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Hereford, TX 79045

September 12, 2013

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

Via Email and Federal Express

Re: Ch. 313 Application #313 from Spinning Spur Three, LLC
to Adrian ISD
Amendment No. 003 to Application

Dear Michelle,

Enclosed please find amended pages for the Chapter 313 Application submitted by Spinning Spur Three, LLC to Adrian ISD (the "Spur Three Application"). Attachments 21-24 are in supplement to the original Spur Three Application. The remaining items are provided by the applicant to address questions from your office regarding (1) clarification that the transmission line outside of the Spur Three project boundaries will not be qualified property; (2) clarification that the property outside of Adrian ISD is not qualified property; and, (3) modification of the confidential map of the project to include legal descriptions. Specifically, we are enclosing:

- Attachment 21 – Map of Reinvestment Zone;
- Attachment 22 – Ratification and Resolution Designating Reinvestment Zone;
- Attachment 23 – Legal Description of Reinvestment Zone;
- Attachment 24 – Guidelines and Criteria for Reinvestment Zone;
- Amended Attachment 6; and,
- Amended CONFIDENTIAL map, including legals, submitted separately from Application.

A CD containing these documents is also enclosed. This Amendment, dated September 12, 2013 and numbered 003, is the third Amendment to the Spur Three Application. Please let me know if you require any additional information.

Thank you,

A handwritten signature in black ink, appearing to read "Audie Sciumbato", written in a cursive style.

Audie Sciumbato, PhD

AS/ph
H0FYQLES0D2NKL

Encl.

cc: Steve Brewster, Cielo Wind Services, Inc.

*via email **SBrewster@cielowind.com***

CHECKLIST ITEM 6

Page 8 - INVESTMENT:

Describe the qualified investment. [See 313.021(1).]

Attach 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 and a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment.

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described and shown on Exhibit A within Adrian ISD, which is located in Oldham County. A portion of the project boundary is within the Vega ISD but Applicant will not be seeking a Limitation of Appraised Value Agreement for any improvements located in the Vega ISD. The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following: 70 Siemens 2.3 MW wind turbine towers to generate 161 megawatts of power; 70 reinforced concrete foundations supporting the weight of each turbine tower; 70 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation. The transmission lines for the Spinning Spur 3 project outside the project area will not be qualified investment or qualified property.

Note: The Qualified Investment description is the same as the Qualified Property.

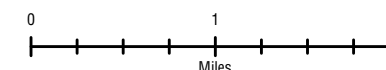
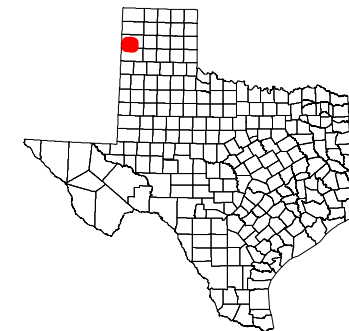
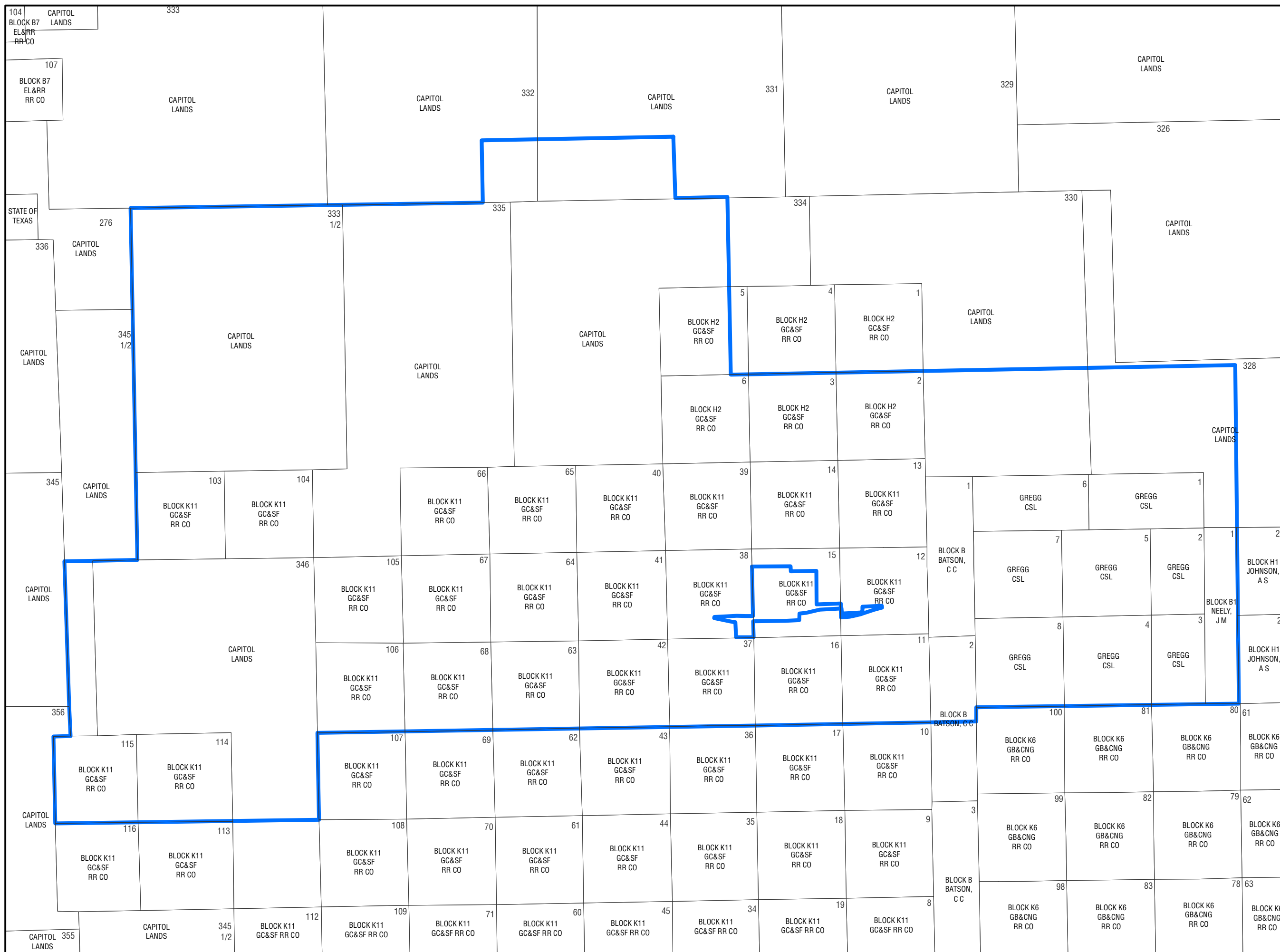
Attach a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Please see attached map. The locations of the turbines are not finalized due to micro-siting, but the representation of the number of turbines within the District will remain the same.


Amendment No. 003

CHECKLIST ITEM 21

Map of Reinvestment Zone



 REINVESTMENT ZONE

ISSUE 1.0	DRAWN KC	DATE 6/26/2013	APPD	TURBINES
DRAWING NUMBER				LAYOUT
SPUR III REINVESTMENT ZONE 11X17.MXD				
PURPOSE		REFERENCE		
SCALE	1:66,000	ORIGINAL PLOT SIZE		11X17
PROJECT TITLE				
SPINNING SPUR WIND THREE				
DRAWING TITLE				
REINVESTMENT ZONE				
THIS DRAWING IS THE PROPERTY OF CIELO WIND SERVICES, INC. NO REPRODUCTION MAY BE MADE IN WHOLE OR IN PART WITHOUT PERMISSION.				
<div> <div> 823 CONGRESS AVE. SUITE 500 AUSTIN, TEXAS 78701 TEL: 512-440-0305 FAX: 512-440-0277 </div> <div>  <p>CIELO WIND SERVICES, INC. <i>Home of the Wind Ranch™</i></p> </div> </div>				



Amendment No. 003

CHECKLIST ITEM 22

Resolution establishing Reinvestment Zone

RESOLUTION 09-09-13-01

**THE COMMISSIONERS COURT OF OLDHAM COUNTY, TEXAS
RATIFYING DESIGNATION OF OLDHAM REINVESTMENT ZONE #4
AND RATIFYING TAX ABATEMENT AGREEMENT**

WHEREAS, the Commissioners Court of Oldham County, Texas desires to assure that any and all procedural steps were properly accomplished in the designation of Oldham Reinvestment Zone #4 and approval of the Tax Abatement Agreement between Oldham County and Cielo Land and Cattle, LP and hereby repeats such procedural steps to ratify the designation of Reinvestment Zone #4 and ratify the approval of the Tax Abatement Agreement;

WHEREAS, on July 8, 2013, the Commissioners Court of Oldham County, Texas passed a Resolution designating Reinvestment Zone #4. The July 8, 2013 meeting was at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Oldham County. At such public hearing, Oldham County invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone. Further, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of the creation of the reinvestment zone and there were no opponents contesting the creation of the reinvestment zone;

WHEREAS, on July 8, 2013, the Commissioners Court of Oldham County, Texas also considered and approved a Tax Abatement Agreement between Oldham County and Cielo Land and Cattle, LP. At least seven (7) days prior to the meeting, Oldham County delivered a copy of the proposed Tax Abatement Agreement to the respective presiding officers of each taxing entity in which the property to be subject the Tax Abatement Agreement was located, along with notice that Oldham County intended to enter into such Tax Abatement Agreement. At the meeting, Oldham County invited any interested person to appear and speak for or against the Tax Abatement Agreement. Proponents of the Tax Abatement Agreement offered evidence, both oral and documentary, in favor of the Tax Abatement Agreement and there were no opponents;

WHEREAS, on September 9, 2013, a public hearing before the Commissioners Court of Oldham County, Texas was held at its regularly scheduled meeting, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Oldham County. Further and prior to such meeting and at least seven (7) days before, Oldham County delivered written notice to the respective presiding officers of each taxing entity in which the property to be subject the Tax Abatement Agreement was located of Oldham County's intention to enter into the Tax Abatement Agreement, along with a copy of the proposed Tax Abatement Agreement;

WHEREAS, on September 9, 2013, at such public hearing the Commissioners Court of Oldham County, Texas invited any interested person to appear and speak for or against the ratification of the reinvestment zone. The proponents of the reinvestment zone offered evidence in favor of the ratification of the reinvestment zone and there were no opponents;

WHEREAS, on September 9, 2013 and following ratification of Oldham Reinvestment Zone #4, the Commissioners Court of Oldham County, Texas invited any interested person to appear and speak for or against the ratification of the Tax Abatement Agreement between Oldham County and Cielo Land and Cattle, LP. The proponents of the Tax Abatement Agreement offered evidence in favor of the ratification of the Tax Abatement Agreement and there were no opponents.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF OLDHAM 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 Oldham 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 Resolution of the Commissioners Court of Oldham County, Texas Designating Oldham Reinvestment Zone #4 dated July 8, 2013 is hereby readopted and ratified with an effective date as of September 9, 2013 that the County shall adopt the Addendum to the Resolution of the Commissioners Court of Oldham County, Texas Designating Oldham Reinvestment Zone #4 attached hereto; and
- (b) Tax Abatement Agreement between Oldham County and Cielo Land and Cattle, LP dated July 8, 2013 is hereby readopted and ratified with an effective date as of September 9, 2013 and that the County shall enter into the Addendum to the Tax Abatement Agreement attached hereto.

SECTION 4. That Oldham Reinvestment Zone #4 shall take effect on September 9, 2013, 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.

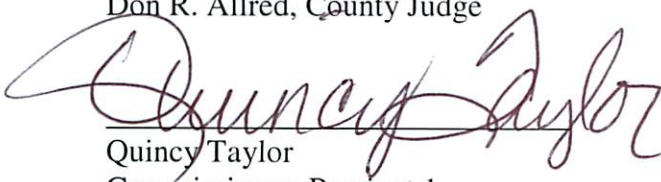
SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Oldham County Commissioners Court at which this Resolution was adopted was posted at a place convenient and readily accessible at all times as required by the 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, a copy of the proposed Tax Abatement Agreement was in fact delivered to the presiding officer of any affected taxing entity as

prescribed by law.


PASSED, APPROVED AND ADOPTED on this the 9th day of September, 2013.

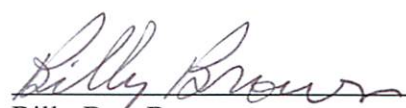
By:

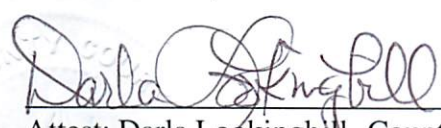

Don R. Allred, County Judge


Quincy Taylor
Commissioner, Precinct 1


Clay Crist
Commissioner, Precinct 2


Roger Morris
Commissioner, Precinct 3


Billy Don Brown
Commissioner, Precinct 4

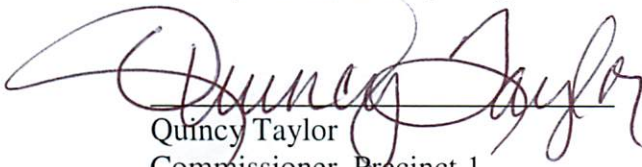

Attest: Darla Lookingbill, County Clerk


**ADDENDUM TO RESOLUTION OF THE COMMISSIONERS COURT
OF OLDHAM COUNTY, TEXAS
DESIGNATING OLDHAM REINVESTMENT ZONE #4**


The Oldham Reinvestment Zone #4 did not become of effective on July 8, 2013, and such Oldham Reinvestment Zone #4 is hereby readopted and shall take effect on September 9, 2013 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.

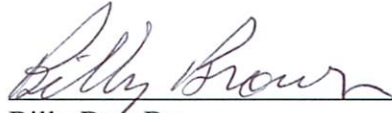
PASSED, APPROVED AND ADOPTED on this the 9th day of September, 2013.

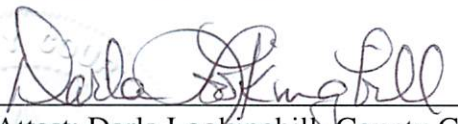
By: 
Don R. Allred, County Judge


Quincy Taylor
Commissioner, Precinct 1


Clay Crist
Commissioner, Precinct 2


Roger Morris
Commissioner, Precinct 3


Billy Don Brown
Commissioner, Precinct 4


Attest: Darla Lookingbill, County Clerk

**RESOLUTION OF THE COMMISSIONERS COURT
OF OLDHAM COUNTY, TEXAS
DESIGNATING OLDHAM REINVESTMENT ZONE #4**

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

WHEREAS, the Commissioners Court of Oldham County, Texas desires to promote the development or redevelopment of a certain contiguous 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 Tax Code § 312.001, *et seq.*), and the Guidelines and Criteria of the Commissioners Court of Oldham County for Granting a Tax Abatement in Reinvestment Zone Created in Oldham County, Texas (the "Guidelines"); and

WHEREAS, on July 8, 2013, a hearing before the Commissioners Court of Oldham County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Oldham County and the delivery of written notice to the respective presiding officers 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 Oldham 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 territory described 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 RESOLVED BY THE COMMISSIONERS COURT OF OLDHAM 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 Oldham 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 overlapping the territory inside the proposed reinvestment zone; and

- (b) That the boundaries of the reinvestment zone should be the area described in the attached Exhibit "A" and depicted in the map attached hereto as Exhibit "B", which are incorporated herein by reference for all purposes. In the event of discrepancy between the descriptions of Exhibit "A" and map on Exhibit "B", the map shall control; and,
- (c) That creation of the reinvestment zone will result in benefits to Oldham County, Texas and to land included in the 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 and that would contribute to the economic development of Oldham County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Oldham County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, Oldham County Commissioner's Court hereby creates Oldham Reinvestment Zone #4, a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit "A" and depicted in Exhibit "B", and such reinvestment zone is hereby designated and shall hereafter be referred to as Oldham Reinvestment Zone #4.

SECTION 4. That Oldham Reinvestment Zone #4 shall take effect on July 8, 2013, 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 a sufficient notice of the date, hour, place and subject, of the meeting of the Oldham 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 8th day of July, 2013.

By: Don R. Allred
Don R. Allred, County Judge

Quincy Taylor
Quincy Taylor
Commissioner, Precinct 1

Clay Crist
Clay Crist
Commissioner, Precinct 2

Roger Morris
Roger Morris
Commissioner, Precinct 3

Billy Don Brown
Billy Don Brown
Commissioner, Precinct 4

Becky Groffman
Attest: Becky Groffman, County Clerk

EXHIBIT A
LEGAL DESCRIPTION OF
OLDHAM REINVESTMENT ZONE #4

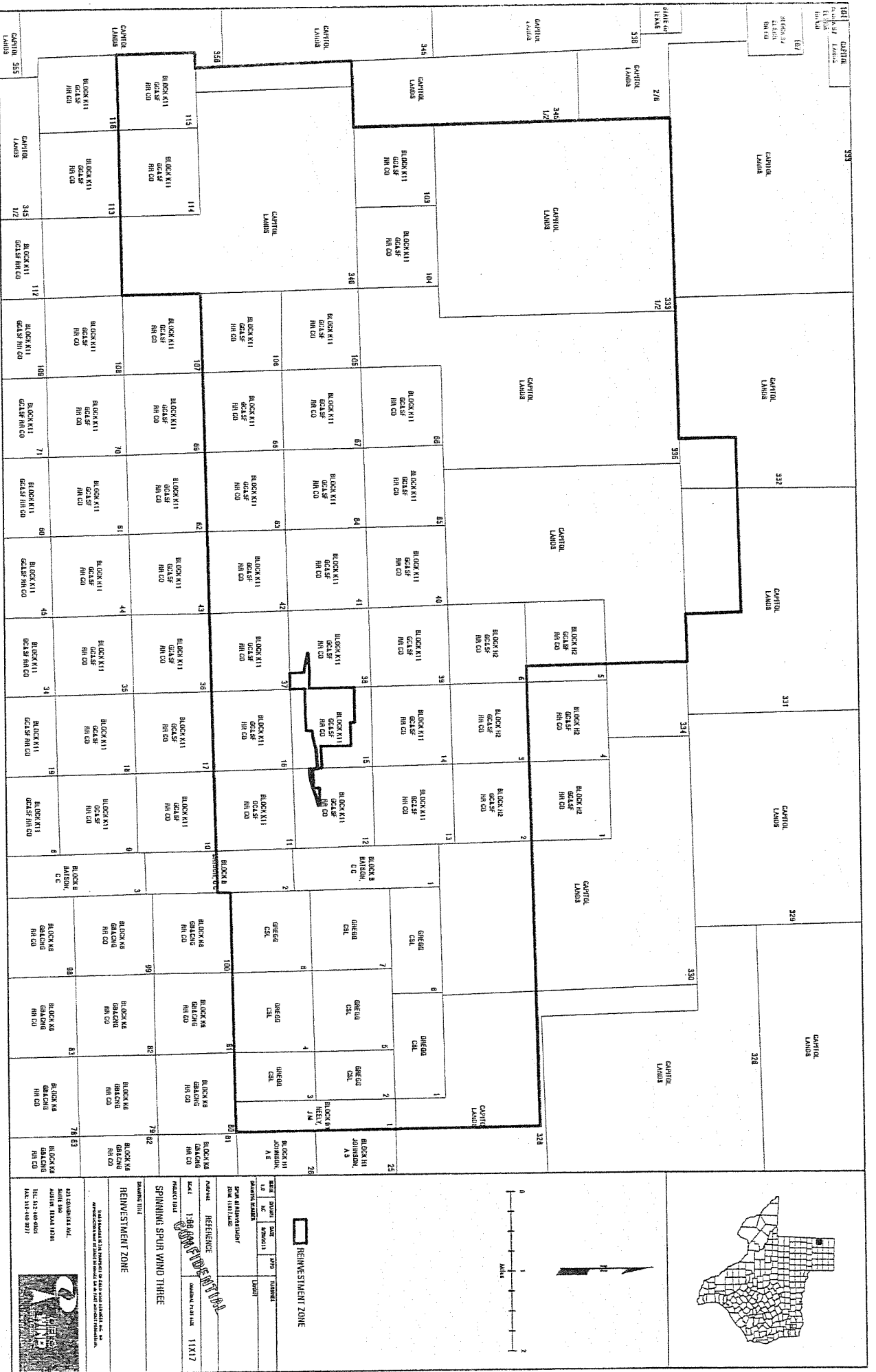
Oldham Reinvestment Zone #4 is comprised of the following parcels. In the event of discrepancy between this Exhibit "A" and the attached map on Exhibit "B", Exhibit "B" shall control; provided however, the Oldham Reinvestment Zone #4 shall in no way be deemed to include the City of Adrian, Texas.

Oldham County Reinvestment Zone			
Survey	Block	Section	Description
Capitol Lands	CL	328	That portion on the west part of Section 328, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	330	That portion in the south part of Section 330, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	331	That portion in the south half of the south half of Section 331, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	332	That portion in the southeast quarter of Section 332, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	333 1/2	All of Section 333 1/2, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	334	All except that portion in the northeast corner of Section 334, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	335	All of Section 335, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	345 1/2	That portion in the south part of Section 345 1/2, Blk CL, Capitol Lands, Oldham County, Texas
Capitol Lands	CL	346	All of Section 346, Blk CL, Capitol Lands, Oldham County, Texas
CD Batson	B	1	All of Section 1, Blk B, CC Batson Survey, Oldham County, Texas
CD Batson	B	2	That portion in the north half of Section 1, Blk B, CC Batson Survey, Oldham County, Texas
JM Neely	B1	1	All of Section 1, Blk B1, JM Neely Survey, Oldham County, Texas
GC & SF	H2	2	All of Section 2, Blk H1, GC & SF Survey, Oldham County, Texas
GC & SF	H2	3	All of Section 3, Blk H1, GC & SF Survey, Oldham County, Texas
GC & SF	H2	5	All except the east half of the east half Section 5, Blk H1, GC & SF Survey, Oldham County, Texas
GC & SF	H2	6	All of Section 6, Blk H1, GC & SF Survey, Oldham County, Texas
GC & SF	K11	11	All of Section 11, Blk K11, GC & SF Survey, Oldham County, Texas

GC & SF	K11	12	That portion of Section 12 , Blk K11, GC & SF Survey, Oldham County, Texas excluding the City of Adrian
GC & SF	K11	13	All of Section 13, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	14	All of Section 14, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	15	That portion of Section 15, Blk K11, GC & SF Survey, Oldham County, Texas excluding the City of Adrian
GC & SF	K11	16	All of Section 16, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	37	All of Section 37, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	38	That portion of Section 38, Blk K11, GC & SF Survey, Oldham County, Texas excluding the City of Adrian
GC & SF	K11	39	All of Section 39, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	40	All of Section 40, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	41	All of Section 41, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	42	All of Section 42, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	63	All of Section 63, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	64	All of Section 64, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	65	All of Section 65, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	66	All of Section 66, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	67	All of Section 67, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	68	All of Section 68, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	103	All of Section 103, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	104	All of Section 104, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	105	All of Section 105, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	106	All of Section 106, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	114	All of Section 114, Blk K11, GC & SF Survey, Oldham County, Texas

GC & SF	K11	115	All of Section 115, Blk K11, GC & SF Survey, Oldham County, Texas
	Gregg County School Land	1	All of Section 1, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	2	All of Section 2, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	3	All of Section 3, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	4	All of Section 4, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	5	All of Section 5, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	6	All of Section 6, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	7	All of Section 7, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	8	All of Section 8, Gregg County School Land, Oldham County, Texas

EXHIBIT "B"
MAP OF
OLDHAM REINVESTMENT ZONE #4



Amendment No. 003

CHECKLIST ITEM 23

Legal Description of Reinvestment Zone

Oldham County Reinvestment Zone			
Survey	Block	Section	Description
Capitol Lands	CL	328	That portion on the west part of Section 328, Blk CL, Capitol Lands, Oldham County, Texas
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GC & SF	H2	3	All of Section 3, Blk H1, GC & SF Survey, Oldham County, Texas
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GC & SF	H2	6	All of Section 6, Blk H1, GC & SF Survey, Oldham County, Texas
GC & SF	K11	11	All of Section 11, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	12	That portion of Section 12, Blk K11, GC & SF Survey, Oldham County, Texas excluding the City of Adrian
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GC & SF	K11	39	All of Section 39, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	40	All of Section 40, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	41	All of Section 41, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	42	All of Section 42, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	63	All of Section 63, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	64	All of Section 64, Blk K11, GC & SF Survey, Oldham County, Texas

Oldham County Reinvestment Zone			
Survey	Block	Section	Description
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GC & SF	K11	66	All of Section 66, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	67	All of Section 67, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	68	All of Section 68, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	103	All of Section 103, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	104	All of Section 104, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	105	All of Section 105, Blk K11, GC & SF Survey, Oldham County, Texas
GC & SF	K11	106	All of Section 106, Blk K11, GC & SF Survey, Oldham County, Texas
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GC & SF	K11	115	All of Section 115, Blk K11, GC & SF Survey, Oldham County, Texas
	Gregg County School Land	1	All of Section 1, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	2	All of Section 2, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	3	All of Section 3, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	4	All of Section 4, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	5	All of Section 5, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	6	All of Section 6, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	7	All of Section 7, Gregg County School Land, Oldham County, Texas
	Gregg County School Land	8	All of Section 8, Gregg County School Land, Oldham County, Texas

Amendment No. 003

CHECKLIST ITEM 24

Guidelines and Criteria for Reinvestment Zone

Resolution 02-13-12-01

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN
REINVESTMENT ZONES CREATED IN THE JURISDICTION OF
OLDHAM COUNTY, TEXAS.**

WHEREAS, the creation and retention of job opportunities that bring new wealth is one of the highest civic priorities; and,

WHEREAS, new jobs and investments will benefit the area economy, provide needed opportunities, strengthen the real estate market, and generate tax revenue to support local services; and,

WHEREAS, Oldham County must compete with other localities across the nation currently offering tax inducements to attract new and modernization projects; and,

WHEREAS, any tax incentives offered in Oldham County would reduce needed tax revenue unless these tax incentives are strictly limited in application to those new and existing industries that bring new wealth to the community; and,

WHEREAS, the abatement of property taxes, when offered to attract primary jobs in industries that bring in money from outside a community instead of merely recirculation dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and,

WHEREAS, Texas law requires any eligible taxing jurisdiction to establish guidelines and criteria as to eligibility for tax abatement agreements prior to the granting of any future tax abatement, which guidelines and criteria are to remain unchanged for a two-year period unless amended by a three fourths ($\frac{3}{4}$) majority vote of the governing body, as provided by said state law; and,

WHEREAS, these guidelines and criteria shall not be constructed as implying or suggesting that the County of Oldham, or any other taxing jurisdiction, is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis; and,

WHEREAS, these guidelines and criteria are approved for circulation to all affected taxing jurisdiction for consideration as a common policy for all jurisdictions that choose to participate in tax abatement agreements;

NOW THEREFORE BE IT RESOLVED THAT, said guidelines and criteria are as follows:

Sec. 1. Definitions

(a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real property, and certain personal property, in a reinvestment zone designated by the County of Oldham for economic development purposes.

(b) "Affected jurisdiction" means the County of Oldham, and any other taxing jurisdiction with any substantial parts of its area located in Oldham County; and that levies ad valorem taxes and provides services to property located in said County; and that chooses to participate in tax abatement agreements by, or pursuant to, these guidelines.

- (c) "Agreement" means a contractual agreement between a property owner or lessee, or both, and an affected jurisdiction for the purposes of tax abatement.
- (d) "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement, plus the agreed-upon value of eligible property improvements made after January 1 but before the execution of the agreement.
- (e) "Deferred maintenance" means improvements necessary for continued operations that do not improve productivity or alter the process technology.
- (f) "Distribution Center Facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used, primarily to receive, store, service, or distribute goods or materials owned by the facility operator.
- (g) "Expansion" means the addition of permanent building and structures, fixed machinery and equipment for purposes of increasing production capacity.
- (h) "Facility" means property improvements completed or in the process of construction that together comprise an integral whole.
- (i) "Manufacturing Facility" means permanent buildings and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (j) "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 permanent buildings and structures, alteration, or installation of permanent buildings and structures, fixed machinery and equipment. Modernization shall include improvements for the purposes of increasing productivity or updating the technology of machinery or equipment or both.
- (k) "New Facility" means a property previously undeveloped that is placed into service by means other than by, or in conjunction with, expansion or modernization.
- (l) "Other basic industry" means permanent buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used, for the production of products or services that primarily serve a market that result in the creation of new permanent jobs, and that bring in new wealth.
- (m) "Productive life" means the number of years a property improvement is expected to be in service in a facility.
- (n) "Regional entertainment facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public.

(o) "Research facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used primarily for the research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

(p) "Regional service facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used, to service goods.

(q) "Renewable Energy Resource" means a resource which produces energy derived from renewable energy technologies, as defined in PUC Substantive Rule 25.5.

Sec. 2. Criteria for Abatement and Designating a Reinvestment Zone.

(a) Authorized facility. A facility may be eligible for abatement if it is a manufacturing facility, research facility, distribution center or regional service facility, regional entertainment facility, renewable energy resource, or other basic industry.

(b) Creation of new value. Abatement may be granted only for the additional value of eligible property improvements made subsequent to, and specified in, an abatement agreement between Oldham County and the property owner or lessee, subject to such limitation as Oldham County may require.

(c) New and existing facilities. Abatement may be for new facilities and improvements to existing facilities purposes of modernization or expansion.

(d) Eligible property. Abatement may be extended to the value of permanent buildings and structures, fixed machinery and equipment, and certain other personal property, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

(e) Ineligible property. The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased, except as provided in Section 2 (f); any improvements, including those to produce, store or distribute natural gas, fluids or gases, that are not integral to the operation of the facility; property owned or used by the State of Texas or its political subdivision or by any organization owned, operated, or directed by a political subdivision of the State of Texas.

(f) Owned and Leased Facilities. If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee.

(g) Value and term of abatement. A tax abatement agreement granted by Oldham County shall be up to but not exceeding ten (10) years in duration and up to but not exceeding 100% of the ad valorem property taxes assessed.

(h) Economic qualification. In order to be eligible to receive tax abatement the planned improvement:

(1) must be reasonably expected to increase the value of the property in the amount of at least \$1,000,000 for new businesses and \$500,000 for existing businesses;

(2) must be expected to prevent the loss of employment, retain employment, or create employment on a permanent basis.

(3) must not be expected to solely or primarily have the effect of transferring employment from one part of the County of Oldham to another; and,

(i) Existing business. Recognizing the importance of cosmetic improvements to the community of those existing businesses that modernize or expand over and above normal repair and upkeep, they may be granted a two-year tax abatement of the amount of value the facility is increased. (If a business has a building appraised at \$500,000.00 and modernization or expansion changes the appraised value to \$1,000,000.00, \$500,000.00 of the new value could be abated for two years beginning January 1 after the year completed.)

(j) Taxability. From the execution of the abatement agreement to the end of the agreement period taxes shall be assessed as follows:

(1) the value of ineligible property as provided in Section 2 (e) shall be fully taxable; and,

(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 taxable in the manner described in Section 2(g, h, & i).

Sec. 3. Application and Hearing

(a) Any present or potential owner of taxable property in the jurisdiction of the Taxing Entities of the County of Oldham, Texas may request tax abatement by filing a written request with the Oldham County Commissioners Court.

(b) The application shall consist of a completed application form accompanied by: a nonrefundable application fee of \$1,000, a general description of the proposed use and the general nature and extent of the modernization, expansion, or new improvements to be undertaken; a descriptive list of the improvements that will be a part of the facility; a map and property description; and a time schedule for undertaking and completing the planned 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 application form may require any financial and other information that may be appropriate for evaluating the financial capacity of the applicant and any other factors.

(c) After receipt of an application, the Commissioners Court shall determine within forty-five (45) days how to proceed with the application. Within this time frame, the Commissioners Court shall choose either to deny the application, consider the application, or consider the application on an expedited basis.

(d) Consideration of Application. If the County determines that the application should be further considered, then the County Judge shall schedule a hearing to obtain public input on the application. At least seven (7) days prior to the hearing, the County must send written notice to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought and must publish notice of the hearing time, place and subject in the local newspaper. At the hearing the commissioners Court

evaluates the application against the criteria in Section 2 and decides whether to designate the property for which an abatement is sought as a reinvestment zone. If the reinvestment zone is not designated, the application fails, although it may be amended and resubmitted. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect and may then arrange to consider for approval the tax abatement agreement between the applicant and the County at its next regularly scheduled meeting. At least seven (7) days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement or to decline. An approved tax abatement agreement may be executed in the same manner as other contracts made by the County.

(e) Expedited Consideration of Application. If the County determines that the application should receive expedited consideration, then the County Judge shall schedule an opportunity to obtain public input on the application at the Commissioners Court's next meeting. At least seven (7) days prior to the meeting, the County must send written notice to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought and must publish notice of the hearing time, place and subject in the local newspaper. Also at this time, the County must give written notice of its intent to enter into a tax abatement agreement to the presiding officers of all taxing units with jurisdiction over the property for which the abatement is sought, along with a copy of the proposed tax abatement agreement. During the Commissioners Court meeting, the Commissioners Court shall evaluate the application against the criteria in Sections 2 and shall decide whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect and may then immediately consider for approval the tax abatement agreement between the applicant and the County. After consideration, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or the decline. An approved tax abatement agreement may be executed in the same manner as other contracts made by the County.

(f) Confidentiality. As required by Section 312.003 of the Texas Tax Code, information that is provided to the County in connection with an application or a request for a tax abatement under this chapter that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which the abatement is sought is confidential and not subject to public disclosure until the tax abatement is executed.

(g) When the abatement is disapproved, an applicant may be granted a review, or rehearing, in which a new application and hearing may be required.

(h) Tax abatement may not be approved if the County finds that the application therefore was filed after the commencement of the construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.

(i) Request for variance from the provisions of Section 2 may be made in written form to the Commissioners Court of Oldham County. Such request shall include all the items listed in Section 3 (b) above, together with a complete description of the circumstances that prompt the applicant to request variance. The approval process for a variance shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the County.

Sec. 4. Standards for denying Approval of Abatement.

(a) If any affected jurisdiction is able to conclusively show cause in the public hearing why the granting of the abatement will have a substantial adverse effect on its bonds, tax revenue, service capacity, or the providing of services, Oldham County shall deny the approval of abatement.

(b) An abatement agreement shall not be granted if it is determined that:

(1) there would be substantial adverse effect on the providing of government services or tax bases;

(2) the applicant has insufficient financial capacity;

(3) planned or potential use of the property would constitute a hazard to public safety, health, or morals; or,

(4) codes or laws would be violated.

Sec. 5. Effect of Approval of Application

Oldham County Commissioners Court acts only for the taxing entity of Oldham County and for no other taxing entity within Oldham County. The County's approval or disapproval of an application has no effect on any other taxing entity within the jurisdiction or their right to approve or disapprove an application. Only the governing bodies of the effected jurisdictions may grant tax abatements, and enter into tax abatement agreements with applicants.

Sec. 6. Tax Abatement Agreements

The Oldham County Commissioners Court after approval of an application shall enter into an agreement with the applicant. Such agreements shall be executed with the owner of the facility, and with the lessee when required. Such agreements shall include:

(1) the estimated value to be abated and the base year value;

(2) the percentage of value to be abated each year as provided in Sec. 2 (g, h, & i);

(3) the commencement date and the termination date of abatement;

(4) the proposed use of the facility, nature of construction, time schedule, map, property description, and improvements list as provided in application, Section 3 (b);

(5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes recapture, administration, and assignment as provided in Sections 2 (a), 2 (f), 2 (g, h, & i), 7, 8, and 9.

(6) size of investment and average number of jobs involved. Such agreement shall normally be executed within 30 days after the applicant has forwarded all necessary information and documentation to the County; and

(7) the agreement shall stipulate that employees, or designated representatives, or both, of Oldham County will have access to the reinvestment zone during the terms 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 the giving of 24 hours prior notice and will be conducted in such a manner that they will not unreasonably interfere with the construction or operation or both of the facility. All inspections will be made in the presence of one or more representatives of the company or individual and in accordance with the safety standards of the company or individual.

Sec. 7 Recapture

(a) If the facility is completed and begins producing products or services, but subsequently discontinues producing products or services for any reason excepting fire, explosion, or other casualty or accident or natural disaster, for a period of one year during the abatement period, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the affected jurisdiction within 60 days from the date of termination.

(b) If the Oldham County Commissioners Court determines that the company or individual is in default according to the terms and conditions of its agreement, the Commissioners Court shall notify the company or individual in writing at the address stated in the agreement, and if such default is not cured within 60 days from the date of such notice ("cure period") , then the agreement may be terminated.

(c) If the company or individual (1) allows its ad valorem taxes owed to the County of Oldham, or any other taxing entity in Oldham County, to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest or both; or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the cure-period, the agreement may then be terminated, and all taxes previously abated by virtue of the agreement will be recaptured and paid within 60 days of the termination.

Sec. 8. Administration

(a) The Chief Appraiser of the Oldham County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, any company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the chief appraiser shall notify the affected jurisdictions that levy taxes of the amount of the assessment.

(b) Upon completion of construction, a designated representative of Oldham County shall annually value each facility receiving abatement to insure compliance with the agreement and shall make a report to the Commissioners Court regarding the findings of each evaluation.

Sec. 9. Assignment

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the affected jurisdiction, subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with the affected jurisdiction. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner, or the new lessee are liable to any taxing entity in Oldham County for outstanding delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

Sec. 10. Sunset Provision

The guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by a three-quarters vote of the Oldham County Commissioners Court, at which time the tax abatement contracts created according to these provisions will be reviewed to determine whether or not the goals have been achieved. Based on that review, the guidelines and criteria may be further modified, renewed or eliminated.

Moved, Seconded, and Passed Unanimously, This the _____ day of _____ 2012.

Don R. Allred, Oldham County Judge

Quincy Taylor, Commissioner Precinct 1

Clay Crist, Commissioner Precinct 2

Roger Morris, Commissioner Precinct 3

Billy Brown, Commissioner Precinct 4

ATTEST:

Becky Groneman
Oldham County/District Clerk