

TAX ABATEMENT GUIDELINES
FOR
CORYELL COUNTY, TEXAS

1. GENERAL PURPOSE AND OBJECTIVES

1.1 Coryell County (County) is committed to the promotion of high quality development in all parts of the County and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the County will, on a case-by-case basis, give consideration to providing tax abatement as a stimulus for economic development in Coryell County. It is the policy of the County that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the County is under any obligation to provide tax abatement to any applicant.

1.2 All applicants shall be considered on a case-by-case basis. Abatements will be considered only as inducements to generate development that otherwise would not occur. Abatements will not be considered if construction of a project already has begun.

1.3 Tax abatements, as described in this policy, will be available for new and/or existing facilities and structures and for businesses wanting to locate, expand or modernize basic industries, corporate office headquarters or distribution centers, except as this policy may be limited for under Chapter 312 of the Texas Property Tax Code, hereinafter referred to as "Tax Code."

2. JOINT TAX ABATEMENT

2.1 Pursuant to the authority granted in Texas Property Tax Code §312.206, the County may, at any time before the execution of a tax abatement agreement by a municipality in the County, express an intent to be bound by the terms of the municipal agreement with the owner relating to the property, and may agree that the terms of the municipal agreement regarding the share of the property to be exempt in each year of the municipal agreement apply to the taxation of the property by the County.

3. VALUE AND TERM OF ABATEMENT

3.1 The information provided in the Application will be used by the County in determining whether or not to grant a tax abatement on a particular project. New, expanding and modernizing businesses may be considered for abatement if the minimum threshold, as described below, is met.

3.2 Once a determination has been made that tax abatement should be offered, the value and term of the abatement may be determined by referencing the following framework for considering the length of abatement according to assessed real property value of improvements and of tangible personal property located on the real property:

3.3 Ad Valorem Tax Value of Project Recommended Abatement Schedule

| | | |
|--------------------|----------------------------|---|
| Category A: | \$200,000 to \$1,499,999 | Year 1: 90% Year 2: 80% Year 3: 70% Year 4: 60% Year 5: 45% Year 6: 25% Year 7: 10% |
| Category B: | \$1,500,000 to \$2,999,999 | Year 1: 90% Year 2: 80% Year 3: 75% Year 4: 65% Year 5: 55% Year 6: 45% Year 7: 35% Year 8: 20% Year 9: 10% |
| Category C: | \$3,000,000 to \$4,999,999 | Year 1: 95% Year 2: 90% Year 3: 85% Year 4: 80% Year 5: 75% Year 6: 60% Year 7: 45% Year 8: 30% Year 9: 20% Year 10: 10% |
| Category D: | \$5,000,000 to \$9,999,000 | Year 1: 100% Year 2: 95% Year 3: 90% Year 4: 85% Year 5: 80% Year 6: 75% Year 7: 65% Year 8: 50% Year 9: 30% Year 10: 15% |
| Category E: | \$10,000,000 or more | Year 1: 100% Year 2: 100% Year 3: 95% Year 4: 95% Year 5: 90% Year 6: 85% Year 7: 75% Year 8: 60% Year 9: 30% Year 10: 15% |

3.4 All abatements are subject to final approval of the County Commissioner's Court. Even though a project may meet the criteria as set forth in this policy, an application may be denied at the discretion of the County. The thresholds as described in the Categories above are considered guidelines for establishing the Tax Abatement Agreement terms. However, the County may determine that a lower or higher percentage and/or a shorter or longer term of abatement may be more appropriate for an individual project. If abatement is approved, the County may consider applying all or a portion of the abatement in the first year or during any shorter period within the term of the tax abatement agreement.

3.5 When the County determines that incentives are required to retain existing businesses which propose to improve or redevelop property within the County, the County may consider these "special projects" on a case-by-case basis and reserve the right to waive the minimum threshold. The County may also take into consideration as "special projects" the expansion/redevelopment of existing businesses that create new or additional jobs. Abatement hereunder will only apply to the increased valuation of the improvements over the appraised value of the property prior to such improvements as same is established by the Coryell Central Appraisal District the year in which the tax abatement agreement is executed. The County may also consider other tax incentives authorized by law.

3.6 An applicant can also be given an incentive based on the number and type of jobs that the project will create; either in addition to the value of improvements and tangible personal property or instead of the value of improvements or tangible personal property. For job creation to be considered for an incentive, the application must document a breakdown of the number of jobs per job classification and entry level wage per job classification. The County reserves the right to approve an applicant for abatement incentives at an amount, and for a duration, deemed appropriate by the County based on job creation, considering the number and type of jobs being created by the project and the percentage of jobs created that will be filled by persons residing in Coryell County.

3.7 When the County determines that abandoned property may require additional incentives to promote economic development that generally satisfies the requirements of this policy, the County may waive the minimum threshold or consider other tax incentives for special projects to redevelop abandoned buildings consistent with existing law. For the purpose of this policy, an abandoned building is defined as a building that has been identified as being suitable for commercial or industrial development, has been vacant for a minimum of five years or has substantially declined in appraised value. Abatement would only be considered on the increased valuation of the improvements in each year covered by the tax abatement agreement over the value of the property for the year in which the tax abatement agreement is executed. The County may also consider other tax incentives authorized by law.

4. PROCEDURAL GUIDELINES

4.1 Any person, organization or corporation desiring that the County consider providing tax abatement to encourage location or expansion of facilities within the County shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the County is under any obligation to provide tax abatement to any applicant.

4.1.1 Applicant shall complete the attached "Application for Tax Abatement."

4.1.2 Applicant shall prepare a map or other documents providing the following:

4.1.2.1 precise location of the property and all roadways within 500 feet of the site,

4.1.2.2 existing uses and conditions of real property,

4.1.2.3 proposed improvements and uses,

4.1.2.4 any proposed changes in zoning,

4.1.3 compatibility with applicable building codes and ordinances, and

4.1.4 a complete legal description of the real property.

4.2 Applicant shall complete all forms and information detailed in the Application and submit all information to the Coryell County Judge, 800 E. Main, Suite A, Gatesville, TX 76528.

4.3 All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.

4.4 The application will be distributed to the appropriate County departments for internal review and comments. Additional information may be requested as needed.

4.5 Fiscal agents of the County will review the application for comments and recommendation. Additional information may be requested as needed.

4.6 The County will consider the application at a regular or called meeting(s). Additional information may be requested as needed.

4.7 If the County decides to proceed to give consideration to tax abatement on a proposed project, it shall call a public hearing to consider establishment of a tax reinvestment zone in accordance with Section 312.401 of the Tax Code. The reinvestment zone must meet one or more of the criteria of Section 312.401 of the Tax Code.

4.8 The County shall hold a public hearing and determine whether the designation of the tax reinvestment zone would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the

property to be included in the zone and would contribute to the economic development of the County.

4.9 The County may consider adoption of an ordinance or resolution approving the terms and conditions of a contract between the County and the applicant governing the provision of the tax abatement and the commitments of the applicant, including all the terms required by the Tax Code and such other terms and conditions as the County may require. Should the commitments subsequently not be satisfied, the tax abatement shall be null and void (unless the tax abatement agreement provides for a recapture of the property tax revenue lost proportionate to a partial failure to meet the minimum thresholds set forth in the agreement) and all abated taxes shall be paid immediately to the County and all other taxing jurisdictions participating in the tax abatement agreement. Provisions to this effect shall be incorporated into the agreement.

4.10 The governing body of Coryell County may consider ratification of and participation in the tax abatement agreement between a City and the applicant.

4.11 The County reserves the authority to enter into tax abatement agreements at differing percentages and/or terms as set forth in the guidelines of this policy, consistent with the requirements of the Tax Code.

5. TAX ABATEMENT AGREEMENTS

Any tax abatement agreement will address various issues, including but not limited to, the following:

- 5.1 General description of the project;
- 5.2 Amount of the tax abatement and percent of value to be abated each year;
- 5.3 Method of calculating the value of the abatement;
- 5.4 Duration of the abatement, including commencement date and termination date;
- 5.5 Legal description of the property;
- 5.6 Kind, number, location and timetable of planned improvements;
- 5.7 Specific terms and conditions to be met by applicant;
- 5.8 The proposed use of the facility and nature of construction;
- 5.9 Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment.

6. MISCELLANEOUS

6.1 Annual Evaluation: Upon completion of construction, the County shall conduct an annual evaluation of each abatement to insure compliance with the agreement and to consider violations of the agreement. After new tax base numbers are received each year,

the County Judge and his staff will have ninety (90) days to review and prepare a breakdown of those figures.

6.2 Transfer or Assignment: A contract for tax abatement may be transferred or assigned by the original applicant to a new owner upon approval by the various taxing jurisdictions.

6.3 Job Recruiting from County: Applicant agrees it will endeavor to make available, or endeavor to cause lessees or assignees to make available, full-time or part-time employment with on-the-job training for Coryell County citizens. In this effort, Applicant, lessee or assignee agrees to recruit from the County.

EXHIBIT A

The Coryell County Tax Abatement Application

About the Application

The Tax Abatement Application provides the County with specific information on the project. The information requested in the Application is designed to address the criteria developed within Coryell County's Tax Abatement Policy. The information serves as the basis for deliberations of the Coryell County Commissioners' Court.

The Application and The Agreement

Specific information from the Application (like value of new investment and employment commitments) is incorporated into the Abatement Agreement. In fact, the Application is an attachment to the Agreement. Since the agreement is a binding contract, it is important that each question on the application be answered in full and as realistically as possible. Simply put, the application is part of the process from start to finish so you'll want to make sure you're comfortable with the contents.

When Is The Application Final?

The answer to this question is very simple: When you tell us, "It's final." It is not uncommon for a property owner(s) to submit numerous Applications as drafts for informational and evaluative purposes only. As conversations continue, the property owner will submit a finalized version of the Application that includes all of the commitments agreed to during the discussions.

What About Confidentiality?

Section 312.003 of the Texas Tax Code makes confidential information provided to the County as a part of this application that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property. This information is not subject to public disclosure until the tax abatement agreement is executed. Section 552.131 of the Texas Government Code (Texas Public Information Act) makes confidential information which relates to economic development negotiations between the County and a business prospect that the County seeks to have locate, stay or expand in or near the territory of the County. The information must relate to a trade secret of the business prospect, commercial or financial information which the business prospect can demonstrate based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained or information about a financial or other incentive being offered to the business prospect by the County or by another person. Information about a financial or other incentive being offered to the business prospect is required to be disclosed when an agreement is made with a business prospect. The County is subject to disclosing most records and documents upon request under the Public Information Act. **Accordingly, please clearly indicate and mark any information you consider proprietary. This would include anything in your application which you consider a trade secret, commercial or financial information which you can demonstrate by specific factual evidence that would cause substantial competitive harm if disclosed, information which**

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describes the specific processes or business activities to be conducted or the equipment or other property for which the tax abatement is sought, any financial or other incentive you may be seeking from the County or any other information you deem to be confidential under the law.

Who is Authorized To Sign the Application?

Because the Application itself is non-binding, the person signing need not be the property owner or even an individual duly authorized to sign on behalf of the property owner. However, if an Agreement is reached, the Application will be an attachment to the Agreement and its contents will be binding through the authorized signature required on the Agreement.

CORYELL COUNTY, TEXAS

APPLICATION FOR TAX ABATEMENT

| | |
|-------------------------|--|
| 1. Property Owner | |
| Company or Project Name | |
| Mailing Address | |
| Telephone | Fax No. |
| Contact Name | |
| Title | |
| Mailing Address | |
| Telephone | Fax No. |
| 2. | Provide a chronology of plant openings, closing and relocations over the past 15 years. |
| 3. | Provide a record of mergers and financial restructuring during the past 15 years. |
| 4. | Will the occupants of the project be owner or lessee? If lessee, are occupancy commitments already existing? |

EXHIBIT A
The Coryell County Tax Abatement Application

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|-----|--|----------------|-----------------------|
| 5. | Is the project a relocation of existing facility or a new facility to expand operations? If relocation, give current location. | | |
| 6. | If an existing Coryell County business, will project result in abandonment of existing facility? If so, the value of the existing facility will be subtracted from the value of the new facility to arrive at total project value. | | |
| 7. | Property Description. | | |
| | - Attach a copy of the legal description detailing property's metes and bounds. | | |
| | - Attach map of project including all roadways, land use and zoning within 500 feet of site. | | |
| 8. | Current Value. Attach copy of latest property tax statement from the Coryell Central Appraisal District (include both real and personal property). | | |
| 9. | Increased Value/Estimated Total Cost of Project. | | |
| | Structures | \$ | Site Development \$ |
| | Personal Property | \$ | Other Improvements \$ |
| 10. | Indicate category of tax abatement and number of years requested. | | |
| | Coryell County | Category: | years : |
| | City | Category or %: | years: |
| | List any other financial incentives this project will request/receive: | | |
| 11. | Give a brief description of the activities to be performed at this location, including a description of products to be produced and/or services to be provided. | | |

EXHIBIT A
The Coryell County Tax Abatement Application

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|--|--|---|--|
| 12. Project Construction Phase | | | |
| A. | Estimate percentage of project development and construction dollars to be spent with Coryell County based contractors or sub-contractors. | | |
| Construction costs \$ | | Percentage contractors | local % |
| B. | Construction Employment Estimates: | | |
| Start Date (Mo/Yr) | | Completion Date (Mo/Yr) | |
| No. of Construction Jobs | | Estimated Total Construction Payroll \$ | |
| 13. Project Operation Phase. Provide employment information for the number of years tax abatement is requested. | | | |
| Employment Information | | Existing Operation (if applicable) | At Project Start Date (mo/yr) ____/____ |
| | | | At Term of Abatement |
| A. | Total number of permanent, full-time jobs: | | |
| B. | Employees transferred from outside Coryell County: | | |
| C. | Net permanent full-time jobs (A. minus B.): | | |
| E. | Total annual payroll for all permanent, full-time jobs listed in "A." above: | | |
| F. | Types of jobs created. List the job titles and number of positions in each category that will be employed at the facility. Provide average wage for each category. | | |
| G. | Estimate annual utility usage for project: | | |
| Electric \$ | | Water \$ | |
| Wastewater \$ | | Gas \$ | |
| 14. | Describe any other direct benefits to Coryell County as a result of this project (e.g., sales tax revenue, etc.). | | |

EXHIBIT A
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| | | | |
|---------------------------------------|---|----------------------|----|
| 15. | Is property zoned appropriately? | Yes | No |
| Current zoning. | | | |
| Zoning required for proposed project. | | | |
| Anticipated variances. | | | |
| 16. | Is property platted? | Yes | No |
| Will re-platting be necessary | | Yes | No |
| 17. | Provide specific detail of any businesses/residents that will be displaced and assistance that will be available from the requesting company. | | |
| 18. | Justification for Tax Abatement Request: Substantiate and more fully describe the justification for this request. Include the amount of the abatement requested and show how it will contribute to the financial viability of the project. Submit attachments if necessary. | | |
| 19. | List any additional abatement factors asking to be considered for this project. | | |
| 20. | Financial Information: Attach a copy of the latest audited financial statement or, in the case of a new project, a business plan. | | |
| 21. | This tax abatement application is submitted with the acknowledgement that additional certified financial information may be required. | | |
| | _____ | _____ | |
| | Date | Authorized Signature | |