

PAYMENT IN LIEU OF TAX AGREEMENT

This Agreement is entered into by and between the Hays Consolidated Independent School District (“HCISD”) and ENF (Kyle) Technology, LLC (“Company”), a Delaware limited liability company, upon the terms and conditions set forth herein.

RECITALS

WHEREAS, Company is seeking a designation of its facility at 1550 Kohlers Crossing as a foreign trade zone (“FTZ”); and

WHEREAS, the parties recognize FTZ operations will **exempt** inventory which would otherwise be taxable from taxation by HCISD; and

WHEREAS, a letter executed by HCISD in support of designation of the site as a FTZ will expedite Company's efforts to obtain the designation; and

WHEREAS, Company, its successors and assigns wish to make payments to HSISD throughout the period it or its successors or assigns, as the case may be, maintains the FTZ to offset the revenue impact that might otherwise affect HCISD as a result of the designation of the site as a FTZ; and

NOW, THEREFORE, it is agreed by HCISD and Company that:

1. Letter of Support. In consideration for the promises, financial contributions, and other consideration stated herein, HCISD agrees to execute the letter of support in the form shown in Exhibit “A” attached hereto.
2. Payments in Lieu of Taxes.
 - (a) Company agrees that with respect to each year of this Agreement that all or any portion of the site is within an activated FTZ on the valuation date for taxation purposes otherwise applicable to personal property inventory held by property owners in the HCISD, Company will pay HCISD for each year this Agreement is in place a Payment in Lieu of Taxation (“PILOT”) payment in an amount equal to:
 - (i) the Value of Net FTZ Exempted Inventory, divided by \$100, times
 - (ii) the then current year tax rate adopted by HCISD (Maintenance and Operations and Interest and Sinking Fund combined).
 - (b) The following definitions shall be used to determine the Company contribution:
 - (i) Value of FTZ Inventory means value of inventory exempt from local taxation by the Foreign-Trade Zones Act pursuant to 19 U.S. C. §810(e).
 - (ii) Value of Otherwise Exempt Inventory means the portion of the Value of FTZ

Inventory which, but for the existence of the FTZ, would be exempt for local taxation pursuant to any other provision of law. For example, the value of inventory which would qualify for the Freeport Exemption pursuant to Texas Tax Code 11-251 if not already exempted by the Foreign-Trade Zones Act would be included in the Value of Otherwise Exempt Inventory.

- (iii) Value of Net FTZ Exempted Inventory means the Value of FTZ Inventory, less the Value of Otherwise Exempt Inventory. This represents the value of inventory exempted from tax solely because of the FTZ.
- (c) Beginning in 2027, the Company agrees that on or before October 1 of each year of the Agreement, it will provide to HCISD Company's annual rendition of taxable value to the Hays Central Appraisal District along with information showing the Value of FTZ Inventory, the Value of Otherwise Exempt Inventory, and the Market Value of Net Exempted Inventory, and provide copies of any subsequent correspondence or agreement with the Hays Central Appraisal District which altered the value rendered for inclusion in the certified tax roll. The Company will provide supporting information for the values provided.
- (d) On or before January 31 of each year following the year for which payment is being made, Company will pay HCISD the PILOT payment then due with respect to the preceding year's property tax.
- (e) HCISD may invoice Company for the PILOT payment amount, but regardless of whether an invoice is received by Company, the PILOT payment amount shall be due and owing as of January 31 of each year of this Agreement, beginning with the 2027 tax year. Penalties, interest and statutory attorney's fees (collection costs) for late payments shall be the same as that assessed by HCISD against delinquent taxpayers, pursuant to Texas Property Tax Code sections 33.01, 33.07, and 33.48, or their successor provisions.
3. Tax Obligation. Company acknowledges that this Agreement does not affect any other tax obligations of Company to HCISD.
4. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.
5. Severability. To the extent permitted by law, a holding of any court that any part or provision in this Agreement is invalid, illegal, or unenforceable in any respect shall not affect any other provision, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been a part of the Agreement.
6. Non-waiver of Rights. This Agreement may not be amended except by written agreement signed by both parties. Any right created under this agreement may not be waived except by written waiver signed by the party waiving the right.
7. Termination. This Agreement shall remain in effect so long as the site is designated as a foreign trade zone. Company shall retain the option to cancel the FTZ designation at any time.
8. Entire Agreement. This Agreement constitutes the entire understanding between the parties and supersedes any prior negotiations, discussions, agreements, and understandings between the parties with respect to the subject of this Agreement.
9. Liquidated Damages. If for any reason Company should fail to make an annual payment in lieu of taxes in accordance with paragraph 2 above, the Parties agree that the amount of

taxes that would have been imposed upon any Value of Net Exempted Inventory plus the amount of penalties and interest calculated in accordance with sub-paragraph 2(d) shall serve as liquidated damages to HCISD. Further, Company shall be liable for the reasonable attorney's fees and costs of collection should any action be required in order to compel payment of the liquidated damages from Company to HCISD.

10. Miscellaneous.

- (a) This Agreement shall extend to and be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assign
- (b) All notices, claims, or demands required or permitted to be given hereunder shall be hand delivered or sent by certified mail, return receipt requested, to the address of each party listed on the signature page.
- (c) In the event any action or proceeding is commenced by any party to (a) determine rights, duties or obligations hereunder, (b) determine a breach hereof and obtain damages, or (c) otherwise enforce this Agreement, the prevailing party in such action or proceeding shall be entitled to recover from the other party or parties all costs and expenses, including reasonable attorney's fees and costs, to the extent permitted by law.

EXECUTED this ___ day of September, 2026.

Hays Consolidated ISD

21003 IH-35
Kyle, TX 78640

ENF (Kyle) Technology, LLC

1550 Kohlers Crossing
Kyle, TX 78640

By: _____
Eric Wright
Superintendent of Schools

By: _____
Printed Name

EXHIBIT A



September 28, 2026

Elizabeth Whiteman
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Ave., NW., Room 21013
Washington, DC 20230

RE: Application for Foreign-Trade Zone Designation - ENF (Kyle) Technology, LLC

Ms. Whiteman,:

I am writing regarding the Foreign Trade Zone of Central Texas, Inc.'s sponsorship of ENF (Kyle) Technology LLC's application to designate its site at 1550 Kohlers Crossing in Kyle, Texas, 78640, which is within the Hays Consolidated Independent School District boundaries.

We understand that domestic inventory held for export and imported inventory at the site will be exempt from ad valorem tax. We have no objection to foreign trade zone designation at the aforementioned site.

Sincerely,

Dr. Eric Wright
HCISD Superintendent of Schools
21003 IH-35
Kyle, TX 78640
512-268-2141