

## Payment In Lieu of Tax Agreement

This Agreement is entered into by and between the Coppell Independent School District ("ISD") and Mazda Motor of America, Inc., a California corporation, d/b/a Mazda North American Operations ("Company"), upon the terms and conditions set forth herein.

### RECITALS

WHEREAS, Company is seeking a designation of its facility at 4255 Patriot Drive, Grapevine, Texas, as a Dallas Fort Worth International Airport foreign trade zone ("FTZ"); and

WHEREAS, the parties recognize that any of the Company's FTZ operations may exempt inventory currently on the tax roll, and consequently may cause financial harm to ISD; and

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

WHEREAS, 19 U.S.C. § 81o (e) provides an exemption from state and local ad valorem taxes for certain imported property and held in a FTZ for the purpose of storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing, or processing, and certain property produced within the United States and held in a FTZ for exportation, either in its original form or as altered by any of the above processes; and

WHEREAS, Company, its successors and assigns wish to make payments to ISD 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 ISD as a result of the designation of the site as a FTZ; and

WHEREAS, Company's intent is to cause no financial harm to ISD as a result of FTZ designation;

### **NOW, THEREFORE, it is agreed by ISD and Company that:**

1. Letter of Support. In consideration for the promises, financial contributions, and other consideration stated, including the recitals set forth above, ISD agrees to execute the letter of support in the form shown in Exhibit "A" attached.
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 foreign trade zone on the valuation date for taxation purposes otherwise applicable to personal property inventory held by Company in the ISD, Company will pay ISD:
    - (i) With respect to the first year (anticipated to be 2017), \$55,342.00.
    - (ii) With respect to each year thereafter, \$22,425.00.
  - (b) On or before December 1 of each year, ISD will invoice Company for the Payment in Lieu of Tax due with respect to that year as determined pursuant to paragraph (a). This invoice will be sent to:

Mazda North American Operations  
Attention: Pedro Villanueva, Customs Manager  
7755 Irvine Center Drive  
Irvine, CA 92618-2906

Payment is due from Company to ISD on or before January 31 of the year following the year for which payment is being made. Penalties, interest and statutory attorney's fees (collection costs) for late payments shall be the same as that assessed by ISD against delinquent taxpayers, pursuant to Texas Property Tax Code sections 33.01, 33.07, and 33.48, or their successor provisions. In addition to the amount(s) specified in (a) above, ISD shall be entitled to reimbursement from Company for ISD's reasonable attorneys' fees and costs related to drafting, negotiating, enforcing, or renegotiating the terms of this Agreement.

- (c) The term of this Agreement is ten (10) tax years, from 2017 through 2027, unless it is sooner terminated under the provisions provided herein.

3. Change in Law or Circumstance.

- a) In the event that state legislation, judicial decisions, administrative interpretations by the Office of Texas State Comptroller including the Property Tax Division or the Texas Education Agency or its Commissioner of Education, or any other controlling interpretation related to school finance, in the sole judgment of the ISD, reasonably exercised, materially and detrimentally impacts the financial consequences to ISD of the Company foreign trade zone, the parties agree to renegotiate this Agreement within sixty (60) days following ISD's written request in accordance with its original intent of protecting ISD from financial loss.
- b) Should state legislation eliminate business personal property inventory as a source of school district tax revenue, then this Agreement shall become null and void.
- c) In the event either party believes that circumstances with regard to the use of the facility has changed so that the amount of the payment specified in Section 2 is no longer a reasonable representation of the amount of revenue loss to ISD as a result of the FTZ, then the parties agree to renegotiate this Agreement within sixty (60) days following either party's written request in accordance with its original intent of protecting ISD from financial loss

- 4. Tax Obligation. Company acknowledges that this Agreement does not affect any other tax obligations of Company to ISD.

- 5. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas. Venue for any dispute arising from or related to this Agreement shall be Dallas County, Texas.

- 6. Severability. To the extent permitted by law, a holding by any court that any part or any 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.

- 7. Non-waiver of Rights. This Agreement may not be amended except in a writing specifically referring to this Agreement and signed by ISD and Company. Any right

created under this Agreement may not be waived, except in a writing specifically referring to this Agreement and signed by the party waiving the right.

8. 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 Foreign Trade Zone designation at any time.
9. 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.
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 assigns.
  - (b) All notices, claims, or demands required or permitted to be given hereunder shall be hand delivered, or sent by nationally recognized courier, or sent by certified mail, return receipt requested, to the address of each party listed on the signature page.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

**Coppell Independent School District**  
200 S. Denton Tap Road  
Coppell, Texas 75019

**Mazda Motor of America, Inc.**  
7755 Irvine Center Drive  
Irvine, CA 92618-2906

By: \_\_\_\_\_

By:  \_\_\_\_\_

Name: \_\_\_\_\_

Name: Kathleen Smith

Title: \_\_\_\_\_

Title: Treasurer

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**To be reprinted on Coppell ISD letterhead**

**AND**

**Returned to**

*Karina Rodriguez*

*Administrator*

*FTZ/Lease and Property Management*

*DFW International Airport*

*P.O. Drawer 619428*

*DFW Airport, Texas, 75261*

*Email: krodiguez@dfwairport.com*

*Phone: 972-973-4649*

[Date]

Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
US Department of Commerce  
1401 Constitution Ave., NW, Room 21013  
Washington, DC 20230

Re: Foreign Trade Zone Application—Mazda North American Operations

Dear Mr. McGilvray:

We understand that Mazda Motor of America, Inc., a California corporation, d/b/a Mazda North American Operations will be seeking foreign trade zone designation for its facility located within the Coppell Independent School District. We understand that imported inventory and inventory held for export at the facility will be exempt from ad valorem tax. Coppell ISD recognizes the importance of the project to Mazda, and we do not object to foreign trade zone designation of the company's facility.

Sincerely,