

**THIRD AMENDMENT AND ADDENDUM TO
TAX ABATEMENT AGREEMENT EFFECTIVE AS OF DECEMBER 13, 2016
BETWEEN HIDALGO COUNTY, TEXAS
AND
WONDERFUL CITRUS PACKING LLC**

This third amendment and addendum (the “**Amendment**”) is entered into effective as of June 18, 2019 (the “**Effective Date**”), between Hidalgo County, a political subdivision of the State of Texas (the “**County**”), duly acting herein by and through its duly authorized representatives, pursuant to an Order dated June 18, 2019, by the Hidalgo County Commissioners’ Court (hereinafter referred to as the “**Commissioners Court**”) and Wonderful Citrus Packing LLC, a Delaware limited liability company (the “**Company**”), and amends that certain *Tax Abatement Agreement* the “**Original Agreement**”) between the County and the Company entered into effective December 13, 2016, as amended by that certain *Amendment to Tax Abatement Agreement* between the County and the Company effective May 30, 2017 (the “**1st Amendment**”), and that certain *Second Amendment and Addendum to Tax Abatement Agreement* between the County and the Company effective as of June 5, 2018 (the “**2nd Amendment**”, and the Original Agreement as amended by the 1st Amendment and the 2nd Amendment, the “**Agreement**”).

WITNESSETH:

WHEREAS, in order to maintain and enhance the commercial and industrial economic and employment base of the County, the Commissioners Court deemed it to be in the best interest of the County to enter into the Agreement with the Company in accordance with then effective Guidelines and Criteria for Granting Tax Abatements in Hidalgo County, Texas (the “**Guidelines and Criteria**”);

WHEREAS, pursuant to the Guidelines and Criteria and the Property Redevelopment and Tax Abatement Act, Subchapter C, V.A.T.C., Texas Tax Code §312 et seq., as amended, the County entered into the Agreement concerning the Project (as defined in the Agreement);

WHEREAS, the County determined the applicable tax abatement percentage through the 2nd Amendment as twenty-five percent (25%), which determination has now changed as the Company has provided satisfactory evidence to the County of additional investments constituting Capital Costs (as such term is defined in the Agreement);

WHEREAS, by letter dated April 26, 2019, a copy of which is attached hereto as **Exhibit A**, the Company notified the County that it changed part of the Project, and

WHEREAS, based on the information provided, the County has determined that the change to the Project will not change the availability of tax abatement for the Project, so the parties wish to amend the Agreement to address the change;

NOW, THEREFORE, the County and the Company, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, do hereby contract, covenant and agree as follows:

1. **Definitions.** All terms defined in the Agreement and used herein shall have the meaning set forth therein unless otherwise defined herein.

2. **Representations and Warranties.** The Company represents and warrants to the County as follows:

- (a) The Company is duly qualified to conduct business in Texas, including, without limitation, building the improvements and operating the Facility.
- (b) This Amendment constitutes the valid and enforceable obligation of the Company in accordance with its terms.
- (c) The Company has all necessary right, title, license and authority to enter into this Amendment and the execution and performance of this Agreement as amended by this Amendment by the Company have been duly authorized by all necessary laws, resolutions and corporate or other entity action.
- (d) With respect to the documentation required pursuant to Section 4.02 of the Agreement, (i) none of the projects completed by the Company as part of the Project required construction plans to be filed, so that the Company does not have “as built” construction plans and (ii) a general contractor was not retained for the Project, as such services were provided by a Company employee.

3. **Amendments to Agreement.** The County and the Company agree as follows:

- (a) *Change to Section 4.01.* Section 4.01 of the Agreement is amended to read in its entirety as follows:

4.01 Owner has provided documentation to the County concerning the commencement of construction of the Project and agrees to continue to provide such documentation as required by the County concerning the continuation of the construction and modernization of improvements pursuant to this Agreement. The construction plans as filed (for any parts of the Project for which such filing is required) shall be deemed to be incorporated herein by reference and made a part hereof for all purposes, and the Facility shall be completed in substantial conformity to said plans. Owner may elect to amend or modify the construction plans, provided the amendments or modifications comply with all

applicable codes, rules and ordinances, and are not otherwise contrary to this Agreement.

(b) *Additional Addendum Setting Percentage.* In accordance with Section 3.02 of the Agreement, because of additional investments by the Company constituting Capital Costs that were made in accordance with the Agreement, the applicable Tax Abatement Percentage is fixed as fifty percent (50%) commencing with the first ad valorem tax year of the Abatement Period commencing after such revised Capital Cost was certified by the Company and approved by County. The parties acknowledge that the Company certified the revised Capital Cost on April 8, 2019 and the County approved such revised Capital Cost through this Amendment as of the Effective Date.

(c) *Exhibits.* As of the Effective Date, Exhibits C and D of the Agreement are replaced with the updated Exhibits C and D attached hereto. The Company represents and warrants to the County that the information on the updated Exhibits is accurate as of the Effective Date.

4. **Current Tax.** The Company has provided tax certificates verifying that no taxes are past due with respect to all real property owned by the Company within the Zone.

5. **Commissioners Court Authorization.** This Amendment was authorized by Order of the Commissioners Court dated the 18th day of June, 2019, authorizing the County Judge to execute this Amendment on behalf of the County.

6. **Severability.** In the event any paragraph, subparagraph, sentence, phrase or word herein is held invalid, illegal, or unenforceable, the balance of this Amendment and the Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid paragraph, subparagraph, sentence, phrase and word. In such event there shall be substituted for such deleted provision a provision as similar in terms and in effect to such deleted provision as may be valid, legal and enforceable.

7. **Applicable Law.** This Amendment shall be construed under the laws of the State of Texas and is performable in Hidalgo County, Texas.

8. **Ratification of Tax Abatement Agreement.** The Agreement, as modified hereby, is ratified and confirmed.

[Signature page follows.]

EXECUTED IN DUPLICATE ORIGINALS as of the 18th day of June, 2019.

WONDERFUL CITRUS PACKING LLC

By: _____
John Glenn
V.P. of Texas Juice Operations

HIDALGO COUNTY, TEXAS

By: _____
Richard Cortez
Hidalgo County Judge

ATTEST:

Arturo Guajardo, Jr.
Hidalgo County Clerk

APPROVED AS TO FORM FOR COUNTY:

Atlas, Hall & Rodriguez, L.L.P.

By: _____
Stephen L. Crain

Exhibit A to 3rd Amendment

April 26, 2019 Letter



April 26, 2019

County Judge Richard F. Cortez
Hidalgo County
Edinburg, TX 78539

Re: Hidalgo County Tax Abatement Agreement with Wonderful Citrus Packing LLC
Submission of Plans Required Under Section 4.01 for Not from Concentrate / Concentrate Tank Farm

Dear County Judge Cortez,

This letter is to formally request direction from the county on how to modify our official tax Abatement Agreement between Hidalgo County and Wonderful Citrus as it pertains only to the formal submission of construction plans for a NFC/Concentrate tank farm project. Please refer to "Attachment A" which is a copy of a March 11, 2019 email sent to me via Ms. Letty Chavez, Director of Audit Division, Hidalgo County.

Upon original acquisition of the former Texas Citrus Exchange facility in Mission Texas, Wonderful Citrus had planned to build a large tank farm to store our finished product of NFC and Concentrate grapefruit juices.

Unfortunately, this objective and plan has needed to change, and we will not be building such a facility.

Our business model and strategy relative to this tank farm storage project has changed because of high capital costs and low return on the investment. The cost to construct and operate this tank farm is no longer a viable project for our company. The industry and markets we operate in will not support this expense and expansion at this time. In lieu of not building this tank farm facility, the company decided to invest monies in several large storage silos and a new NFC pasteurizer both of which resulted in a capital spend of over \$2 M in 2018. These latter projects do fit within our new operating strategy to service our current and future customers more efficiently and cost effectively.

We continue to invest millions of dollars into the facility through capital improvements and employment wages, as well as bolstering the economy of the region through our relationships with local businesses and service providers. Another future major capital project is being scoped out as we speak. Our "Blending Room" project will cost an estimated \$3.0 to \$5.0 million dollars and take approximately fourteen months to complete.

As always, we appreciate everything that you and your organization have done and continue to do to assist Wonderful Citrus and Rio Grande Juice Company to be successful. We have experienced very positive business and community results since the acquisition of the former Texas Citrus Exchange operation and assets.

I apologize for this change in our plans not being formally communicated to the County until this time. This decision to not build was a difficult one to make and took longer to analyze than most.

Please advise me what the proper process to follow with Hidalgo County will be to modify any portion of our agreement or covenants or if this letter will suffice as a remedy.

If more detailed information is necessary to the notification process, please contact me directly. Thank You.

Sincerely,

John J Glenn

John Glenn
Vice President, Texas Juice Operations
D: (965) 598-6868
C: (863) 287-9036

cc: Letty Chavez
Director of Audit Division
Hidalgo County Auditor's Office
956-318-2511 ext. 4651

Attachment A

March 11, 2019

Good morning,

Thank you for speaking with us this morning. This email is to address your concern regarding the construction plans for the not-from-concentrate and tank farm portion the County Auditor's Office requested on the letter dated March 4, 2019. It was stated that one of the amendments was to remove the requirement of the construction plans for the not-from-concentrate and tank farm portion.

I read the two amendments (1st- dated May 30, 2017 and 2nd dated June 5, 2018). The 2nd amendment does not make reference to section 4.01 of the original agreement. The 1st amendment does reference section 4.01 (see below). According to the 1st amendment, the construction plans for the not-from-concentrate and tank farm portion were required to be submitted to Hidalgo County by June 1, 2018. The amendment does not remove the construction plan requirement or references the construction plan revisions made by Wonderful Citrus.

3. Amendment to Agreement. In order to allow the Company additional time to file the construction plans for the blend room portion of the Facility, Section 4.01 of the Agreement is amended by replacing "June 1, 2017" with "August 31, 2017". Section 4.01 of the Agreement, as so amended, reads in its entirety as follows:

4.01 Owner has provided documentation to the County concerning the commencement of construction of the Project and agrees to continue to provide such documentation as required by the County concerning the continuation of the construction and modernization of improvements pursuant to this Agreement. Without limiting the generality of the foregoing, Owner shall file with the County construction plans for the blend room portion of the Facility by August 31, 2017, and for the not-from-concentrate and tank farm portion of the Facility by June 1, 2018. The construction plans as filed shall be deemed to be incorporated herein by reference and made a part hereof for all purposes, and the Facility shall be completed in substantial conformity to said plans. Owner may elect to amend or modify the construction plans, provided the amendments or modifications comply with all applicable codes, rules and ordinances, and are not otherwise contrary to this Agreement.

Letty Chavez

Director of Audit Division
Hidalgo County Auditor's Office
956-318-2511 ext. 4651

Exhibit C* to 3rd Amendment

Replacement Exhibit C to Agreement
(Map depicting land parcels and project infrastructure)

*There is no Exhibit B to this Amendment.

Exhibit D to 3rd Amendment

Replacement Exhibit D to Agreement
(Schedule of Buildings, Improvements and Eligible Personal Property for the Facility)

