

THE COMMISSIONERS COURT OF LEE COUNTY

Tax Abatement Guidelines and Criteria Lee County, Texas

General Purpose and Objectives

The purpose of this document is to authorize, clarify and establish a uniform policy of tax abatement for the purpose of establishing a competitive economic environment to attract commercial investment to Lee County. The County shall use tax abatement to foster a long-term positive environment for economic development within the County, while preserving the benefits of living in the County.

It is the goal of the County to utilize tax abatements on terms and conditions beneficial to the economic interests of the residents of the County, to attract capital investment in the County and to consider any beneficial interests of other Affected Jurisdictions having taxing authority within any proposed reinvestment zone. However, nothing herein shall limit the discretion of the County Commissioners Court of Lee County, Texas to consider, adopt, modify or decline any tax abatement request.

These policies and guidelines become effective on the date subscribed below and shall be kept current with regard to the needs of the County and reflective of the official views of the Commissioners Court. Therefore, in accordance with state law, and to facilitate this section, the Commissioners Court shall review and authorize, modify, or amend these policies and guidelines every two years.

The Commissioners Court expressly reserves all rights vested by law to consider, approve, or decline any tax abatement request for any reason within the sole discretion of the Commissioners Court. As provided in section 312.002(d) of the Texas Tax Code, the adoption of these guidelines and criteria by the Commissioners Court does not:

- A. Limit the discretion of the Commissioners Court to decide whether to enter into a specific tax abatement Agreement.
- B. Limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether the Commissioners Court should consider

a particular application or request for tax abatement.

- C. Vest or create, by the mere filing of an application in conformity with these criteria and guidelines, any property interest, contract, or other legal right in any person filing such an application to have the Commissioners Court grant any such application or request for tax abatement.

Section 1 Definitions

“***Abatement***” means the full or partial exemption from ad valorem taxes of a certain portion of the appraised value of eligible property in a reinvestment zone designated as such for economic development purposes.

“***Affected Jurisdiction***” means Lee County, and any other taxing authority having jurisdiction over land located within County and within a proposed or existing reinvestment zone designated by the County that levies ad valorem taxes upon and provides services to property located within such reinvestment zone.

“***Agreement***” means a contractual Agreement for tax abatement between a Property Owner and/or Lessee, and Lee County.

“***Applicant***” means any person, including business entities, who file an application in conformity with these guidelines seeking tax abatement from the County.

“***Base Year Value***” means the assessed value on the eligible property as of January 1 preceding the execution of the Agreement, plus any agreed upon value of eligible property Improvements made after January 1, but before the execution of the Agreement.

“***Commissioners Court***” means the elected governing body of the County.

“***County***” means Lee County, a political subdivision of the State of Texas.

“***Eligible Facilities***” means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely because of granting abatement to contribute to the retention or Expansion of Primary Employment or to attract major investment in a reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Lee County. Eligible Facilities does not include deferred maintenance of existing

facilities.

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

“Facility” means property Improvements completed or in process of construction, which when complete will comprise an integral whole, and further means products, buildings and structures, including 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, including the generation of electrical energy or digital information or computer based information.

“Facility Owner” means the owner of the Facility constructed within a reinvestment zone, if not the Property Owner.

“Guidelines” means these guidelines and criteria for granting Abatement in the County.

“Improvements” means a building, structure, fixture, or fence erected on or affixed to land.

“Ineligible Facilities” means inventory, tools, furnishings or other movable personal property, vehicles, aircraft, housing, boats, property owned by the State of Texas or any state agency, property owned or leased by an employee or official of the County that did not have an active Agreement in place before they became an employee or official of the County.

“Permanent Job” means a full-time employment position, hired directly or contracted through another entity, that has provided or will result in employment of at least 1,820 hours in the position in a year. Any position providing less than the specified number of hours a year, regardless of the employer’s designation of such position, does not qualify as a Permanent Job for purposes of these Guidelines.

“Lessee” means the tenant who is occupying and operating or will occupy and operate an Eligible Facility under a legally binding lease Agreement with a Lessor. A lessee of real property on which the Eligible Facility exists or is constructed may also own the Facility.

“Lessor” means the owner of an Eligible Facility or of the real property on which an Eligible Facility is located that has a binding lease with a Lessee who will own,

occupy and/or operate the Facility.

“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, or a combination thereof.

“Personal Property” means property that is not real property and consists of tangible personal property. Tangible Personal Property means Personal Property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value.

“Primary Employment” means retention or creation of new Permanent Jobs for residents of the County as a result of new, expanded or modernized building projects.

“Property Owner” means the owner of real property on which an Eligible Facility is or will be located, who may also be the Lessor. Where the context requires, "Property Owner" means the owner of the Eligible Facility, who is the lessee of real property on which the Eligible Facility is or will be located; provided that a specific definition or other provision to the contrary in an Agreement controls over this sentence.

“Productive Life” means the number of years a property Improvement is expected to be in service as a functioning, operational Facility. The term includes useful life or economic life of a Facility.

“Reinvestment Zone” means (i) an area designated as such for the purpose of Abatement as authorized by the Property Redevelopment and Tax Abatement Act, Sections 312.401 or 312.201 of the Texas Tax Code or (ii) an area designated as an enterprise zone under Chapter 2303 of the Texas Government Code as authorized by the Property Redevelopment and Tax Abatement Act, Section 312.4011 of the Texas Tax Code.

“Sustaining Payroll” means the average salary or payroll anticipated for each major classification of Full Time Employee(s) (FTEs), and an annualized statement of anticipated employment cost.

Section 2

Abatement Authorized for Development Goals

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

In addition to the criteria set forth below, the Commissioners Court reserves the right to negotiate a tax abatement Agreement to compete favorably with other communities for the Applicant's project.

Only projects that increase the fair market value of the property directly resultant from the development, redevelopment, and Improvements 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 Affected Jurisdiction creating the reinvestment zone.

1. ***Eligible Facilities***: Upon application, Eligible Facilities may be considered for Abatement as hereinafter provided.
2. ***Creation of New Values***: Abatement may only be granted for the additional value of eligible property Improvements made after and as specified in an Abatement Agreement between the County and the Property Owner or Applicant, including a Lessee, subject to such limitations as the County may require at its sole discretion.
3. ***New and Existing Facilities***: Abatement may be granted for the additional value of eligible property Improvements made after and specified in an Abatement Agreement between the County and the Property Owner or Lessee, subject to such limitations as the County may require at its sole discretion.
4. ***Eligible Property***: Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site Improvements, related fixed Improvements, and eligible Personal Property necessary for the operation and administration of the Facility.
5. ***Ineligible Property***: The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing, deferred maintenance, property

to be rented or leased except as provided in this Section 2, and property which has a Productive Life of less than ten years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas; or any other property for which abatement is not allowed by state law; provided that, ineligible property does not include spare parts associated with Eligible Facilities

6. ***Owned/Leased Facilities:*** If a leased Facility is permitted by state law to be granted abatement, the Agreement shall be applicable to the taxable value of the leased Improvement, and where appropriate, may be executed with both the Lessor and the Lessee, but where the land owner has executed a lease with the leaseholder, the Lessee alone may seek tax abatement on the value of its leasehold interest in the Improvements to the realty.

7. ***Economic Qualifications:*** The Applicant must demonstrate sufficient experience in the industry relevant to the application, and sufficient financial capacity to perform the project as proposed. To be eligible for designation as a reinvestment zone and receive tax abatement, the planned Improvement:
 - A. Must be reasonably expected to have a positive net economic benefit to Lee County of at least Ten Million Dollars (\$10,000,000.00) over the life of the abatement, computed to include (but not limited to) new Sustaining Payroll and/or capital Improvement. By “net” economic benefit, it is intended to reflect the benefit realized on the Lee County ad valorem tax base less any costs incurred by Lee County to facilitate the Applicant’s proposed Improvement, such as road infrastructure, use of right-of-way, or other similar costs.

 - B. Must not be expected to have the effect of merely transferring employment solely or primarily from one area of Lee County to another.

8. ***Standards for Tax Abatement/Development Goals:*** The following factors, among others as may be determined relevant by the Commissioners Court, may be considered in determining whether to grant tax abatement, but this list is illustrative and not exclusive of the matters the Commissioners Court may consider:

- A. Value of existing Improvements, if any;
- B. Type and value of proposed Improvements
- C. Productive Life of proposed Improvements;
- D. Number of existing jobs to be retained by proposed Improvements;
- E. Number and type of new temporary jobs to be created by proposed Improvements and the number and type of new “Permanent Jobs” and non-Permanent Jobs to be created by proposed Improvements;
- F. Amount of local payroll to be created for the abatement period;
- G. Whether the new jobs to be created will be filled by persons residing or projected to reside within the Affected Jurisdiction;
- H. Whether reasonably expected to have an increase in positive net economic benefit to Lee County of at least Ten Million Dollars (\$10,000,000.00) over the life of the abatement, computed to include, but not limited to, new Sustaining Payroll and/or capital Improvements;
- I. The costs to be incurred by Lee County to provide infrastructure directly resulting from the proposed new Improvements;
- J. The amount of ad valorem taxes to be paid to Lee County during the Abatement period considering:
 - i. The existing values;
 - ii. The percentage of new value to be abated;
 - iii. The difference between current tax revenues being paid upon the relevant property and under the proposed Agreement;
 - iv. The length of the Abatement period; and
 - v. The anticipated depreciated remaining taxable value of the Improvements after expiration of the Abatement period.
- K. The population growth of Lee County that occurs directly as a result of new Improvements;

- L. The types and values of public Improvements, if any, to be made by Applicant seeking abatement;
 - M. Whether the proposed Improvements compete with existing businesses to the detriment of the local economy or employment levels;
 - N. The impact on the business opportunities of existing businesses;
 - O. The potential for attraction of other new businesses to the area;
 - P. The overall compatibility with existing zoning ordinances or regulations and comprehensive economic planning for the area;
 - Q. The impact on nearby property owners;
 - R. Whether the project has provisions intended to protect the general health, safety and welfare of Lee County residents who may be impacted by the project, specifically whether the planned Improvements include setbacks, visual screening, noise level limitations or other accommodations which might be reasonably expected of similar projects;
 - S. Whether the project obtains all necessary permits from the applicable environmental agencies. Satisfactory evidence of compliance with any applicable state or federal regulations will be required.
 - T. Whether the Applicant has demonstrated sufficient experience in the industry relevant to the application, and sufficient financial capacity to perform the project as proposed, including a demonstration of the proof required under Section 3.6 of these Guidelines.
9. ***Construction in Progress:*** If a qualifying Facility has not been placed into service within two-years after execution of the Abatement Agreement, the Applicant may apply for a one-year extension of the term of abatement, to be granted or denied in accordance with the Agreement. Said extension must be applied for prior to the expiration of the two-year anniversary of execution of the Abatement Agreement.

10. ***Denial of Abatement:*** Neither a reinvestment zone nor Agreement shall be authorized if it is determined that:
- A. There would be substantial adverse effect on the provision of government services or tax base;
 - B. The Applicant has insufficient financial capacity to perform the obligations of an Agreement;
 - C. Planned or potential use of the property would constitute a hazard to public health, safety or morals;
 - D. Violation of other codes or laws will occur or has occurred or;
 - E. Any other reason exists that is deemed appropriate for consideration by the Commissioners Court.
11. ***Taxability:*** The residual, depreciated value of eligible property shall be fully taxable at the end of the abatement period. From the execution of the Agreement to the end of the abatement period, taxes shall be payable as follows:
- A. The value of ineligible property as provided in this Section 2 shall be fully taxable; and
 - B. The portion of the value of Improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between Lee County and the owner or lessee of the real property and/or taxable Improvements.

Section 3 Application

Any present or potential owner of taxable real property in Lee County, or the Lessee of real property, may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge. The application shall consist of a written request for tax abatement, accompanied by:

1. An analysis of the net economic impact such an Abatement will have on Lee

County, including:

2. Estimated tax revenues annually for the term of the requested Abatement.
3. The number and type of temporary jobs and new Permanent Jobs, along with temporary and permanent annual payrolls, as well as average annual salary for each category of employee.
4. A comparison between an abatement of taxes by traditional appraisal, and any requested “payment in lieu of taxes” (PILOT), in terms of benefit to Lee County over the proposed term of the abatement period.
5. A declaration of the depreciation method to be applied to the investment and a statement of the expected residual taxable value of the proposed project at the end of the abatement term requested, and the remaining taxable life expectancy of the proposed project.
6. A declaration, coupled with proof of existence in fact, that remediation of the property to its former state has been anticipated, and that such remediation will not result in the imposition of recovery costs upon the County or underlying landowners where the project is based upon a leasehold interest.
7. To the extent practicable, the provisions of Sections 301 and 302 of the Texas Utilities Code will be followed regarding remediation of the property at the end of the project’s useful life. In the event of partial or substantial destruction of Improvements, including without limitation, any such destruction due to acts of God or Force Majeure, the Applicant or its designee is responsible for the remediation of damaged materials in an expeditious manner, and to properly dispose of any such materials at an approved waste disposal/recovery facility.
8. A general description of the proposed use and the general nature and extent of the Modernization, Expansion or new Improvements to be undertaken.
9. A descriptive list and approximate taxable value of the Improvements which will be a part of the Facility.
10. A property description, including a legal description of the property, which may be satisfied by a list of the property parcel identification number used by the Lee County Appraisal District, the title owner to the parcel so identified

or its Lessee, and the acreage within each parcel so identified.

11. A map of the proposed reinvestment zone, showing a detailed map of the reinvestment zone, including any County or state-maintained roads providing access to the land to be improved within the reinvestment zone, together with an inset map of where, within Lee County, the proposed reinvestment zone is located. Any Affected Jurisdictions with taxing authority over land included in the proposed reinvestment zone should be identified as well. The map should be presented in PDF and JPEG formats, suitable for publication in a newspaper of general circulation within the County. The use of color should not interfere with the legibility of the map.
12. A timeline or 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 financial and other information as the County deems appropriate for evaluating the financial capacity and other factors of the Applicant.
13. Certification from the Lee County Appraisal District verifying that no taxes are past due on Applicant's property located in the proposed reinvestment zone.
14. Disclosure of any environmental permits required or additional environmental impacts to the proposed reinvestment zone or surrounding areas that may be affected by proposed developments in the reinvestment zone.
15. In the case of Modernization, a statement of the assessed value of the current Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the Application. The County 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.
16. A description of proposed Improvements to address any potential adverse

consequences of the project on nearby property owners and/or Lee County.

17. A \$1,000.00 non-refundable application fee, payable to the Lee County Treasurer, and delivered with the signed application to the office of the County Judge.

In addition to the application fee, which shall be applied to any fee charged by legal or financial analysis of the application, the Applicant shall also agree to pay reasonable consulting and attorney fees as may be incurred by Lee County in the examination of the application as well as the preparation and negotiation of any Agreement. Such fee reimbursement shall not exceed \$25,000.00.

Lee County shall give notice as provided by the Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which property to be included within the proposed reinvestment zone and subject of the tax Abatement Agreement is located not later than the seventh (7th) day before the public hearing and publication in a newspaper of general circulation within such taxing Affected Jurisdiction not later than the thirtieth (30th) day before the public hearing. Before acting upon the Application, Lee County shall, through public hearing, afford the Applicant, the designated representative of any governing body referenced hereinabove, and members of the public the opportunity to appear and provide testimony why the abatement should or should not be granted.

If a city within Lee County designates a reinvestment zone within its corporate limits and enters or proposes to enter into a tax abatement Agreement with a present or potential owner or Lessee of taxable property, such present or potential owner or Lessee may request tax abatement by Lee County, and shall follow the same application process described in Section 3, et seq, hereof. No other notice or hearing shall be required except compliance with Chapter 551 of the Texas Government Code, unless the Commissioners Court deems them necessary in a particular case.

Variance: Although a variance is not favored, exceptional circumstances may support a request for variance from the provisions of Section 2, in which case such request for a variance may be made in an application or other written form to the Commissioners' Court. Such request shall include all applicable items listed in Section 3 and may include a complete description of the circumstances which prompt the Applicant to request a variance. The approval process for a variance request shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the Commissioners'

Court. To the full extent permitted by applicable law, the Commissioners' Court shall have the authority to enter into an Agreement with terms and conditions that vary from the terms and conditions in these Guidelines, but only so long as the Commissioners' Court determines that such variances are in the best interests of Lee County, and in substantial compliance with these Guidelines. Any terms or conditions contained in an Agreement approved by the Commissioners' Court that vary from the terms and conditions in these Guidelines shall automatically be deemed to have been granted an approved variance by the Commissioners' Court, shall be binding and enforceable as agreed to in the Abatement Agreement, and shall control in the event of any inconsistency or conflict with these Guidelines. A variance granted to any Applicant shall not be deemed a variance for any subsequent Applicant.

Confidentiality Required: Information that is provided to the County in connection with an application or request for Tax Abatement and 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 Tax Abatement is sought may be deemed as confidential and not subject to public disclosure only if specifically identified by the Applicant, and segregated from the remaining portions of the Application. Once the tax Abatement Agreement is executed, all attachments to the Abatement Agreement shall become public. All information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.

Section 4 Agreement

The Commissioners Court, after review, shall approve or deny an application for Abatement, and if granted, shall execute an Agreement with the Applicant or Property Owner of the Facility and/or Lessee. Any Agreement will be for a term no longer than allowed by law, currently set at ten (10) years. Each Agreement shall:

1. Include a list of the kind, number, and location of all proposed Improvements to the property and if this is not defined at the time of the Agreement, then to be supplemented after construction of the facilities;
2. Provide for reasonable access to and authorize inspection of the property by the County to ensure compliance with the Agreement;
3. Limit the use of the property consistent with the County's developmental goals as stated in Section 2 of these Guidelines. Lee County Tax Abatement

Guidelines and Criteria;

4. Provide for recapturing property tax revenues that are lost if the Applicant/Owner fails to make Improvements as provided by the Agreement;
5. Include a summary of each term agreed upon with the Property Owner and require the Applicant/Owner of the Facility to annually certify compliance with the terms of the Agreement to each taxing unit and any leasehold Agreement with land owners; and
6. Allow the Affected Jurisdiction to cancel the Agreement after notice of default and opportunity to cure if the Applicant or Owner fails to comply with the terms of the Agreement.
7. Include the Agreement of the Facility Owner and/or Lessee to create a specified number of Permanent Jobs, and that reasonable efforts will be made to employ persons who are residents of Lee County for any such Permanent Jobs, provided however, that there shall be no obligation to employ residents who are not:
 - A. Equally or more qualified than nonresident applicants;
 - B. Available for employment on terms and / or salaries comparable to those required by nonresident applicants;
 - C. Able to become qualified with 72 hours training provided by the Facility Owner or Lessee
8. Require each person employed in such Permanent Job(s) to perform a portion, if not all, of their work in Lee County.
9. Include the Applicant's Agreement that it and/or its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Lee County businesses in the construction, operation, and maintenance of the Improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Lee County residents that are not:
 - A. Of similar quality to those provided by nonresidents; or

- B. Made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.

Applicant or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Lee County who are interested in obtaining information about providing goods or services related to the construction of the project.

Applicant or its construction contractor, if any, shall advertise in local newspapers in Lee County for local contractors to perform work on the construction of the project.

Applicant shall agree to maintain a viable presence (as below defined) within the reinvestment zone for a period, as set by the Commissioners Court, not to exceed twenty (20) years from the date that the Agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means (i) the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or re-engineered.

On the first day of May of each year that the Agreement shall be in effect, Applicant shall certify to the County Judge of Lee County, and to the governing body of each taxing unit within the proposed reinvestment zone, that Applicant follows each applicable term set forth above.

Such Agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

Section 5 Recapture

If the company or individual allows its ad valorem taxes owed Lee County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or violates any of the terms and conditions of the Agreement and fails to cure during the cure period; the Agreement may then be terminated by Lee County and all taxes previously abated by virtue of the Agreement will be recaptured and paid within thirty (30) days of the termination.

1. Should the Commissioners Court determine, in its sole discretion, that the company or individual is in default according to the terms and conditions of its Agreement, Lee County shall notify the company or individual in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the Agreement may be terminated.
2. If the Applicant's Facility is completed and begins producing products or services, but subsequently discontinues producing a product or service for any reason for a period of one year during the abatement period, other than because of fire, explosion, or other casualty, accident, or natural disaster, then the Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the Applicant's Facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

Section 6 Administration

1. The Chief Appraiser of the Lee 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 Court of Lee County of the amount of the assessment.
2. The Agreement shall stipulate that employees and/or designated representatives of Lee County will have access to the Applicant's facilities within 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 the giving of reasonable notice and will only be conducted in a manner as not to unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Applicant, and in accordance with accepted safety standards.
3. Upon completion of construction, the designated representative of Lee County shall annually evaluate each Facility receiving abatement to ensure compliance with the Agreement. The Improvements shall be maintained in good repair, with any damaged assets repaired or replaced in a timely manner.

A formal report shall be made to the Commissioners Court.

4. **Timely Filing:** The County shall timely file, with the appropriate person, agency, department, or board of the State of Texas, all information required by the Tax Code.

Section 7 Assignment

1. An Abatement may be transferred and assigned by the holder to a new owner or lessee of the same Facility only upon the written approval of the Commissioners Court of Lee County. Such approval is 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 Abatement Agreement with Lee County. No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner or new lessee, are liable to any Affected Jurisdiction for outstanding taxes or other obligations.
2. An assignment shall not serve to extend the termination date of the abatement Agreement with the original Applicant, owner or lessee. An assignment may not alter venue provisions of the original Agreement.
3. Approval of an assignment in conformity with this section shall not be unreasonably withheld.

Section 8 Venue

Any Abatement Agreement shall be conditioned upon venue for any disputes which may arise under the Abatement Agreement to be retained in courts of appropriate jurisdiction within Lee County, Texas, or appeals to Texas courts of appellate jurisdiction, or the United States District Court having jurisdiction in Lee County, Texas.

Section 9 Sunset Provision

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by three quarters vote of the

Commissioners Court of Lee County, 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.

Section 10
Severability

If any provision, section, subsection, sentence, clause, or phrase of these Guidelines and Criteria, or the amendments duly adopted hereto, or the application of the same to any person, entity, or set of circumstances, is for any reason held to be unconstitutional, void, voidable, invalid, or contrary to any existing or prospectively enacted law or statute, the validity and enforceability of the remaining part of these Guidelines and Criteria and amendments thereto will not be affected thereby.

GUIDELINES ADOPTED _____, 2024.

LEE COUNTY COMMISSIONERS COURT

COUNTY JUDGE

PRECINCT 1 COMMISSIONER

PRECINCT 2 COMMISSIONER

PRECINCT 3 COMMISSIONER

PRECINCT 4 COMMISSIONER

ATTEST:

COUNTY CLERK

Lee County, Texas
APPLICATION FOR TAX ABATEMENT

Name of Applicant: _____

Address of Applicant: _____

City/State/Zip: _____

E-mail: _____

Phone: _____

Name of Representative: _____

Representative/Agent E-Mail: _____

Phone: _____

Proposed Name for Reinvestment Zone:

1. State the approximate current ad valorem tax value of the real property within the proposed reinvestment zone: \$ _____.
2. Attach a map of the proposed Reinvestment Zone in JPEG format, with sufficient detail to locate the reinvestment zone in relation to highways or County roads that will access the zone, with sufficient contrast to make publication in a newspaper generally legible at a scale of not more than one quarter page, and contain an "inset" map locating the proposed reinvestment zone within the County.
3. Provide a list of the properties that will be located within the proposed reinvestment zone, by Parcel Identification numbers utilized by the County Appraisal District, the current registered owner of each such parcel, the acreage of each parcel, the appraised value of each parcel, and if applicable, the appraised value less any Agriculture Exemption.

4. Provide a general description of the nature of the proposed project, the types of infrastructure that will be constructed or installed within the proposed reinvestment zone, and a statement as to what Improvements will be subject to the abatement and any exclusions from abatement the Applicant expects to construct or install within the proposed reinvestment zone. Please state the Applicant's best estimate of the taxable value of all such Improvements.

\$ _____

5. State the number and duration of temporary jobs that will be generated by the proposed project, together with the anticipated temporary payroll for the duration of the construction phase of the project. _____

6. State the number of Permanent Jobs that will be created. In relation to job creation, please state the anticipated annual payroll for Permanent Jobs.

Permanent Jobs: _____

Anticipated Annual Payroll: _____

7. Identify any incentives the Applicant will make available to attract and retain permanent residential employees to construct, maintain or operate the resulting facilities within the proposed reinvestment zone, such as housing allowances for location of permanent jobs in Lee County, scholarships, etc.
8. State whether the Applicant intends to seek a reduction in the initial ad valorem tax basis by deducting any federal tax credits from the cost basis or value of the proposed Improvements, and if so, the resulting cost basis or value of the Improvements for purposes of County ad valorem taxation in the first year such Improvements will be taxable by the County.
9. State the estimated tax revenues the County can expect to receive during each year of any requested abatement, and the method by which this revenue is calculated.
10. State the remaining useful life of the proposed project at the conclusion of the abatement period. Please attach a spreadsheet to your application with this calculation, showing the formula used in the calculation. This spreadsheet should show expected revenues to the County both during the requested abatement period, as well as for each subsequent year after the expiration of

the abatement period for the duration of the expected useful life of the facilities constructed or installed within the proposed reinvestment zone.

11. Declaration provisions as required by Section 3(6) of the Guidelines.
12. Provide a comparison between any proposed abatement of taxes based upon a percentage of abatement and the resulting PILOT (Payment in Lieu of Taxes) that might result from the County approving the requested abatement.
13. Provide a time schedule for undertaking and completing the planned Improvements. This timeline should include an anticipated commencement of construction, commercial operations commencement date, and date of first payment of any PILOT or ad valorem tax payment.
14. A description of actions to be taken by Applicant to lessen any negative impact on Lee County infrastructure facilities and/or adjacent property owners.
15. Provide certification from the County Appraisal District that any proposed reinvestment zone/parcels of real property are current in ad valorem tax obligations.
16. Attach a non-refundable application fee of \$1,000.00 to the completed application.

Date: _____

Authorized Representative or Agent