



03/29/2022

Underwood Law Firm
Attn: Fred Stormer & James Wester

(via email at: Fred.Stormer@uwlaw.com & James.Wester@uwlaw.com)

Re: Application No. 1722-Amendment No. 01-Zapata County ISD Application for Appraised Value Limitation on Qualified Property-Desert Vine Solar LLC.

Mr. Stormer & Mr. Wester,

Please find the attached amendment made to the Desert Vine Solar LLC, Chapter 313 Application:

1. **Tab 1:**
 - a. Section 2, Question 1 & 2: Authorized Company Representatives Zip Code was corrected.
 - b. Section 5, Questions 2 b&c: Franchise Reporting Entity Taxpayer Name & Number was added.
 - c. Section 12, 3: Response was revised.
2. **Tab 4:** Incorrect project name reference was corrected. Battery Storage language was removed.
3. **Tab 7:** Revised 1st sentence to say "...qualified property" and removed battery storage reference.
4. **Tab 8:** Revised 1st sentence to say "...qualified property".
5. **Tab 11b & c:** Maps were revised to show Reinvestment Zone
6. **Tab 11g:** Reinvestment Zone map was revised.
7. **Tab 16c:** Resolution establishing the Reinvestment Zone was included.
8. **Tab 16d:** County Guidelines and Criteria were included.
9. **Tab 17:** New signature page was signed.

Sincerely,

Lexie Hausman-Rendón
Tax Specialist | Texas Energy Consultants
Cell: 956.703-1272 | Office: 956.386.9387
lhausman@texas-kwh.com

Tab 1

See executed application attached.

SECTION 1: School District Information *(continued)*3. Authorized School District Consultant *(If Applicable)*

Fred	Stormer
First Name	Last Name
Partner	
Title	
Underwood Law Firm	
Firm Name	
806-379-0333	806-376-5613
Phone Number	Fax Number
N/A	Fred.Stormer@uwlaw.com
Mobile Number <i>(optional)</i>	Email Address

4. On what date did the district determine this application complete? March 4, 2022

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Stephen	O'Rourke
First Name	Last Name
Chief Development Officer	JERA Renewables NA, LLC
Title	Organization
655 Montgomery Street, Suite 1230	
Street Address	
N/A	
Mailing Address	
San Francisco	CA
City	State
713-918-4140	N/A
Phone Number	Fax Number
N/A	Stephen.Orourke@jeraamericas.com
Mobile Number <i>(optional)</i>	Business Email Address

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? ☒ Yes ☐ No

2a. If yes, please fill out contact information for that person.

Lindsay	Ehrhart
First Name	Last Name
Project Manager	JERA Renewables NA, LLC
Title	Organization
655 Montgomery Street, Suite 1230	
Street Address	
N/A	
Mailing Address	
San Francisco	CA
City	State
	N/A
Phone Number	Fax Number
N/A	Lindsay.Ehrhart@jeraamericas.com
Mobile Number <i>(optional)</i>	Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 5: Applicant Business Structure *(continued)*

2b. Texas Franchise Tax Reporting Entity Taxpayer Name

Desert Vine Solar LLC

2c. Reporting Entity Taxpayer Number

32082853071

3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☐ Yes ☐ No ☒ N/A

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
- (1) manufacturing ☐ Yes ☒ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☒ Yes ☐ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051* ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

*Note: Applicants requesting eligibility under this category should note that there are additional application and reporting data submission requirements.

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. If the project is an amendment or a reapplication please specify and provide details regarding the original project.
2. Check the project characteristics that apply to the proposed project:
- ☒ Land has no existing improvements
 - ☐ Land has existing improvements *(complete Section 13)*
 - ☐ Expansion of existing operation on the land *(complete Section 13)*
 - ☐ Relocation within Texas

SECTION 12: Texas Tax Code 313.021(2) Qualified Property (*continued*)

2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
- 2a. If yes, attach complete documentation including:
- legal description of the land (**Tab 9**);
 - each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (**Tab 9**);
 - owner (**Tab 9**);
 - the current taxable value of the land, attach estimate if land is part of larger parcel (**Tab 9**); and
 - a detailed map showing the location of the land with vicinity map (**Tab 11**).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☒ Yes ☐ No
- 3a. If yes, attach the applicable supporting documentation:
- evidence that the area qualifies as an enterprise zone as defined by the Governor's Office (**Tab 16**);
 - legal description of reinvestment zone (**Tab 16**);
 - order, resolution or ordinance establishing the reinvestment zone (**Tab 16**);
 - guidelines and criteria for creating the zone (**Tab 16**); and
 - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (**Tab 11**).
- 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date.
- What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? N/A

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In **Tab 10**, attach a specific and detailed description of all **existing property within the project boundary**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In **Tab 10**, attach a specific and detailed description of all **proposed new property within the project boundary that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (statement 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property within the project boundary in response to statements 1 and 2 of this section, provide the following supporting information in **Tab 10**:
- maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
4. Total estimated market value of existing property within the project boundary (that property described in response to statement 1): \$ 0.00
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to statement 2): \$ 0.00

Note: Investment for the property listed in statement 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property **cannot** become qualified property on Schedule B.

Tab 4

Detailed description of the project.

In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

Desert Vine Solar LLC (“Desert Vine”) is the project entity formed to facilitate the development of utility-scale photovoltaic (“PV”) solar energy project (The “Project”). JERA Renewables (“JERA”) is a subsidiary of the US-based JERA Americas Inc. JERA Americas is focused on the development, financing, and project ownership of power generating assets, including thermal, renewable, and LNG, to the US power markets. JERA owns 3.6 GW of assets in operation in North America and is active in the ownership and operation of the Freeport LNG facility in Freeport, TX. Desert Vine is a wholly owned subsidiary of JERA Renewables.

JERA is one of the most successful independent renewable energy development companies in the U.S. The JERA Renewables team brings the experience of developing nearly 3.5 GW of operational wind, solar, and energy storage projects of a similar size and technology to the Desert Vine Solar project and our portfolio of projects in Zapata County that follow Desert Vine. In particular, the team has 5+ years of experience in developing projects in the state of Texas and even more years active in the ERCOT power market. JERA is in the business of asset ownership and plans to be the long-term owner of the proposed Desert Vine Solar project. In creating a long-term relationship between the project and the local Zapata County and Zapata ISD community, we want to be good neighbors and involve local stakeholders as we develop and move to operation of the project. JERA has built a track record of taking initiative on environmental conservation and education issues in our project communities and we intend to continue this in Zapata County.

JERA is actively evaluating renewable energy project opportunities in locations across the United States at various stages of development. Desert Vine has been assigned IGNR Number 22INR0307, issued May 2020. Desert Vine is/has not been known by any other names in the past or in any federal or state filings.

Desert Vine seeks to develop and interconnect 120 megawatts-ac (“MWac”) of solar power into the ERCOT market. Desert Vine is requesting an appraised value limitation from Zapata County ISD for a proposed solar energy project using PV solar energy panels and transmission facilities. Desert Vine has not entered into any agreements for appraised value limitation with any other ISD. The solar energy facility and its associated infrastructure will be constructed entirely within Zapata County, Texas. A map showing the location of the solar energy facility is included as Attachment 11a.

The Project will have a total estimated capacity of 120 MWac all of which will be located within Zapata County ISD.

The Project is located on approximately 1,100 acres of contiguous land located within Zapata

County ISD. Desert Vine has obtained a lease and option agreement with the property owner needed to construct the Project. The Project will consist of solar PV modules, connected to form strings, which are subsequently connected in parallel and mounted on rows of horizontal, single axis trackers. The Project will also feature central power inverters and transformers to convert DC power to AC electricity. In addition to the major equipment, there will be the supporting electrical collection system and supporting facilities to be constructed and improved as necessary, as well as overhead transmission lines, a collection substation to permit the interconnection and transmission of electricity generated by the Project, and an operations and maintenance building constructed within the Project's boundary.

Construction of the solar energy facility is expected to take approximately 12 months to complete, contingent upon favorable economics for the Project.

While the solar energy resource for Zapata County, Texas is excellent, there are many favorable locations for solar energy projects that could be developed across the United States. Desert Vine considers a Limitation of Appraised Value Agreement with Zapata County ISD as a key and invaluable portion of the Project.

In today's competitive energy market, project investors and power purchasers require solar energy projects to have secured tax incentives, so that they can compete with solar energy projects across the U.S.

Solar energy facilities are operating and under development in many states throughout the country. The United States now has over 71.3 gigawatts ("GW") of installed solar capacity, enough to power millions of homes, according to the Solar Energy Industries Association ("SEIA"). In Quarter 3 of 2019, the U.S.

solar market installed over 2.6 GW, primarily driven by the utility-scale PV segment. While California has historically been the largest state market, other states are growing, such as: North Carolina, Arizona, Florida, Nevada; together

with Texas, these states make up the top six markets for highest total installations in 2019. As represented by the depiction from SEIAs 2019 report for the top 10 states.



Locations for the development of solar energy projects are abundant and the Applicant can locate a project in a wide variety of locations across the United States, should it be unable to develop a competitive project in Texas that is able to generate returns sufficient to attract investment capital.

As construction is one of the most significant costs in creating a solar energy facility, the physical improvements of the Project, once completed, cannot be feasibly moved to another location. The

solar modules and supporting infrastructure are long-lived assets engineered and designed specifically for this Project location. The cost of installing the improvements on the site is substantial and the cost to remove, redesign, and relocate the improvements to a different location would be prohibitive.

Desert Vine was formed for the express purpose of developing a photovoltaic solar energy facility that could help bring significant economic development to the area. JERA identified Texas, and in particular Zapata County ISD and Zapata County, for its strong solar energy resource, access to available transmission capacity and the ERCOT market, and favorable property tax incentives under the Tax Code for Chapter 312 abatement and Chapter 313 Appraised Value Limitation. For these reasons, Desert Vine seeks to develop and build the proposed Project as described throughout this Application.

As of January 2022, Desert Vine has no existing improvement in place. Desert Vine has invested additional capital in interconnection studies with ERCOT, environmental and wildlife studies, and in leasing land for the Project, among other development activities.

Should the Appraised Value Limitation be granted, Desert Vine has created a development and investment plan that is capitalized to implement the Project. Without such a limitation, the Project, competing against other Texas projects that have qualified, would likely be forced to redeploy its assets and capital to other states competing for similar solar energy projects.

Tab 7

Description of Qualified Investment

a. A specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code 313.021(7) (Tab 7).

This application covers all qualified property in the reinvestment zone and project boundary within Zapata County ISD necessary for commercial operations of the proposed solar. 100% of the Project will be located in Zapata County ISD. The Applicant is requesting an appraised value limitation on all of property constructed or placed upon the real property described and shown in Map Exhibit within Zapata County ISD, which is located in Zapata County, Texas. It is anticipated that 120 MWac solar energy facility will be constructed entirely within Zapata County ISD.

The property for which the Applicant is requesting an appraised value limitation includes the following:

- Photovoltaic (PV) solar panels and DC-to-AC inverters,
- Tracker system infrastructure, foundations, & controllers,
- Collection substation including high voltage transformer, switch gear, transmission equipment, transmission tie line and towers, interconnection facilities and control systems,
- Medium-and High-Voltage electric cabling,
- DC and AC wiring, insulators, combiner boxes, conduit, and connectors,
- Inverter boxes on concrete or gravel pads,
- Meteorological equipment to measure solar irradiance & weather conditions,
- High Voltage Transmission Line connecting the project to the grid,
- New access roads and service roads, and
- Operations and Maintenance Building.

Additionally, the map provided does not present the location of the improvements; however, all of the improvements that make up the amount of Qualified Investment will be made within the Project Area as shown on Map Exhibit. The Applicant has obtained a grant of lease and easement covering approximately 1,100 acres in Zapata County, Texas within the Zapata County ISD boundary.

b. A description of any new buildings, proposed new improvements, or personal property which you intend to include as part of your minimum qualified investment (Tab 7).

The applicant intends to construct an Operation and Maintenance building and electrical substation will be constructed within the project boundary. The Operations and Maintenance building will be utilized to house associated equipment relative to the Project. This includes junction boxes, PV panel connectors and mounting and tracking systems.

Tab 8

Description of Qualified Property

This application covers all qualified property in the reinvestment zone and project boundary within Zapata County ISD necessary for commercial operations of the proposed solar project. 100% of the Project will be located in the Zapata County ISD. Desert Vine Solar LLC plans to construct an estimated 120 MWac photovoltaic solar energy facility in Zapata County, located within Zapata County ISD. The additional improvements of Qualified Property includes:

- Photovoltaic (PV) solar panels and DC-to-AC inverters,
- Tracker system infrastructure, foundations, & controllers,
- Collection substation including high voltage transformer, switch gear, transmission equipment, transmission tie line and towers, interconnection facilities and control systems,
- Medium-and High-Voltage electric cabling,
- DC and AC wiring, insulators, combiner boxes, conduit, and connectors,
- Inverter boxes on concrete or gravel pads,
- Meteorological equipment to measure solar irradiance & weather conditions,
- High Voltage Transmission Line connecting the project to the grid,
- New access roads and service roads, and
- Operations and Maintenance Building.

The exact placement of units is subject to ongoing planning, solar energy resource evaluation, engineering, and land leasing. All equipment outlined above is expected to be located within Zapata County ISD. The final number and location of units and supporting structures will be determined before construction begins. Current plans are to install all equipment in one phase. Desert Vine anticipates interconnecting an internal collection substation to the existing Zapata 138kV Substation. The map in Attachment 11b shows the proposed project area with the anticipated improvement locations.

Tab 11b

- a. Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period*

CONFIDENTIAL – FOR SEPARATE FILING.

Tab 11c

- b. Qualified property including location of new buildings or new improvements*

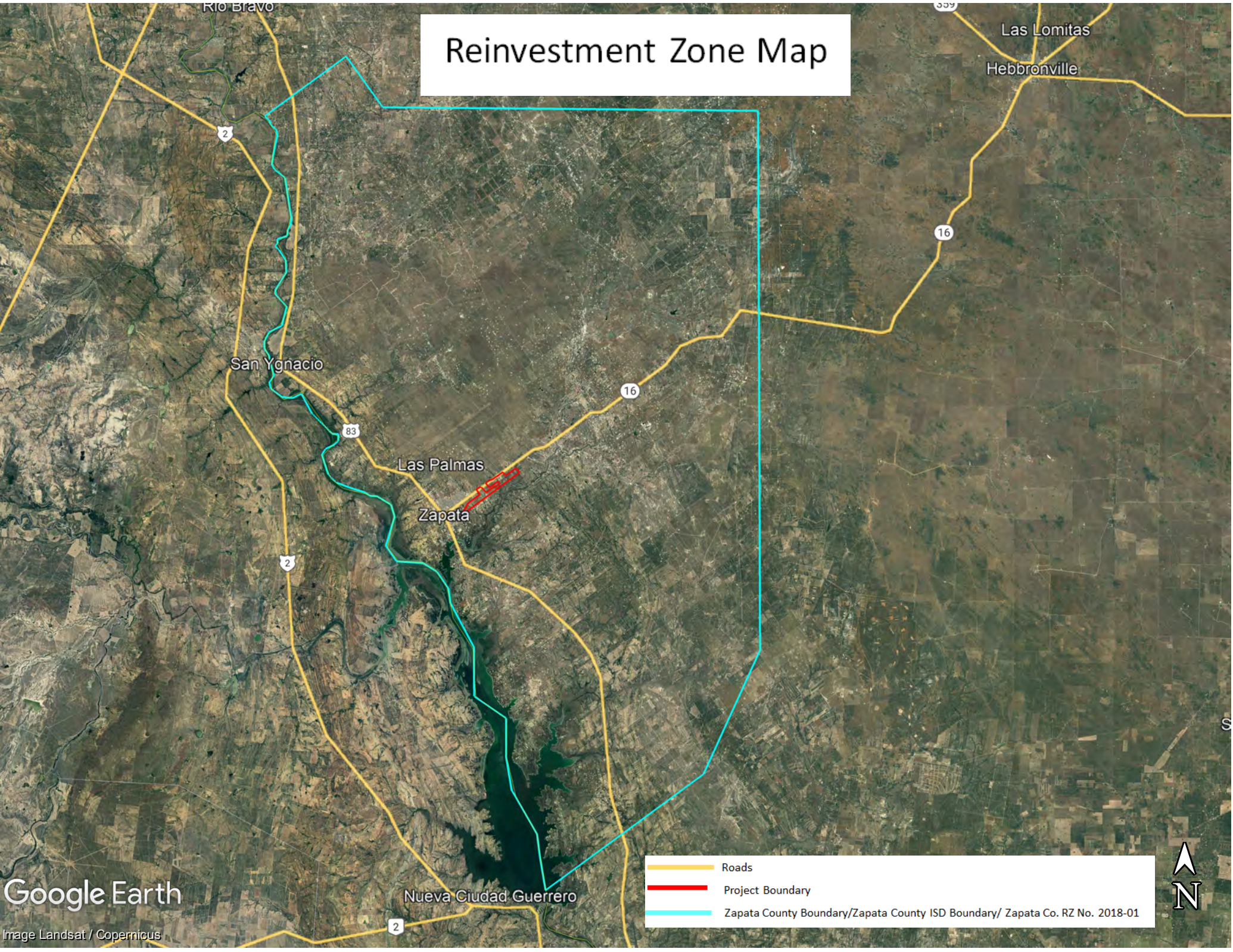
CONFIDENTIAL – FOR SEPARATE FILING.

Tab 11g

- c. *Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size*

Please see attached map.

Reinvestment Zone Map



Tab 16

Description of Reinvestment or Enterprise Zone, including:

- a. *Evidence that the area qualifies as an enterprise zone as defined by the Governor's Office*
- b. *Legal description of reinvestment zone*
- c. *Order, resolution or ordinance establishing the reinvestment zone*
- d. *Guidelines and criteria for creating the zone*

Tab 16c

- a. Order, resolution or ordinance establishing the reinvestment zone*

Please see attached.

**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.

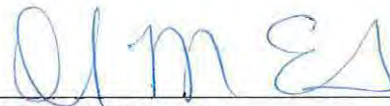
ZAPATA COUNTY, TEXAS



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



1722-Zapata County ISD-Desert Vine Solar L.C-Amendment No. 01-March 28, 2022

Exhibit A



Total Acreage: 1,058mi²

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

Tab 16d

b. Guidelines and criteria for creating the zone

Please see attached.

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;
- (1) 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.



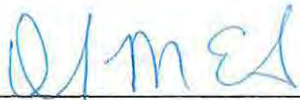
HON. JUDGE JOE RATHMELL
Zapata County Judge



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, signed and dated by Authorized School District Representative
and Authorized Company Representative (applicant).*

Please see attached.

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

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

Stephen O'Rourke

Print Name (Authorized Company Representative (Applicant))

Chief Development Officer

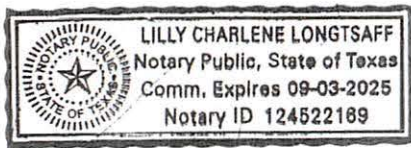
Title

sign
here


Signature (Authorized Company Representative (Applicant))


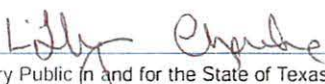


Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

Notary Public in and for the State of Texas

My Commission expires: 

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.