

ORDER NO. 2019-001

AN ORDER OF THE COMMISSIONERS COURT OF COKE COUNTY, TEXAS: (1) ADOPTING AND APPROVING COUNTY TAX ABATEMENT GUIDELINES AND CRITERIA; (2) APPROVING COUNTY ELIGIBILITY TO PARTICIPATE IN TAX ABATEMENT; AND (3) ESTABLISHING AN EFFECTIVE DATE AND COMPLIANCE WITH THE TEXAS OPEN MEETING ACT.

WHEREAS, Coke County, Texas ("County") is a county of the State of Texas, having been duly created and organized under the constitution and laws of Texas, and further, the Coke County Commissioners Court ("Commissioners Court") is the governing body of the County; and

WHEREAS, pursuant to Article V, Section 18 of the Texas Constitution, Chapter 381 of the Texas Local Government Code ("Chapter 381"), and Chapter 312 of the Texas Tax Code ("Chapter 312"), and other authority, the County may participate in tax abatement agreements as part of an economic development program designed to stimulate economic development and business and commercial activity in Coke County, Texas; and

WHEREAS, pursuant to Chapters 381 and 312, and the exercise of its lawful authority, discretion, and best business judgment, the Commissioners Court desires by this order to (1) adopt and approve **Tax Abatement Guidelines and Criteria for Coke County, Texas**, attached as **Exhibit A**, in order to stimulate economic development and business and commercial activity in said county, and (2) approve County eligibility to participate in tax abatement as allowed by law.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Commissioners Court of Coke County, Texas, for and on behalf of said County and in the public interest, as follows:

- (1) Unless otherwise designated, the past, present, or future tense shall each include the other, the masculine, feminine, or neuter gender shall each include the other, and the singular and plural number shall each include the other where necessary for a correct meaning.
- (2) All statements made in the caption and preliminary recitals of this instrument, and all attached documents, are incorporated by reference.
- (3) The Commissioners Court hereby establishes, adopts, and approves the **Tax Abatement Guidelines and Criteria for Coke County, Texas ("Guidelines")**, attached as **Exhibit A**, in order to stimulate economic development and business and commercial activity in Coke County, Texas.

FILED FOR RECORD
TIME: 9:00 AM

APR 23 2019

(4) All prior enacted tax abatement guidelines and criteria of the County are hereby repealed, rescinded, and replaced by the Guidelines attached as **Exhibit A**.

(5) Pursuant to the authority described in this order, the Commissioners Court: (a) elects for Coke County to become eligible to participate in tax abatement; and (b) declares Coke County's intent to participate in tax abatement agreements, from time to time through the exercise of the lawful authority, discretion, and best business judgment of the Commissioners Court in order to stimulate economic development and business and commercial activity in Coke County, Texas.


(6) This order shall take effect immediately from and after its passage.

(7) This matter was ordered, adopted, and approved at a meeting held in compliance with Chapter 551 of the Texas Government Code, the Texas Open Meetings Act.

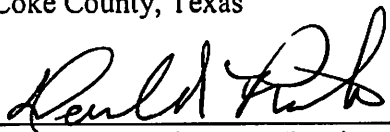
(8) This matter was ordered, adopted and approved by a recorded, public vote of at least a three-fourths of the members of the Commissioners Court, as required by Section 312.002 of the Texas Tax Code.

2019. **ORDERED, ADOPTED, AND APPROVED** on the 23rd day of April,

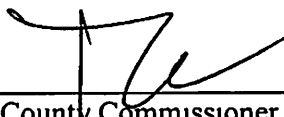
**THE COMMISSIONERS COURT OF
COKE COUNTY, TEXAS**




County Judge
Coke County, Texas




County Commissioner, Precinct 1
Coke County, Texas



County Commissioner, Precinct 2
Coke County, Texas


County Commissioner, Precinct 3
Coke County, Texas


County Commissioner, Precinct 4
Coke County, Texas

ATTEST:

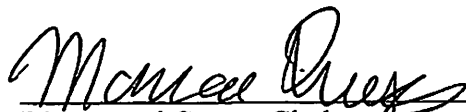

District and County Clerk
Coke County, Texas

EXHIBIT A
**(Tax Abatement Guidelines and Criteria for Coke
County, Texas; Effective Date: April 23, 2019)**

TAX ABATEMENT GUIDELINES AND CRITERIA FOR COKE COUNTY, TEXAS
(Effective Date: April 23, 2019)

I. Preliminary Recitals

1.1. Coke County, Texas, by and through its governing body, the Commissioners Court of Coke County, Texas, is committed to the promotion of the economic growth and development of Coke County, Texas and improving the quality of life for the public.

1.2. These **Tax Abatement Guidelines and Criteria for Coke County, Texas** are enacted and shall be implemented pursuant to Chapter 381 of the Texas Local Government Code, Chapter 312 of the Texas Tax Code, and other authority to establish a uniform policy of tax abatement designed to provide long term, significant, and positive economic growth for the County in the public interest.

1.3. Pursuant to its lawful authority, discretion, and best business judgment, the Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with governmental or private entities in Texas and elsewhere for positive economic growth for Coke County, Texas.

1.4. The Commissioners Court may grant a tax abatement on the same or similar terms and conditions as the other taxing entities having jurisdiction regarding a subject property or business prospect; however, nothing in these Guidelines shall limit the discretion of the Commissioners Court to consider, adopt, modify, or decline any tax abatement request.

1.5. The Effective Date of these Guidelines is April 23, 2019. They shall be reviewed in a timely manner pursuant to the operative statutes and kept current pursuant to the County's economic development needs and the lawful authority, discretion, and best business judgment of the Commissioners Court.

1.6. All prior enacted tax abatement guidelines and criteria of the County are hereby repealed, rescinded, and replaced by these Guidelines.

II. Definitions and Interpretation

2.1. **Definitions** -- As used in these Guidelines, unless otherwise designated, the following terms shall have the following meanings:

(a) **"Abatement"** shall mean the full or partial abatement from ad valorem taxation (based on an agreed diminution of appraised value) of certain property located in a County tax abatement reinvestment zone or enterprise zone for authorized economic development purposes.

(b) **"Affected Jurisdiction"** shall mean Coke County, Texas or any municipality, school district, or other taxing entity located in said county that levies ad valorem taxes upon or provides services to property located

within a proposed or existing County tax abatement reinvestment zone or enterprise zone.

(c) **“Agreement”** shall mean a tax abatement and economic development agreement approved and executed between the County and a property owner or lessee of Eligible Property located in a Zone.

(d) **“Applicant”** shall mean an eligible person or business entity (being the actual owner, lessor, or lessee of real property or tangible personal property) seeking the creation of a County: (i) tax abatement reinvestment zone; (ii) enterprise zone; and/or (iii) tax abatement and economic development agreement.

(e) **“Application”** shall mean the documents required by these Guidelines to be filed by an Applicant with the County for the creation of a County: (i) tax abatement reinvestment zone; (ii) enterprise zone; and/or (iii) tax abatement and economic development agreement.

(f) **“Chapter 312”** shall mean Chapter 312 of the Texas Tax Code

(g) **“Chapter 381”** shall mean Chapter 381 of the Texas Local Government Code.

(h) **“Commencement of Construction”** shall mean the placement and initial construction of Project improvements in a County tax abatement reinvestment zone or enterprise zone, however: (i) the sole storage of building materials or equipment in the Zone shall not constitute commencement of construction; and (ii) design, engineering, site preparation, and similar activities shall not constitute commencement of construction, provided the placement or initial construction of Project improvements has not yet begun in the Zone.

(i) **“County”** shall mean Coke County, Texas, by and through its governing body, the Commissioners Court of Coke County, Texas (**“Commissioners Court”**).

(j) **“County Judge”** shall mean the County Judge of Coke County, Texas.

(k) **“District”** shall mean the Coke County Appraisal District, including but not limited to its Board of Directors, Chief Appraiser (**“Chief Appraiser”**), officers, employees, and other representatives of the District.

(l) **“Economic Development Program”** or **“Program”** shall mean an economic development program approved and adopted by the County

pursuant to Chapter 381 and designed to stimulate economic development and business and commercial activity in Coke County, Texas.

(m) **“Effective Date”** shall mean April 23, 2019, the date these Guidelines were approved and adopted by the Commissioners Court.

(n) **“Eligible Property”** shall mean property eligible for tax abatement pursuant to these Guidelines, as described in Paragraph 3.4.

(o) **“Facility”** shall mean Project improvements (including structures) completed or in the process of construction on the tax abatement reinvestment zone property, which together comprise an integral whole.

(p) **“Guidelines”** shall mean these Tax Abatement Guidelines and Criteria for Coke County, Texas.

(q) **“Ineligible Property”** shall mean property ineligible for tax abatement pursuant to these Guidelines, as described in Paragraph 3.5.

(r) **“Modernization”** shall mean the expansion, upgrading, or replacement of existing Facilities which increases productive input or output, updates technology, or substantially lowers unit cost of the project’s operation. Modernization may result from the construction, alteration, or installation of buildings, structures, or fixed machinery or equipment; however, Modernization shall not include the reconditioning, refurbishing or repairing of real or personal property.

(s) **“New Jobs”** shall mean a newly created employment position on a full-time, permanent basis. Two or more part-time permanent employees totaling an average of not less than 40 hours per week may be considered as one full-time permanent employee under these Guidelines.

(t) **“Project”** shall mean an authorized economic development project (including all Facilities related thereto) conducted in Coke County, Texas by a governmental entity or private party: (i) pursuant to Chapters 312, 381, or other authority; (ii) pursuant to an Economic Development Program approved and adopted by the County; and/or (iii) on real property located or to be located in a Zone in Coke County, Texas.

(u) **“Recipient”** shall mean the person or business entity receiving tax abatement in a County Agreement.

(v) **“Zone”** shall mean a County tax abatement reinvestment zone or enterprise zone comprised of a contiguous land area located in Coke County, Texas and authorized by Chapter 312, 381, or other applicable

authority (including Chapter 2303 of the Texas Government Code regarding an enterprise zone).

2.2. **Interpretation** -- The past, present, or future tense shall each include the other, the masculine, feminine, or neuter gender shall each include the other, and the singular and plural number shall include each other where necessary for a correct meaning. The preliminary recitals of these Guidelines are incorporated by reference.

III. Minimum Standards

3.1. **Taxable Value** -- In order for real property in Coke County, Texas to be designated as a County tax abatement reinvestment zone or enterprise zone, and for an Applicant to receive a County tax abatement for its proposed Eligible Property in the Zone for its Project, that proposed Eligible Property for the Applicant Project in the Zone must add at least \$1,000,000.00 in taxable value (in aggregate) to the tax roll of the County.

3.2. **Economic Development Factors** -- In considering a request for creation of a County tax abatement reinvestment zone and/or tax abatement agreement, certain economic development factors shall be considered by the Commissioners Court regarding a proposed Project, including without limitation the following:

(a) **Jobs** – including the: (i) number and type of existing jobs to be retained as a result of the Project; (ii) number and type of new jobs (including all temporary and permanent jobs) to be created by the Project; (iii) average amount of local payroll to be created as a result of the Project; (iv) the salary, wage structure, and/or benefits (including health care and pension benefits) associated with the new jobs, and whether the annual salary amount for each new job shall exceed the Coke County, Texas average wage or salary rate as determined and published by the Texas Labor Market & Career Information (“LMCI”) Department of the Texas Workforce Commission, pursuant to the LMCI data released for the most recent year with four full quarters of data determined, and further, whether the new jobs will include additional compensation for health care insurance, with 100% of such insurance paid by the employer, and any other employment benefits for such jobs; and (v) number and type of new jobs that will be performed by persons projected to reside in Coke County, Texas for the Project, and whether those new jobs solely or primarily will have the effect of transferring employment from one part of said county to another;

(b) **Fiscal Impact** – including the: (i) type, value, and productive life of existing and proposed Project improvements; (ii) amount of real and personal property value to be added to the local tax rolls as a result of the Project; (iii) payments to be made to the County regarding any proposed deferral year compensation, payments in lieu of taxes (or “PILOT”), or economic development grants or donations associated with the Project;

(iv) type, value, and productive life of all County-funded road, bridge, transportation, utility, or other infrastructure required a result of the Project, and whether Applicant agrees to maintain and/or repair county roads, bridges, or other County infrastructure damaged or destroyed during Project operations; (v) amount by which property tax valuations may be increased by the Project, during and after the proposed tax abatement period; (vi) all costs and expenses (including but not limited to attorney's fees, appraisal fees, newspaper publication fees, and mailing/courier expenses) to be incurred by the County as a result of the consideration, negotiation, approval, implementation, and administration of the Project and Agreement, and whether Applicant agrees to reimburse the County for those costs and expenses; (vii) amount of taxes to be paid to the County for the life of the Project, and considering the existing Project value, percentage abatement, abatement period, and Project value after expiration of the abatement period; (viii) population growth projected for Coke County, Texas as a direct result of the Project; (ix) type, value, and productive life of public improvements resulting from, needed for, or to be constructed by Applicant for the Project; (x) impact on the opportunities of existing businesses in said county as a result of the Project; (xi) potential for new business activity to be attracted to said county as a result of the Project; and (xii) Applicant's agreement, if any, to restore and repair Project lands after the cessation or completion of Project operations; and

(c) **Community Impact** – including the: (i) opportunities for Coke County, Texas businesses and persons to supply goods, services, and/or labor for the Project; (ii) revitalization of any economically depressed area in said county as a result of the Project; (iii) impact on other taxing entities in said county as a result of the Project; (iv) local and regional employment opportunities associated with the Project, and the potential attraction of other businesses to the area as a result of the Project; and (v) competition, if any, resulting from the Project with existing businesses to the detriment of the local economy, and the impact of the Project on the opportunities of existing businesses

3.3. **Applicant Eligibility for Tax Abatement --**

(a) An Applicant shall be eligible to apply for a County tax abatement agreement if: (i) a Zone already is established, or a Zone is being requested in the Application for tax abatement, regarding a Project; (ii) Commencement of Construction for the Project has not yet occurred; and (iii) the Project meets the requirements of these Guidelines, or a lawful variance is requested.

(b) Subject to the terms and provisions of these Guidelines (including its descriptions of Eligible Property, Ineligibility Property, and variance

requirements), the County may execute a tax abatement agreement with and grant tax abatement to an Applicant in accordance with the applicable provisions of Section 312.402 and 312.204 of the Texas Tax Code.

(c) A County Agreement may be granted only for the additional value of Applicant's Eligible Property for its Project placed in the Zone after the County Agreement is approved and executed, as specified in the County Agreement. A County Agreement shall be subject to the rights of the holders of the outstanding bonds of the County.

3.4. **Eligible Property** -- Unless designated as Ineligible Property by these Guidelines, and subject to the variance procedures herein described, all taxable property identified by Chapter 312 as being eligible for county tax abatement may be considered by the County. However, nothing in these Guidelines shall limit the lawful authority, discretion, and best business judgment of the Commissioners Court to consider, adopt, grant, modify, or decline any request for tax abatement.

3.5. **Ineligible Property** – The following property is ineligible for tax abatement pursuant to these Guidelines, and said Ineligible Property shall be fully taxable at all times: (a) land; (b) inventories; (c) supplies, (d) tools; (e) animals; (f) furnishings; (g) vehicles and vessels; (h) private aircraft; (i) deferred maintenance investments; (j) property in a Reinvestment Zone owned by a lessor of the land in said zone; (k) property not located in the Zone; (l) property located in the Zone before the effective date of a County Agreement, (m) property located in the Zone after the termination or expiration of a County Agreement; (n) property located in the Zone and used by Applicant for an activity not for or related to the Project or the County's Program; (o) property located in the Zone and used by Applicant in violation of a County Agreement or the County's Program; and (p) property designated by Chapter 312 of the Texas Tax Code, a County Agreement, or these Guidelines as ineligible for tax abatement.

3.6. **Certain Property Fully Taxable** – Regarding a County Agreement, the Applicant's Eligible Property and Ineligible Property in the Zone shall be assessed and taxed by the County according to its full appraised value without tax abatement for the periods occurring: (a) after the effective date of a County Agreement, but prior to commencement of the abatement period specified therein; and (b) after the expiration of the abatement period specified in a County Agreement, and/or the termination of said agreement. Regarding a County Agreement, the Applicant's Ineligible Property in and outside the Zone, and Eligible Property outside the Zone, shall be assessed and taxed according to its full appraised value without tax abatement at all times.

IV. Procedural Requirements

4.1. **Application and Filing Fee Required** – Pursuant to the requirements of these Guidelines, the Applicant may request the creation of a tax abatement reinvestment zone, enterprise zone, and/or tax abatement agreement by submitting a written application to the County at following public office: County Judge, Coke County, Texas, Coke County Courthouse, 13 East 7th Street, Robert Lee, Texas 76945. A non-refundable filing fee in the

amount of \$1,000.00 (in the form of a company check, cashier's check, or money order made payable to the order of Coke County, Texas) shall be paid by Applicant when the Application is submitted to the County.

4.2. **Applicant Signature Required** – An Application and County Agreement are not authorized to be executed by the County with Applicant that is not the actual owner, lessor, or lessee of the Eligible Property in the proposed Zone. The Application and County Agreement shall contain sufficient documentation to verify and confirm those facts to the County.

4.3. **Application for Zone** -- An application for the creation of a Zone at minimum shall contain the following matters and be signed by the Applicant:

- (a) documents sufficient to describe in detail the proposed Project;
- (b) a map or plat, property description, site plan, and other documents which adequately describe and confirm: (i) the boundaries of the contiguous land area of the Zone and Project; (ii) the contiguous land area of the Zone being wholly located in Coke County, Texas; and (iii) the Zone does not contain any land in the taxing jurisdiction of a municipality;
- (c) documents and facts sufficient to establish the eligibility of the Zone for: (i) residential tax abatement; (ii) commercial-industrial tax abatement; or (iii) tax increment financing as described in Chapter 311 of the Texas Tax Code;
- (d) documents and facts sufficient to establish that the Zone designation 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 Coke County, Texas;
- (e) a description of the proposed increase in economic development to occur in Coke County, Texas through successful completion and implementation of the Project in the Zone, including but not limited to: (i) increased capital improvements and tax base; (ii) Modernization of existing improvements, (iii) creation of new jobs, retention of existing jobs, and employment opportunities for residents of said county; (iv) participation opportunities for local suppliers and contractors; and (v) the economic development factors described in Paragraph 3.2;
- (f) a description of all tangible personal property improvements for which a tax abatement will be requested;
- (g) a proposed time-line and construction schedule for completing and implementing Applicant's Project;

(h) financial and Project information sufficient for the County to evaluate Applicant's eligibility to submit the Application and financial capacity to successfully complete and implement the Project;

(i) regarding a tax abatement reinvestment zone request, all information required by Sections 312.201-.202 and 312.401 of the Texas Tax Code to support Zone creation;

(j) regarding a request for creation of an enterprise zone, all information required by Chapter 312 of the Texas Tax Code and Chapter 2303 of the Texas Government Code; and

(k) other information or material considered by Applicant as necessary or advisable to support the Application, including any variance request sought by Applicant.

4.4. Duration of Zone -- The designation of a Reinvestment Zone expires five years after the date of the designation and may be renewed for periods not to exceed five years. The expiration of the designation does not affect existing tax abatement agreements.

4.5. Application for Agreement -- An application for a County tax abatement and economic development agreement at minimum shall contain the following matters:

(a) all matters described in Paragraph 4.3;

(b) a map or plat, site plan, and detailed property description which sufficiently describe all land and other property to be made the subject of the Agreement, including a description of Eligible Property for which a tax abatement is requested;

(c) in the case of a Modernization Project, a statement of the assessed value of the existing improvements, which shall be separately stated for real and personal property for the tax year immediately preceding the Application date;

(d) an analysis of the Project in terms of the economic development factors described in Paragraph 3.2, including a description of the positive economic growth projected to occur in Coke County, Texas as a result of the Project;

(e) a description of the requested tax abatement period (described by beginning and ending dates), including any period requested to defer the beginning of the tax abatement period and all facts and documents to support the deferral period request;

(f) a description of the level or degree of tax abatement requested, and a description of all Eligible Property to be the subject of the requested abatement;

(g) a description of any monetary amounts, property, or services to be paid and/or delivered to the County by Applicant as consideration or reimbursement for the Agreement, including: (i) taxes; (ii) payment in lieu of taxes ("PILOT"); (iii) deferral year payments; (iv) economic development grants or donations, including road/bridge damage repair and/or maintenance obligations; and (v) reimbursement of all costs and expenses (including but not limited to attorney's fees, appraisal fees, newspaper publication fees, and mailing/courier expenses) incurred by the County as a result of the consideration, negotiation, approval, implementation, and administration of the Project and Agreement; and

(h) other information or material considered by Applicant as necessary or advisable to support the Application, including any variance request sought by Applicant.

4.6. Commissioners Court Action -- Using its lawful authority, discretion, and best business judgment, and upon its review and consideration of the Application and all attendant facts and circumstances, the Commissioners Court may grant in full, deny in full, grant in part, or deny in part the Application pursuant to the public interests of Coke County, Texas.

4.7. Procedure – The creation of an enterprise zone and approval of any related tax abatement agreement shall be governed by the applicable provisions of these Guidelines and Chapters 551 and 2303 of the Texas Government Code, Chapter 312 of the Texas Tax Code, and Chapter 381 of the Texas Local Government Code. Regarding a tax abatement reinvestment zone and County approval of any related tax abatement agreement, the following procedures shall apply:

(a) Should Applicant request to locate the Project in an area of Coke County not then designated as an existing County Zone, the Commissioners Court may proceed to consider Applicant's tax abatement reinvestment zone request and shall set the matter for a public hearing as required by law. If the Zone is approved and created by the Commissioners Court, a tax abatement agreement request submitted by Applicant may be considered for approval by the Court pursuant to these Guidelines and the notice and other requirements of Chapter 312 of the Texas Tax Code and Chapter 551 of the Texas Government Code.

(b) Should Applicant request to locate the Project in an area of Coke County designated as an existing, active tax abatement reinvestment zone, the Commissioners Court may proceed to consider for approval a proposed tax abatement agreement request submitted by Applicant

pursuant to these Guidelines and the notice and other requirements of the aforesaid Chapters 312 and 551.

4.8. **Variance** -- A variance request regarding a Zone Application or County Agreement Application shall be made in writing by the Applicant and submitted to the County with the Application. A variance from these Guidelines may only be granted: (a) by a recorded public vote of the Commissioners Court conducted in an authorized public meeting in compliance with Chapter 551 of the Texas Government Code; (b) pursuant to the lawful authority, discretion, and best business judgment of the Commissioners Court; and (c) if the variance does not violate Chapter 312 or other applicable state law or local regulation.

4.9. **Public Notice** -- The County shall give all public notice required by law regarding a proposed Zone or County Agreement, including the notice requirements contained in Chapter 312 of the Texas Tax Code and Chapter 551 of the Texas Government Code.

V. Tax Abatement Agreement

5.1. **Approval and Execution** -- Once a tax abatement and economic development agreement is approved by the Commissioners Court in the manner required by law and these Guidelines, the Agreement shall be executed by the Applicant and the County.

5.2. **Abatement Period Duration** -- The total duration of an abatement period in a County Agreement, shall not exceed ten years as required by Chapter 312.

5.3. **Modification or Termination** -- At any time before its expiration, a County Agreement may be modified by the parties to include other provisions that could have been included in the original Agreement or to delete provisions that were not necessary to the original Agreement. The modification must be made by the same procedure by which the original Agreement was approved and executed. A County Agreement may not be modified to extend beyond 10 years from the date of the original agreement. A County Agreement may be terminated by the mutual consent of the parties in the same manner that the Agreement was approved and executed.

5.4. **Minimum Requirements** -- The County Agreement at minimum shall sufficiently describe the following matters:

- (a) the abatement period, which shall be no longer than 10 years in duration as required by Chapter 312;
- (b) the total value of Eligible Property to be abated, and the percent or degree of value to be abated each year;
- (c) the proposed use of the Eligible Property for the Project in compliance with the County's Program (including the kind, number, and location of said property, and the nature and type of construction thereof), a time schedule for completing Project construction, sufficient mapping

and property description for the Project, and list of all proposed Project Facilities and improvements;

(d) the term of the Agreement, abatement period, deferral period (if any), termination, amendment or revision, contractual obligations and remedies of the parties (financial or otherwise) in the event of default (including recapture of delinquent taxes, interest, and costs, payment of monetary amounts owed to the County, and reimbursement of incurred County expenses including attorney's fees), rules for assignment, and the requirements for implementation and administration of the Agreement;

(e) reasonable access to and inspection of Project land, property, improvements, Facilities, and the business records of Applicant, by the County and the District to ensure compliance with the Agreement and controlling authority;

(f) the kind, number, and location of all proposed Project improvements and Facilities to be located in the Zone;

(g) the limitation of the uses of the Applicant's Project property in the Zone consistent with the County's Program for the Zone and the County's general purpose of encouraging redevelopment of the Zone during the Agreement;

(h) a description of each term agreed by the parties to the Agreement;

(i) maps showing existing uses and conditions of real property in the Zone, and proposed improvements and uses in the Zone;

(j) provisions defining a material default, including when an Applicant performance requirement stated in the Agreement is not established or maintained by Applicant in compliance with the Agreement,

(k) provisions describing material default, the County's remedies in the event Applicant commits a material default of the Agreement, including the County's rights to recapture or recover full remedies allowed by law for the default, including: (i) lost or abated taxes, and associated penalties, interest, costs, and attorney's fees; (ii) all monetary amounts due the County under the Agreement; (iii) accrued attorney's fees, expert expenses, or other litigation or enforcement costs, and interest; and (iv) all other remedies allowed by law or equity;

(l) provisions describing mandatory venue for any suit regarding the Agreement in: (i) a court of competent jurisdiction located in Coke

County, Texas; or (2) the appropriate United States District Court designated for said county;

(m) compliance with other applicable statutory authority not previously mentioned in these Guidelines, including Chapters 2252, 2264, and 2270 of the Texas Government Code, and applicable local regulations;

(n) a description of any monetary amounts, property, or services to be paid or delivered to the County by Applicant as consideration or reimbursement for the Agreement, including: (i) taxes; (ii) payment in lieu of taxes; (iii) deferral year payments; (iv) economic development grants or donations, including public infrastructure improvements to be constructed by Applicant, and road/bridge damage repair and/or maintenance obligations of Applicant; and (v) reimbursement of all costs and expenses (including but not limited to attorney's fees, appraisal fees, newspaper publication fees, and mailing/courier expenses) incurred by the County as a result of the consideration, negotiation, approval, implementation, and administration of the Project and Agreement;

(o) provisions describing that: (i) the abatement period and all obligations for monetary amounts (including taxes) to be timely paid by the Applicant to the County shall not be deferred or extended for any reason, including a default cure period or the occurrence of an authorized Force Majeure event; (ii) a material default committed by the Applicant shall entitle the County to pursue and recover all remedies allowed by law and/or equity; and (iii) the obligation for monetary amounts to be paid by the Applicant to the County shall cease upon Agreement termination -- however, that all accrued monetary amounts due the County which were not timely paid by the Applicant to the County as of the termination date, and all monetary amounts due the County in the event a material default is committed by the Applicant, shall be subject to recovery by the County pursuant to all remedies allowed by law and/or equity; and

(p) all other matters and issues described in Section 312.205 of the Texas Tax Code or these Guidelines for inclusion in the Agreement.

VI. Administration

6.1. Annual Administration Requirements -- The District (by and through its Chief Appraiser) annually shall determine a certified appraised value assessment, and tax abatement assessment, of all real and personal property in the Zone, pursuant to the following requirements and procedures:

(a) On May 1st of each year of an Agreement, the tax abatement recipient ("Recipient") in the Agreement shall certify to the following entities that it is in compliance with the Agreement: (i) the County; (ii)

the District; and (iii) each Affected Jurisdiction with jurisdictional land area located in the Zone.

(b) The County and the District shall annually evaluate the Project and Facility in the Zone receiving a County tax abatement under the Agreement to verify compliance by the Recipient with the Agreement. A formal report shall be made annually to the Commissioners Court by the County and District regarding the evaluation.

(c) Each year of the Agreement, the Recipient shall furnish the District with such information as may be necessary for the certified appraised value and abatement evaluation. Once those evaluations have been established, the Chief Appraiser shall notify the Commissioners Court and Recipient of those evaluations.

(d) The Zone, Recipient Eligible Property, and Recipient Ineligible Property will be appraised by the District at full market value for the purposes of property tax assessment for each year of the Agreement. This value may change during the term of the Agreement. The calculation of tax abatement and other components of the Agreement will make use of this appraised value determination, as determined for each tax year of the Agreement.

(e) The District annually shall determine on January 1st of each tax year of the Agreement the certified appraised value of the: (i) land area of the Zone (with existing improvements, if any) at full value without tax abatement; (ii) tangible personal property in said Zone at full value without tax abatement; (iii) Recipient Eligible Property in said Zone at full value without tax abatement; and (iv) Recipient Ineligible Property in said Zone at full value without tax abatement; and (v) taxable value of the immediately preceding items (i) through (iv) pursuant to the terms of tax abatement described in the Agreement.

(f) The District will record in the District's record its determination of the aforesaid certified appraised value, and abated taxable value. The Recipient may apply for all applicable tax exemptions authorized by law. The certified appraised value listed in the District records shall be used to compute the amount of abated taxes required to be recaptured and paid in the event of a termination or default of the Agreement.

6.2. Property Renter and Situs Obligations -- During each year of the Agreement, the Recipient shall timely: (a) furnish the District with the information described in Chapter 22 of the Texas Tax Code, or other authority, as may be necessary or advisable for the proper administration the Agreement; and (b) render its Project improvements, Eligible Property, and Ineligible Property located in the Zone for ad valorem taxation in Coke County, Texas, said county to be designated in the Agreement as the situs for the appraisal, assessment, levy, and

collection of taxes on said property by the County, and the payment of said taxes by the Recipient regarding said property, for the purposes of and pursuant to the Agreement.

6.3. **Confidential Proprietary Information** -- All confidential proprietary information acquired by the County from the Applicant or Recipient for purpose of review regarding a Zone Application, Agreement Application, or the monitoring of compliance with a County Agreement, shall be considered confidential unless otherwise required by law, including Section 312.003 of the Texas Tax Code and Chapter 552 of the Texas Government Code.

VII. Assignment

7.1. **No Assignment Without County Consent** -- A County Agreement shall not be assigned, in whole or in part, without the written consent and approval of the County.

7.2. **County Discretion** -- The County's decision to approve or not approve, an assignment of the Agreement shall be based upon: (a) the exercise of the lawful authority, discretion, and best business judgment of the Commissioners Court; (b) the financial capacity of the proposed assignee; (c) a determination of whether Applicant or the proposed assignee allowed taxes owed to any Affected Jurisdiction in Coke County, Texas to become delinquent, and failed to timely and properly follow the lawful procedures for a tax protest; and (d) the interests of the public.

7.3. **Conditions** -- A permitted assignment of an Agreement shall: (a) require the assignee to irrevocably and unconditionally assume all duties and obligations of the assignor upon the same terms and conditions provided in the Agreement; (b) not exceed the termination date of the initial Agreement; and (c) not violate the provisions of any applicable statute, local regulation, or these Guidelines.

VIII. Guidelines Approval, Term, and Revision

8.1 **Approval by Commissioners Court** -- These Guidelines were adopted and approved by a recorded, public vote of at least a three-fourths of the members of the Commissioners Court, as required by Section 312.002 of the Texas Tax Code.

8.2 **Term** -- These Guidelines shall be effective and operable on the Effective Date. They shall remain in force for two years from the Effective Date unless amended or revised by the Commissioners Court as allowed by law.


8.3 **Amendment or Revision** -- Should the Commissioners Court consider the amendment or revision of these Guidelines, all existing Zones and County Agreements shall be reviewed to determine whether the County's public policy goals have been substantially achieved. Based on that review, these Guidelines may be modified, renewed, eliminated, or discontinued, as allowed by law, provided that such actions shall not affect existing contracts.

8.4 **Continuing Discretion of Commissioners Court** -- The adoption of these Guidelines by the Commissioners Court does not: (a) limit the discretion of the Commissioners

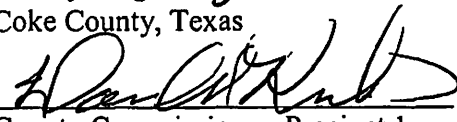
Court to decide whether to enter into a specific tax abatement agreement; (b) limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not it should consider a particular application or request for tax abatement; or (c) create any property, contract, or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for tax abatement.

ORDERED, ADOPTED, AND APPROVED on the 23rd day of April, 2019.


**THE COMMISSIONERS COURT OF
COKE COUNTY, TEXAS**




County Judge
Coke County, Texas



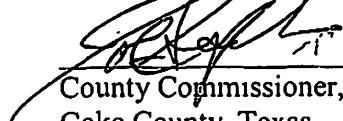
County Commissioner, Precinct 1
Coke County, Texas



County Commissioner, Precinct 2
Coke County, Texas

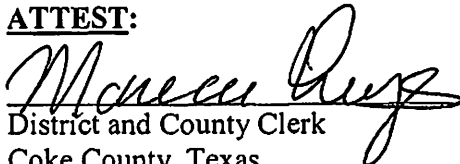


County Commissioner, Precinct 3
Coke County, Texas



County Commissioner, Precinct 4
Coke County, Texas

ATTEST:



District and County Clerk
Coke County, Texas