

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS)
)
COUNTY OF SABINE)

THIS TAX ABATEMENT AGREEMENT (the "**Agreement**") is entered into by and between SABINE COUNTY, TEXAS, (the "**County**"), and GEORGIA-PACIFIC WOOD PRODUCTS LLC ("the **Company**") pursuant to TEXAS TAX CODE Chapter 312 (the "**Act**").

WHEREAS, the County has by resolution elected to become eligible to participate in tax abatement under the Act pursuant to § 312.002(a);

WHEREAS, on September 21, 2021, the Pineland City Council, pursuant to § 312.002(a) after providing proper notice as required by the Act, designated approximately 429 acres of land owned by the Company and located in the City of Pineland and Sabine County, Texas as the Georgia-Pacific Reinvestment Zone ("**Reinvestment Zone**").

WHEREAS, the Company has developed plans and proposes a significant modernization of Company's existing sawmill facility in Sabine County, Texas at an estimated cost of approximately \$100 Million Dollars (\$100,000,000.00) (the "**Project**");

WHEREAS, the Company will determine the feasibility and viability of the Project and if the decision is made to move forward with the Project, the Company estimates commencing construction in first quarter 2022, with estimated completion in fourth quarter 2022;

WHEREAS, the Commissioners Court of Sabine County, Texas (the "**Commissioners Court**") has concluded that the Improvements and operations proposed by Company within the Reinvestment Zone: (i) are consistent with the requirements of the Act and the County's guidelines and criteria adopted on January 11, 2021 (the "**Guidelines**"), or to the extent of any inconsistency with the Guidelines, the Commissioners Court has determined, in its discretion and in accordance with TEXAS TAX CODE § 312.002(d), that this Agreement should be entered into notwithstanding any such inconsistency, and (ii) constitute a major investment in the Reinvestment Zone that will be a benefit to the Reinvestment Zone, expand the local tax base, contribute to the retention of local jobs, and benefit the County's economic development;

WHEREAS, proper notice of the County's intent to enter into this Agreement has been provided to the presiding officers of each of the other taxing units levying taxes in the Reinvestment Zone not less than 7 days prior to the date on which this Agreement was approved by the Commissioners Court;

WHEREAS, this Agreement was adopted at a regularly scheduled meeting of the Commissioners Court for which the County provided written notice at least 30 days before the scheduled time of the meeting, which notice was properly posted in accordance with the

Open Meetings Act and at which meeting a quorum of the Commissioners Court was present;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, the Company and the County hereby agree as follows:

1. **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Certified Appraised Value" shall mean the appraised value of the Property and existing Improvements as certified by the Sabine County Appraisal District for each taxable year.

(b) "Improvements" shall mean the buildings and structures (or additions, upgrades, or portions thereof) and other improvements, including any equipment or tangible personal property required for the operation of the Project.

(c) "Property" shall mean any portion of the Reinvestment Zone owned by Company, shown in a map of which is appended to this Agreement as **EXHIBIT A**, and incorporated herein by reference, and all Improvements and tangible personal property located thereon.

(d) "Company" shall mean Georgia-Pacific Wood Products LLC, and its successors and/or assigns, who are assigned or conveyed rights or interests in the Property and/or who acquires rights or interests in the Property, or any combination thereof.

(e) "County Authorities" shall mean Sabine County acting by and through its duly elected and appointed representatives.

(f) "Certificate" means a letter, provided by Company to the County Judge of Sabine County, certifying that Company has substantially completed construction of the Project, outlining the Improvements included in the Project. At any time before or after receipt of the Certificate, the County may inspect the Property within the Reinvestment Zone in accordance with this Agreement to determine the status of the Improvements.

2. **Administration of Agreement.** This Agreement shall be administered by the County Judge of Sabine County, Texas.

3. **Term.** This Agreement and the term of the tax abatement granted hereunder shall be effective for ten (10) full calendar years beginning on January 1 of the next tax year after the date that the County Judge of Sabine County receives the Certificate, which must be delivered prior to 11:59 p.m., December 31, 2023. In the event that Company has commenced construction but is unable to deliver the Certificate prior to December 31, 2023, the Parties agree to undertake a good faith effort to amend this Agreement to protect both Parties' interests while avoiding termination.

4. **Jobs.** During the term of this Abatement Agreement, Company agrees to

maintain at least 250 existing full-time jobs at the Project and to make reasonable efforts to employ persons who are residents of Sabine County, Texas; provided, however, that Company shall not be required to employ Sabine County residents who are not (i) equally or more qualified than nonresident applicants; (ii) available for employment on terms and/or salaries comparable to those required by nonresident applicants or (iii) able to become qualified with 72 hours of training. Each of the persons employed in such jobs shall perform a portion of their work in Sabine County, Texas. Any employees currently employed by the Company at the existing facility will not be laid off due to the modernization contemplated herein; any reduction from current employment levels at the existing facility down to the 250 jobs committed to above, will occur as a result of attrition.

5. **Local Goods and Services.** Company agrees that it and its contractors, if any, will use reasonable commercial efforts to maximize its use of Sabine County businesses in the construction, operation and maintenance of the Improvements and the Project; provided, however that Company shall not be required to use goods and services provided by Sabine County residents that are not (i) of similar quality to those provided by nonresidents or (ii) made available on terms and conditions and price comparable to those offered by nonresidents.

6. **Tax Abatement.**

(a) There shall be granted and allowed hereunder to Company by the County Authorities a property tax abatement of all ad valorem taxes that Company would otherwise owe the County on the Property and Improvements described herein and located on the Property, at an abatement rate of (i) sixty percent (60%) for the first five years of the ten-year abatement period; followed by (ii) forty percent (40%) for the next five years of the ten-year abatement period (the "**Abatement Period**"), commencing on January 1 of the next tax year after the date that the County Judge of Sabine County receives the Certificate.

(b) Company agrees that the Improvements described in paragraph 2(c), once constructed, shall remain in place and operational (or else be replaced or upgrade with improvements of similar function), to the extent commercially reasonable until at least twenty (20) years after the date the Certificate for such Improvements is provided by the Company.

7. **Representations.**

(a) Company represents that Company, its successors or assigns will each be the owner of and have a taxable interest in the Improvements to be placed on the Property. Further, construction of the proposed Improvements will be performed by Company, its successors or assigns, and/or their contractors and/or subcontractors. Further, Company, its successors or assigns each represent that use of the Improvements and the Property within the Reinvestment Zone will be consistent with the general purpose of encouraging development or redevelopment of the area during the term of this Agreement; and all representations made in the Application for Abatement in Sabine County are true and correct to the best of Company's knowledge and belief.

(b) The County represents that:

1. This Agreement was authorized by an order of the Commissioners Court adopted on the date recited above authorizing the County Judge to execute this Agreement on behalf of the County;
2. The County has formally elected to be eligible to grant property tax abatements under Chapter 312 of the Tax Code;
3. No interest in the Improvements or Property is owned, held, leased, or subleased by a member of the Commissioners Court;
4. The property described in EXHIBIT A is located within the legal boundaries of the County as they exist on the effective date of this Agreement; and

8. **Administrative.**

(a) **Access to and Inspection of Property by County Employees.**

Company shall allow the County Authorities' employees and/or designated representatives of the County Authorities access to the Improvements for the purpose of inspecting any Improvements erected to ensure that such Improvements are completed and maintained in accordance with the terms of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Company forty-eight (48) hours advance notice and shall be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Company and in accordance with all applicable safety standards. Upon completion of construction, the designated representative of the County Authorities shall annually evaluate each facility receiving abatement to ensure compliance with the Agreement, and a formal report shall be made to Commissioners Court.

(b) On May 1st of each year that this Agreement is in effect Company shall certify to the County Authorities, that Company is in compliance with each applicable term of this Agreement, including, without limitation, providing the County Authorities with a certification of the total number of employees located in Sabine County.

(c) The Chief Appraiser of the Sabine County Appraisal District annually shall determine (i) the Certified Appraised Value of the Property and the Improvements and (ii) the taxable value, pursuant to the terms of abatement under this Agreement, of the Property and Improvement. The Chief Appraiser shall record both the

abated taxable value and the Certified Appraised Value in the appraisal records subject to the rights of Company to contest and appeal the value set by the Chief Appraiser. The Certified Appraised Value listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. During the term of this Agreement, each year, Company shall furnish the Chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as may be necessary for the administration of the abatement specified herein. Nothing contained herein shall preclude the Company from contesting the Certified Appraised Value according to the County's rules and procedures.

9. **Default.**

(a) The County Authorities may declare a default hereunder if Company (1) fails, refuses, or neglects to comply with any of the material terms, conditions, or representations of this Agreement and fails to cure during the cure period described herein; or (2) allows ad valorem taxes owed to the County Authorities or any other taxing jurisdiction in Sabine County to become delinquent and fails either to cure during the cure period or to timely and properly follow the legal procedures for their protest or contest. No default shall result from force majeure events or circumstances beyond Company's reasonable control.

(b) If the County Authorities declare a default of this Agreement, this Agreement shall terminate (after notice and opportunity to cure as provided for herein), and the County Authorities, in such event, shall be entitled to recapture any and all property taxes which have been abated as a result of this Agreement, net any payments made by Company to the County under this Agreement. The County Authorities shall notify Company of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default, and Company shall have ninety (90) days from the date of such notice to cure any default; provided, however, where fulfillment of any obligation requires more than ninety (90) days, performance shall be commenced within ninety (90) days after the receipt of notice, and such performance shall be diligently continued until the default is cured; provided, however, that if such default is not cured within one hundred and fifty (150) days from the date of notice of default from the County Authorities, the failure to cure such default shall constitute a default hereunder. If the default cannot be cured, or if Company fails to cure within the period herein specified, Company shall be liable for and will pay to the County Authorities within sixty (60) days following the termination of this Agreement (1) the amount of all property taxes abated under this Agreement (net any payments made by Company to the County under this Agreement), (2) interest on the net abated amount at the rate provided for in the Texas Tax Code for delinquent taxes, and (3) penalties on the net abated amount in the year of default at the rate provided for in the Texas Tax Code for delinquent taxes.

10. **Changes in Tax Laws.** The tax abatement provided in this Agreement is subject to any changes in the state tax laws during the term of this Agreement.

11. **Compliance with State and Local Regulations.** Nothing in this Agreement shall be construed to alter or affect the obligations of Company to comply with any ordinance, rule, or regulation of the County or laws of the State of Texas.

12. **Assignment of Agreement.** This Agreement may not be assigned by Company without the approval of the County Authorities by resolution or order of Commissioners Court, except that the Company may assign its rights and responsibilities hereunder without the County's prior consent to any affiliate or subsidiary provided however that the Company shall give written notice of any such assignment to the County. Any consent to assignment by the County Authorities shall require that all conditions and obligations in this Agreement applying to the interest acquired by the assignee shall be assumed by the assignee, and upon such assumption, Company (or any entity or Investor Group other than such assignee) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee. No assignment shall be approved if (a) the County Authorities have declared a default hereunder that has not been cured, or (b) the assignee is delinquent in the payment of ad valorem taxes owed to the County Authorities or any other taxing jurisdiction in Sabine County. Approval by the County Authorities shall not be unreasonably withheld. The parties hereto agree that a transfer of all stock or a portion of stock or other ownership interest in Company to a third party shall not be considered an assignment under the terms of this Agreement. A collateral assignment of the Company's Property or Improvements to any lender(s) of Company shall not be considered an assignment for purposes of this Agreement.

13. **Notice.** All notices shall be in writing. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States mail, first-class, postage prepaid. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To Company:

Georgia-Pacific Wood Products LLC
133 Peachtree St. NE STE 4810
Atlanta, GA 30303-1821
Attn: General Counsel

To County:

Honorable Daryl Melton
Sabine County Judge
201 Main Street, P.O. Box 716
Hemphill, TX 75948

Either party may designate a different address by giving the other parties at least ten (10) days written notice in the manner prescribed above.

14. **Entire Agreement.** This Agreement and Exhibit "A" attached hereto contains the entire and integrated tax abatement agreement between the parties and supersedes all other negotiations and agreements between the parties relating to the grant of tax abatement for the Improvements located on the Property, whether written or oral. If there is a conflict between any of the Exhibits to this Agreement or the Guidelines and this Agreement, the provisions of this Agreement shall control over the provisions in the Exhibit or the Guidelines.

15. **Severability.** If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be declared or held to be invalid or unenforceable by any court, governmental authority or agency having jurisdiction over the subject matter of this Agreement, the remaining terms of this Agreement and the application of such term or provision to any other person or circumstance shall not be affected by such declaration or holding and shall be valid and enforceable as allowed by law.

16. **Governing Law.** The terms and provisions of this Agreement shall be interpreted in accordance with the laws of the State of Texas.

17. **Headings.** The section headings contained in this Agreement are for purposes of reference and convenience only and shall not limit or otherwise affect in any way the meaning of this Agreement.

18. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one original.

* * *

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties as of the 27th day of September 2021.

Georgia-Pacific Wood Products LLC

By: _____

Name: Fritz Mason

Title: President-Lumber

Sabine County, Texas

By: *Daryl Melton*

Honorable Daryl Melton

Sabine County Judge

ATTEST:

Jamie Clark
County Clerk



EXHIBIT A