

RESOLUTION

TAX ABATMENT PROCEEDINGS PURSUANT OF CHAPTER 312, TEXAS TAX CODE

LEON COUNTY, TEXAS

WHEREAS, the attraction of long-term investment and the establishment of new jobs in the County would enhance the economic base of the County; and

WHEREAS, Leon County has certain governmental powers that enable it to take affirmative and effective action to stimulate such growth; and

WHEREAS, tax abatement is one of the principal means by which the public sector and the private sector can forge a partnership to promote real economic growth within the community; and

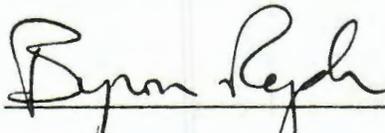
WHEREAS, tax incentives offered must be strictly limited in application to those new or existing industries that bring new wealth into the community in order to avoid reducing the needed tax revenues of the County; and

WHEREAS, in addition to keeping the protection of the environment and other natural resources as high priority, and attempts to stimulate the economy should be relatively assured of eventual positive economic effects on Leon County, Texas revenue raising capabilities; and

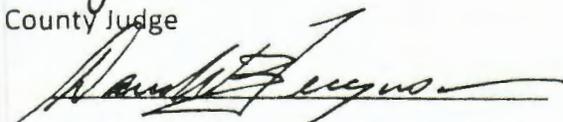
WHEREAS, the Property Redevelopment and Tax Abatement Act (the "Act") Chapter 312 of the Texas Tax Code authorizes the County to provide property tax abatement for limited periods of time as an inducement for the development or redevelopment of a property; and

WHEREAS, effective September 1, 1987, the Act required eligible taxing jurisdictions to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting any future tax abatement, said Guidelines to be unchanged for a two (2) year period unless amended or repealed by a three-fourths vote of the Court; and

NOW, THEREFORE BE IT RESOLVED that Leon County, Texas acting by and through its duly elected Commissioners Court elects to be eligible to participate in tax abatement proceedings under Chapter 312, Texas Tax Code, "Property Redevelopment and Tax Abatement Act.



Byron Ryder, County Judge


Joey Sullivan, Commissioner Pct. I
David Ferguson, Commissioner Pct. II
Mark Ivéy, Commissioner Pct. III
Dean Player, Commissioner Pct. IV

GUIDELINES & CRITERIA FOR GRANTING TAX ABATEMENTS

LEON COUNTY

Pursuant to Chapter 312 of the Texas Tax Code, Leon County may consider an application for tax abatement, designate a reinvestment zone, and enter into a tax abatement agreement in accordance with these Guidelines and Criteria. It is the express intent of the Leon County Commissioners' Court to promote economic development, but not at the expense of the County's natural resources or services provided to the general public. No application submitted under the following schedule deemed to have a substantially adverse effect on natural resources in the County or on County infrastructure (including roads and bridges) will be approved, unless the applicant can demonstrate just cause for such an exception.

GENERAL CRITERIA SPECIFICATIONS

GENERAL CRITERIA

All applications must meet the following general criteria before being considered for tax abatement:

- The project expands the local tax base
- The project creates permanent full time employment opportunities
- The project would not otherwise be developed
- The project makes a contribution to enhancing further economic development
- The project must remain in good standing with all governmental and environmental regulations
- The project has not been started and no construction by the applicant has commenced at the time the application is approved
- A fee in the amount of \$ 1,000.00
- The project must not have any of the following objections:
 1. There would be substantial adverse affect on the provision of government services on tax base;
 2. The applicant has insufficient financial capacity;
 3. Planned or potential use of the property would constitute a hazard to public safety;
 4. Planned or potential use of the property would create adverse impacts to adjacent properties;
 5. Any violation of laws of the United States or State of Texas ordinance and orders of Leon County, Texas would occur; or
 6. It is in an improvement project financed with tax increment bonds

SPECIFIC CRITERIA

If the project in the application meets the general criteria, is a facility of a Targeted Enterprise and has a capital cost that exceeds Five hundred Thousand and no 100 Dollars (\$500,000) then abatement of any or all of the increased value will be considered. In no case would tax abatement exceed the maximum allowed by state law presently 100% for ten (10) years. Factors to be considered in determining the portion of the increased value to be abated and the duration of the abatement agreement include, but are not limited to:

- Total amount of the increased value;
- Total number of jobs created;

- Type of jobs created;
- Dollar Value of payroll created;
- Other costs and revenues associated with the application

ABATEMENT APPLICATION PROCEDURE

Who may apply:

Any present or potential owner of taxable real property in Leon County may submit an application for tax abatement conforming to the requirements herein.

Eligible property:

Abatement may be granted for improvements on real property only including but not limited to new, expanded or modernized buildings and structures, fixed machinery and equipment; site improvements; other tangible items necessary to the operation and administration of the project or facility. Any improvements located on the real property at any time before the period covered by the agreement is not eligible for abatement.

Application provisions for a Tax Abatement & Reinvestment Zone:

The application shall consist of a completed Leon County Tax Abatement Application Form and additional information contained in the following:

- A map and description of the property;
- A time schedule for completing the planned improvements;
- The estimated taxable value or range of values of the project or facility; and
- Basic financial information about the applicant sufficient to enable evaluation of the application's financial capacity
- The estimated number of employees to be located at the facility and applicable time table
- Any other documentation requested for consideration of the application

Procedure for Consideration of Application:

The procedure for consideration by the County of a Tax Abatement Application is as follows:

- An applicant may request a Tax Abatement Application from the County Judge's office
- After an applicant completes the Tax Abatement Application, it should be returned to the County Judge's office.
- The Commissioners' Court shall issue a determination at any time before the expiration of forty-five (45) days from the date of receipt of the application. regarding how to proceed with the application. The Commissioner's Court shall choose either to deny the application, or further consider the application.

Denial of Application:

If the Commissioners' court chooses to deny the application, it shall make a finding by majority vote at a regularly scheduled meeting.

Consideration of Application:

If the County determines that the application should be further considered, the Commissioners Court must hold a public hearing to obtain public input on the application. Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners' Court evaluates the application and decides by majority vote whether to designate the property for which the 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. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners' Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the County. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, along with a copy of the proposed tax abatement agreement. At a regularly scheduled meeting, the Commissioners' Court may 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; and must be executed by the parties within 30 days of its approval. A tax abatement agreement that is declined by the County may be amended and resubmitted to the County.

Expedited consideration of application:

If the County determines that the application should receive expedited consideration, the Commissioners' Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners' Court provided the County meets the procedural prerequisites for each step.

Criteria for Abatement Incentives

The following conditions are guidelines, each application will be considered, case by case, any agreements reached, if any, will be specific to each Abatement Contract.

Step One Abatement

- Maximum abatement period – Five (5) years
- Minimum construction or expansion - \$500,000.00
- Minimum number of new jobs – Five (5) jobs
- 50% of new employees must reside in Leon County
- Every effort must be exercised to use local resources in employees, goods, and services

- Total abatement period may be for up to five (5) years, including construction time. The abatement may conform to the schedule of years and percentages stated below:

1st year 80%

2nd year 60%

3rd year 40%

4th year 20%

5th year 20%

Step Two Abatement

- Maximum abatement period – Seven (7) years
- Minimum construction or expansion - \$1,000,000.00
- Minimum number of new jobs – Ten (10) jobs
- 50% of new employees must reside in Leon County
- Every effort must be exercised to use local resources in employees, goods, and services
- Total abatement period may be for up to seven (7) years, including construction time. The abatement may conform to the schedule of years and percentages stated below:

1st year 80%

2nd year 60%

3rd year 40%

4th year 20%

5th year 20%

6th year 20%

7th year 20%

Step Three Abatement

- Maximum abatement period – Ten (10) years
- Minimum construction or expansion - \$1,500,000.00
- Minimum number of new jobs – Twenty (20) jobs
- 50% of new employees must reside in Leon County
- Every effort must be exercised to use local resources in employees, goods, and services

- Total abatement period may be for up to ten (10) years, including construction time. The abatement may conform to the schedule of years and percentages stated below:

1st year 100%

2nd year 100%

3rd year 100%

4th year 100%

5th year 100%

6th year 80%

7th year 80%

8th year 60%

9th year 40%

10th year 20%

Confidentiality:

As required by chapter 312.003 of the Texas Tax Code, information that is provided to Leon County in connection with an application or request for tax abatement under this chapter 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 is confidential and not subject to public disclosure until the tax abatement agreement is executed.

Variances From Guidelines And Criteria For Tax Abatements:

By a majority, the Leon County Commissioner's Court may, in its discretion, grant variances from the guidelines and criteria for tax abatements set out above as it deems appropriate.

APPLICATION FOR TAX ABATEMENT
AND
DESIGNATION OF REINVESTMENT ZONE

1. Applicant's full name: _____.
2. Applicant's address: _____.
3. Applicant's telephone number: _____.
(fax no. _____); (E-mail _____)
4. Applicant's contact person's name. (if different from above): _____.
(Tel. no. _____, Fax or E-mail _____).
5. Please give a brief description of the proposed project, or facility, (including improvements), for which the tax abatement is being requested:

6. Please list all the taxing jurisdictions in which the proposed project or facility will be located:

7. Please attach a plat or map showing the precise location of the property, project, or facility, (including improvements and roadways), for which the tax abatement and reinvestment zone is requested.
8. What is the complete, estimated cost of the property, project, or facility, (including improvements) ? \$ _____.
9. What is the current value of the land on which the project, or facility, (including improvements), will be located? \$ _____.
10. Please describe the methods of financing all the estimated costs of the property, project, or facility, (including improvements); and the time period (s) when such related costs or monetary obligations will be incurred:

11. Please describe the type(s) and number of jobs that the property, project, or facility, (including improvements), will create.

12. Please give a detailed time schedule for the undertaking and completion of the project or facility, (including improvements):

13. Will there be any costs incurred by Leon County if this application is approved? If so, please state the amount: \$_____.

14. Are any public improvements to be made by the applicant in conjunction with this application, and if so, please describe:

15. Please describe in detail how the approval of this application will benefit the residents and businesses of Leon County:

16. Please describe what impact, if any, the proposed project, or facility will have on the natural resources of Leon County, and the county infrastructure such as roads, bridges, and services:

17. Please give an estimate on the amount of ad valorem property taxes to be paid to Leon County after the expiration of the requested tax abatement: \$_____.

I do hereby attest and acknowledge that the information provided in this application is true and correct to the best of my knowledge and belief.

Applicant

Date Signed: _____, 20_____.

RECEIPT

The attached and foregoing application, and the \$ _____ fee were received in the Leon County Judge's Office on the _____ day of _____, 20 _____.

Title: _____

INSTRUCTIONS FOR TAX ABATEMENT APPLICATION
(Leon County, Texas)

- I. Applications for tax abatement may be picked up at the Leon County Judge's Office located at 130 East St. Mary's at the old courthouse on the city square. (Tel. 903-536-2331).
- II. Return the fully completed application to the above office along with the required application fee.
- III. Attached hereto is a copy of the County's "Criteria and Policy Guidelines" for Tax Abatement Agreements and Designation of Reinvestment Zones to assist you in completing the application.
- IV. Upon receipt of the completed application and fee, the County will notify you of the time and date when commissioners will review your application for possible further action; usually within 45 days.

Please Note: All information and data which is provided to the taxing unit in connection with an application or request for tax abatement under Chapter 312 of the Texas Tax Code is confidential, and is not subject to public disclosure until such time as the tax abatement agreement is executed.

TAX ABATEMENT DEFINITIONS

ABATEMENT: means the full or partial exemption from ad valorem taxes only on real property improvements in a Reinvestment Zone.

AGREEMENT: means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement

COUNTY: mean Leon County, Texas

DEFERRED MAINTENANCE: means improvements necessary for continued operations which do not improve the productivity or alter the process technology

DISTRIBUTION CENTER FACILITY: means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service, or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points at least fifty (50) miles from its location in the County

EXPANSION: means the addition of buildings, structures, fixed machinery, or equipment for purposes of increasing production capacity

FACILITY: means property improvements completed or in the process of construction which together comprise an integral whole

JOBS: a job is defined as a Full Time Employee with health insurance, a retirement benefit, and a holiday/vacation package. Jobs that are created with lesser benefits will be counted as .5 employees for calculation purposes.

MANUFACTURING FACILITY: means 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 assembly of goods and materials from multiple sources in order to create a finished or semi-finished product

MODERNIZATION: means the replacement and upgrading of existing facilities which increases the productivity input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing except as may be integral to or in direct connection with an existing expansion

NEW FACILITY: means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization

OTHER BASIC INDUSTRY: means buildings or structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market

primarily outside the County and result in the creation of new permanent jobs and create new wealth in the County

PERSONAL PROPERTY: means tangible personal property located on the real property, excluding that personal property located on the real property prior to the period covered by the abatement with the County, and other than inventory or supplies

PRODUCTIVE LIFE: means the number of years a property improvement is expected to be in service

PROJECT: means any property improvement including expansion, modernizations, and new facilities; but excluding any deferred maintenance

REINVESTMENT ZONE: means any area of the County which has been designated a reinvestment zone for tax abatement purposes and which is located within the taxing jurisdiction of the County. It is the intent of the County to designate reinvestment zones on a case-by-case basis in order to maximize the potential incentives for eligible enterprises to locate or expand within the County

REGIONAL ENTERTAINMENT FACILITY: means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of the users reside at least fifty (50) miles from its location in the County

REGIONAL SERVICE FACILITY: means buildings and structures, including machinery and equipment, used or to be used to provide services to the general public

RESEARCH FACILITY: means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto

TARGETED ENTERPRISE: means the following facilities – distribution center facility, manufacturing facility, regional entertainment facility, research facility, regional service facility, or any other basic industry