

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON APPROVING A TAX ABATEMENT AGREEMENT WITH NOVARTIS GENE THERAPIES, INC. SETTING FORTH ALL THE REQUIRED TERMS OF THE TAX ABATEMENT AGREEMENT IN ACCORDANCE WITH THE TERMS OF CHAPTER 312 OF THE TEXAS TAX CODE; SETTING FORTH THE VARIOUS CONDITIONS TO NOVARTIS GENE THERAPIES, INC. RECEIVING THE TAX ABATEMENT; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on October 21, 2025, Novartis Gene Therapies, Inc., a Delaware Company duly authorized to do business in the State of Texas, submitted a City of Denton Incentive Application with various attachments to the City concerning the contemplated use of the property located at 2101 Shady Oaks Drive in Denton, Texas, more particularly described in Exhibit “A” attached hereto (the “Property”), which is located within the City of Denton Enterprise Zone Tract #21203 Block 3 (the “Zone”); and

WHEREAS, on May 7, 2024, the City Council passed Resolution No. 2024-821 establishing guidelines and criteria governing tax abatement and incentive agreements and stating that the City of Denton elects to become eligible to participate in tax abatement, in accordance with Tex. Tax Code §312.002 and such Policy is now in effect; and

WHEREAS, the City Council finds that the contemplated use of the premises and the contemplated improvements to the premises, as indicated by Novartis Gene Therapies, Inc., are consistent with encouraging the development of the Zone in accordance with the purposes for its creation and are in compliance with the City of Denton Tax Abatement Policy; and

WHEREAS, the City Council finds that the administration of a program of incentives to Novartis Gene Therapies, Inc., in exchange for completion of the project proposed by Novartis Gene Therapies, Inc., would contribute to the retention or expansion of employment in the City and would attract major investment, which would contribute to the economic development of the City; and

WHEREAS, the City Council deems it in the public interest to enter into a Tax Abatement Agreement with Novartis Gene Therapies, Inc.; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The findings contained in the preamble to this Ordinance are true and correct and are adopted as if incorporated into the body of this Ordinance.

SECTION 2. The City Council finds and determines the following as legislative findings:

- A. The contemplated use of the premises and the contemplated improvements of the premises (with such premises being specifically identified in the Tax Abatement Agreement attached hereto as Exhibit "A") as indicated by Novartis Gene Therapies, Inc. is consistent with encouraging the development of the Zone in accordance with the purposes of its creation and are in compliance with the City of Denton Tax Abatement Policy (the "Policy").
- B. The City Council finds that the improvements sought by Novartis Gene Therapies, Inc. within the Zone are feasible and practical and would be a benefit to the land to be included in the Zone and to the City after the expiration of the Tax Abatement Agreement to be entered into with Novartis Gene Therapies, Inc.
- C. The City Council finds that the Tax Abatement Agreement contains all the terms which are mandatorily required to be included in any tax abatement agreement under the Act.
- D. The City Council finds that the project within the Zone is an expansion of a new business as defined in the Policy and requires additional incentives to promote economic development that generally satisfies the requirements of the Policy and the City Council hereby authorizes a tax abatement of a maximum of 50% on the incremental valuation of the Improvements as more particularly described in the Tax Abatement Agreement attached hereto and made a part hereof by reference as Exhibit "A" (the "Tax Abatement Agreement").

SECTION 3. The Tax Abatement Agreement is hereby approved. Upon the acquisition of the Property by Novartis Gene Therapies, Inc. or an affiliate or wholly-owned subsidiary approved by the City Manager and the City Attorney, but no later than December 31, 2026, the City Manager or their designee is hereby authorized to execute the Tax Abatement Agreement with Novartis Gene Therapies, Inc. or such affiliate or wholly-owned subsidiary in substantially the same form as the Tax Abatement Agreement attached as Exhibit "A".

SECTION 4. In accordance with §312.2041 of the Act, the City Council hereby directs that, not later than the seventh day before the date the City enters into the Tax Abatement Agreement with Novartis Gene Therapies, Inc., the City Manager, through the Department of Economic Development, who are hereby designated and authorized by the City Council to give such notice, shall deliver to the presiding officer of the Denton Independent School District and Denton County a written notice that the City intends to enter into this Tax Abatement Agreement with Novartis Gene Therapies, Inc., and that this notice shall include a copy of the proposed Tax Abatement Agreement in substantially the form of the Tax Abatement Agreement attached to this Ordinance.

SECTION 5. The City Council hereby instructs and authorizes the City Manager or their designee to inspect, audit, and evaluate the progress of Novartis Gene Therapies, Inc., to determine if it has met all of the conditions of the attached Tax Abatement Agreement prior to the tax abatement going into effect for each annual period specified in the Tax Abatement Agreement.

SECTION 6. If any section, subsection, paragraph, sentence, clause, phrase, or word in this Ordinance, or application thereof to any person or circumstance is held invalid by any court of

competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council of the City of Denton hereby declares that it would have enacted such remaining portions despite any such validity.

SECTION 7. This Ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by _____ and seconded by _____, the ordinance was passed and approved by the following vote [_ - _]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the ____ day of _____, 2025.

GERARD HUDSPETH, MAYOR

ATTEST:
INGRID REX, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY: Scott Bray Scott Bray
Deputy City Attorney

Exhibit A

CITY OF DENTON

**TAX ABATEMENT AGREEMENT
WITH NOVARTIS GENE THERAPIES, INC.**

This Tax Abatement Agreement (this “Agreement”) executed by and between the City of Denton, Texas, a municipal corporation (“City”), duly acting herein by and through its City Manager, and Novartis Gene Therapies, Inc., a Delaware Corporation, duly authorized to do business in the State of Texas (“Owner”) duly acting herein by and through its authorized officer (singularly, “party,” collectively “parties”), to be effective on the ____ day of _____, 202_.

WHEREAS, the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312 (the “Act”), in Section 312.201, provides that the governing body of an incorporated city has the power to abate ad valorem taxes assessed against real property and/or personal property located on the real property in reinvestment zones provided that certain conditions as detailed in the Act are met; and

WHEREAS, the City Council of the City (“City Council”) established guidelines and criteria governing tax abatement agreements on May 7, 2024 by adoption of Resolution No. 24-821 stating that the City elects to be eligible to participate in tax abatement, as required by Section 312.002(a) of the Act, and approving the Denton Policy for Tax Abatement (the “Policy”), a copy of which is on file in the City of Denton Economic Development Office and which is incorporated herein by reference, to satisfy the Act and adopt guidelines and criteria governing tax abatement agreements. The Policy of the City reflects a balance between the revenue needs of local government and the desire to provide incentives for the expansion and relocation of industry; and

WHEREAS, City of Denton Enterprise Zone Tract #21203 Block 3 (“the Reinvestment Zone”), which is described and depicted in Exhibit A, attached hereto and incorporated by reference, is designated as a reinvestment zone under Chapter 312 of the Texas Tax Code as a result of its designation as a Texas Enterprise Zone per section 312.2011 of the Texas Tax Code; and

WHEREAS, on October 21, 2025, Owner submitted an “Economic Incentive Application” with various attachments to the City concerning the contemplated use of the real property (the “Application”); and

WHEREAS, the City Council finds that the proposed tax abatement offered to Owner in exchange for Owner’s installation, additions to, and use of, the Improvements (as defined in Article I, below) on the real property and as set forth in the Application and this Agreement, and other terms hereof, will contribute to the retention or expansion of primary employment in the Reinvestment Zone and will attract major investment to the Reinvestment Zone, which will benefit the Reinvestment Zone and contribute to the economic development of the City, and are consistent with encouraging development of the Reinvestment Zone in accordance with the purposes for its

creation and are in compliance with the Policy and similar guidelines and criteria adopted by the City and all applicable law; and

WHEREAS, notice has been published in accordance with Chapter 312 of the Act and written notice that the City intends to enter into this Agreement, along with a draft copy of this Agreement, has been furnished by the City, in the manner and by the time prescribed by the Act, to the presiding officers of the governing bodies of each of the taxing units in which the Premises (as defined in Article I, below) is located; and

WHEREAS, by virtue of the City following the requirements of the Act, the City and Owner now exercise their rights to enter into this Agreement, the terms and conditions of which are detailed below and, together with the Exhibits, constitute the full and complete agreement between the City and Owner concerning the partial abatement of the ad valorem taxes assessed against the Improvements within the Reinvestment Zone and otherwise payable to the City;

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. DEFINITIONS

“Abatement Period” shall mean the ten (10) year period that begins on January 1 on the year following the year in which Owner receives a Certificate of Occupancy for the Improvements.

“Act” has the meaning set forth in the recitals of this Agreement.

“Application” has the meaning set forth in the recitals of this Agreement.

“Appraised Value” means the taxable real property value certified by the District as of January 1 of each year of this Agreement.

“Base Year” means the 2025 tax year.

“Base Year Value” means the 2026 certified real property valuation on January 1, 2026 of the Premises.

“Certificate of Occupancy” means a Certificate issued by the City Building Official for the use of a building, structure or land, when it is determined by the Building Official that the building, structure or proposed land use complies with the provisions of all applicable Codes of the City of Denton pursuant to the Denton Development Code Subchapter 23-5.

“City” has the meaning set forth in the recitals of this Agreement.

“City Council” has the meaning set forth in the recitals of this Agreement.

“District” means Denton Central Appraisal District.

“Force Majeure” means when because of flood, fire, explosions, civil disturbances, strikes, war, acts of God, or other causes beyond the control of either party, either party is not able to perform any or all of its obligations under this Agreement, then the respective party's obligations hereunder shall be suspended during such period but for no longer than such period of time when the party is unable to perform or periods of time specified in this Agreement.

“Improvements” means the real property improvements erected or affixed to the Premises by the Grantee following the Base Year, including the approximately 51,000 square foot development of the current facility on the Premises detailed in Exhibit B, attached hereto and incorporated by reference.

“Improvements Abatement” has the meaning set forth in Article II, Section 2.a. of this Agreement.

“Ineligible Property” means real property, land and improvements included in the Base Year Value as determined by the District, real property the value of which is captured by a tax increment reinvestment zone, tangible personal property, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, or any other property for which abatement is not allowed by the Act.

“Owner” has the meaning set forth in the recitals of this Agreement.

“Policy” has the meaning set forth in the recitals of this Agreement.

“Premises” means the property located at 2101 Shady Oaks Drive in Denton, Texas, more particularly described in Exhibit C, attached hereto and incorporated by reference.

“Timely Completion” has the meaning set forth in Article II, Section 1.a. of this Agreement.

“Reinvestment Zone” has the meaning set forth in the recitals of this Agreement.

II.

TAX ABATEMENT AND CONDITIONS FOR TAX ABATEMENT

1. Development of the Improvements.

- a. Owner shall construct the Improvements on the Premises. Subject to Force Majeure delays not to exceed One Hundred Eighty (180) days, Owner shall begin use and operation of the Improvements on or before December 31, 2029, which shall be evidenced by issuance of a Certificate of Occupancy therefor by the City (“Timely

Completion”). Owner represents and warrants that it has the financial resources readily available to fulfill the requirements to receive the tax abatements hereunder.

- b. As a condition precedent to the abatement of taxes under this Agreement, the Premises shall be cleared of any hazardous material to which the Owner does not have title or license to possess, and the Premises shall be clear of all tax liens.
- c. The Owner agrees that all construction and development on the Premises shall be in accordance with the Policy, all applicable laws, ordinances, codes, rules, requirements and regulations of the United States, the State of Texas and the City and any subdivision, agency or authority thereof, and, prior to commencing construction or development, Owner shall secure all permits, licenses, and authorizations required, and will provide copies of the same to City upon request..
- d. Simultaneously with the execution of this Agreement, Owner shall execute Exhibit D to certify that the Owner does not and will not directly employ undocumented workers, as required by state law for economic development incentives, including tax abatements. The provisions in this Agreement regarding Exhibit D are required by Chapter 2264, Tex. Gov’t Code and shall govern over any conflicting provisions of this Agreement.

2. Partial Tax Abatement for Improvements.

- a. As consideration for the Owner’s capital investment within the City, and subject to the Owner meeting all of the terms and conditions of this Agreement, the City will provide the following abatement (the “Improvements Abatement”). The Improvements Abatement will abate 50% of the increase in real property taxes associated with the increase in Appraised Value above the Base Year Value of the Premises as determined by the District. The Improvements Abatement may be granted annually to Owner during the Abatement Period in the following amounts after Owner’s Timely Completion of the construction of the Improvements for each year of the Abatement Period if: (1) all grant conditions and requirements of this Agreement are met, (2) the Appraised Value of the Premises for that tax year of the Abatement Period is equal to or greater than the corresponding threshold shown in Table II-1, AND (3) Owner timely submits each year during the term of this Agreement the Certificate of Compliance form attached hereto as Exhibit E, as detailed and required by Article II, Section 3; and Article III below, certifying compliance:

TABLE II-1

Year of Abatement Period	% of Taxable Real Property Value Greater than Base	Threshold for Sum of Base Year Value and Appraised Value of Improvements
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	Year Value to be Abated	
1	50%	12,000,000
2	50%	12,000,000
3	50%	12,000,000
4	50%	12,000,000
5	50%	12,000,000
6	50%	12,000,000
7	50%	12,000,000
8	50%	12,000,000
9	50%	12,000,000
10	50%	12,000,000

- b. The total abatement of taxes shall not exceed \$2,337,960 over the 10-year term of the abatement period.
- c. All real property will timely be rendered by Owner with the District so that the District may determine all valuations as of January 1st of each year. Within ten (10) business days of submitting renditions to the District, Owner shall provide the City with copies of its tax renditions for all real property during each year of the Abatement Period. If the Owner lawfully protests the District's Appraised Value of the Improvements, the Appraised Value after the protest is resolved shall be used in calculating the Appraised Value for that year.
- d. If during any tax year of the Abatement Period, the Appraised Value for that year is less than the threshold amount as shown in Column (d) of Table II-1, the Improvements Abatement shall not be issued for such year; however, taxes may be abated in subsequent years of the Abatement Period if the Appraised Value meets or exceeds the depreciated threshold amount for that year. Owner may from time to time during this Agreement, install additional improvements and modify, remove or replace the Improvements at Owner's discretion provided that Owner shall still comply with such minimum threshold requirements as shown in Table II-1.
- e. After the Abatement Period expires, the full value of the property improvements and personal property at the time of assessment, including but not limited to the Improvements, shall be included on the tax roll and assessed in accordance with applicable laws.
- f. As required by Section 312.204(a) of the Act, it is the intent of the City and the Owner to abate taxes only on the Appraised Value of the Improvements. Taxes shall not be abated on Ineligible Property. The City is not obligated in any way to payment of any costs or fees for the Improvements and is only agreeing to the

abatement of taxes as specifically described in this Agreement. The parties acknowledge that on the effective date of this Agreement, Ineligible Property is located on the Premises but the construction of the Improvements has not begun.

3. Material and Supply Purchase. Owner will make commercially reasonable good faith efforts to maximize sales tax payable to the City of Denton on the Improvements, including but not limited to equipment and construction materials, by employing or requesting that its contractors employ the following measures:
 - a. for materials that can be obtained at comparable pricing, quality, quantity and timing from a vendor having a place of business within the City of Denton, Owner and its contractors shall take reasonable good faith steps to procure such materials shipped from, or delivered to, such vendor's Denton location, and shall take possession of such materials within the City of Denton; and
 - b. for materials obtained from vendors with no place of business within Texas, or materials ordered directly with a vendor's supplier and shipped directly to Owner or its contractors, Owner and its contractor shall take reasonable good faith steps to procure such materials shipped or delivered to, and shall take possession of such materials at, a location within the City of Denton.
4. Use and District Application. The Improvements shall be operated and maintained for the purposes set forth herein, and as represented in the Application, so that the uses shall be consistent with the general purpose of encouraging development or redevelopment of the Reinvestment Zone, except as otherwise authorized or modified by this Agreement. On or before March 31st of each year of an Abatement Period, the Owner shall file form "Application for Abatement" with the District declaring Reinvestment Zone to be the tax situs of the taxable purchases made by Owner. Owner shall be solely responsible for notifying the District of any tax abatement provided hereunder and completing any forms or filings required by the District to qualify for or receive a tax abatement during the Abatement Period.

III.

INSPECTIONS, RECORDS AND EVALUATION OF PROJECT

1. Inspections. Subject to the terms of this Agreement contained in Article V, Section 13, the Owner shall provide access and authorize inspection of the Premises and Improvements by City employees and allow sufficient inspection of relevant financial information to ensure that the Improvements are made and the thresholds are met according to the specifications and conditions of this Agreement. Such inspections shall be in addition to, and not in place of, any inspections required by ordinance for construction of improvements and the like. Such inspections shall be done in a way that will not interfere with Owner's business operations. City shall annually (or such other times deemed appropriate by the City) evaluate the project to ensure compliance with this Agreement. City will provide at least 14-day notice to Owner for any inspection to verify the Improvements are made, and the request for inspection shall

not occur more frequently than one time annually in an effort to mitigate interference in Owner's operations.

2. Annual Certificate of Compliance. Owner shall deliver to the City before March 31st of each year a Certificate of Compliance utilizing the form attached as Exhibit E to begin the first year of the Abatement Period and each year thereafter during the term of this Agreement. Said Certificate shall reflect all relevant information from the previous calendar year. The form is subject to revision by the City provided that such revision does not materially change Owner's rights or obligations under this Agreement. In the Certificate of Compliance, Owner shall warrant to the City that it is in full compliance with each of its obligations under this Agreement for the preceding year.
3. Determination by City of Annual Qualification to Receive Abatement. The City shall make a decision and rule on the eligibility of the project for tax abatement based on the information furnished each year by the Owner and by the District on or before September 1st of the taxable year. However, if Owner has initiated a lawful protest of any Assessed Values which is not finally resolved by September 1st, then City may delay approval for eligibility for such year until final resolution; provided however, if final resolution occurs too late for the District to process the abatement, then Owner shall not receive a tax abatement for that year of the Abatement Period.
4. Termination for Failure to provide Qualification Documents. The City is not obligated to continue this Agreement if the Owner fails to timely submit its Certificate of Compliance after receiving written notice of such failure from the City and having the opportunity to cure such deficiency within a thirty (30) business day period from the date of notice. If the City is unable to confirm the Owner's compliance for its obligations in any year of the Agreement due to Owner not providing proof of compliance within one year from the due date of the Certificate of Compliance, then there will be no Abatement(s) for that year.
5. Submission of Agreement to Comptroller. Owner acknowledges that, pursuant to Section 403.0246 of the Texas Government Code, the City is required to submit certain information about this Agreement to the Texas Comptroller for inclusion in the Local Development Agreement Database. Owner shall provide any information requested by City and shall fully cooperate with the City for the purposes of fulfilling the requirements of Section 403.0246 of the Texas Government Code.

IV. COVENANTS OF OWNER AND DEFAULT

1. Covenants of Owner. Owner covenants and agrees with City that, while this Agreement is in effect, Owner will comply or cause compliance with the following terms and conditions, which are material terms to this Agreement:

- a. Owner shall timely perform and comply in all material respects with all terms, conditions, and provisions set forth in this Agreement;
- b. Owner shall timely file all sales tax returns required under Texas law to be filed with the Comptroller and timely pay all amounts due as reflected on such tax returns;
- c. Owner shall timely pay all ad valorem real or personal property taxes owed, or not abated, to the City;
- d. Owner shall provide accurate and truthful representations, statements and information in all documentation provided to the City, including but not limited to Exhibits B, C, D, and E; and
- e. Owner shall occupy the Premises and operate the Improvements on the Premises during the Abatement Period in the manner set forth in the Application.

2. City's Remedies.

- a. In the event that Owner: (a) owes ad valorem taxes or sales and use taxes to the City that are delinquent; (b) violates any of the terms and conditions of this Agreement; (c) fails to achieve Timely Completion the Improvements and/or renditions as provided by this Agreement; or (d) violates a covenant in Article IV, Section 1, above, this Agreement may be terminated by the City, and all taxes abated by virtue of this Agreement will be recaptured and paid to the City by Owner within sixty (60) days of the termination. In addition, the City may opt to certify to the District that Owner has failed to qualify for abatement for the tax year in which the default occurred. Notwithstanding, for failures by Owner to create and maintain the minimum valuation in Article II., Section 2., such Sections shall apply to allow potential for abatement in future years of the Abatement Period and this paragraph regarding termination shall not apply.
- b. If Owner is convicted of a violation of 8 U.S.C. Section 1324(a)(f) as described in Exhibit D, this Agreement shall automatically terminate, and recapture of all taxes abated by virtue of this Agreement shall be made as described in Exhibit D.
- c. The dissolution or termination of Owner's existence as an ongoing business, Owner's insolvency, appointment of receiver for any part of the Premises, any assignment of all or substantially all of the assets of Owner for the benefit of creditors of Owner, any type of creditor workout for Owner, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Owner shall be a default under this Agreement and City may terminate this Agreement if the default is not cured by Owner within sixty (60) days of the date of City's notice of default to Owner.

3. Termination for Nonuse. In the event that, after Timely Completion of the Improvements, the Owner subsequently discontinues operations, without prior written consent of the City, for any reason excepting: (a) a shutdown of a facility, with assurance of the resumption of operations, for the purpose of facility modification, expansion, improvement, retooling, or similar purpose; (b) in the event the facility is being actively marketed, the City shall not unreasonably withhold consent to a reasonable extension to such period to permit the sale of the facility to another operator; or (c) the closure of the facility pending settlement of insurance, casualty or condemnation claims, then this Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the Owner no longer operates the Improvements. Any taxes abated for that calendar year in which operations are discontinued shall be paid to City within sixty (60) days from the date of the termination.
4. Lien. City shall have a lien against the Premises, Improvements, and any Ineligible Property on the Premises for the taxes and interest owed due to the recapture of taxes under this Agreement during the time period beginning on the date such payment obligation accrues and continuing until the date it is paid. Owner expressly consents to City filing documents necessary to enforce the lien.

V.
GENERAL PROVISIONS

1. Conflicts with Act. This Agreement is made subject to all conditions, prohibitions, obligations, acts of default, termination, reimbursement and recapture contained in the Act. In case of conflict between this Agreement and the Act, the Act shall control.
2. Recitals. The recitals to this Agreement are incorporated as if fully set forth herein and were relied on by the parties when entering into this Agreement.
3. Term of Agreement. This Agreement shall terminate on December 31st of the last year of the ten-year Abatement Period, unless terminated earlier as allowed by this Agreement, including any Exhibits hereto.
4. Notices. All notices required or contemplated by this Agreement shall be provided in writing and be addressed to the following, or such other party or address as either party designated in writing, by certified mail postage prepaid, by hand delivery or via facsimile:

If to Owner, then to: Novartis Gene Therapies, Inc.
 Attention:
 Brett Miller
 Isotope Manufacturing & Supply Head
 30 East Willow Street
 Millburn, New Jersey 07041

If to the City, then to: City of Denton
Attention: City Manager
215 E. McKinney
Denton Texas 76201
Phone: (940) 349-8307

With a copy to: City of Denton
Attention: City Attorney
215 E. McKinney
Denton Texas 76201
Phone: (940) 349-8333

5. Binding. The terms and conditions of this Agreement are binding upon the successors and assigns of both parties hereto.
6. Sale, Assignment or Lease of Property.
 - a. The rights, duties and obligations created by this Agreement shall vest in Owner. The Owner may (from time to time) seek approval to assign this Agreement, including all obligations, rights, titles, or interests of the Owner under this Agreement, to any person or entity that is or will become the owner of the Premises an “Assignee”): (i) without City consent, if the assignment is to a wholly owned subsidiary of the Owner or the Assignee is an affiliate controlled by or under common control with Owner, if following such assignment, the Assignee continues to occupy and operate the Premises; or (ii) with the City Council's prior written consent to any individual, partnership, joint venture, corporation, trust or other entity which acquires title to the Improvements. Upon becoming the owner of the Improvements, any Assignee of Owner shall be treated as “Owner” and become a party to this Agreement.
 - b. Owner shall be responsible for requesting approval of an assignment of this Agreement in the event that the Improvements are sold, transferred, or assigned prior to, or within a reasonable time after, such sale, transfer or assignment. No assignment is effective until approved in writing by the City. Owner shall allow City at least fourteen (14) days to process an administrative approval and at least twenty-one (21) days to process a City Council approval.
 - c. Each assignment shall be in writing, executed by the Owner, and the Assignee and shall obligate the Assignee to be bound by this Agreement. A copy of each fully executed assignment to an Assignee shall be provided to the City within ten (10) days after execution.

7. City's Authority. City represents that this Agreement was approved by the affirmative vote of a majority of the members of the City Council of the City of Denton at a regularly scheduled meeting, and execution authorized, at its meeting on December 16, 2025.
8. Owner's Authority. Owner represents and warrants that: (1) it has sufficient legal authority to conduct business in the State of Texas; (2) it has full capacity and authority to grant all rights and assume all obligations that it has granted and assumed under this Agreement; and (3) that the person or persons executing this Agreement on its behalf has been duly authorized to do so.
9. Entire Agreement. This Agreement is the entire agreement between the parties with respect to tax abatements.
10. Governing Law. This Agreement shall be governed by the laws of the State of Texas, and venue for any action concerning this Agreement shall be in the State District Court of Denton County, Texas.
11. Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all the counterparts shall constitute one and the same instrument.
12. Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.
13. Open Records. If any person requests City to disclose any information of a confidential, proprietary or trade secret nature relating to Owner, this Agreement or the Improvements under the Texas Public Information Act (Tex. Gov't. Code Ann Sec. 552.001 et seq.) or any equivalent or successor statute (the "Open Records Act") and such information is subject to, or potentially subject to, an exception under the Open Records Act, then prior to making any such disclosure and to the extent permitted under applicable law, City shall promptly send notice to Owner of such request. Promptly, but no longer than three (3) business days after the Owner's receipt of such notice from City, Owner shall notify City in writing whether Owner opposes the release and desires City to request a determination from the Texas Attorney General (an "Opinion Request") as to whether the requested information must be disclosed pursuant to the Open Records Act. Contingent upon Owner's timely cooperation, City shall submit a request to the Texas Attorney General identifying the basis for any claimed exception; *provided however* that City shall only be required to comply with the foregoing to the extent that City, in good faith, believes there is a reasonable basis for claiming that the requested information is subject to an exception under the Open Records Act and the Open Records Act permits City to make an Opinion Request in the circumstance in question. Owner shall bear the burden of establishing to the Attorney General the applicability of any sections of the Open Meetings Act claimed as an exception to disclosure in the Opinion Request by timely submitting written comments to the Attorney General.

14. No Joint Venture. Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties, and any implication to the contrary is hereby disavowed.
15. Owner Standing. Owner, as a party to this Agreement, agrees it shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same and Owner shall be entitled to intervene in said litigation. This Section does not preclude the City from bringing any defenses, including but not limited to governmental immunity.
16. Immunity. Owner agrees that by the execution of this Agreement, the City does not waive or surrender any of its respective governmental powers, immunities, or rights. The parties agree and acknowledge that this Agreement is not an agreement for the provision of goods or services to the City under Section 271.151 et seq. of the Texas Local Government Code.
17. Amendment. This Agreement may be modified by the parties hereto to include other provisions which could have originally been included in this Agreement or to delete provisions that were not originally necessary to this Agreement pursuant to the procedures set forth in the Act.
18. Section Numbers and Headings. Section numbers or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
19. Severability. In the event any article, section, subsection, paragraph, sentence, phrase or word in this Agreement is held invalid, illegal or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid article, section, subsection, paragraph, sentence, phrase, or word. In the event that (i) the length of the Abatement Period with respect to any property is longer than allowed by law, or (ii) the tax abatement applies to a broader classification of property than is allowed by law, then the tax abatement shall be valid with respect to the classification of property abated hereunder, and the portion of the term, that is allowed by law.
20. Tax Abatement Policy. The City has determined that it has adopted guidelines and criteria governing tax abatement agreements for the City to allow it to enter into this Agreement containing the terms set forth herein.
21. Policy Adherence. The City has determined that procedures followed by the City conform to the requirements of the Act, the Policy.
22. No Tax Increment Bonds. The Improvements are not in an improvement project financed by tax increment bonds.

23. No Conflict of Interest. Owner represents and warrants that neither the Premises nor any of the Improvements covered by this Agreement are owned or leased by any member of the City Council, any member of the City Planning and Zoning Commission of the City, or any member of the governing body of any taxing units joining in or adopting this Agreement.
24. Conflicts with City Ordinance. In the event of any conflict between the City zoning ordinances, or other City ordinances or regulations, and this Agreement, such ordinances or regulations shall control.
25. Indemnification. **OWNER SHALL INDEMNIFY, SAVE AND HOLD HARMLESS THE CITY, ITS ELECTED OFFICIALS, OFFICERS, AGENTS, ATTORNEYS AND EMPLOYEES (COLLECTIVELY, THE "INDEMNITEES") FROM AND AGAINST: (I) ANY ADMINISTRATIVE OR INVESTIGATIVE PROCEEDING BY ANY GOVERNMENTAL AUTHORITY DIRECTLY OR INDIRECTLY RELATED, TO A CLAIM, DEMAND, ACTION OR CAUSE OF ACTION, ARISING FROM OWNER'S PERFORMANCE OF ITS OBLIGATIONS HEREUNDER, IN WHICH THE CITY IS A DISINTERESTED PARTY; (II) ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION WHICH DIRECTLY OR INDIRECTLY CONTESTS OR CHALLENGES THE LEGAL AUTHORITY OF THE CITY OR OWNER TO ENTER INTO THIS AGREEMENT; (III) ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BROUGHT BY AN ASSIGNEE RELATED TO APPROVAL OF AN ASSIGNMENT BEING WITHHELD BY THE CITY; AND (IV) ANY AND ALL LIABILITIES, LOSSES, COSTS OR EXPENSES (INCLUDING ATTORNEY'S FEES AND DISBURSEMENTS) THAT ANY INDEMNITEES SUFFER OR INCURS AS A RESULT OF ANY OF THE FOREGOING; PROVIDED, HOWEVER, THAT OWNER SHALL HAVE NO OBLIGATION UNDER THIS PARAGRAPH TO THE CITY WITH RESPECT TO ANY OF THE FOREGOING ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE CITY OR THE BREACH BY THE CITY OF THIS AGREEMENT. IF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS ASSERTED AGAINST ANY INDEMNITEE, SUCH INDEMNITEE SHALL PROMPTLY NOTIFY OWNER, BUT THE FAILURE TO SO PROMPTLY NOTIFY OWNER SHALL NOT AFFECT OWNER'S OBLIGATIONS UNDER THIS PARAGRAPH UNLESS SUCH FAILURE MATERIALLY PREJUDICES OWNER'S RIGHT TO PARTICIPATE IN THE CONTEST OF SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION, AS HEREINAFTER PROVIDED. IF REQUESTED BY OWNER, IN WRITING, SO LONG AS NO EVENT OF DEFAULT SHALL HAVE OCCURRED AND BE CONTINUING, SUCH INDEMNITEE SHALL IN GOOD FAITH CONTEST THE VALIDITY, APPLICABILITY AND AMOUNT OF SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION AND SHALL PERMIT OWNER, TO PARTICIPATE IN SUCH CONTEST. ANY INDEMNITEE THAT PROPOSES TO SETTLE OR COMPROMISE ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION OR PROCEEDING FOR WHICH OWNER, MAY BE LIABLE FOR PAYMENT OF INDEMNITY HEREUNDER SHALL GIVE OWNER WRITTEN NOTICE OF THE TERMS OF**

SUCH PROPOSED SETTLEMENT OR COMPROMISE REASONABLY IN ADVANCE OF SETTLING OR COMPROMISING SUCH CLAIM OR PROCEEDING AND SHALL OBTAIN OWNER’S WRITTEN CONCURRENCE THERETO.

26. No vested rights. The signatories hereto shall be subject to all ordinances of the City, whether now existing or in the future arising. This Agreement shall confer no vested rights, as defined and referenced in Chapter 245 of the Texas Local Government Code, as amended, on the Premises or Owner. Owners agrees and acknowledges that this Agreement is not required by the City for the Owner to complete the project described in the Application or any other improvements to the Premises.

27. No Third Party Claims. The City, its past and future officers, elected officials, employees, and agents expressly do not assume any responsibilities or liabilities to any third party in connection with the Owner or the design, construction, or operation of any portion of the Improvements or other improvements to the Premises.

28. Exhibits. The following Exhibits are attached to this Agreement and are part of this Agreement:

Exhibit A	Reinvestment Zone Depiction
Exhibit B	Depiction of Improvements
Exhibit C	Legal Description of Premises
Exhibit D	Certificate Regarding Employment of Undocumented Workers
Exhibit E	Certificate of Compliance

IN WITNESS WHEREOF, the parties hereby have executed this Agreement as of the day and year first set forth above.

[Signatures on following page]

CITY OF DENTON, TEXAS

BY: _____
SARA HENSLEY, CITY MANAGER

ATTEST:

INGRID REX, CITY SECRETARY

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

By: Scott Bray Scott Bray
Deputy City Attorney

THIS AGREEMENT HAS BEEN
BOTH REVIEWED AND APPROVED
as to financial and operational obligations
and business terms.

Brittany Sotelo Brittany Sotelo
SIGNATURE PRINTED NAME

Economic Development Director
TITLE

Economic Development
DEPARTMENT

STATE OF TEXAS §
COUNTY OF DENTON §

Before me, the undersigned authority, a Notary Public in and for said State of Texas, on this day personally appeared Sara Hensley, City Manager for the City of Denton, known to me to be the person who signed and executed the foregoing instrument, and acknowledged to me that this instrument was executed for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____ 2025.

Notary Public in and for
the State of Texas
My Commission Expires: _____

NOVARTIS GENE THERAPIES, INC.

By: _____

Its: _____

STATE OF _____ §
COUNTY OF _____ §

Before me, the undersigned authority, a Notary Public in and for said State of Texas, on this day personally appeared _____, on behalf of _____, known to me to be _____ for said company, a division of _____, and to be the person who signed and executed the foregoing instrument, and acknowledged to me that this instrument was executed for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____ 2025.

Notary Public in and for
the State of _____
My Commission Expires: _____

EXHIBIT A

DEPICTION OF REINVESTMENT ZONE BOUNDARIES

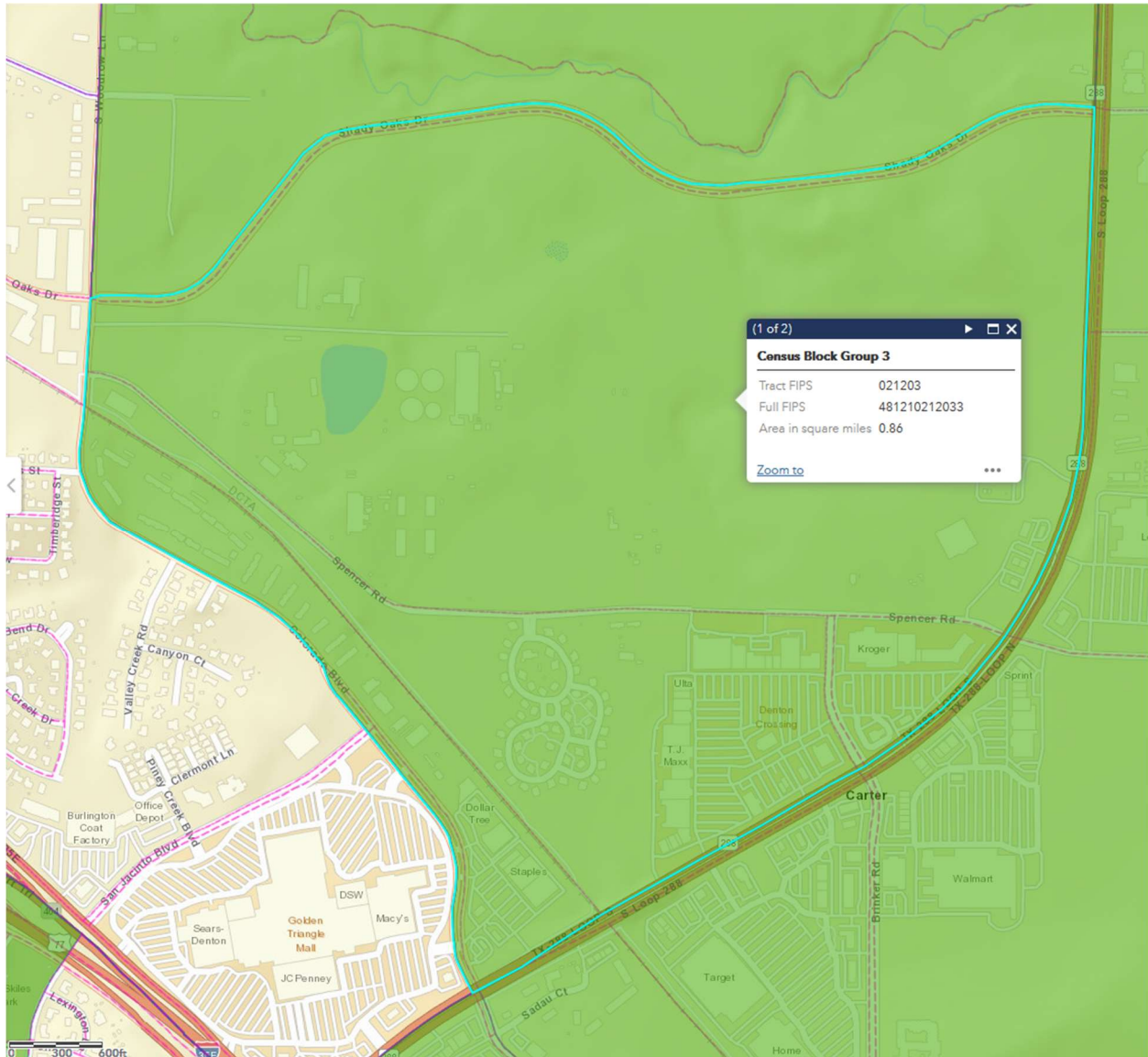


EXHIBIT B

DEPICTION OF IMPROVEMENTS



Legend — Planned Site Improvements Overview

1. **Main Production Building** — Modernize and upgrade interior for future drug product manufacturing
2. **Potential Expansion Area A (West)** — Reserved space for possible future development
3. **Potential Expansion Area B (East)** — Reserved space for possible future development
4. **Loading & Shipping Zone** — Improve truck access and material handling efficiency
5. **Quality Testing Area** — Renovate for updated testing and compliance standards
6. **Utility Systems** — Upgrade water, steam, and air infrastructure for reliability
7. **Wastewater Management** — Install improved treatment system for environmental compliance
8. **Secure Entry Area** — Enhance controlled access for safety and security
9. **Warehouse & Office Building** — Refresh exterior and interior for storage and administrative use
10. **Roadway Improvements** — Upgrade access roads for safer traffic flow and connectivity
 - **Exterior Landscaping & Aesthetics** — Add greenery, lighting, and signage for a modern, welcoming appearance

EXHIBIT C

LEGAL DESCRIPTION OF PREMISES

Being Lot 2, Block 1, Research Addition, Denton County, Texas, Recorded by County Clerk file number 1998-R0003760, Plat Records, Denton County, Texas.

EXHIBIT D

CERTIFICATION REGARDING THE EMPLOYMENT OF UNDOCUMENTED WORKERS

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) The business receiving any public subsidies provides pursuant to this Agreement, or a branch, division, or department of the business, does not and will not knowingly employ undocumented workers. For purposes of this Certification, “Public Subsidies” means grants, loans, loan guarantees, benefits relating to an enterprise or empowerment zone, fee waivers or rebates, land price subsidies, infrastructure development and improvements designed to principally benefit a single business or defined group of businesses, matching funds, tax refunds, tax rebates, or tax abatements. For purposes of this Certification, “Undocumented worker” means an individual who, at the time of employment, is not:

- (A) lawfully admitted for permanent residence to the United States; or
- (B) authorized under law to be employed in that manner in the United States.

(2) If, after receiving the Public Subsidies provide herein, the business entity or a branch, division, or department of the business, is convicted of a violation under 8 U.S.C. to be Section 1324a(f), the business shall repay the amount of the Public Subsidy with interest to be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas, but without the addition of a penalty, according to the terms provided by this Agreement under V.T.C.A. Government Code § 2264.053, not later than the 120th day after the date the City notifies the business of the violation.

This certification is a material representation of fact upon which reliance was placed when this Agreement was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by V.T.C.A. Government Code § 2264.

NOVARTIS GENE THERAPIES, INC.

By: _____

(Type name and title)

EXHIBIT E

**CITY OF DENTON CERTIFICATE OF COMPLIANCE
FOR TAX ABATEMENT AGREEMENT**

Company/Owner: Novartis Gene Therapies, Inc.

Reporting Year: January 1 - December 31, 20____

CO by 12/31/2029, then 10 year Abatement

Base Year: 2025

Capitalized terms herein have the same meaning as in the Agreement. “Reporting Year” shall mean the calendar year identified above.

- I. Investment Basics
- 1.1 Appraised Value of Total Improvements for Reporting Year: \$_____ (excludes land value)
- 1.2 Date Certificate of Occupancy was issued for the Improvements: _____
- 1.3 Date first year of Abatement Period began: January 1, _____
- 1.4 Owner’s total capital investment in Improvements before start of Abatement Period: \$_____
- II. Additional Requirements
- 2.1 Did the Company use the Improvements in the manner set forth in its Application during the Reporting Year?
- ☐ YES ☐ NO
- 2.2 Did the Company discontinue occupancy or operations of the Improvements during the Reporting Year?
- ☐ YES ☐ NO
- If YES, dates of discontinuance: _____
- 2.3 Was the Company or a branch, division, or department of the Company, convicted of a violation under 8 U.S.C. to be Section 1324a(f), regarding undocumented workers, during the Reporting Year?
- ☐ YES ☐ NO
- 2.4 Did the Company use good faith efforts to maximize sales and use tax paid to the City by hiring Denton contractors and suppliers in construction of the Improvements?

☐ YES ☐ NO

2.5 Did the Company report and pay all City sales and use taxes to the Comptroller of the State of Texas in the time and manner required by the laws of the State of Texas for the Reporting Year?

☐ YES ☐ NO

2.6 Is the Company timely submitting this Certificate of Compliance for the Reporting Year?

☐ YES ☐ NO

2.7 Did the Company comply with all provisions of the Agreement during the Reporting Year?

☐ YES ☐ NO

III. Property Taxes and Abatement

3.1 Amount of the City property taxes that were not abated and paid for the Reporting Year:

Business Personal Property
\$ _____

Real Property
\$ _____
Attach the most recent Property Tax Notice.

3.2 Is the Company presently delinquent in the payment of any property taxes collected by Denton County?

☐ YES ☐ NO

I, the authorized representative for Novartis Gene Therapies, hereby certify that the above information is correct and accurate pursuant to the terms of the Agreement. I further certify that the Company has fully complied with the Tax Abatement Agreement during the year ending December 31, 20____, including compliance with the City of Denton Code of Ordinances, Texas Department of Public Safety Regulations, and other applicable federal, state, or local law.

NOVARTIS GENE THERAPIES, INC.

Signature: _____

Printed Name: _____ Title: _____

Date: _____