

UNDERWOOD

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August 10, 2018

Tabita Collazo
Economic Development and Analysis Division
Texas Comptroller of Public Accounts
111 E. 17th St.
Austin, TX 78774

Via Email and Federal Express

Re: App 1259 – Zapata County ISD –Reloj del Sol Wind Farm, LLC

Dear Tabita:

Attached please find amended application pages for the Chapter 313 Application submitted by Reloj del Sol Wind Farm, LLC to Zapata County ISD (the "Application"), along with a signature page for this Amendment No. 02, and the full set of schedules in Excel format. This Amendment, dated August 6, 2018 and numbered 02, is the second amendment to the Application.

A CD containing this Amendment is also enclosed. Please let me know if you require any additional information.

Sincerely,



Fred A. Stormer

FAS/ph
Encl.

cc: Brandon Budde, Ryan

via email: brandon.budde@ryan.com

Reloj del Sol Wind Farm LLC

Chapter 313 Application to Zapata County ISD

Amendment No. 2

TAB #1

Application

See attached.

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

2. What is the last complete calendar quarter before application review start date:

☒ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2018
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0

Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 3

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☒ Yes ☐ No

6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

a. Average weekly wage for all jobs (all industries) in the county is 907.75

b. 110% of the average weekly wage for manufacturing jobs in the county is 2,032.53

c. 110% of the average weekly wage for manufacturing jobs in the region is 663.03

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 34,477.30

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 34,477.30

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No

12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No

13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

TAB #4

Detailed Description of Project

The Applicant, Reloj del Sol Wind Farm LLC is requesting an appraised value limitation all property constructed or placed upon real property located in Zapata County ISD in Zapata County. The property for which the Applicant is requesting an appraised value limitation will be a wind-powered electric generating facility with an estimated operating capacity of 202 megawatts of power. The exact number of wind turbines and the size of the each turbine will vary depending upon the final wind turbines selected and the megawatt generating capacity of the project. The Project will also include, but not limited to, the following: reinforced concrete foundations supporting the weight of each turbine tower, conductor cables used to transport electricity from each turbine tower to an electrical substation, collection substation, and approximately 3 miles of transmission lines. The Project boundaries are entirely within Zapata County ISD and a Reinvestment Zone. The Applicant estimates that the Project will be constructed and become operational by the end of the year 2020.

TAB #7

Description of Qualified Investment

The Applicant, Reloj del Sol Wind Farm LLC is requesting an appraised value limitation all property constructed or placed upon real property located in Zapata County ISD in Zapata County. The property for which the Applicant is requesting an appraised value limitation will be a wind-powered electric generating facility with an estimated operating capacity of 202 megawatts of power. The exact number of wind turbines and the size of the each turbine will vary depending upon the final wind turbines selected and the megawatt generating capacity of the project. The Project will also include, but not limited to, the following: reinforced concrete foundations supporting the weight of each turbine tower, conductor cables used to transport electricity from each turbine tower to an electrical substation, collection substation, and approximately 3 miles of transmission lines. The Project boundaries are entirely within Zapata County ISD and a Reinvestment Zone. The Applicant estimates that the Project will be constructed and become operational by the end of the year 2020.

TAB #8

Description of Qualified Property

The Applicant, Reloj del Sol Wind Farm LLC is requesting an appraised value limitation all property constructed or placed upon real property located in Zapata County ISD in Zapata County. The property for which the Applicant is requesting an appraised value limitation will be a wind-powered electric generating facility with an estimated operating capacity of 202 megawatts of power. The exact number of wind turbines and the size of the each turbine will vary depending upon the final wind turbines selected and the megawatt generating capacity of the project. The Project will also include, but not limited to, the following: reinforced concrete foundations supporting the weight of each turbine tower, conductor cables used to transport electricity from each turbine tower to an electrical substation, collection substation, and approximately 3 miles of transmission lines. The Project boundaries are entirely within Zapata County ISD and a Reinvestment Zone. The Applicant estimates that the Project will be constructed and become operational by the end of the year 2020.

TAB #11

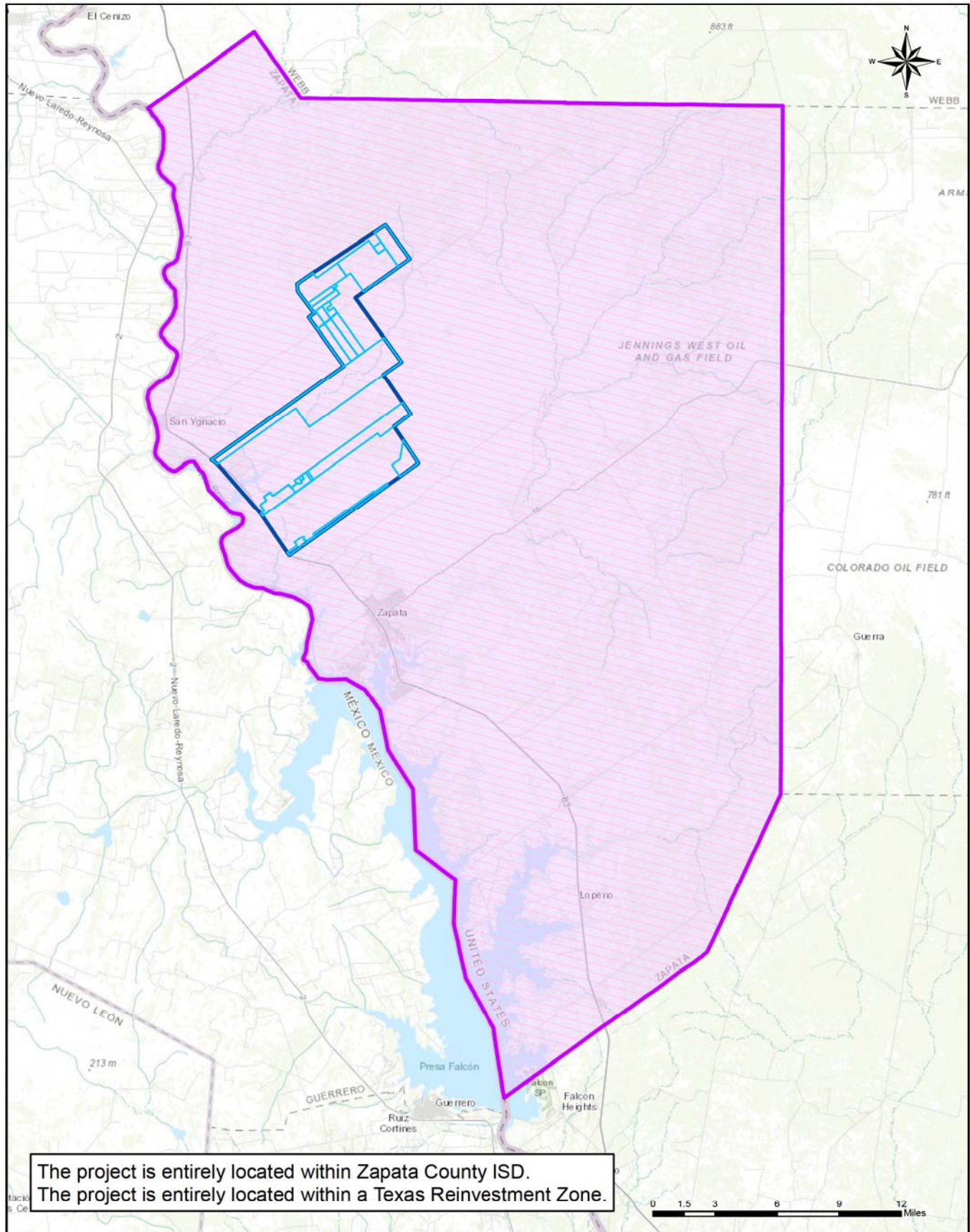
Maps of Project

See attached.






Reloj del Sol Wind Farm

Project Property

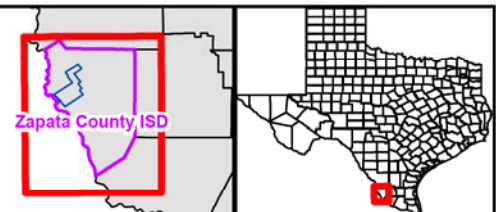
Amendment No. 2 -  renewables



Legend

-  Parcels
-  Project Boundary
-  Zapata County
-  Zapata County ISD
-  Zapata County Reinvestment Zone

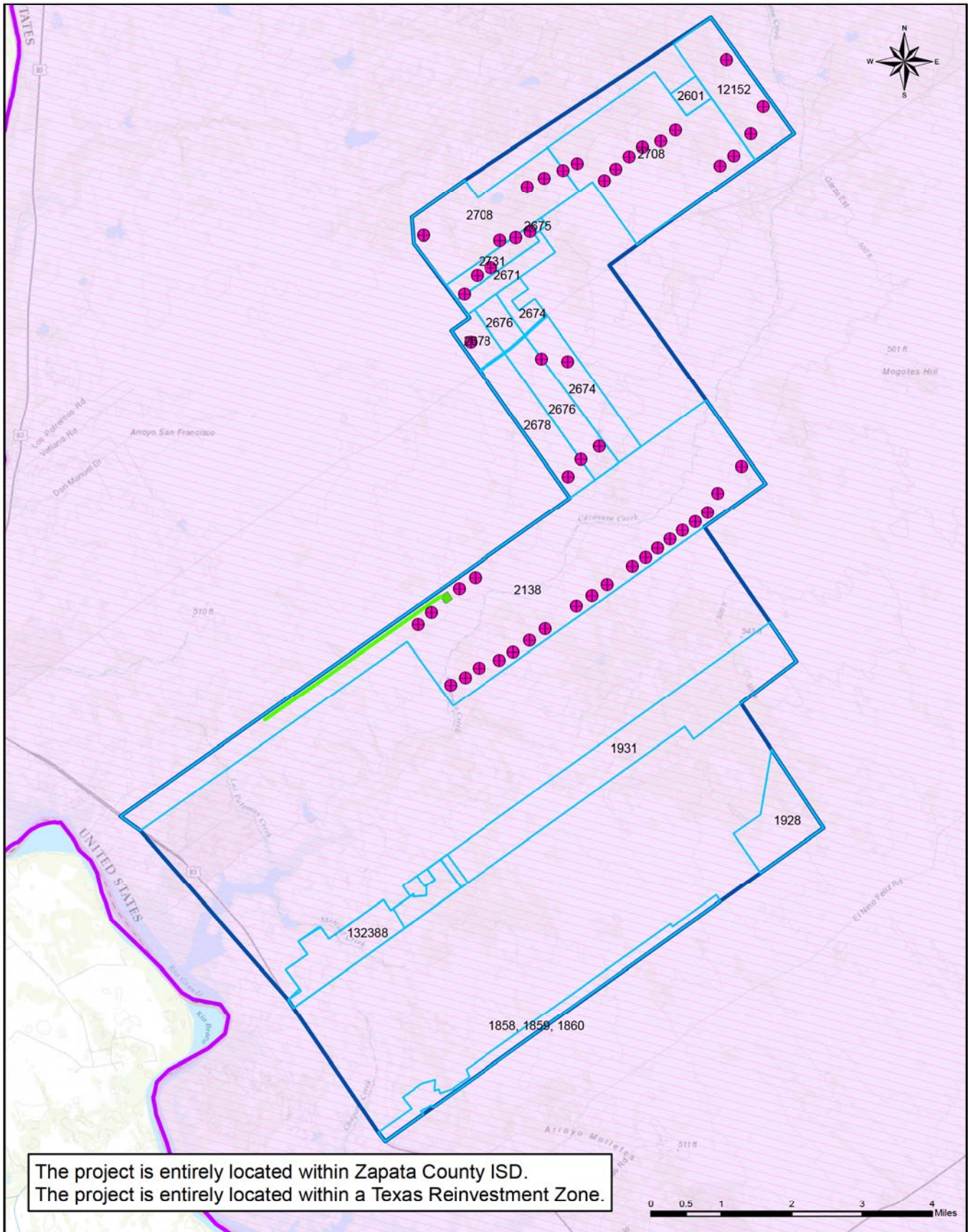
Author: NMW
Date / Time: 20 July 2019 / 09:24 AM
Version: 1.0
Datum: WGS 1984
Projection:
Scale: 1:3,000,000
Source: ESRI, USGS











Reloj del Sol Wind Farm

Project Property

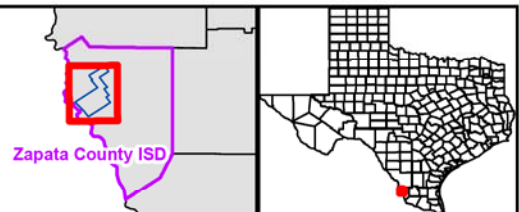
Amendment No. 2 -  renewables



Legend

-  Preliminary Turbine Layout
-  Project Transmission Route (Preliminary)
-  Parcels
-  Project Substation (Preliminary)
-  Project Boundary
-  Zapata County
-  Zapata County ISD
-  Zapata County Reinvestment Zone

Author: NMR
Date / Time: 20 July 2016 / 03:29 PM
Version: 1.0
Datum: North American 1983
Projection: NAD 83 StatePlane Texas South FIPS 4205 Feet
Scale: 1:60,287
Source: ESRI, USGS



Reloj del Sol Wind Farm LLC

Chapter 313 Application to Zapata County ISD

Amendment No. 2

TAB #13

Calculation of three possible wage requirements with TWC documentation

Zapata County All Industries Average Weekly Wages

Zapata County Average All Industries Weekly Wages								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	3rd Qtr	Zapata County	Private	00	0	10	Total, all industries	\$ 864.00
2017	2nd Qtr	Zapata County	Private	00	0	10	Total, all industries	\$ 898.00
2017	1st Qtr	Zapata County	Private	00	0	10	Total, all industries	\$ 876.00
2016	4th Qtr	Zapata County	Private	00	0	10	Total, all industries	\$ 861.00
4 Period Weekly Average								\$ 874.75
Average Weekly Wage								\$ 874.75
Annual Wages								\$ 45,487.00

Zapata County Average Manufacturing Weekly Wages

Zapata County Average Manufacturing Weekly Wages								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	3rd Qtr	Zapata County	Private	31	2	31-33	Manufacturing	\$ 1,754.00
2017	2nd Qtr	Zapata County	Private	31	2	31-33	Manufacturing	\$ 1,885.00
2017	1st Qtr	Zapata County	Private	31	2	31-33	Manufacturing	\$ 1,901.00
2016	4th Qtr	Zapata County	Private	31	2	31-33	Manufacturing	\$ 1,748.00
4 Period Weekly Average								\$ 1,822.00
110% of Average Weekly Wage								\$ 2,004.20
110% of Annual Wages								\$ 104,218.40

COG Region Wage

South Texas Development Council		
<i>2017 Average Manufacturing Wages</i>	Hourly	Annual
	\$ 15.07	\$ 31,343.00
Avg Weekly Wage		\$ 602.75
110% of Region Weekly Wage		\$ 663.03
110% of Annual Wages		\$ 34,477.30

**2017 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$26.24	\$54,587
<u>1. Panhandle Regional Planning Commission</u>	\$23.65	\$49,190
<u>2. South Plains Association of Governments</u>	\$19.36	\$40,262
<u>3. NORTEX Regional Planning Commission</u>	\$23.46	\$48,789
<u>4. North Central Texas Council of Governments</u>	\$26.80	\$55,747
<u>5. Ark-Tex Council of Governments</u>	\$18.59	\$38,663
<u>6. East Texas Council of Governments</u>	\$21.07	\$43,827
<u>7. West Central Texas Council of Governments</u>	\$21.24	\$44,178
<u>8. Rio Grande Council of Governments</u>	\$18.44	\$38,351
<u>9. Permian Basin Regional Planning Commission</u>	\$26.24	\$54,576
<u>10. Concho Valley Council of Governments</u>	\$19.67	\$40,924
<u>11. Heart of Texas Council of Governments</u>	\$21.53	\$44,781
<u>12. Capital Area Council of Governments</u>	\$31.49	\$65,497
<u>13. Brazos Valley Council of Governments</u>	\$17.76	\$39,931
<u>14. Deep East Texas Council of Governments</u>	\$17.99	\$37,428
<u>15. South East Texas Regional Planning Commission</u>	\$34.98	\$72,755
<u>16. Houston-Galveston Area Council</u>	\$28.94	\$60,202
<u>17. Golden Crescent Regional Planning Commission</u>	\$26.94	\$56,042
<u>18. Alamo Area Council of Governments</u>	\$22.05	\$48,869
<u>19. South Texas Development Council</u>	\$15.07	\$31,343
<u>20. Coastal Bend Council of Governments</u>	\$28.98	\$60,276
<u>21. Lower Rio Grande Valley Development Council</u>	\$17.86	\$37,152
<u>22. Texoma Council of Governments</u>	\$21.18	\$44,060
<u>23. Central Texas Council of Governments</u>	\$19.30	\$40,146
<u>24. Middle Rio Grande Development Council</u>	\$24.07	\$50,058

Source: Texas Occupational Employment and Wages

Data published: July 2018

Data published annually, next update will be July 31, 2019

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

TAB #14

Schedules A-D

See attached.

Schedule C: Employment Information

Date 8/2/2018
 Applicant Name Reloj del Sol Wind Farm LLC
 ISD Name Zapata County ISD

Form 50-296A

Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018					
	0	2019-2020	2019					
	0	2020-2021	2020	200,000 man-hours	45,656			
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021				3	34,477
	2	2022-2023	2022				3	34,477
	3	2023-2024	2023				3	34,477
	4	2024-2025	2024				3	34,477
	5	2025-2026	2025				3	34,477
	6	2026-2027	2026				3	34,477
	7	2027-2028	2027				3	34,477
	8	2028-2029	2028				3	34,477
	9	2029-2030	2029				3	34,477
	10	2030-2031	2030				3	34,477
Years Following Value Limitation Period	11 through 25	2032-2046	2031-2045				3	34,477

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
 Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
 If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

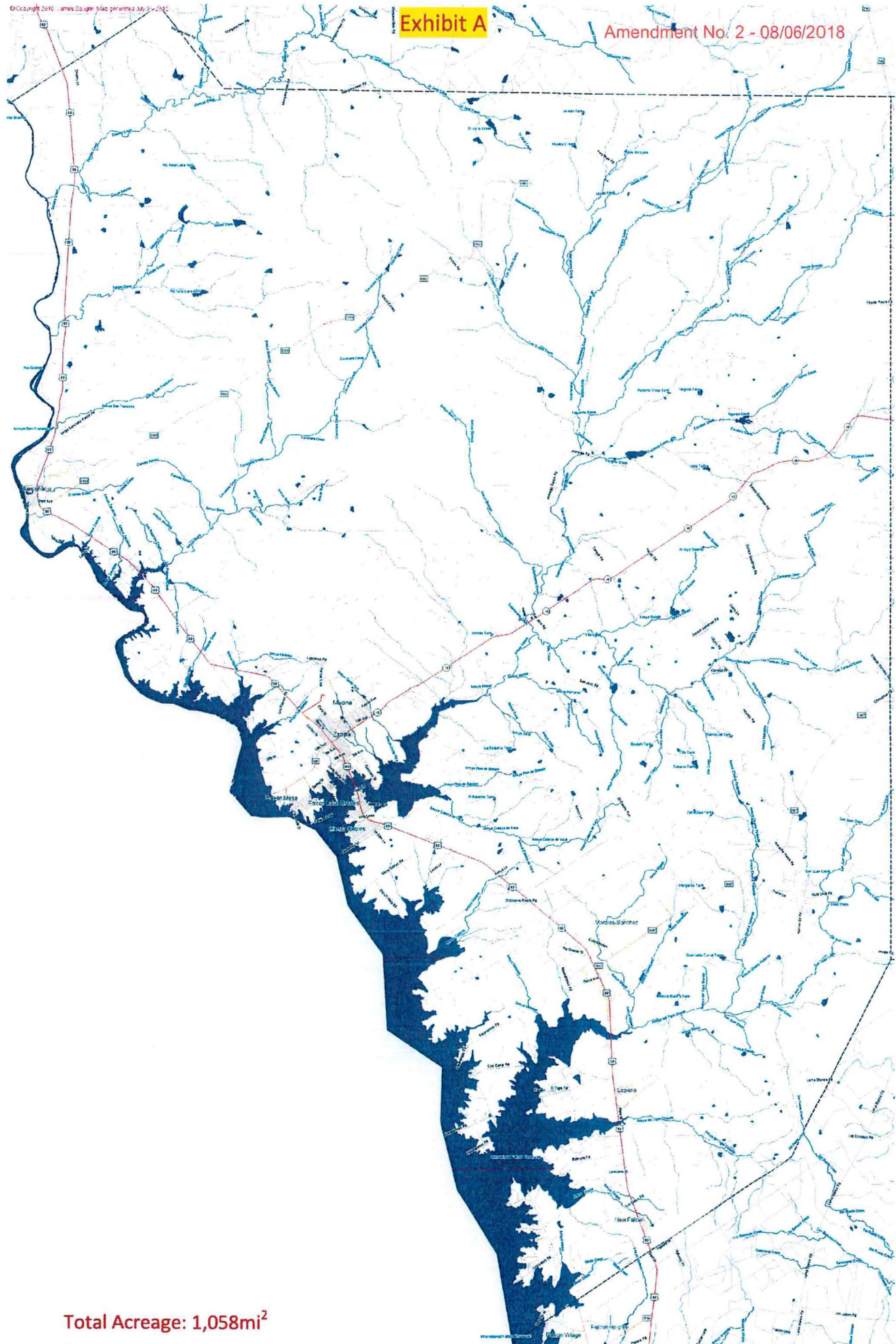
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

TAB #16

Map and Description of Reinvestment Zone

Exhibit A

Amendment No. 2 - 08/06/2018



Total Acreage: 1,058mi²

Note: The entire boundary of Zapata County is designated as a Reinvestment Zone as indicated in the resolution.

Reloj del Sol Wind Farm LLC

Chapter 313 Application to Zapata County ISD

Amendment No. 2

TAB #16 Continued

Resolution Establishing the Reinvestment Zone

**RESOLUTION OF THE COMMISSIONERS COURT
OF ZAPATA COUNTY, TEXAS
DESIGNATING REINVESTMENT ZONE**

A RESOLUTION DESIGNATING THE AREA OF ZAPATA COUNTY, TEXAS AS A REINVESTMENT ZONE FOR A COMMERCIAL-INDUSTRIAL TAX ABATEMENT IN ZAPATA COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Commissioners Court of Zapata County, Texas desires to promote the development or redevelopment of the geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Property Code §312.001, et. seq.), and Tax Abatement Guidelines and Criteria of Zapata County (the "Guidelines"); and

WHEREAS, on March 26, 2018, a hearing before the Commissioners Court of Zapata County, Texas was held, and such date at least seven days (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Zapata County and the delivery of written notice to the respective presiding officer of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of Zapata County, Texas at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the real property to be included should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone; and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone;

BE IT RESOVLED BY THE COMMISSIONERS COURT OF ZAPATA COUNTY, TEXAS

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Commissioners Court of Zapata County, Texas, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing

bodies of all taxing units inside the proposed reinvestment zone; and

- (b) That the boundaries of the proposed reinvestment zone should be the area depicted on the map attached hereto as Exhibit "A", said Exhibit being incorporated herein by reference for all purposes; and,
- (c) That creation of the reinvestment zone will result in benefits to Zapata County, Texas and to land included in the reinvestment zone and that the improvements sought are feasible and practical; and
- (d) The reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property that would contribute to the economic development of Zapata County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Zapata County, Texas, that being of all of Zapata County.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, the Zapata County Commissioners Court hereby creates the Zapata County Reinvestment Zone; a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit "A", and such investment zone is hereby designated and shall hereafter be referred to as Zapata County Reinvestment Zone Number 2018-01.

SECTION 4. That Zapata County Reinvestment Zone Number 2018-01 shall take effect on March 26, 2018 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation and may be renewed for an additional five (5) year period thereafter.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determined and declared that sufficient notice of the date, hour, place and subject, of the meeting of the Zapata County Commissioners Court at which this Resolution was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general circulation within the County, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this the 26th day of March, 2018.

ZAPATA COUNTY, TEXAS

Honorable Joseph Rathmell
Zapata County Judge

Paco Mendoza
Commissioner Pct.1

Olga M. Elizondo
Commissioner Pct.2

Eddie Martinez
Commissioner Pct.3

Norberto Garza
Commissioner Pct.4

ATTEST:

Mary Jayne Villarreal-Bonoan
County Clerk



TAB #16 Continued

Guidelines and Criteria for Establishing the Reinvestment Zone

STATE OF TEXAS

ZAPATA COUNTY

TAX ABATEMENT GUIDELINES AND CRITERIA

Zapata County (the "County") is committed to the promotion of quality development in all parts of Zapata County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider providing Tax Abatements (as defined below) to stimulate economic development. It is the policy of the County that such an incentive will be provided in accord with the guidelines and criteria outlined in this document. All applicants for Tax Abatements shall be considered on an individual basis.

In order to be eligible for designation as a Reinvestment Zone and receive Tax Abatement, and unless otherwise approved by the County, the planned improvement:

1. must be an Eligible Facility (as defined below);
2. must add at least Ten Million Thousand (\$10,000,000.00) to the tax roll of eligible property;
3. must be reasonably expected to have an increase in positive net economic benefit to Zapata County of at least Twenty Million Dollars (\$20,000,000.00) over the life of the Abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement; and
4. must not be expected to solely or primarily have the effect of transferring employment from one part of Zapata County to another.

In addition to the criteria set forth above, the County reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property that is a direct result of the development, redevelopment, and improvement specified in the Agreement will be eligible for Abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.

All Tax Abatement Agreements will remain in effect no longer than allowed by law.

It is the goal of the County to grant Tax Abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. HOWEVER, NOTHING HEREIN SHALL IMPLY OR SUGGEST THAT THE COUNTY IS UNDER ANY OBLIGATION TO PROVIDE ANY TAX ABATEMENT, OR PROVIDE ANY LENGTH, LEVEL OR VALUE OF TAX ABATEMENT, TO ANY APPLICANT.

This policy is effective as of the 11th day of December, 2017, and shall at all times be kept current with regard to the needs of Zapata County and reflective of the official views of the County, and shall be reviewed every two (2) years.

The adoption of these guidelines and criteria by the Commissioners does not:

1. limit the discretion of the governing body to decide whether to enter into a specific Tax Abatement Agreement;
2. limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for Tax Abatement; or
3. create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for Tax Abatement.

SECTION I. DEFINITIONS

A. **“Abatement” or “Tax Abatement”** means the full or partial exemption from County ad valorem taxes of the increased values of eligible properties in a reinvestment zone designated as such in accordance with state law.

B. **“Agreement” or “Abatement Agreement”** means a contractual Agreement between a property owner and/or lessee and the County for the purpose of a tax abatement.

C. **“Base Year Value”** means the assessed value on the eligible property as of January 1 preceding the execution of the Agreement.

D. **“Deferred Maintenance”** means improvements necessary for continued operation which do not improve productivity or alter the process technology.

E. **“Eligible Facilities”** means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting the Abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Zapata County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Zapata County such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to a(n):

aquaculture/agriculture facility;
distribution center facility;
manufacturing facility;
office building;

regional entertainment/tourism facility;
research service facility;
regional service facility;
historic building in a designated area;
renewable energy facility; or
other basic industrial facility.

F. **“Expansion”** means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

G. **“Facility”** means property improvement(s) completed or in the process of construction which together comprise an interregional whole.

H. **“Lease”** means a relationship whereby the applicant applying for a tax abatement has a contract for exclusive possession of the real property on which improvements are to be made and/or personal property to be used for the operation of the business for a defined period of time.

I. **“Modernization”** means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment. Modernization shall not include reconditioning, refurbishing, repairing or completion of deferred maintenance.

J. **“New Facility”** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

K. **“Personal Property”** means machinery, equipment and/or tools used, or bought or leased for use, in the operations of the person applying for tax abatement, other than that which was located on the real property at any time before execution of the tax abatement agreement. “Personal property” shall not include inventory supplies, office furniture, office equipment, motor vehicles, aircraft, housing, hotel accommodations, or deferred maintenance investments.

L. **“Productive Life”** means the number of years property improvement(s) is/are expected to be in service in a facility.

M. **“Real Property”** means the area of land defined by legal description as being owned or leased by the applicant applying for a tax abatement, including any improvements thereto, which is to be improved and valued for property tax purposes, and which is to be included in the Reinvestment Zone.

N. **“Reinvestment Zone”** is an area designated as such for the purpose of a tax abatement as authorized by the County in accordance with the Texas Tax Code (hereinafter Code”).

SECTION II. REINVESTMENT ZONE DESIGNATION

- A. A Reinvestment Zone may only be designated in accordance with the Code.
- B. A Reinvestment Zone may only be designated by the Commissioners Court in an area of the County that does not include an area within the taxing jurisdiction of a municipality.
- C. An area may be designated as a Reinvestment Zone if the Commissioners Court, after a public hearing on the proposed designation, finds that the designation would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the Reinvestment Zone and would contribute to the economic development of the County.
- D. A public hearing on a proposed Reinvestment Zone designation must be held prior to the findings and action of the Commissioners Court on the proposal. The public hearing shall be conducted in accordance with applicable provisions of the Code. The public hearing must also be posted as an agenda item in accordance with Chapter 551 of the Texas Government Code (the "Texas Open Meetings Act").
- F. If the Commissioners Court finds that designation of an area as a Reinvestment Zone is proper, such proposed designation shall be put to a vote of the Commissioners Court, and will pass if a majority of the members of the Commissioners Court in attendance vote to approve the designation. The order of the Commissioners Court designating the area as a Reinvestment Zone shall contain a sufficient description of the Reinvestment Zone.
- G. The designation of a Reinvestment Zone shall be for a period of five (5) years. No designation of a Reinvestment Zone shall exceed five (5) years, and a designation of a Reinvestment Zone shall automatically expire five (5) years after the date of designation unless renewed by the Commissioners Court for one or more subsequent periods not to exceed five (5) years each. The expiration of a designation of a Reinvestment Zone does not affect any existing tax abatement agreement relating to property in such Reinvestment Zone.
- H. Tax abatement agreements entered by the County shall be in compliance with all applicable requirements set forth in the Code.

SECTION III. ABATEMENT AUTHORIZED

A. **Eligible Facilities/Value of Abatement.** Upon application, Eligible Facilities shall be considered for Tax Abatement as hereinafter provided. Eligible Facilities may be granted abatement on all or a portion of the increased value of eligible property, as described below, over the base year value for a period not to exceed ten (10) years. Such abatement, if granted as to real property, is not with regard to the entire value of the real property, but only to the extent that the value of the real property exceeds the value for the year in which the abatement is granted (i.e. the Base Year Value). Ad valorem taxes on tangible Personal Property may be abated to the extent of additions, but cannot be abated as to Personal Property located on the real property at any time before the tax abatement is executed, and cannot be abated for

inventory, supplies, office furniture, office equipment, motor vehicles, aircraft, housing, hotel accommodations, or deferred maintenance investments.

B. **Creation of New Values.** Abatement may only be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

C. **New and Existing Facilities.** Abatement may be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

D. **Eligible Property.** Abatement may be extended to the value of new, expanded, or modernized buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility, and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code.

E. **Ineligible Property.** The following types of property shall be fully taxable and ineligible for Tax Abatement: land; animals; inventories, supplies; tools; furnishings; vehicles; vessels; aircraft; deferred maintenance investments; housing and property to be rented or leased, except as provided in Section II(F); property owned or used by the State of Texas.

F. **Owned/Leased Facilities.** If a leased facility is granted Abatement, the Agreement shall be executed with the lessor and the lessee. If the land is leased, but the facility constructed or installed thereon is owned by the lessee, the lessee shall execute the Agreement.

G. **Economic Qualifications.** In order to be eligible for designation as a reinvestment zone and receive Tax Abatement, the planned improvement:

- (1) must be an Eligible Facility;
- (2) must add at least Five Hundred Thousand Dollars (\$500,000.00) to the tax roll of eligible property;
- (3) must be reasonably expected to have an increase in positive net economic benefit to Zapata County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not be limited to) new sustaining payroll and/or capital improvement. The creation of new jobs will also factor into the decision to grant an Abatement; and
- (4) must not be expected to solely or primarily have the effect of transferring employment from one part of Zapata County to another.

H. **Standards for Tax Abatement.** The following factors, among others, will be considered in determining whether to grant Tax Abatement:

- (1) value of existing improvements, if any;
- (2) type and value of proposed improvements;
- (3) productive life of proposed improvements;
- (4) number of existing jobs to be retained by proposed improvements;
- (5) number and type of new jobs to be created by proposed improvements;
- (6) amount of local payroll to be created;
- (7) whether the new jobs to be created will be filled by persons residing or projected to reside within the affected taxing jurisdiction;
- (8) amount by which property tax base valuation will be increased during the term of Abatement and after Abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than Five Hundred Thousand Dollars (\$500,000.00);
- (9) expenses to be incurred in providing facilities directly resulting from the new improvements;
- () the amount of ad valorem taxes to be paid to the County during the Abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;
- (1) the population growth of Zapata County that occurs directly as a result of new improvements;
- (2) the types and values of public improvements, if any, to be made by applicant seeking Abatement;
- (3) whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (4) the impact on the business opportunities of existing business;
- (5) the attraction of other new businesses to the area;
- (6) the overall compatibility with the zoning ordinances and comprehensive plan for the area; and
- (7) whether the project obtains all necessary permits from the applicable environmental agencies.

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided above. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. **Denial of Abatement.** An Abatement Agreement shall not be authorized if it is determined that:

- (1) there would be substantial adverse effect on the provision of government services or tax base;
- (0) the applicant has insufficient financial capacity;
- (1) applicant activities would violate applicable codes or laws; or
- (2) any other reason deemed appropriate by the County.

J. **Taxability.** From the execution of the Abatement to the end of the Agreement period, taxes shall be payable as follows:

- (1) the value of ineligible property as provided in Section II(E) shall be fully taxable;
- (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) the additional value of new eligible property shall be fully taxable at the end of the Abatement period.

SECTION IV. APPLICATION

A. Any present or potential owner of taxable property in the County may request Tax Abatement by filing a written application with the County Judge for submission to the Commissioners Court.

B. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an Abatement is requested; a list of the kind, number and location of all proposed improvements of a property; a map and property description (i.e survey); and a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The Commissioners Court may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant to be attached to the application. The completed application must be accompanied by the payment of a nonrefundable application fee for administrative costs and legal fees associated with the processing of the Tax Abatement request. All checks in payment of

the administrative fee shall be made payable to the County. The fee for Abatement requests shall be One Thousand and No/100 Dollars (\$1,000.00).

C. The County shall give notice as provided by the Property Tax Code, including written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the Agreement is located, not later than seven (7) days before acting upon the application.

D. The application process described in this Section III shall be followed regardless of whether a particular reinvestment zone is created by Zapata County or a taxing entity within Zapata County. No other notice or hearing shall be required except compliance with the open meetings act, unless the Commissioners deem them necessary in a particular case.

SECTION V. AGREEMENT

A. After approval, the Commissioners shall formally pass a resolution and execute an Agreement with the owner of the facility and lessee, as required, which shall:

- (1) include a list of the kind, number and location of all proposed improvements to the property;
- (2) provide access to and authorize inspection of the property by the taxing unit to insure compliance with the Agreement;
- (3) limit the use of the property consistent with the taxing unit's development goals;
- (4) provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the Agreement;
- (5) include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the Agreement to each taxing unit; and
- () allow the taxing unit to cancel or modify the Agreement at any time if the property owner fails to comply with the terms of the Agreement.

SECTION VI. RECAPTURE

A. In the event that the applicant or its assignee (1) allows its ad valorem taxes owed to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or content; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the cure period, the Agreement may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and paid within ninety

(90) days of the termination.

Should the County determine that the applicant or its assignee is in default according to the terms and conditions of its Agreement, the County shall notify the applicant in writing at the address stated in the Agreement, and if such is not cured within the time set forth in such notice (the "Cure Period"), then the Agreement may be terminated.

SECTION VII. ADMINISTRATION

A. The Chief Appraiser of the Zapata County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving Abatement shall furnish the appraiser with such information as may be necessary for the Abatement. Once value has been established, the Chief Appraiser will notify the Commissioners of the amount of the assessment.

B. The County may execute a contract with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the Abatement Agreement are being met. The Abatement Agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the Abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving forty-eight (48) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the applicant present and in accordance with its safety standards.

Upon completion of construction, a designated representative of the County shall annually evaluate each facility receiving Abatement to insure compliance with the Agreement and shall formally report such evaluations to the Commissioners.

SECTION VIII. ASSIGNMENT

The Abatement Agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility either upon the approval by resolution of the Commissioners or in accordance with the terms of an existing Tax Abatement Agreement. No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner, or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld. Notice shall be given to the Commissioners at least twenty (20) days in advance of any transfer or assignment.

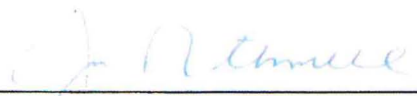
SECTION VIII. SUNSET PROVISION

These Guidelines and Criteria are effective upon the date of their adoption, and shall supersede and replace any and all prior guidelines and criteria for Tax Abatement in the County. These Guidelines and Criteria shall remain in force for two (2) years, unless amended by a three-


quarters (3/4) vote of the Commissioners, at which time all reinvestment zones and Tax Abatement Agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on such review, the Guidelines and Criteria will be modified, renewed or eliminated; provided, however, no modification or elimination of the Guidelines and Criteria shall affect Tax Abatement Agreements that have been previously approved until the parties thereto shall agree to amend such Agreements.

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PASSED, APPROVED AND ADOPTED on this the 11th day of December, 2017.



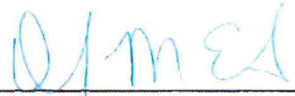
HON. JUDGE JOE RATHMELL
Zapata County Judge



HON. PACO MENDOZA
County Commissioner, Precinct 1



HON. EDDIE MARTINEZ
County Commissioner, Precinct 3



HON. OLGA M. ELIZONDO
County Commissioner, Precinct 2



HON. NORBERTO GARZA
County Commissioner, Precinct 4

ATTEST:

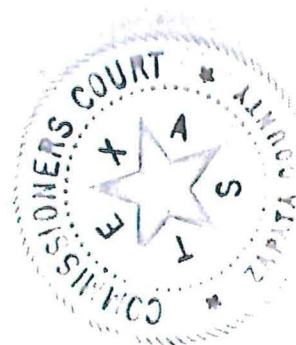


HON. MARY JAYNE VILLARREAL-BONOAN, County Clerk

APPROVED TO FORM:



HON. SAID ALFONSO FIGUEROA, County Attorney



TAB #17

Signature and Certification Page

See attached.

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Carlos Gonzalez

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

8/10/18

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here

Steve Irvin

Print Name (Authorized Company Representative (Applicant))

Executive Vice President

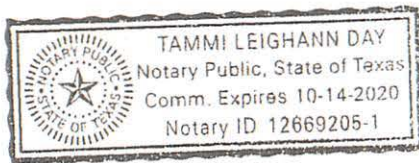
Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

8/3/18



(Notary Seal)

GIVEN under my hand and seal of office this, the

3rd day of August, 2018

Notary Public in and for the State of Texas

My Commission expires: 10.14.2020

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.