Agreement. Each such Ad Valorem Tax Grant shall be paid by the City to GlobiTech within thirty (30) days following receipt by the City of (i) the ad valorem tax payment corresponding to such Ad Valorem Tax Grant, (ii) Investment Reports (due under Section 3(a) of this Agreement), and (iii) Employment Reports (due under Section 3(b) of this Agreement). The Ad Valorem Tax Grants shall commence upon January 1 of the calendar year following the expiration of the calendar year in which the tax abatements with respect to the Phase II-C Improvements set forth in the Tax Abatement Agreement have expired by its terms, and shall continue for a period of twenty (20) consecutive calendar years thereafter. Provided that the requirements set forth in this Agreement and the Tax Abatement Agreement are satisfied in connection with minimum capital investment and minimum employment requirements and Completion of Construction of the Phase II-C Improvements described in Exhibit B, the Ad Valorem Tax Grant shall apply to any Phase II-C Improvements constructed, and any Phase II-C Tangible Personal Property placed into service following the Effective Date of this Agreement. Notwithstanding anything herein to the contrary, GlobiTech shall not be entitled to

receive the Ad Valorem Tax Grant prior to the expiration of the tax abatements with respect to the Phase II-C Improvements and Phase II-C Tangible Personal Property set forth in the Tax Abatement Agreement under any circumstance, and the Ad Valorem Tax Grant is contingent upon, among other things, compliance with this Agreement and the Tax Abatement Agreement during the term of the Tax Abatement Agreement as set forth in Section 3 below.

- b. A twenty-five percent (25%) discount on the then-current rate of commercial water and wastewater fees charged by the City for commercial water and wastewater services provided by the City in connection with the Real Property Improvements constructed in Phase II-C of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092 (collectively, the “**Utility Discount**”). Subject to the terms and conditions set forth herein, the Utility Discount shall commence upon GlobiTech’s obtaining Completion of Construction with respect to all of the Phase II-C Improvements, and shall continue for the remaining Term of this Agreement.
3. **Conditions to Qualify for Grants**. Subject to Section 5, each of the following conditions must be satisfied by GlobiTech for the entire Term (defined below) of this Agreement in order to qualify for the Grants:
- a. The capital investment in the Phase II-C Improvements and the Phase II-C Tangible Personal Property shall, when combined with Phase II-A and Phase II-B capital investment, meet or exceed the aggregate amount of \$2.25 billion as of the Commencement Date as defined in the Tax Abatement Agreement (“**Commencement Date**”). GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the minimum capital investment set forth herein (the “**Investment Reports**”). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech’s investments in the Phase II-C Improvements and the Phase II-C Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech’s books and records relating to the construction of the Phase II-C Improvements and the acquisition, location and maintenance of the Phase II-C Tangible Personal Property, subject to GlobiTech’s reasonable security and confidentiality requirements.
 - b. GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-C beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the above commitment to Employment Positions and shall include information on the number of Employment Positions created, filled or

contracted for at the Improvements (the “**Employment Reports**”). The City shall have the right to inspect GlobiTech’s payroll and other employment records, including GlobiTech’s management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech’s reasonable security and confidentiality requirements.

- c. GlobiTech shall comply with the Tax Abatement Agreement during the term of the Tax Abatement Agreement, including but not limited to any requirements with respect to Commencement of Construction, Completion of Construction, and Investment Reports (as those terms are defined in the Tax Abatement Agreement) and not commit an “Event of Default” (as defined in the Tax Abatement Agreement) under the Tax Abatement Agreement that is not cured thereunder.
- d. GlobiTech must obtain from the City and use no fewer than 300,000 gallons of water per day on average at the Real Property Improvements constructed in Phase II-C of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092.
- e. GlobiTech must acquire fee simple title in and to the Land from SEDCO within one year of the Effective Date (hereinafter defined) of this Agreement.
- f. GlobiTech must be in continuous compliance with all terms, conditions, covenants, and obligations of this Agreement.
- g. At the time of payment of any portion of the Grants, GlobiTech must not be delinquent in the payment of any ad valorem taxes then owed by GlobiTech on the Project (provided, however, GlobiTech retains the right to timely and properly protest and contest any such ad valorem taxes).

If, after all of the conditions set forth above have been initially satisfied, any of the conditions set forth above are thereafter not satisfied during any calendar year for which a Grant is calculated and if such failure of a condition is not cured within ninety (90) days after written notice from the City to GlobiTech of such failure, the City will be relieved of its obligation to pay the portions of the Grants related to such calendar year; provided, however, that the subsequent failure of any of the conditions set forth above (after such conditions have been initially satisfied) will not constitute a default hereunder, unless such failure is not cured prior to the expiration of the notice and cure period set forth in Section 5(b). Furthermore, in the event the City provides any portion of a Grant to GlobiTech for a particular period based upon a statement or information provided by GlobiTech to the City that is incorrect and which, if correct, would have resulted in GlobiTech not being entitled to the portion of such Grant related to the applicable period for which the statement or information was provided, then GlobiTech will refund to the City the portion of such Grant which GlobiTech received based upon such statement or information within thirty (30) days after receipt of written demand by the City, subject to the right to cure and seek remedies under Section 5. If GlobiTech fails to refund such portion of the Grant as provided above, the City will be relieved of its

obligation to pay Grants for the period of time that such refund remains unpaid and shall have the right to bring an action against GlobiTech for the payment of such refund.

4. **Term of this Agreement.** The term of this Agreement will commence on the Effective Date and will continue until the earlier to occur of the date that the City and GlobiTech mutually agree to terminate this Agreement or the date the City's obligation to pay the Grants set forth in Section 2(a) above expires (the "**Term**").

5. **Default.**

a. Each of the following will constitute an "Event of Default" under this Agreement:

- (i) the City's failure to process any portion of the Grants owing to GlobiTech in accordance with this Agreement;
- (ii) GlobiTech's failure to satisfy any of the conditions set forth in Section 3 above;
- (iii) GlobiTech's failure to pay any real or business personal ad valorem taxes or other material fees or charges owed by GlobiTech to the City prior to delinquency (provided, however, GlobiTech retains the right to timely and properly protest and contest any such taxes or fees, and so long as GlobiTech is timely and properly protesting or contesting the same, it will not constitute an Event of Default);
- (iv) a breach of any representation or covenant made in this Agreement by GlobiTech; or
- (v) an attempted assignment of this Agreement by GlobiTech in violation of the terms set forth in Section 7 hereof.

b. **Notice and Cure Periods.** In the event of the occurrence of an Event of Default described under Section 5(a)(i), (ii), (iii), or (v), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default.

In the event of the occurrence of an Event of Default described under Section 5(a)(iv), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default; provided, however, if the defaulting party is diligently pursuing the cure of such default, but such default is not reasonably curable within thirty (30) days, then the defaulting party will have such additional amount of time as is reasonably necessary to cure such default.

- c. Remedies. Upon the occurrence and during the continuance of an Event of Default, the non-defaulting party shall have all remedies available to it at law or in equity, except as may be specifically limited in this Section 5.

Without terminating this Agreement, upon an Event of Default, GlobiTech and the City have the right hereunder to enforce specific performance of amounts owed to or by the City or bring an action to collect such amounts. Either party will further have the right to seek a judicial declaration of the total amount of Grants owed, whether an Event of Default has occurred, or whether any attempt to cure has been sufficient. Periods described above for curing a delinquency or violation shall toll, and shall not be considered for any purpose as having run, beginning upon the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding. No action will lie for damages by either party (beyond the foregoing amounts owed by the City upon an Event of Default by the City or the repayment obligations of GlobiTech under Section 3.e), including punitive damages, and no special or consequential damages will be recovered by either party.

Upon the occurrence of an Event of Default described in Section 5(a)(ii) (i.e., the conditions set forth in Section 3 are not satisfied during any period of time during the term of this Agreement), and without terminating this Agreement, the City will be relieved of its obligation to pay the portions of the Grants related to such year until such default is cured within the cure period described in Section 5(b) hereof. If such default is cured by GlobiTech within the cure period set forth in Section 5(b) hereof, the City will be obligated to pay to GlobiTech the portions of the Grants withheld during GlobiTech's failure to comply with Section 3 hereof.

- d. Termination. This Agreement will terminate upon the occurrence of any one of the following:
- (i) the execution by both parties of a written agreement terminating this Agreement;
 - (ii) the expiration of the Term of this Agreement; or
 - (iii) at the option of the non-defaulting party, upon the occurrence and continuation of an Event of Default (subject to the notice and cure provisions of Section 5(b) above).
- e. Attorney's Fees. Attorney's fees may be awarded by a court of competent jurisdiction in any legal proceeding to enforce this Agreement, in which case the attorney's fees will be paid by the party so ordered to pay.
6. Force Majeure. For purposes of this Agreement, the term "**Force Majeure**" means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to

circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech's lack of, or inability to obtain, funding.

7. **Assignment.** Except as may otherwise be provided under this Section 7, this Agreement may not be assigned without the City's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Any purported assignment in violation of this Agreement is void. Notwithstanding the foregoing, so long as no GlobiTech Event of Default under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City (i) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (ii) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-C Improvements or the Phase II-C Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech from its obligations under this Agreement unless approved by the City.

8. **Indemnification.**

- a. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "CITY'S INDEMNIFIED PARTY") FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH'S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- b. Notice of Indemnified Loss. The City's Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City's Indemnified Party may be entitled to indemnification under this

Section 8. Such notice shall be given as soon as reasonably practicable after the City's Indemnified Party becomes aware of the Loss or Claim for Losses.

- c. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City's Indemnified Party by reason of any matter for which the City's Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City's Indemnified Party or its authorized agents or representatives, at GlobiTech's sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech's obligation to defend shall apply regardless of whether the City's Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

9. **Miscellaneous.**

- a. All construction will be in accordance with applicable rules, regulations, and ordinances of the City, subject to any variances granted in writing by the City.
- b. It is acknowledged and agreed by the parties that the terms hereof are not intended to and will not be deemed to create a partnership or joint venture among the parties. It is further understood and agreed by the parties that GlobiTech and the City, in satisfying the conditions of this Agreement, have acted independently, and assume no responsibility or liability to third parties in connection with these actions.
- c. This Agreement contains the entire understanding of the parties with respect to the matters contained herein and may not be modified or terminated except in accordance with the provisions hereof or by the mutual written agreement of the parties hereto.
- d. This Agreement will be construed in accordance with the laws of the State of Texas and will be performable in Grayson County, Texas.
- e. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- f. The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others (i) that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, (ii) that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement, and (iii) that each individual affixing his or

her signature hereto is authorized to do so and such authorization is valid and effective on the date hereof.

- g. This Agreement is executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.
- h. 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:

If to the City: City of Sherman, Texas
220 W. Mulberry Street
Sherman, Texas 75090
Attn: City Manager

With required copy to: Abernathy, Roeder, Boyd & Hullett, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Attn: Ryan D. Pittman

If to GlobiTech: GlobiTech Incorporated
200 FM 1417 West
Sherman, Texas 75092
Attn: Mark England

With required copy to: Renn Neilson
Baker Botts L.L.P.
910 Louisiana Ave.
Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

- i. This Agreement may be executed in any number of identical counterparts, each of which will be deemed an original for all purposes.
- j. In case any one or more of the provisions contained in this Agreement will for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

- k. Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its counsel.
- l. Time is of the essence in this Agreement.
- m. The recitals to this Agreement are incorporated herein for all purposes. The following exhibits are attached to this Agreement and incorporated by reference herein for all purposes:

Exhibit A — Property

Exhibit B — Phase II-C Project Improvements

- n. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.
- o. Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.
- p. It is expressly understood that this Agreement will be binding upon and benefit the parties hereto only upon execution by both parties.
- q. Pursuant to Section 2270.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of GlobiTech “boycotts Israel”, and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, “boycott Israel” shall have the meaning given such term in Section 2271.001, Texas Government Code.
- r. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- s. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- t. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Facility or on the Property who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.
- u. GlobiTech shall utilize, or cause its contractors to utilize, Separated Building Materials and Labor Contracts as defined in Comptroller Rule 3.291(a)(13) for all taxable building material contracts related to the construction of the Facility or the acquisition and installation of the Tangible Personal Property which equal or exceed the amount of \$100,000.00 and require that the situs of any sales tax paid and related thereto will be Sherman, Texas.

[Rest of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective when all the parties have signed it. The date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Agreement ("Effective Date").

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

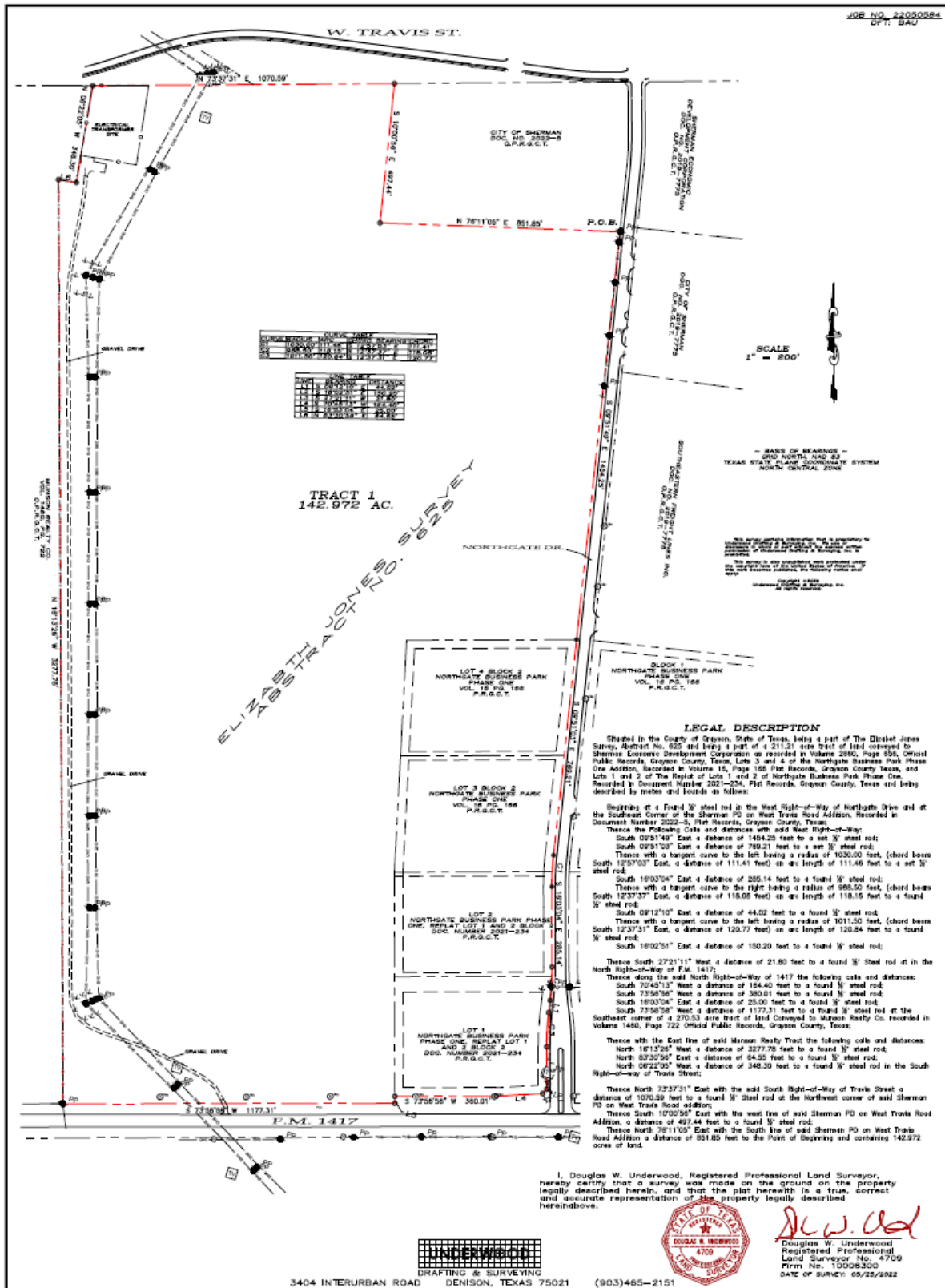


EXHIBIT B
Phase II-C Project Improvements

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 8.

Meeting Date: 06/20/2022

Prepared By: Terrence Steele, Assistant City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6916

Authorizing Execution of an Economic Development Program Agreement with GlobiTech Incorporated for the Grant of Incentives Pursuant to Chapter 380 of the Texas Local Government Code for Phase II-D Improvements and Phase II-D Tangible Personal Property

Issue:

Approving an Economic Development Program Agreement with Globitech Incorporated for incentives authorized under Chapter 380 of the Texas Local Government Code

Background:

City staff has been working with SEDCO, GlobiTech, and the other taxing entities on a project to bring a silicon manufacturing plant to Sherman, to be potentially located in the Blalock Industrial Park. This phased project would bring up to 1,500 jobs and about \$5 billion in total investment to Sherman. It would be built by Global Wafers, Inc. the parent company of GlobiTech, Inc. which currently has operations in Sherman.

The company is seeking tax abatement and other incentives from the City and from the other taxing entities to help offset the costs of constructing and equipping such a large project. The company is expected to announce its decision for a location by the end of the month. Several other sites worldwide are under consideration, and the collective local incentives will be the primary consideration the company uses to make its final decision.

This proposed 380 Agreement provides for two grants. Since the maximum statutory term of a tax abatement agreement is ten (10) years, the first grant of funds is expressed as a percentage of property taxes paid, to the taxpayer, payable only after the entire tax bill has been paid by the taxpayer for the year. The grant would cover an additional twenty (20) years and calculated at 75% of property taxes paid each year. The second grant is expressed as a discount of twenty percent (25%) off the current rate of commercial water and wastewater fees.

The 380 Agreements for each of the phases includes minimum investment and employment thresholds. These thresholds are \$750 million and 100 employees, respectively. Also, the Agreement calls for a minimum daily water usage of 300,000 gallons per day. These thresholds represent the minimum values that must be achieved for each phase to avoid a default of the Agreement by Globitech, so these amounts

are considerably lower than the estimated project amounts of \$1.25 billion, 350 jobs, and 500,000 gallons per day of water per phase.

Origination:

City Manager

Financial Consideration:

Construction period tax revenue directly related to the project that the City would receive on each phase is estimated at \$1 million to \$2 million. The annual impact in direct revenues to the City at full build-out (all four phases) of this project is estimated to be \$5 million - \$7 million after tax abatements and utility revenue discounts are applied. The tax abatement agreements and Chapter 380 agreements, which will be considered separately at this Council meeting, call for an 85% property tax abatement for the first ten years, and a 75% property tax rebate via Chapter 380 Economic Development Agreement for years 11-30 of the project. Additionally, the Chapter 380 agreements would grant a 25% reduction of utility rates to all of Globitech facilities for 30 years.

Staff Recommendation:

It is recommended that the City Council approve the proposed incentive agreement.

Alternatives:

The City Council could deny the agreement.

Attachments

Resolution No. 6916

GlobiTech 380 Agreement (Phase II-D)

RESOLUTION NO. 6916

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN ECONOMIC DEVELOPMENT PROGRAM AGREEMENT WITH GLOBITECH INCORPORATED FOR THE GRANT OF INCENTIVES PURSUANT TO CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE FOR PHASE II-D IMPROVEMENTS AND PHASE II-D TANGIBLE PERSONAL PROPERTY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager is hereby authorized and directed, subject to receipt of a fully-executed agreement from GlobiTech Incorporated and all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an Economic Development Program Agreement with GlobiTech Incorporated for the grant of incentives pursuant to Chapter 380 of the Texas Local Government Code, for the construction and operation of Phase II-D of a semiconductor manufacturing facility, including investment in tangible personal property, within the City of Sherman Industrial Reinvestment Zone Number Eleven (#12), in the same or substantially same form as the contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-D

This CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM AND AGREEMENT – PHASE II-D (“**Agreement**”) is made and entered into by and between the CITY OF SHERMAN, TEXAS, a home-rule municipality (“**City**”), and GLOBITECH INCORPORATED, a Delaware corporation (“**GlobiTech**”).

WHEREAS, GlobiTech proposes to construct, develop and operate a major semiconductor wafer fabrication facility in multiple phases (each a “**Phase**”), along with other ancillary facilities such as required parking and landscaping more fully described in the submittals filed by GlobiTech with the City, from time to time, in order to obtain a building permit(s) (collectively, the “**Facility**” or “**Project**”) to be located on approximately 143 acres of land more particularly described on Exhibit A attached hereto (the “**Land**”). GlobiTech seeks to acquire fee simple title in and to the Land from the Sherman Economic Development Corporation (“**SEDCO**”); and

WHEREAS, components of the Facility include, without limitation, real property improvements, which include the above referenced fabrication facility, office space and other necessary facilities (collectively, the “**Real Property Improvements**”), and tangible, business personal property, which includes equipment, machinery and fixtures, inventory, and supplies owned or leased by GlobiTech that are located on the Land (collectively, the “**Tangible Personal Property**”); and

WHEREAS, the Real Property Improvements will include improvements to be developed and constructed in Phase II-D (the “**Phase II-D Improvements**”), which Phase II-D Improvements shall be located on the portion of the Land demarked on Exhibit B, and shall include, without limitation, the Real Property Improvements described in Exhibit B.

WHEREAS, GlobiTech and the City are executing a tax abatement agreement for Phase II-D (the “**Tax Abatement Agreement**”) simultaneously with the execution of this Agreement, which Tax Abatement Agreement provides for certain tax abatements for a specified time conditioned upon requirements further set forth therein with respect to the Phase II-D Improvements and Tangible Personal Property placed into service on or within the Phase II-D Improvements on the Land underlying the Phase II-D Improvements (the “**Phase II-D Tangible Personal Property**”); and

WHEREAS, pursuant to the Tax Abatement Agreement, upon Completion of Construction as defined by the Tax Abatement Agreement,¹ GlobiTech will provide the City with a finalized Exhibit B demarking the portion of the Land upon which the Phase II-D Improvements will be located, which Exhibit B shall, once provided, be incorporated by reference into this Agreement; and

¹ Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Tax Abatement Agreement, which is incorporated herein by reference for all purposes.

WHEREAS, GlobiTech has requested that the City authorize and provide certain economic development grants in connection with its development of the Project as provided herein; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code and for the public purpose of promoting economic development and diversity, increasing employment, reducing unemployment and underemployment, expanding commerce, and stimulating business and commercial activity in the State of Texas, Grayson County, and the City, the City desires to offer certain economic development grants to GlobiTech as more particularly described in this Agreement.

NOW, THEREFORE, for and in consideration of the promises, covenants, and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the City and GlobiTech agree as follows:

1. **Subject of this Agreement.** GlobiTech will construct, develop and operate the Project, as further described in the submittals filed with the City in order to obtain such permits as may be required under applicable City ordinances.
2. **Economic Development Grants.** Subject to the terms and conditions of this Agreement, and specifically the satisfaction of the conditions for qualifying in Section 3 below, the City will provide economic development grants (each a “**Grant**”) to GlobiTech as follows:
 - a. The reimbursement each calendar year as further set forth below of an amount equal to (A) the City’s property tax rate, multiplied by (B) seventy-five percent (75%), multiplied by (C) the difference between (i) the Taxable Value of the Phase II-D Improvements and the Phase II-D Tangible Personal Property for the year in which the Grant relates, less (ii) \$0 (the agreed taxable value for the calendar year beginning January 1, 2022 of the Phase II-D Improvements and the Phase II-D Tangible Personal Property located on the Land as demarked on Exhibit B) (the “**Ad Valorem Tax Grant**”). For the avoidance of doubt, the taxable value of the underlying Land is not included in calculation of the Ad Valorem Tax Grant under this Agreement. Each such Ad Valorem Tax Grant shall be paid by the City to GlobiTech within thirty (30) days following receipt by the City of (i) the ad valorem tax payment corresponding to such Ad Valorem Tax Grant, (ii) Investment Reports (due under Section 3(a) of this Agreement), and (iii) Employment Reports (due under Section 3(b) of this Agreement). The Ad Valorem Tax Grants shall commence upon January 1 of the calendar year following the expiration of the calendar year in which the tax abatements with respect to the Phase II-D Improvements set forth in the Tax Abatement Agreement have expired by its terms, and shall continue for a period of twenty (20) consecutive calendar years thereafter. Provided that the requirements set forth in this Agreement and the Tax Abatement Agreement are satisfied in connection with minimum capital investment and minimum employment requirements and Completion of Construction of the Phase II-D Improvements described in Exhibit B, the Ad Valorem Tax Grant shall apply to any Phase II-D Improvements constructed, and any Phase II-D Tangible Personal Property placed into service following the Effective Date of this Agreement. Notwithstanding anything herein to the contrary, GlobiTech shall not be entitled to

receive the Ad Valorem Tax Grant prior to the expiration of the tax abatements with respect to the Phase II-D Improvements and Phase II-D Tangible Personal Property set forth in the Tax Abatement Agreement under any circumstance, and the Ad Valorem Tax Grant is contingent upon, among other things, compliance with this Agreement and the Tax Abatement Agreement during the term of the Tax Abatement Agreement as set forth in Section 3 below.

- b. A twenty-five percent (25%) discount on the then-current rate of commercial water and wastewater fees charged by the City for commercial water and wastewater services provided by the City in connection with the Real Property Improvements constructed in Phase II-D of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092 (collectively, the “**Utility Discount**”). Subject to the terms and conditions set forth herein, the Utility Discount shall commence upon GlobiTech’s obtaining Completion of Construction with respect to all of the Phase II-D Improvements, and shall continue for the remaining Term of this Agreement.
3. **Conditions to Qualify for Grants**. Subject to Section 5, each of the following conditions must be satisfied by GlobiTech for the entire Term (defined below) of this Agreement in order to qualify for the Grants:
- a. The capital investment in the Phase II-D Improvements and the Phase II-D Tangible Personal Property shall, when combined with Phase II-A, Phase II-B, and Phase II-C capital investment, meet or exceed the aggregate amount of \$3 billion as of the Commencement Date as defined in the Tax Abatement Agreement (“**Commencement Date**”). GlobiTech shall provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the minimum capital investment set forth herein (the “**Investment Reports**”). The Investment Reports shall be prepared and maintained in accordance with generally accepted accounting principles and shall include information on the extent and the amount of GlobiTech’s investments in the Phase II-D Improvements and the Phase II-D Tangible Personal Property. GlobiTech agrees to submit the Investment Reports no later than thirty (30) days following the start of the Commencement Date and on or before January 31 of each successive calendar year during the term of this Agreement. The City shall have the right to inspect GlobiTech’s books and records relating to the construction of the Phase II-D Improvements and the acquisition, location and maintenance of the Phase II-D Tangible Personal Property, subject to GlobiTech’s reasonable security and confidentiality requirements.
 - b. GlobiTech covenants and agrees to employ and maintain no fewer than 100 Employment Positions in Phase II-D beginning on the Commencement Date and throughout the term of this Agreement. Within thirty (30) days following the Commencement Date and then as part of its Certification of Compliance each successive year thereafter during the term of this Agreement, GlobiTech agrees to provide the City with reports in a form reasonably acceptable to the City certifying GlobiTech’s compliance with the above commitment to Employment Positions and

shall include information on the number of Employment Positions created, filled or contracted for at the Improvements (the “**Employment Reports**”). The City shall have the right to inspect GlobiTech’s payroll and other employment records, including GlobiTech’s management system assigned to the Premises, as is reasonably necessary to verify Employment Reports, subject to GlobiTech’s reasonable security and confidentiality requirements.

- c. GlobiTech shall comply with the Tax Abatement Agreement during the term of the Tax Abatement Agreement, including but not limited to any requirements with respect to Commencement of Construction, Completion of Construction, and Investment Reports (as those terms are defined in the Tax Abatement Agreement) and not commit an “Event of Default” (as defined in the Tax Abatement Agreement) under the Tax Abatement Agreement that is not cured thereunder.
- d. GlobiTech must obtain from the City and use no fewer than 300,000 gallons of water per day on average at the Real Property Improvements constructed in Phase II-D of the Project and the improvements operated by GlobiTech on the property located at 200 FM 1417 West, Sherman, Texas 75092.
- e. GlobiTech must acquire fee simple title in and to the Land from SEDCO within one year of the Effective Date (hereinafter defined) of this Agreement.
- f. GlobiTech must be in continuous compliance with all terms, conditions, covenants, and obligations of this Agreement.
- g. At the time of payment of any portion of the Grants, GlobiTech must not be delinquent in the payment of any ad valorem taxes then owed by GlobiTech on the Project (provided, however, GlobiTech retains the right to timely and properly protest and contest any such ad valorem taxes).

If, after all of the conditions set forth above have been initially satisfied, any of the conditions set forth above are thereafter not satisfied during any calendar year for which a Grant is calculated and if such failure of a condition is not cured within ninety (90) days after written notice from the City to GlobiTech of such failure, the City will be relieved of its obligation to pay the portions of the Grants related to such calendar year; provided, however, that the subsequent failure of any of the conditions set forth above (after such conditions have been initially satisfied) will not constitute a default hereunder, unless such failure is not cured prior to the expiration of the notice and cure period set forth in Section 5(b). Furthermore, in the event the City provides any portion of a Grant to GlobiTech for a particular period based upon a statement or information provided by GlobiTech to the City that is incorrect and which, if correct, would have resulted in GlobiTech not being entitled to the portion of such Grant related to the applicable period for which the statement or information was provided, then GlobiTech will refund to the City the portion of such Grant which GlobiTech received based upon such statement or information within thirty (30) days after receipt of written demand by the City, subject to the right to cure and seek remedies under Section 5. If GlobiTech fails to

refund such portion of the Grant as provided above, the City will be relieved of its obligation to pay Grants for the period of time that such refund remains unpaid and shall have the right to bring an action against GlobiTech for the payment of such refund.

4. **Term of this Agreement.** The term of this Agreement will commence on the Effective Date and will continue until the earlier to occur of the date that the City and GlobiTech mutually agree to terminate this Agreement or the date the City's obligation to pay the Grants set forth in Section 2(a) above expires (the "**Term**").

5. **Default.**

- a. Each of the following will constitute an "Event of Default" under this Agreement:

- (i) the City's failure to process any portion of the Grants owing to GlobiTech in accordance with this Agreement;
- (ii) GlobiTech's failure to satisfy any of the conditions set forth in Section 3 above;
- (iii) GlobiTech's failure to pay any real or business personal ad valorem taxes or other material fees or charges owed by GlobiTech to the City prior to delinquency (provided, however, GlobiTech retains the right to timely and properly protest and contest any such taxes or fees, and so long as GlobiTech is timely and properly protesting or contesting the same, it will not constitute an Event of Default);
- (iv) a breach of any representation or covenant made in this Agreement by GlobiTech; or
- (v) an attempted assignment of this Agreement by GlobiTech in violation of the terms set forth in Section 7 hereof.

- b. **Notice and Cure Periods.** In the event of the occurrence of an Event of Default described under Section 5(a)(i), (ii), (iii), or (v), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default.

In the event of the occurrence of an Event of Default described under Section 5(a)(iv), the non-defaulting party must provide written notice in accordance with Section 9(h) hereof to the defaulting party of such default, and the defaulting party will have ninety (90) days thereafter (as may be extended by Force Majeure) to cure said default; provided, however, if the defaulting party is diligently pursuing the cure of such default, but such default is not reasonably curable within thirty (30) days, then the defaulting party will have such additional amount of time as is reasonably necessary to cure such default.

- c. Remedies. Upon the occurrence and during the continuance of an Event of Default, the non-defaulting party shall have all remedies available to it at law or in equity, except as may be specifically limited in this Section 5.

Without terminating this Agreement, upon an Event of Default, GlobiTech and the City have the right hereunder to enforce specific performance of amounts owed to or by the City or bring an action to collect such amounts. Either party will further have the right to seek a judicial declaration of the total amount of Grants owed, whether an Event of Default has occurred, or whether any attempt to cure has been sufficient. Periods described above for curing a delinquency or violation shall toll, and shall not be considered for any purpose as having run, beginning upon the day GlobiTech files a petition in district court in Grayson County, Texas to determine whether a delinquency or violation has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient, and ending upon the issuance of a final court decision or other final resolution of such court proceeding. No action will lie for damages by either party (beyond the foregoing amounts owed by the City upon an Event of Default by the City or the repayment obligations of GlobiTech under Section 3.e), including punitive damages, and no special or consequential damages will be recovered by either party.

Upon the occurrence of an Event of Default described in Section 5(a)(ii) (i.e., the conditions set forth in Section 3 are not satisfied during any period of time during the term of this Agreement), and without terminating this Agreement, the City will be relieved of its obligation to pay the portions of the Grants related to such year until such default is cured within the cure period described in Section 5(b) hereof. If such default is cured by GlobiTech within the cure period set forth in Section 5(b) hereof, the City will be obligated to pay to GlobiTech the portions of the Grants withheld during GlobiTech's failure to comply with Section 3 hereof.

- d. Termination. This Agreement will terminate upon the occurrence of any one of the following:
- (i) the execution by both parties of a written agreement terminating this Agreement;
 - (ii) the expiration of the Term of this Agreement; or
 - (iii) at the option of the non-defaulting party, upon the occurrence and continuation of an Event of Default (subject to the notice and cure provisions of Section 5(b) above).
- e. Attorney's Fees. Attorney's fees may be awarded by a court of competent jurisdiction in any legal proceeding to enforce this Agreement, in which case the attorney's fees will be paid by the party so ordered to pay.
6. Force Majeure. For purposes of this Agreement, the term "**Force Majeure**" means any delay caused by reason of war, civil commotion, acts of God, strike, inclement weather, shortages or unavailability of labor, supplies or materials (including but not limited to

circumstances related to declared national emergencies such as but not limited to COVID-19) or other circumstances which are beyond the reasonable control and are without the fault or negligence of the obligated party, regardless of whether any such circumstance is similar to any of those enumerated or not. The obligated party shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such requirement and any applicable completion deadline shall be extended for a period of time equal to the period the obligated party was delayed. Force Majeure will not mean nor include delays caused by GlobiTech's lack of, or inability to obtain, funding.

7. **Assignment.** Except as may otherwise be provided under this Section 7, this Agreement may not be assigned without the City's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Any purported assignment in violation of this Agreement is void. Notwithstanding the foregoing, so long as no GlobiTech Event of Default under this Agreement exists and remains uncured, GlobiTech may, without the prior written consent of the City (i) assign its rights and obligations under this Agreement to an Affiliate of GlobiTech, so long as such Affiliate continues to be wholly-owned, directly or indirectly, by GlobiTech or one of its constituent parties and GlobiTech notifies the City in advance of such assignment and provides evidence reasonably satisfactory to the City that such assignee is an Affiliate, or (ii) make a collateral assignment of the Agreement solely for the benefit of a creditor providing financing for the Phase II-D Improvements or the Phase II-D Tangible Personal Property. In the event the City consents to an assignment of this Agreement by GlobiTech, no further assignment shall be made without the express consent in writing of the City, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. Except as otherwise set forth herein, an assignment by GlobiTech of its interest in this Agreement shall not relieve GlobiTech from its obligations under this Agreement unless approved by the City.

8. **Indemnification.**

- a. IN ADDITION TO THE OTHER REMEDIES AFFORDED TO THE CITY IN THIS AGREEMENT, GLOBITECH SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS COUNCILMEMBERS, OFFICERS, EMPLOYEES, ATTORNEYS, CONTRACTORS, OR AGENTS (HEREINAFTER "CITY'S INDEMNIFIED PARTY") FOR, FROM AND AGAINST ANY AND ALL LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION, REMOVAL AND REMEDIATION, AND GOVERNMENTAL OVERSIGHT COSTS), ENVIRONMENTAL OR OTHERWISE OF ANY NATURE, KIND OR DESCRIPTION OF ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART) GLOBITECH'S PERFORMANCE OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT.
- b. Notice of Indemnified Loss. The City's Indemnified Party shall promptly notify GlobiTech of any indemnified Losses or Claim for indemnified Losses in respect of which the City's Indemnified Party may be entitled to indemnification under this

Section 8. Such notice shall be given as soon as reasonably practicable after the City's Indemnified Party becomes aware of the Loss or Claim for Losses.

- c. Defense of Third Party Claims. In the event any action or proceeding shall be brought against the City's Indemnified Party by reason of any matter for which the City's Indemnified Party is indemnified hereunder, GlobiTech shall, upon notice from the City's Indemnified Party or its authorized agents or representatives, at GlobiTech's sole cost and expense, resist and defend the same with legal counsel selected by City. GlobiTech's obligation to defend shall apply regardless of whether the City's Indemnified Party is solely or concurrently negligent. Nothing herein shall be deemed to prevent the City's Indemnified Party at its election and at its own expense from participating in the defense of any litigation with their own counsel. If GlobiTech fails to retain defense counsel within seven (7) business days after receipt of City's Indemnified Party written notice that the City's Indemnified Party is invoking its right to indemnification under this Agreement, the City's Indemnified Party shall have the right to retain defense counsel on their own behalf, and GlobiTech shall be liable for all usual and customary defense costs incurred by the City's Indemnified Party.

9. **Miscellaneous.**

- a. All construction will be in accordance with applicable rules, regulations, and ordinances of the City, subject to any variances granted in writing by the City.
- b. It is acknowledged and agreed by the parties that the terms hereof are not intended to and will not be deemed to create a partnership or joint venture among the parties. It is further understood and agreed by the parties that GlobiTech and the City, in satisfying the conditions of this Agreement, have acted independently, and assume no responsibility or liability to third parties in connection with these actions.
- c. This Agreement contains the entire understanding of the parties with respect to the matters contained herein and may not be modified or terminated except in accordance with the provisions hereof or by the mutual written agreement of the parties hereto.
- d. This Agreement will be construed in accordance with the laws of the State of Texas and will be performable in Grayson County, Texas.
- e. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- f. The individuals executing this Agreement on behalf of the respective parties below represent to each other and to others (i) that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the party for which his or her signature appears, (ii) that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the party for whom the individual is signing this Agreement, and (iii) that each individual affixing his or

her signature hereto is authorized to do so and such authorization is valid and effective on the date hereof.

- g. This Agreement is executed by the parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.
- h. 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:

If to the City: City of Sherman, Texas
220 W. Mulberry Street
Sherman, Texas 75090
Attn: City Manager

With required copy to: Abernathy, Roeder, Boyd & Hullett, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Attn: Ryan D. Pittman

If to GlobiTech: GlobiTech Incorporated
200 FM 1417 West
Sherman, Texas 75092
Attn: Mark England

With required copy to: Renn Neilson
Baker Botts L.L.P.
910 Louisiana Ave.
Houston, Texas 77002

Each party may change the address to which notice may be sent to that party by giving notice of such change to the other parties in accordance with the provisions of this Agreement.

- i. This Agreement may be executed in any number of identical counterparts, each of which will be deemed an original for all purposes.
- j. In case any one or more of the provisions contained in this Agreement will for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. If any subsequent federal or state legislation or any decision of a court of competent jurisdiction declares or renders this Agreement or any part hereof invalid or illegal, the parties agree to terminate (or if feasible, modify) this Agreement and to negotiate in good faith a remedy that preserves the intent of the parties hereunder as much as reasonably possible.

- k. Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its counsel.
- l. Time is of the essence in this Agreement.
- m. The recitals to this Agreement are incorporated herein for all purposes. The following exhibits are attached to this Agreement and incorporated by reference herein for all purposes:

Exhibit A — Property

Exhibit B — Phase II-D Project Improvements

- n. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.
- o. Nothing in this Agreement shall be interpreted or implied to vest any rights in the parties. In addition, nothing in this Agreement constitutes a “permit” as defined in Chapter 245, Texas Local Government Code. GLOBITECH WAIVES ANY CLAIM THAT THIS AGREEMENT ESTABLISHES VESTED RIGHTS UNDER CHAPTER 245 OF THE TEXAS LOCAL GOVERNMENT CODE OR OTHER LAW. THIS SECTION WILL SURVIVE THE TERMINATION OF THIS AGREEMENT.
- p. It is expressly understood that this Agreement will be binding upon and benefit the parties hereto only upon execution by both parties.
- q. Pursuant to Section 2270.002, Texas Government Code, GlobiTech hereby represents that neither GlobiTech, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of GlobiTech “boycotts Israel”, and subject to or as otherwise required by applicable federal law, including without limitation 50 U.S.C. Section 4607, agrees it will not boycott Israel during the term of this Agreement. As used in the immediately preceding sentence, “boycott Israel” shall have the meaning given such term in Section 2271.001, Texas Government Code.
- r. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, GlobiTech certifies that it is not engaged in business with Iran, Sudan or a foreign terrorist organization.
- s. Pursuant to Chapter 2274, Texas Government Code, GlobiTech verifies that (i) it does not boycott energy companies and will not boycott energy companies during the term of this Agreement and (ii) it does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement.

- t. Pursuant to Chapter 2264, Texas Government Code, GlobiTech represents and certifies that it does not and will not knowingly employ any undocumented worker at the Facility or on the Property who is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from the City under this Agreement, GlobiTech is convicted of a violation under 8 U.S.C. § 1342a(f), GlobiTech shall repay to the City an amount equal to all Grant payments tendered to GlobiTech under this Agreement plus interest at the annual rate of four percent (4%) not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies GlobiTech of such violation.
- u. GlobiTech shall utilize, or cause its contractors to utilize, Separated Building Materials and Labor Contracts as defined in Comptroller Rule 3.291(a)(13) for all taxable building material contracts related to the construction of the Facility or the acquisition and installation of the Tangible Personal Property which equal or exceed the amount of \$100,000.00 and require that the situs of any sales tax paid and related thereto will be Sherman, Texas.

[Rest of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement and caused this Agreement to be effective when all the parties have signed it. The date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature below) will be deemed the effective date of this Agreement ("Effective Date").

CITY OF SHERMAN, TEXAS,
a Texas home rule municipality

By: _____
Robby Hefton, City Manager

Date: _____

ATTEST:

By: _____
Linda Ashby, City Clerk

APPROVED AS TO FORM:

By: _____
Ryan D. Pittman, City Attorney

GLOBITECH INCORPORATED,
a Delaware Corporation

By: _____
Printed Name: Mark England
Title: President

Date: _____

EXHIBIT A Legal Description of the Land

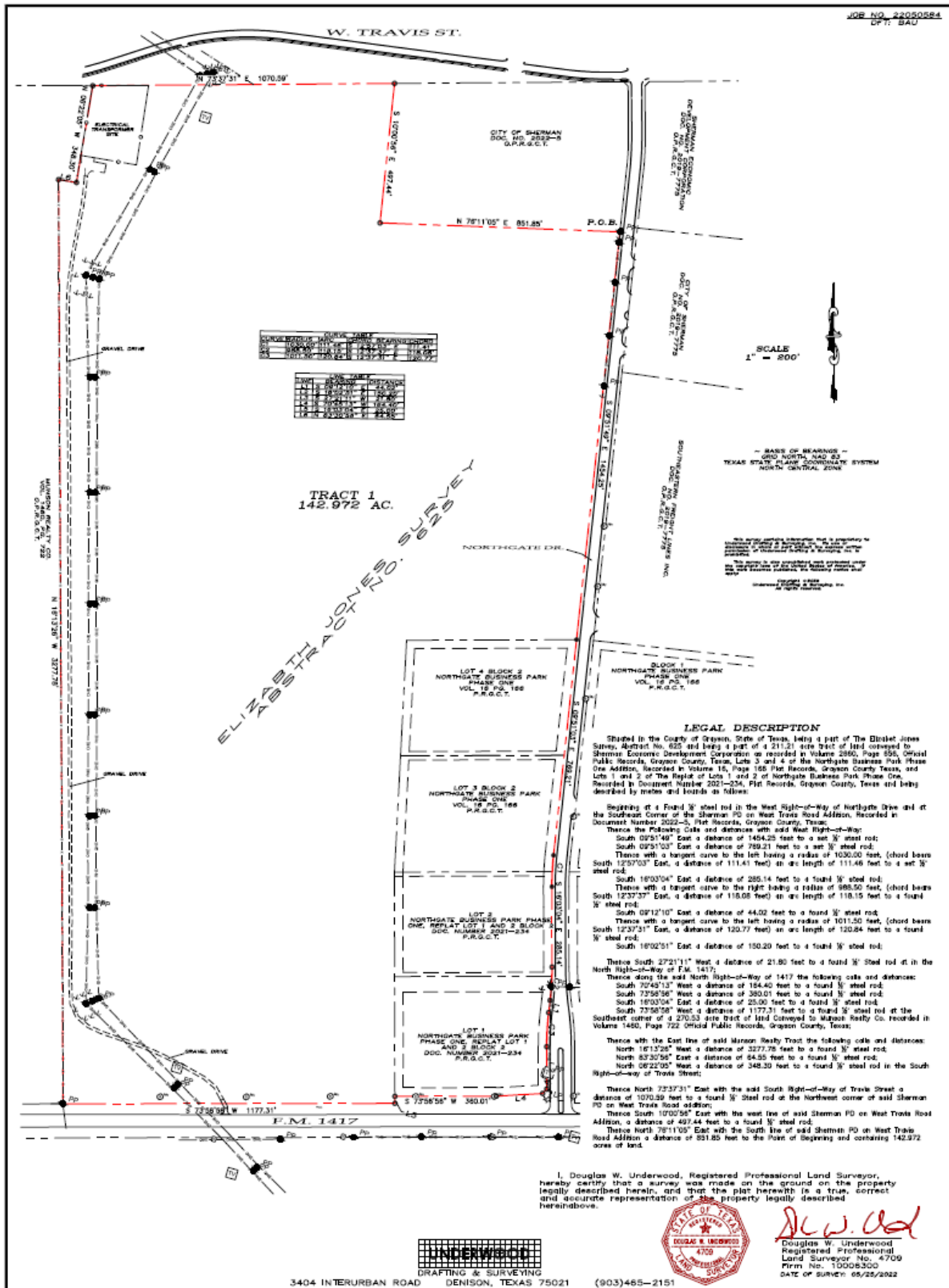


EXHIBIT B
Phase II-D Project Improvements

[TO BE PROVIDED UPON CERTIFICATE OF OCCUPANCY]



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 9.

Meeting Date: 06/20/2022

Prepared By: Teri Fine, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6917

Confirming the Employment of the Sherman Police Department's Police Chief

Issue:

To consider confirming the appointment of Jason Jeffcoat as the Sherman Police Department's Police Chief

Background:

The need to appoint a new Police Chief comes with the recent announcement of current Chief Zachary Flores to the Executive Director of Public Safety, effective April 07, 2022. Sherman's City Charter, at Article IV, Section 2(d), grants to the city manager the power and duty to appoint the police chief, "subject to the approval of the council." In addition, such Council confirmation is required by Section 143.013 of the Local Government Code.

Mr. Jeffcoat has worked for the City of Sherman since 1998. He started with the Sherman Police Department as a patrol officer and has served the department as a Detective, a member of the SRT Team and part of the Narcotics Section. Mr. Jeffcoat has was promoted Corporal in January 2006, Sergeant in July 2006, Lieutenant in 2015 and Assistant Chief in 2017. Mr. Jeffcoat holds a Master's Degree in Public Administration, as well as a Bachelors Degree in Criminal Justice Administration.

Mr. Jeffcoat meets all of the requirements in Local Government Code Section 143.013 to be appointed Sherman's Police Chief; and the City Manager seeks Council ratification of his appointment at this the June 20th meeting.

Origination:

City Manager Robby Hefton

Financial Consideration:

Funds are budgeted in the current FY22 budget for the Police Chief's salary.

Staff Recommendation:

It is recommended that the Council approve this Resolution confirming the employment of Mr. Jason Jeffcoat as Sherman's new Police Chief.

Alternatives:

None recommended

Attachments

Resolution No. 6917

RESOLUTION NO. 6917

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, CONFIRMING THE EMPLOYMENT OF THE SHERMAN POLICE DEPARTMENT'S POLICE CHIEF; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City Manager of the City of Sherman has offered employment to Mr. Jason Jeffcoat as the Police Chief of the City of Sherman Police Department, which Mr. Jeffcoat has accepted; and

WHEREAS, Chapter 143 of the Local Government Code and Article IV, Section 2(d) of the Sherman City Charter require such appointment to be confirmed by the City Council;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That Mr. Jason Jeffcoat is hereby confirmed as the Police Chief for the City of Sherman Police Department.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 10.

Meeting Date: 06/20/2022

Prepared By: Jana Garner, Grants Coordinator

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 6918**

Authorizing Submission of a Grant Application and the Acceptance of the Next Generation 9-1-1 Grant through the Commission on State Emergency Communications to Fund PSAP Equipment for the New Sherman Police Department.

Issue:

Seeking approval to submit application for the NG9-1-1 grant through the Commission on State Emergency Communications.

Background:

CSEC is a subrecipient of Federal Coronavirus State Fiscal Recovery Fund (CSFRF) appropriated by the 87th Texas Legislature (Senate Bill 8 - 3rd special session). Through these funds, CSEC is taking applications for the Next Generation 9-1-1 (NG9-1-1) grant from state 9-1-1 entities. The grant will run from the period of November 8, 2021, through December 31, 2024.

Origination:

87th Texas Legislature to the Commission on State Emergency Communications.

Financial Consideration:

There is no matching requirement for this grant. The Sherman Police Department 9-1-1 will be requesting \$756,805.60 funding from CSEC.

Staff Recommendation:

The staff recommends submitting the application to the NG9-1-1 Grant Program and accepting if awarded.

Alternatives:

The Council could decline this grant opportunity.

Attachments

Resolution No. 6918
SB8 CSFRF Grant
Eligible Expenses

RESOLUTION NO. 6918

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING SUBMISSION OF A GRANT APPLICATION AND THE ACCEPTANCE OF THE NEXT GENERATION 9-1-1 GRANT THROUGH THE COMMISSION ON STATE EMERGENCY COMMUNICATIONS TO FUND PSAP EQUIPMENT FOR THE NEW SHERMAN POLICE DEPARTMENT. FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT SO RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized, subject to all contract documents being properly completed and approved as to form and content by City Attorney, seeking approval to submit a grant application for the Next Generation 9-1-1 Grant through the Commission on State Emergency Communications to Fund PSA.

SECTION 2. That the City Manager is hereby authorized to apply for, accept, reject, alter, or terminate a grant.

SECTION 3. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place and purpose of said meeting was given as required by law.

SECTION 4. That the City Council understands there is no matching requirement for said project by the Commission on State Emergency Communications as a Subrecipient of Federal Coronavirus State Fiscal Recovery Fund (CSFRF); and

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

**BY: _____
DAVID PLYLER, MAYOR**

ATTEST:

**BY: _____
LINDA ASHBY, CITY CLERK**

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

**BY: _____
RYAN D. PITTMAN, CITY ATTORNEY**

SB 8 - CORONAVIRUS STATE FISCAL RECOVERY FUND

TEXAS 9-1-1 ENTITY SUBRECIPIENT GRANT APPLICATION

I. INTRODUCTION

To be considered by the Commission on State Emergency Communications (CSEC) as a Subrecipient of federal Coronavirus State Fiscal Recovery Fund (CSFRF) funds appropriated to CSEC by the 87th Texas Legislature (Senate Bill 8 - 3rd special session) (collectively referred to as SB8 CSFRF), a Texas 9-1-1 Entity (9-1-1 Entity) must submit an administratively complete electronic application by the deadline provided below.

Following approval of 9-1-1 Entity's application, CSEC and the 9-1-1 Entity will enter into CSEC's Subaward Grant Contract by no later than August 31, 2022 (the draft Contract will be released by May 31, 2022).

The accompanying documents (attached to this pdf as paperclipped items) must be completed and submitted together as a package. Using CSEC's attached forms and documents is required to ensure consistency among applications.

II. GRANT APPLICATION STRUCTURE

The CSEC Grant Application Package consists of two pdfs: (1) 9-1-1 Entity Grant Application Checklist; and (2) Grant Application (including paperclipped attachments identified in Section V. below). The Grant Application is structured to account for and reconcile the following:

1. 9-1-1 Entity's overarching NG9-1-1 Project and total SB 8 CSFRF grant allotment; on a **Subproject-by-Subproject basis**.*
2. Separately account for each Subproject with total costs for all Subprojects within the not to exceed total SB 8 CSFRF grant allotment for the 9-1-1 Entity. (It is presumed that 9-1-1 Entity's costs by Eligible Cost Category remain as provided by 9-1-1 Entity in its previously submitted Attachment C: Next Generation 9-1-1 Eligible Expenses by Category. Any changes in amounts by Eligible Cost Category must be identified in the Project Plan and Budget Plan.)
3. Separately account for each existing Vendor contract and future procurement included within a Subproject to be funded in whole or in part (on a reimbursement basis) with SB 8 CSFRF grant funds. (A Uniform Guidance Compliance Worksheet is required for each Subproject involving an existing contract or future procurement. See V.d. below.)
4. Account for 9-1-1 Entity's internal direct costs (as applicable) and indirect costs on a Subproject by Subproject basis. Accounting for 9-1-1 Entity's internal direct and indirect costs on a Subproject basis is to integrate and reconcile such costs, to the extent allowed by Texas Uniform Grant Management Standards, federal regulations

including Treasury's Final Rule and the Uniform Guidance, with the NG9-1-1 Eligible Cost Categories.

* 9-1-1 Entity's NG9-1-1 Project is subdivided into Subprojects to account for that a given Subproject may include a single or multiple Eligible Cost Categories. For example, a 9-1-1 Entity currently receiving or intending to procure Network (NG9-1-1 ESInet) and Next Generation Core Services (NGCS) together would constitute a single Subproject. The Subproject would include 9-1-1 Entity internal direct costs (if applicable) and indirect costs (per 9-1-1 Entity negotiated indirect cost rate agreement or de minimis 10%, as applicable). See section V.j. below.

III. APPLICATION DEADLINE

Submit an administratively complete electronic application to CSEC by **June 30, 2022**. Email completed applications to: Frank Rivera at Frank.Rivera@CSEC.Texas.Gov. **IMPORTANT NOTE:** Only administratively complete applications will be reviewed by CSEC.

IV. PERIOD OF PERFORMANCE

November 8, 2021, through December 31, 2024. Only costs for goods and services (and as applicable 9-1-1 Entity internal direct costs and indirect costs) incurred during the Period of Performance are eligible for reimbursement. To be eligible for reimbursement, all goods and services (and as applicable 9-1-1 Entity internal direct costs and indirect costs) must be received by and paid for by 9-1-1 Entity by no later than December 31, 2024. All 9-1-1 Entity reimbursement requests should be submitted by no later than December 31, 2024.

(Payments or pre-payments by 9-1-1 Entity for goods and services received BEFORE or to be received AFTER, or covering any period of time BEFORE or AFTER, the Period of Performance are NOT ELIGIBLE FOR REIMBURSEMENT.)

V. SUBRECIPIENT SB8 CSFRF APPLICATION

To be considered administratively complete, 9-1-1 Entity's Application must include the following:

- a. Appendix A Certification SB8.** (See Appendix A Microsoft Word attachment.)
- b. Application for Federal Assistance (SF-424).** (See SF-424 attachment.) Complete only the following Fields:
 - **Field 8.** For 8b include 9-1-1 Entity's EIN/TIN and that of 9-1-1 Entity's authorized agent representative if applicable. For 8e leave blank. For 8f Organizational Affiliation, enter organizational affiliation if affiliated with an organization other than that listed in 8a.)

- **Field 9.** Type of applicant must be that of the 9-1-1 Entity, not its authorized agent representative if applicable.
- **Field 15.** Attach Project Plan (c.) and Budget Plan (d.).
- **Field 17.** Start date cannot be prior to November 8, 2021, and the end date should correspond to 9-1-1 Entity's Project timetable but in no event later than December 31, 2024.
- **Field 18.** Complete only Federal (*i.e.*, the amount of federal CSFRF funds requested by 9-1-1 Entity). State, Local, Other, and Program Income fields should be left blank.
- **Field 20.**
- **Field 21.** Authorized Representative can be that of the 9-1-1 Entity or the representative of its authorized agent entity.

- c. Project Plan.** (See Project Plan Word Attachment. Attach to SF-424 Field 15.) Describe 9-1-1 Entity's overarching project to transition to NG9-1-1 services. Subdivide the overarching project into Subprojects to be funded in whole or in part, on a reimbursement basis only, with SB8 CSFRF grant funds. For each Subproject involving payments to vendors (either under an existing contract or a future procurement) a Uniform Guidance Compliance Worksheet (f. below) must be submitted with the Application.

Budget Plan. (See Budget Plan Excel Attachment. Attach to SF-424 Field 15.) Budget Plan must be on a Subproject-by-Subproject basis within the Eligible Cost Categories and account for internal direct costs and indirect costs, as applicable, in accordance with 9-1-1 Entity's Project Plan. For each Subproject involving payments to vendors (either under an existing contract or a future procurement) a Uniform Guidance Compliance Worksheet must be submitted with the Application. The total cost of all 9-1-1 Entity Subprojects cannot exceed the amount allotted to 9-1-1 Entity by the Commission.

Important Note: No cost match is required. 9-1-1 Entity is precluded from including costs for goods and services received and internal direct costs and indirect costs BEFORE or AFTER the Period of Performance.

- d. Uniform Guidance Compliance Worksheet.** (See Worksheet attachment.) Complete a separate worksheet for each Subproject under which an existing contract and/or future procurement identified in 9-1-1 Entity's Project Plan and Budget Plan that will be funded in whole or in part with SB 8 CSFRF grant funds. For future procurements identified in the Project and Budget Plans, complete a worksheet for each procurement and supplement the worksheet with the required supporting documentation.

- e. **Assurances for Non-Construction Programs (SF-424B)**. (See SF-424B attachment.)
- f. **Assurances for Construction Programs (SF-424D)**. (See SF-424D attachment. Complete irrespective of whether 9-1-1 Entity's NG9-1-1 Project does/does not contemplate or include construction.)
- g. **Certification Regarding Lobbying (CD-511)**. (See CD-511 attachment.) Do not complete Award Number field. In the Project Name field enter the title of the application used in field 15 of form SF-424, or an abbreviation of that title.
- h. **Disclosure of Lobbying Activities (SF-LLL)**. (See SF-LLL attachment.) Complete if required by CD-511.
- i. **Indirect Costs (as applicable)**.

If indirect costs are included in the Project and Budget Plans, provide a copy of the approved negotiated indirect cost rate agreement if this rate was negotiated with its cognizant agency for indirect costs. If the applicant includes indirect costs in the budget and has not negotiated an indirect cost rate with its cognizant agency for indirect costs, the applicant may obtain such a rate through negotiation with its cognizant agency consistent with the requirements set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200).¹

Alternatively, in accordance with 2 C.F.R. § 200.414(f), applicants that have never received a negotiated indirect cost rate may elect to charge indirect costs to the award pursuant to a de minimis rate of 10 percent of modified total direct costs (MTDC),² in which case a negotiated indirect cost rate agreement is not required. In order to request indirect costs under a de minimis rate, the applicant must not receive more than \$35 million a year in direct Federal funding. As described in 2 C.F.R. § 200.403, costs must be consistently charged as either indirect or direct costs **but may not be double charged or inconsistently charged as both**. Once chosen, this methodology must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate

¹ Requirements for development and submission of indirect cost rate proposals by State and Local Governments and Indian Tribe Indirect Cost Proposals are set forth in 2 C.F.R. Part 200, Appendix VII.

² 2 C.F.R. § 200.1; MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

for a rate, which the non-Federal entity may apply to do at any time. A 9-1-1 Entity proposing a 10 percent de minimis rate pursuant to 2 CFR 200.414(f) must note this election in its Project Plan.

ELIGIBLE COST CATEGORY DESCRIPTIONS

The following categories of NG9-1-1 Fund eligible expenses is taken from the Federal Communications Commission's (FCC) Task Force on Optimal Public Safety Answering Point (TFOPA) Working Group 2 Supplemental Report:

- ☐ Network (NG9-1-1 ESInet): Internet Protocol-based, digital networking is the backbone required to support NG9-1-1 service. Also known as an NG9-1-1 Emergency Services Internet Protocol Network. NG9-1-1 ESInet connects next generation core services (NGCS, see below) to the 567 public safety answering points (PSAPs) in Texas's 254 counties.
- ☐ 9-1-1 Call Routing & Location: May be provisioned within or separately from NGCS (see below); varies by NG9-1-1 solution provider. Includes Software, GIS databases, IP switches, and services required to route 9-1-1 calls to the correct PSAP for assistance and dispatch of emergency response.
- ☐ Geographic Information System (GIS): Mapping data is required to validate a caller's location and route the call to the correct PSAP. Displays location of caller on dispatch map; provides X, Y and Z location coordinates to guide emergency response.
- ☐ Next Generation 9-1-1 Core Services (NGCS): The base set of services needed to receive and process a 9-1-1 call on an ESInet. Receives call from originating service provider; processes data received with call and data provisioned into the system (GIS/call routing); determines and routes call to correct PSAP with embedded location information that can be displayed on a map at the PSAP for dispatch of emergency response.
- ☐ PSAP 9-1-1 Call Handling Systems and Applications: Call handling equipment hardware and/or software that simultaneously receives voice calls and related location data from NGCS at the PSAP and displays the caller's location and other data on a map along with other contextual data that informs dispatch such as the available first responder agencies for each particular location, i.e., Fire, Law, EMS. Mission critical hardware and software requires planned maintenance and upgrades, and reconfiguration for text to 9-1-1. May also include computer aided dispatch equipment and site electrical work.
- ☐ Security: NG9-1-1 is a connected IP-based system. Dedicated resources are required to implement, maintain and monitor the security of the NG9-1-1 system to protect critical infrastructure and sensitive data. Costs include administration and governance of security policies; services to maintain and monitor NG9-1-1 systems; and services to conduct cybersecurity assessments and remediate/mitigate risks on a planned and continual basis.
- ☐ Operations: 9-1-1 Entities require staffing to support IT and IP-based systems and may include engineering and specially trained subject matter experts; and administration and/or grant management expertise for financial oversight and reporting.
- ☐ Operational Planning: Local, regional, and statewide planning required to design and implement the new NG9-1-1 services across the state by 2025; and to ensure that the systems are fully interconnected, interoperable, and can support alternate call routing, answering, and dispatch in cases of natural or manmade disasters.
- ☐ Other: E.g., emergency call tracking system (ECaTS); travel.



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

E. 11.

Meeting Date: 06/20/2022

Prepared By: Rob Rae, Director of Development Services

Approved By: Robby Hefton, City Manager

Caption:

*** RESOLUTION NO. 6919**

Authorizing Execution of an Agreement with JDH Grimsley LLC for the Abatement of Ad Valorem Property Taxes for the Construction of a New Single-Family Residence at 315 East College Street within the City of Sherman Reinvestment Zone, Number Ten (#10)

Issue:

This item is to consider property tax abatement for the construction of a new single-family residence at 315 East College Street situated within City of Sherman Reinvestment Zone, Number Ten (#10).

Background:

On April 19, 2021, City Council renewed the residential tax abatement program to encourage the redevelopment within the City of Sherman's Reinvestment Zone, Number Ten (#10). This application is for the construction of a new single-family residence at this location. This lot is in the current designated zone for residential tax abatement.

Origination:

JDH Grimsley LLC, Owner

Financial Consideration:

A \$75.00 application fee has been received for this residential lot. If granted, the initial abatement for this property will be approximately \$482.06 annually.

Staff Recommendation:

The staff recommends approval of this abatement since it meets the requirements of the process.

Alternatives:

The City Council could decide against granting this abatement.

Attachments

Resolution No. 6919

Residential Tax Abatement Agreement

Exhibit A

Application

Deed

Building Permit

Site Plan

Location Map

Photo

Reinvestment Zone Map

RESOLUTION NO. 6919

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH JDH GRIMSLEY LLC FOR THE ABATEMENT OF AD VALOREM PROPERTY TAXES FOR THE CONSTRUCTION OF A NEW SINGLE-FAMILY RESIDENCE AT 315 EAST COLLEGE STREET WITHIN CITY OF SHERMAN REINVESTMENT ZONE, NUMBER TEN (#10); FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to receipt of a fully-executed agreement from JDH Grimsley LLC and subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute an agreement with JDH Grimsley LLC for the abatement of ad valorem property taxes for a period of ten (10) years, for the construction of one (1) new single-family residence at 315 East College Street, lying within City of Sherman Reinvestment Zone, Number Ten (#10), in accordance with the City's policies and procedures established for this purpose.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, on this the 20th day of June, 2022.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM AND
CONTENT:
THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

BY: _____
RYAN D. PITTMAN, CITY ATTORNEY

THE STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

AGREEMENT

THIS AGREEMENT, entered into by and between the **CITY OF SHERMAN, TEXAS**, a home rule city and municipal corporation of the State of Texas, duly acting herein by and through its City Manager, hereinafter referred to as CITY, and **JDH GRIMSLEY LLC** hereinafter referred to as OWNER,

WITNESSETH:

WHEREAS, on the 18th day of April, 2016, the City Council of Sherman, Texas, passed Ordinance No. 5948 establishing a reinvestment zone for residential tax abatement, as authorized by Chapter 312 of the Texas Tax Code, as amended, hereinafter referred to as CODE; and

WHEREAS, on the 19th day of August, 2019, the City Council of Sherman, Texas adopted Ordinance No. 6241 and redesignated the Reinvestment Zone to be City of Sherman Reinvestment Zone, Number Ten (#10); and

WHEREAS, the CITY has adopted a resolution (Resolution No. 6734) stating that it elects to be eligible to participate in a residential tax abatement program; and

WHEREAS, the CITY desires to create the proper economic and social environment to induce the investment of private resources in real estate construction located in incorporated areas of the CITY; and

WHEREAS, the CITY hereby finds that it may effectively encourage and assist the creation of such an environment by participating in tax abatement pursuant to the CITY; and

WHEREAS, the CITY has created a reinvestment zone within its jurisdiction to induce the investment of private resources in real estate construction located in incorporated areas of the CITY, and OWNER has agreed to construct certain real property improvements; and

WHEREAS, OWNER is prepared to comply with the provisions of the CITY’S guidelines and criteria enacted the 18th day of April, 2016;

NOW, THEREFORE, WITNESS THIS TAX ABATEMENT AGREEMENT which provides as follows:

I.

1.01 To the extent authorized by the Texas Constitution and by the Tax Code, CITY hereby agrees to exempt from City of Sherman taxation a portion of the increase in value of taxable

real property of OWNER in the CITY over the same real property and its value as calculated by the Grayson Appraisal District for ad valorem property tax purposes in accordance with the following schedule. Such tax exemption shall be in effect for tax years beginning January 1, 2022, and continuing for tax years 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030 and 2031, with same constituting ten (10) tax years. However, nothing contained herein shall be construed to grant an abatement of taxes to be assessed based on the change of use of the property from an agricultural use to another use, sometimes referred to as rollback taxes, penalties or interest. In the event rollback taxes are applicable for the real property utilized by OWNER, then such increase in value of taxable property resulting from such rollback shall be used as the tax value for such property for the tax year 2022, sometimes referred to herein as the Base Tax Year.

SCHEDULE OF TAXES ASSESSED

<u>TAX YEAR</u>	<u>ABATEMENT</u>
2022	100%
2023	100%
2024	100%
2025	100%
2026	100%
2027	100%
2028	80%
2029	60%
2030	40%
2031	20%

II.

2.01 OWNER warrants and represents that the real property upon which OWNER has constructed or will construct improvements is qualified property within the meaning of that Act, and that such has been and will remain eligible for tax abatement under the provisions of the Property Redevelopment and Tax Abatement Act, Sections 312.001, et seq., Texas Tax Code.

2.02 To continue to qualify for tax abatement under the terms of this Agreement, OWNER hereby warrants and represents that the improvements made by OWNER on the real property described herein are for residential use.

2.03 The tax abatement granted under the terms of the Agreement shall only be implemented if appraised value of all real property and improvements located thereon owned by OWNER and lying within designated zone exceeds the base year value. The OWNER agrees that Grayson Appraisal District shall, at reasonable times upon reasonable notice, have access to the property made the subject of this Agreement, and that the above set forth inspectors shall be able to inspect the property to insure that the improvements are being made in accordance with the terms and conditions hereof and utilized in accordance with this Agreement.

III.

3.01 The term of this Agreement shall be for tax years 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030 and 2031, as indicated above in paragraph 1.01.

IV.

4.01 The kind, number and location of all proposed property improvements are set forth as follows:

Construction of one (1) new Single-Family Residence at 315 East College Street, Sherman, Texas, and as more particularly described by metes and bounds as to hereafter include the property described in **Exhibit A**:

5.01 OWNER agrees that, should he fail to make improvements substantially as described or fail to perform any other term or covenant hereof, CITY shall have the right, after giving notice and opportunity to cure as hereinafter set out, to recapture all tax revenue on said property in the zone lost as a result of this Agreement for the entire term of the Agreement. Such recapture shall mean that all of such property shall be taxed at the full improved value as assessed by the Grayson Appraisal District for all years this Agreement has been in effect. The payment of such recaptured taxes minus any taxes paid by OWNER during the years this Agreement has been in force shall be due January 1 of the next following year and shall be delinquent if not paid on or prior to January 31st. Penalties and interest shall be calculated thereafter as if all taxes had become due in the same year. The CITY agrees prior to enforcement of the terms of this paragraph to give 120 days written notice to the address shown below of OWNER'S default in completing the improvements called for in this Agreement, and OWNER shall have the right to cure such default within the 120-day period.

VI.

6.01 This Agreement shall inure to the benefit of CITY and OWNER, and shall be binding upon them, their heirs, successors and assigns. It is specifically provided and agreed that the right to tax abatement shall inure to the benefit of subsequent owners so long as the term and conditions of this Agreement are in effect.

VII.

7.01 CITY agrees that this Agreement may be assigned and the improvements leased or sub-leased, without any further necessity for consent, by the OWNER to any person, firm or corporation.

VIII.

8.01 At any time before the expiration of the term hereof, this Agreement may be modified by the mutual action of the parties hereto to include other provisions that could have been included in the original agreement or to delete provisions that were not necessary to the original agreement. Such modification must be in writing and signed by all the parties hereto and made by the same procedure by which the original Agreement was approved and executed. In no event may the original Agreement be modified so as to extend the term beyond the original term of this Agreement.

IX.

9.01 This Agreement shall be construed subject to the laws of the State of Texas, and particularly to the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code.

9.02 All appraisal values for real property shall be made by the Grayson Appraisal District or such other entity as may succeed or replace such District.

9.03 OWNER is hereby notified that the Grayson Appraisal District may impose additional requirements which must be met in order for OWNER to realize the benefit of tax abatement and this Agreement. Contact should be made by OWNER with the District in person at 512 North Travis Street, Sherman, Texas, or by telephone at (903) 893-9673.

X.

10.01 This Agreement is subject to all provisions of all outstanding bond issues of CITY. To the extent that this Tax Abatement Agreement conflicts with any of the provisions of such bond issues, such bond issues and attendant documents thereto shall control.

XI.

11.01 This Tax Abatement Agreement is specifically subject to present laws of the State of Texas and any future laws enacted subsequent to the execution of this Agreement which may provide retroactively for a modification of Agreements of this type as a matter of law. Upon the effective date of any such law, then this Agreement shall automatically be so modified.

XII.

12.01 Notices required by this Agreement shall be mailed to the following addresses as same may be in the future changed by either party upon written notice to the other:

City of Sherman
P.O. Box 1106
Sherman, Texas 75091-1106
(903) 892-7200

JDH Grimsley LLC
7612 Queens Garden Drive
Dallas, TX 75248
(214) 629-1877

Copy to: Grayson Appraisal District
512 North Travis Street
Sherman, Texas 75090
(903) 893-9673

This Agreement is performable in Grayson County, Texas. Witness our hands on this the _____ day of _____, 2022.

CITY:
CITY OF SHERMAN, TEXAS

OWNER:
JDH GRIMSLEY LLC

BY: _____
ROBBY HEFTON

BY: _____
J.D. GRIMSLEY

ATTEST:

BY: _____
LINDA ASHBY
CITY CLERK

**APPROVED AS TO FORM
AND CONTENT:**
**THE LAW FIRM OF ABERNATHY,
ROEDER, BOYD & HULLETT, P.C.**

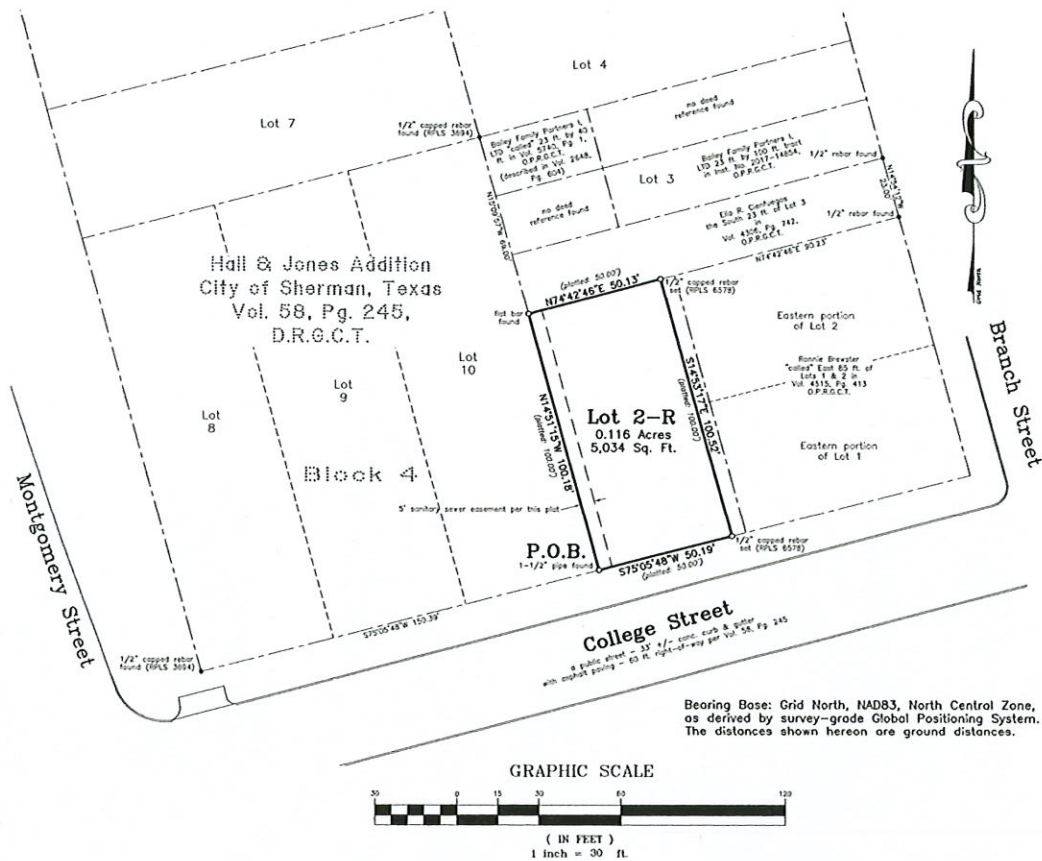
BY: _____
RYAN D. PITTMAN
CITY ATTORNEY

**THE STATE OF TEXAS §
COUNTY OF GRAYSON §**

BEFORE ME, the undersigned authority, on this day personally appeared **MARTIN COVARRUBIAS** 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 express.

GIVEN UNDER MY HAND and seal of office this ____ day of _____, 2022 A.D.

**NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS**



Bearing Base: Grid North, NAD83, North Central Zone,
as derived by survey-grade Global Positioning System.
The distances shown hereon are ground distances.

Grimsley Addition (being a Replat of the West 50 ft. of Lots 1 & 2, Block 4, Hall and Jones Addition) to the City of Sherman, Texas 0.116 Acres/5,034 Sq. Ft.

in the
**J.B. McAnair Survey
Abstract No. 763**

General Notes:

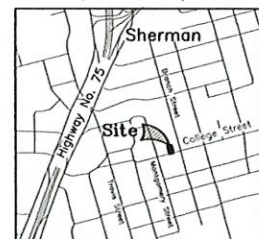
1. Water Supply to be provided by City of Sherman, Texas.
2. Sewer service to be provided by City of Sherman, Texas.
3. Electrical service is provided by Oncor Electrical Delivery Co.
4. Blocking the flow of water or construction of improvements in drainage easements, and filling or obstruction of the roadway is prohibited.
5. Any existing creeks or drainage channels traversing along or across the addition will remain as open channels and will be maintained by the individual owners of the lot or lots that are traversed by or adjacent to the drainage courses along or across said lots.
6. The City of Sherman will not be responsible for the maintenance and operation of said drainage ways or for the control of erosion.
7. The property shown on the plat hereon lies within a Zone "X" (areas determined to be outside 500-year floodplain) designation, as shown on the Flood Insurance Rate Map for Grayson County, Texas and Incorporated Areas, Map No. 48181C0290 F, Revised Date: September 29, 2010.
8. Neither the City of Sherman nor the undersigned surveyor will be responsible for any damage, personal injury, or loss of life or property occasioned by flooding or flooding conditions.
9. The owners and builders must comply with all other state and federal regulations regarding developments of this type.

Job No. CGS441221

Helvey-Wagner Surveying, Inc.
222 W. Main St., Denison, Texas 75020
Phone (903) 463-6191
Email: kate@helveywagnersurvey.net
TBFELS Firm Registration No. 10068100

Owner
JDH Grimsley Properties, LLC
7612 Queens Garden Drive
Dallas, Texas 75248

Vicinity Map (not to scale)



FIELD NOTES

SITUATED in the City of Sherman, County of Grayson, State of Texas, being the "called" West 50 ft. of Lots 1 and 2 of Hall and Jones Addition to the City of Sherman, Texas, as recorded in Volume 58, Page 245, Deed Records, Grayson County, Texas, being more particularly described by metes and bounds as follows, to-wit:

BEGINNING at a 1-1/2 inch pipe found, lying in the North right-of-way line of College Street, a generally East-West street, being the Southeast corner of Lot 10, said Block 4, and the Southwest corner of both said Lot 1 and the herein described tract, SAID pipe bears South 75 deg. 05 min. 48 sec. West, 150.39 ft. to a 1/2 inch capped rebar found (RPLS 3694) at the Southwest corner of Lot 8, said Block 4;

THENCE North 14 deg. 51 min. 15 sec. West, with the West lines of said Lots 1 and 2, and the East line of said Lot 10, a distance of 100.18 ft. to a flat bar found at the Northwest corner of both said Lot 2 and the herein described tract, lying in the South line of the Elio R. Cienfuegos tract of land known as the South 23 ft. of Lot 3, Block 4, of said Hall and Jones Addition, in Volume 4306, Page 742, Official Public Records, Grayson County, Texas, FROM which a 1/2 inch capped rebar found (RPLS 3694) at the Northeast corner of said Lot 10 bears North 15 deg. 09 min. 57 sec. West, 69.00 ft.;

THENCE North 74 deg. 42 min. 46 sec. East, with the North line of said Lot 2 and the South line of said Cienfuegos tract, a distance of 50.13 ft. to a 1/2 inch capped rebar set (RPLS 6578) at the Northeast corner of the herein described tract, FROM which a 1/2 inch rebar found at the Northeast corner of said Lot 2 bears North 74 deg. 42 min. 46 sec. East, 90.23 ft.;

THENCE South 14 deg. 53 min. 17 sec. East, over and across both said Lots 1 and 2, a distance of 100.52 ft. to a 1/2 inch capped rebar set (RPLS 6578) at the Southeast corner of the herein described tract, lying in the North right-of-Way line of said College Street and the South line of said Lot 1;

THENCE South 75 deg. 05 min. 48 sec. West, with the North right-of-Way line of said College Street and the South line of said Lot 1, a distance of 50.19 ft. to the **PLACE OF BEGINNING** and containing **0.116 ACRES** and/or **5,034 SQUARE FEET** of land.

KNOW ALL MEN BY THESE PRESENTS:

THAT I, Kate A. Wagner, Registered Professional Land Surveyor, do hereby certify that I prepared this plat from an actual and accurate survey of the land and that the corner monuments shown thereon were properly placed under my personal supervision, in accordance with the subdivision regulations of the City of Sherman, Texas.

Kate A. Wagner, R. P. L. S. No. 6578

Date:



I, JDH Grimsley Properties, LLC, sole owner of Grimsley Addition to the City of Sherman, Texas, do hereby dedicate the streets, easements, alleys, rights-of-way, parks, school sites and other public places shown hereon to the public use forever.

J.D. Grimsley, Representative for JDH Grimsley Properties, LLC

AVIGATION RELEASE

WHEREAS, JDH Grimsley Properties, LLC, hereinafter called **OWNER** (whether one or more), is the owner of a certain parcel of land situated in the City of Sherman, Grayson County, Texas, being more particularly described as Grimsley Addition, on addition to the City of Sherman, Grayson County, Texas.

OWNER does hereby waive, release, remise, quit claim and forever hold harmless the City of Sherman, Texas, a municipal corporation, hereinafter called **CITY**, and Sherman Municipal Airport, hereinafter called **AIRPORT**, from any and all claims for damages of any kind that **OWNER** may now have or may hereinafter have in the future by reason of the passage of all aircraft (aircraft being defined for the purposes of this instrument as any contrivance now known or hereinafter invented, used or designed or navigation of or flight in the air) by whomsoever owned and operated, in the airspace above **OWNER'S** property. Such release shall include, but not be limited to, any damages to the **OWNER'S** described property, such as noise, vibration, fumes, dust, fuel and lubricant particles, and all other effects that may be caused by the operation of aircraft landing at or taking off from or operating at or on the Sherman Municipal Airport, whether such claim be for injury or death to person or persons damages to or taking off of property; and **OWNER** does hereby fully remise and release any right or cause of action which it may now have or which it may in the future have against the **CITY** or **AIRPORT**, whether such claims be for injury or death to persons or damage to property due to noises, vibration, fumes, dust, fuel and lubricant particles, and all the other effects that may be caused or may have been caused by the operation and/or maintenance of aircraft or aircraft engines at or on said Sherman Municipal Airport.

It is agreed that this Release shall be binding upon **OWNER**, his successors, heirs, executors, administrators and assigns, in interest with regard to said property located at Grimsley Addition, on addition to the City of Sherman, Texas, and it is further agreed that this instrument shall be a covenant running with the land, and shall be recorded in the Deed Records of Grayson County, Texas.

Executed this _____ day of _____, 2022.

By: _____

By: Authorized Representative for JDH Grimsley Properties, LLC, Owner

Before me the undersigned, a notary public in and for said County and State, on this day personally appeared JD Grimsley, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2022.

Notary Public, Grayson County, Texas



This, the final plat of Grimsley Addition to the City of Sherman, Texas, is hereby approved this _____ day of _____, 2022, by the Planning and Zoning Commission of the City of Sherman, Texas.

Chairman

Secretary

This, the final plat of Grimsley Addition to the City of Sherman, Texas is hereby approved this _____ day of _____, 2022, by the City Council of the City of Sherman, Texas.

ACCEPTED BY THE CITY COUNCIL OF SHERMAN, TEXAS:

MAYOR, CITY OF SHERMAN, TEXAS

DATE

The undersigned, the City Clerk of the City of Sherman, Texas, does hereby certify that the foregoing final plat of Grimsley Addition to the City of Sherman, Texas, was submitted to the City Council of Sherman, Texas, on the _____ day of _____, 2022, and the City Council by formal action then and there accepted the dedication of streets, alleys, easements and public places, as shown and set forth in and upon said map or plat, and said City Council further authorized the Mayor to note the acceptance thereof by signing his name as hereinabove subscribed.

WITNESS MY HAND THIS _____ DAY OF _____, 2022, BY _____
CITY CLERK, CITY OF SHERMAN, TEXAS

Grimsley Addition
(being a Replat of the West 50 ft.
of Lots 1 & 2, Block 4,
Hall and Jones Addition)
to the
City of Sherman, Texas
0.116 Acres/5,034 Sq. Ft.

Helvey-Wagner Surveying, Inc.
222 W. Main St., Denison, Texas 75020
Phone (803) 463-6191
Email: kate@helveywagnersurveying.net
TBPES Firm Registration No. 10088100

Owner
JDH Grimsley Properties, LLC
7612 Queens Garden Drive
Dallas, Texas 75248

in the
J.B. McAnair Survey
Abstract No. 763

**CITY OF SHERMAN
APPLICATION FOR RESIDENTIAL TAX ABATEMENT**

Property Owner:

Name: JDH Grimsley LLC

Mailing Address: 7612 Queens Garden Dr Dallas TX 75248

Telephone Number: 214-629-1877

Contact (if different than owner):

Name: J.D. Grimsley

Mailing Address: Same

Telephone Number: Same

Property:

Physical Address: 315 East College St. Sherman

Summary Legal Description: Lot: 2-R Block: 4 Addition: Hall and Jones

Full Legal Description: Include as an attachment a full legal description with metes and bounds.

Improvements:

Type of Improvements (please check one). New Construction: ☒ Remodeling: ☐

Estimated Value of Improvements: \$ 98,580

Estimated Date of Start of Construction: 3-15-2022

Estimated Date of Completion of Project: 9-15-2022

Description of Project: New construction of single family house. 1170 sq. feet 3 bed \ 2 bath

Applicant(s): 

Date: 3-11-2022

Date: _____

CHAPIN TITLE COMPANY

*Of Grayson County
since 1872*

July 27, 2020

JDH Grimsley Properties, LLC
7612 Queens Garden Dr.
Dallas, TX

Serving Grayson & Cooke County, Texas

Re: GF # 317339
Owner's Policy #2020.7244243-220293337

Enclosed you will find your original Warranty Deed and Owner's Title Policy in connection with your recent real estate transaction. Please store these documents in a secure place.

We will maintain a file on your property and will be in a position to render you excellent service in future transactions. In the event you desire to sell or mortgage your property, please contact us promptly and we will quickly process your transaction and help you with any questions you may have regarding it.

We look forward to serving you again.

Cordially,



Heather Goodson
Closing Department
Heather.Goodson@chapintitle.com
CHAPIN TITLE COMPANY
620 N. Travis St.
Sherman, TX 75090
Phone (903) 868-1415

317339
NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

General Warranty Deed

Date: July 15, 2020

Grantor: JACOB DERIEUX

Grantor's Mailing Address:

8078 Fm 741
Forney, TX 75126

Grantee: JDH GRIMSLEY PROPERTIES, LLC, a limited liability company

Grantee's Mailing Address:

7612 Queens Garden Dr.
Dallas, TX 75248

Consideration:

TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged.

Property (including any improvements):

All of Lots 8, 9 and 10 and the "called" West 50 ft. of Lots 1 and 2, Block 4, Hall and Jones Addition, to the City of Sherman, Texas, as per plat of record in Volume 58, Page 245, Deed Records, Grayson County, Texas.

Reservations from Conveyance:

The herein described tract of land is also being conveyed subject to all, or a portion of the oil, gas and other minerals in, under, or that may be produced from the herein described tract of land, all, or a portion of same having been reserved by prior grantors, together with all outstanding oil and gas leases appearing of record in the Deed Records and/or Official Records of the County of the property described herein, all of which are excepted from the WARRANTY hereinafter given.

Special Provision:

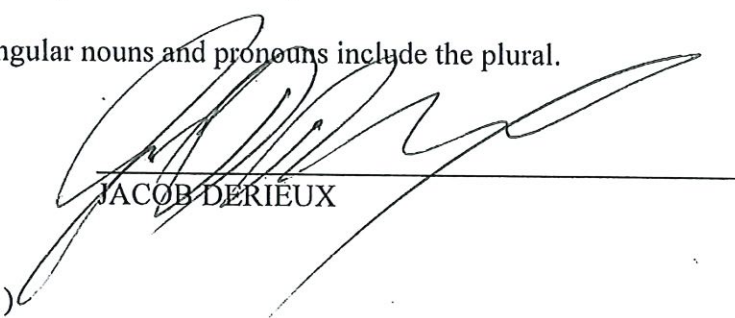
As a material part of the Consideration for this deed, Grantor and Grantee agree that Grantee is taking the property "AS IS" with any and all latent and patent defects and that there is no warranty by Grantor that the Property has a particular financial value or is fit for a particular purpose. Grantee acknowledges and stipulates that Grantee is not relying on any representation, statement, or other assertion with respect to the Property condition but is relying on Grantee's examination of the Property. Grantee takes the Property with the express understanding and stipulation that there are no express or implied warranties.

Exceptions to Conveyance and Warranty:

All recorded and existing restrictions, reservations, and, covenants affecting the land described herein. All existing easements, rights-of-way, and prescriptive rights, whether of record or not. All taxes for the year 2020, which Grantee assumes and agrees to pay, and subsequent assessments for that year and prior years due to the change in land usage, ownership, or both, the payment of which Grantee assumes.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

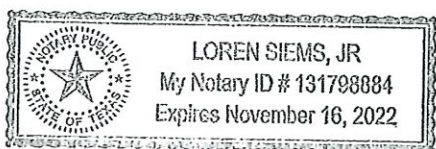
When the context requires, singular nouns and pronouns include the plural.

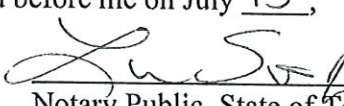

JACOB DERIEUX

STATE OF TEXAS)

COUNTY OF GRAYSON)

This instrument was acknowledged before me on July 15, 2020, by JACOB DERIEUX.




Notary Public, State of Texas

My commission expires: NOV 16, 2022

PREPARED IN THE OFFICE OF:

ADAMS BENNETT DUNCAN & HENLEY
2745 Wind River Lane
Denton, TX 76210
Tel: (940) 566-6221
Fax: (940) 566-4977

AFTER RECORDING RETURN TO:



CITY OF SHERMAN

New Residential Building Permit

#22-000728 | Issued on: 04/27/2022 at 11:13 AM

Project Description: This is a single family, one story, 3 bed , 2 bath home built for owner John Grimsley. Project replatt has been approved and filed, now permit process must begin.

ADDRESS	LEGAL	PERMIT HOLDER	COLLABORATORS	OWNERS
315 E COLLEGE St Sherman, TX	Hall & Jones Addn, Block 4, Lot W 50' 1 & 2	MORGAN STAR OF PROSPER LLC PHILIP EDWARD MORGAN (214) 518-5633	- ADVANCED COOLING & HEATING JAVIER NIETO (903) 357-3648 - DOBBELS PLUMBING SCOTT DOBBELS (903) 271-5634 - MORGAN STAR OF PROSPER LLC PHILIP EDWARD MORGAN (214) 518-5633	Jacob Derieux

INFORMATION FIELDS

Subcontractor	MORGAN STAR OF PROPER LLC	Square Feet	1562
Bedrooms	3	Bathrooms	2
Number of Stories	1	Type of Construction List	Wood Frame
Garage Parking	1	Off Street Parking	2
Tax Abatement	Yes	Sewer Disposal	Public Sewer
Water Supply	Public	Heating	Electric
Permit Certification	Yes	Proposed Use	SINGLE FAMILY RESIDENTIAL
Former Use	NONE	Firm Name	MORGAN STAR OF PROPER LLC

FEE	TOTAL	PAID	DUE
Storm Water Fee	\$ 25.00	\$ 25.00	\$ 25.00
Impact Fee Zone 3	\$ 250.00	\$ 250.00	\$ 250.00
Impact Fee - Sewer	\$ 250.00	\$ 250.00	\$ 250.00
Impact Fee - Water	\$ 125.00	\$ 125.00	\$ 125.00
TOTALS	\$ 650.00	\$ 650.00	\$ 0.00

NOTICE

This permit becomes null and void if work or constructions authorized is not commenced within 6 months, or if construction or work is suspended or abandoned for a period of 6 months at any time after work is started. This permit is for the Permit Holder only. Repermitting will be required if Contractor changes.

I hereby certify that I have read and examined this document and know the same to be true and correct. All provisions of laws and ordinances governing this type of work will be complied with whether specified herein or not. Granting of a permit does not presume to give authority to violate or cancel the provision of any other state or local law regulating construction or the performance of construction.

(Signature of Contractor or Authorized Agent)

Date

(Approved By) Flood Plain Administrator

Date

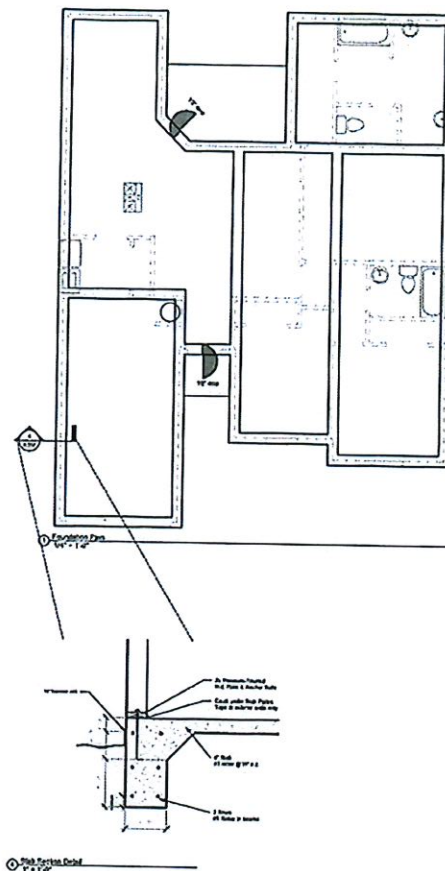
(Approved By) Building & Zoning

Date

Note: This permit is not approved or valid until signed by the Building & Zoning Department.



ELECTRICAL SYMBOLS	
	Single Line
	Double Line
	Three Phase
	Earth
	Neutral
	Phase
	Capacitor
	Inductor
	Transformer
	Motor



Typical stained concrete
No vent pipes on front Elevation



Freer Homes, LLC.

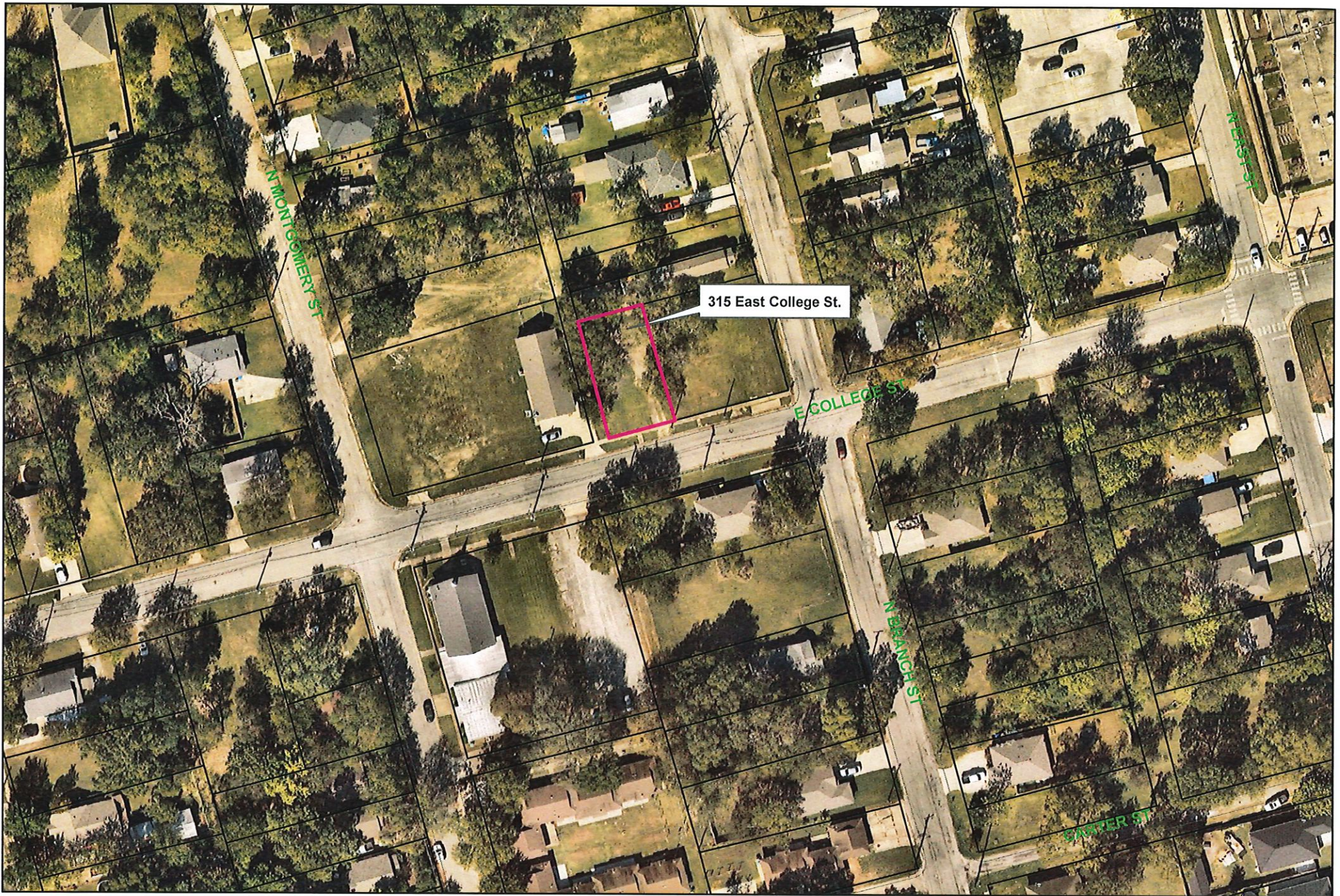
Lead from
the following

315 E College st, Sherman

Electrical & Foundation

Sheet Number	2 of 2
Date	12/3/21
Drawn By	Leland Froese
Scale	As indicated

4		
---	--	--



Sherman
CLASSIC TOWN. BROAD HORIZON.

315 East College Street

City of Sherman, Texas
Development Services Department



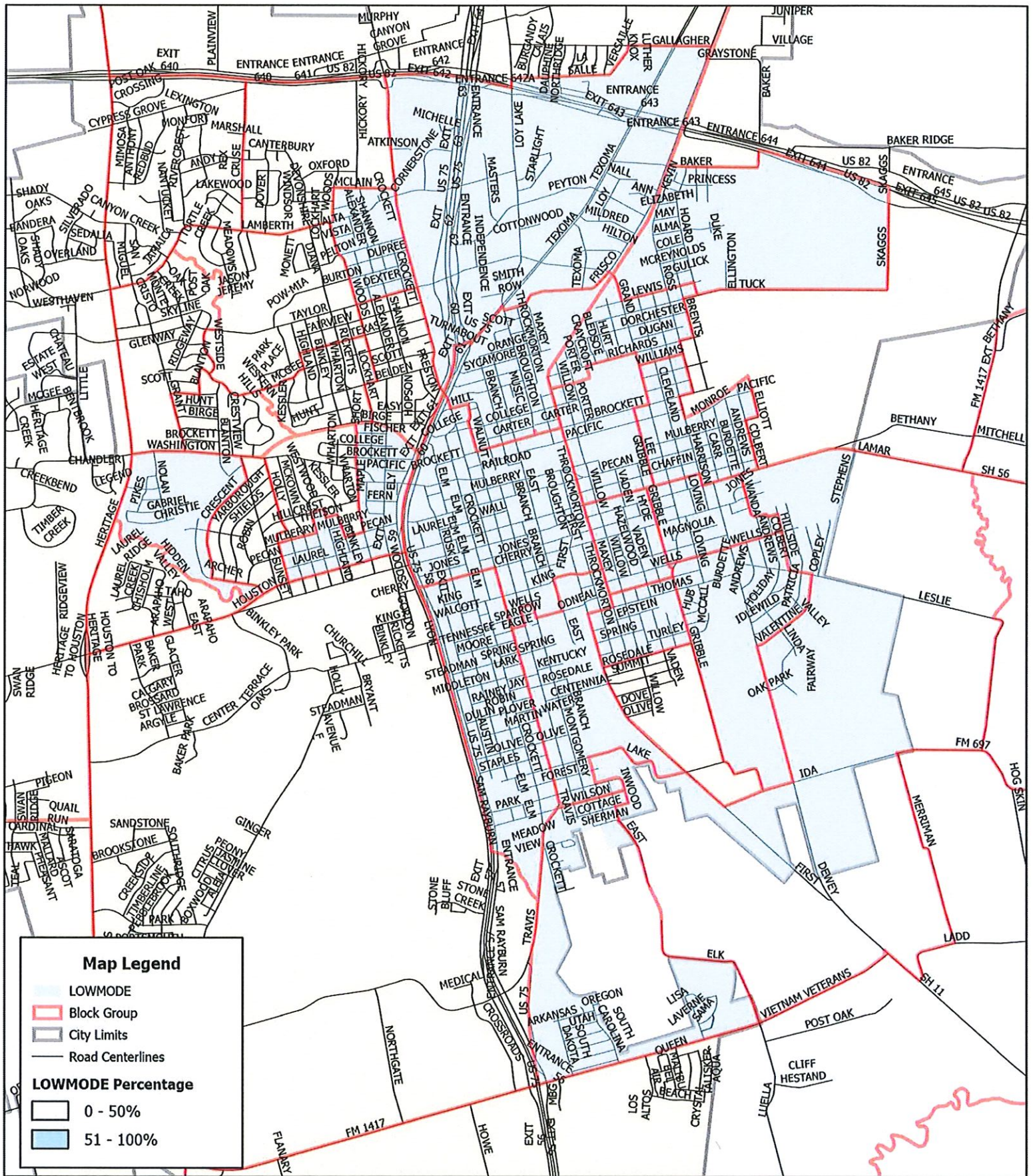
NOT TO SCALE

1 in = 100 ft

315 E College St.



May 3, 2022 at 10:25 AM





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

F. 1.

Meeting Date: 06/20/2022

Prepared By: Tom Pruitt, Utility Engineer

Approved By: Robby Hefton, City Manager

Caption:

*** CHANGE ORDER NO. 2**

North Travis Water Line Replacement / US 75 Water Line Crossing; Hayes Construction, LLC;
\$6,390.00 Increase

Issue:

Change Order No.2 with Hayes Construction, LLC for the North Travis Water Line Replacement / US 75 Water Line Crossing

Background:

Change Order No.2 will adjust the project's final quantities for the North Travis Water Line Replacement / US 75 Water Line Crossing to reconcile between the design quantities and actual quantities of what was installed.

Origination:

Engineering Department

Financial Consideration:

The change order results in a \$6,390.00 increase in the contract amount, yielding a total contract price of \$533,242.00.

Staff Recommendation:

It is recommended that the Change Order No. 2 be approved

Alternatives:

As may be directed by the City Council

Attachments

Change Order No.2

Location Map

Change Order

Date of Issuance: June 20, 2022

No. 2 (FINAL)

Project: North Travis Street Waterline Replacement

Project No.: COS # 1398-U

Owner: City of Sherman

Date of Contract: April 26, 2021

Contractor: Hayes Construction

The Contract Documents are modified as follows upon execution of this Change Order:**Description:**

Bid Item	DESCRIPTION	QTY	Unit	UNIT COST	TOTAL
P20	Add 2 additional water services for duplexes that would normally be served by closer 6" water line per bid item P.20 Sta 12+85 & 12+90 for Duplex Services	2	EA	\$ 1,600	\$ 3,200
CO2	Add bore water service line under N Travis for razed house lot, could not find existing line for new 12" line connection, Sta 8+90 (Randolph Scott Property)	1	LS	\$ 1,400	\$ 1,400
P16	Add 1 additional 8" gate valve at North Creek Drive because existing valve was to far west for replacement 12 water line bore - Bid item P.16, \$3700 minus \$200 for Tee	1	LS	\$ 3,500	\$ 3,500
Sub-total					\$ 8,100
P25	Deduct, City abandoned exist street to Knollwood making asphalt repair not needed - bid item P.25 unit price	19	SY	\$ 90	\$ 1,710
Net increase					\$ 6,390

Justification:

Final quantities installed for project completion

CHANGE IN CONTRACT PRICE:

Original Contract Price:

\$473,839

Increase from previously approved Change Order No. 1:

\$53,013

Contract Price prior to this Change Order:

\$526,852

Increase of this Change Order:

\$6,390

Contract Price incorporating this Change Order:

\$533,242.00

CHANGE IN CONTRACT TIMES:

Original Contract Times:

Substantial completion days: 270

Substantial completion date: March 15, 2022

Increase from previously Change Order No. 1:

Substantial completion days: 30

Substantial completion date: April 14, 2022

Contract Times prior to this Change Order:

Substantial completion days: 300

Substantial completion date: April 14, 2022

Increase of this Change Order #2 (Final):

Substantial completion days: 0

Substantial completion date: April 14, 2022

Contract Times with all approved Change Orders:

Substantial completion days: 300

Substantial completion date: April 14, 2022

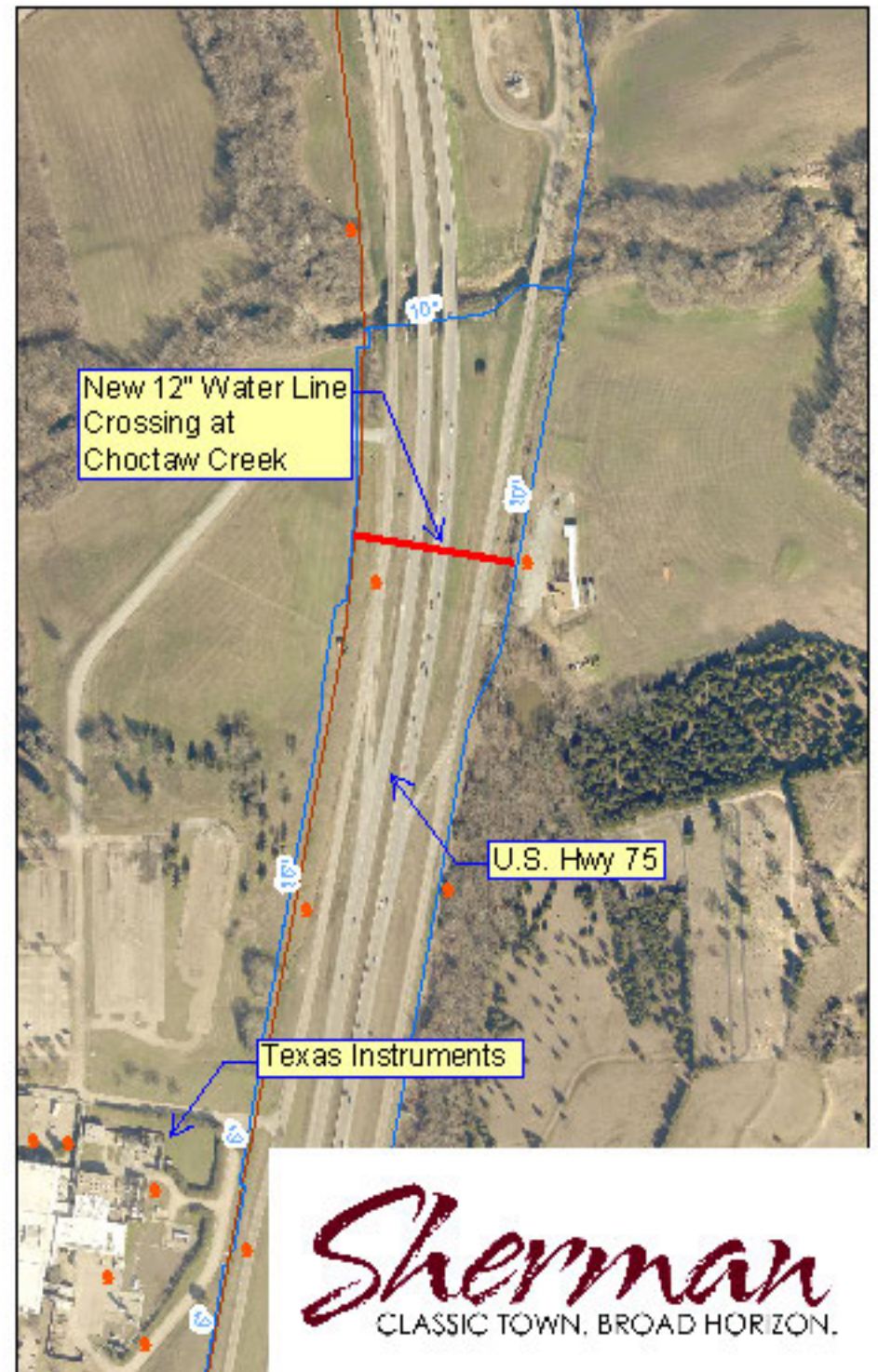
RECOMMENDED:By: David S. Lattis
Engineer (Authorized Signature)Date: 6-3-22By: _____
GTUA (Authorized Signature)

Date: _____

ACCEPTED:By: _____
Owner (Authorized Signature)

Date: _____

ACCEPTED:By: Lara Jackson
Contractor (Authorized Signature)Date: 6/3/2022





SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Regular Meeting

Meeting Date: 06/20/2022

Approved By: Robby Hefton, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2022 Council Calendar

2022

Council Calendar

January						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February						
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27	28					

March						
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April						
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May						
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29	30	31				

June						
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July						
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31						

August						
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28	29	30	31			

September						
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October						
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23	24	25	26	27	28	29
30	31					

November						
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27	28	29	30			

December						
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

	Holiday
	Holiday for Firefighters/Police Only
	City Council Regular Meeting
	City Council Called Meeting
	Special Called Meeting
	Budget Workshop
	Cancelled City Council Meeting

CALLED MEETINGS	
1/18/2022	Rescheduled - Martin Luther King, Jr. Day
2/9/2022	CIP-Public Works Planning Session
2/23/2022	Joint Meeting - Legal Training (Canceled-Bad Weather)
3/23/2022	Joint Meeting - Legal Training
4/19/2022	Budget Planning Meeting
5/26/2022	Capital Improvement Program Work Session
6/7/2022	Budget Workshop - Day 1
6/16/2022	Special Called Meeting
7/5/2022	Rescheduled - Independence Day
9/6/2022	Rescheduled - Labor Day