

THE STATE OF TEXAS §
COUNTY OF HOPKINS §

AGREEMENT

This AGREEMENT ("AGREEMENT") is entered into by and between Hopkins County, Texas, hereinafter referred to as COUNTY, acting by and through Judge Robert Newsom its duly elected County Judge, and Solemio LLC, hereinafter referred to as OWNER.

WITNESSETH:

WHEREAS, in accordance with the Property Redevelopment and Tax Abatement Act, codified in Chapter 312 of the Texas Tax Code (the "ACT"), the COUNTY has adopted the Guidelines and Criteria for the Economic Development Incentives Program, a current copy of which is attached hereto as Exhibit "D" (the "POLICY STATEMENT"); and

WHEREAS, the POLICY STATEMENT constitutes appropriate guidelines and criteria governing tax abatement AGREEMENTs to be entered into by the COUNTY as contemplated by Chapter 312 of the Tax Code; and

WHEREAS, the COUNTY has adopted Resolution No. 19-1 stating that it elects to be eligible to participate in tax abatement; and

WHEREAS, the PROPERTY, as hereinafter defined, are wholly located within Reinvestment Zone Number assigned by COUNTY attached as Exhibit "A" ("ZONE") created by court order; and

WHEREAS, the COUNTY desires to enter into this AGREEMENT in order to maintain and or enhance the commercial and or industrial economic and employment base of the Hopkins County to the long-term interest and benefit of the COUNTY in accordance with Chapter 312 of the ACT; and

WHEREAS, the contemplated use of the PROPERTY, as hereinafter defined, the contemplated improvements to the PREMISES, as hereinafter defined, in the amount set forth in this AGREEMENT and the other terms hereof are consistent with encouraging development of Reinvestment Zone Number in accordance with the purposes and intent of the POLICY STATEMENT, and all applicable law; and

WHEREAS, a copy of this AGREEMENT has been furnished in the manner prescribed by the ACT to the presiding officers of the governing bodies of each of the taxing entities in the area in which the PROPERTY is located.

NOW THEREFORE, the COUNTY for good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, which consideration includes the expansion of employment and the attraction of major investment in the ZONE, which contributes to economic development in the COUNTY, and the OWNER for good and valuable consideration, which consideration includes the tax abatement set forth herein below, as authorized by the ACT, do hereby contract, covenant and agree as follows:

A. DEFINITIONS

1. The PROPERTY which is the subject of this AGREEMENT is that personal PROPERTY to be located at, Sulphur Springs, County Road 1102, Sulphur Springs, Texas and FM 2297, Sulphur Springs, Texas and described in Exhibit "B" attached hereto and made a part hereof. The Real Property upon which the Property is located is described in Exhibit "C" and shall hereinafter be referred to as the PREMISES. Exhibit A is the ZONE, Exhibit B is the PROPERTY list and Exhibit C is the PREMISES.

2. The PROPERTY to be installed at and/or affixed to the PREMISES is new equipment to increase the production capacity of the PREMISES having a minimum value of at least \$65 million dollars.

**B.
DUTIES OF OWNER**

1. The OWNER shall substantially complete or cause to be completed construction of the PROPERTY on the PREMISES on or before December 31, 2020, and that upon completion shall have a minimum initial cost investment of not less than sixty five million dollars (\$65,000,000); provided that OWNER shall have such additional time to complete the PROPERTY as may be required if OWNER is diligently pursuing completion of the initial phase of the PROPERTY in the event of "force majeure", or if in the sole opinion of the COUNTY, the OWNER has made substantial progress toward completion of the initial phase of the PROPERTY. For this purpose, "force majeure" shall mean any contingency or cause beyond the reasonable control of OWNER, including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omissions of OWNER), fire, explosion or flood, and strikes. For purposes of this paragraph, construction of the PROPERTY shall be deemed to have been "completed" when the PROPERTY has become commercially operational and placed into service for the purpose of generating electricity for sale on one or more commercial markets. Construction of the PROPERTY may be deemed to have been "completed" even though ancillary facilities not required for generating and delivering electricity into a commercial market are still under construction.

2. The OWNER agrees and covenants that it will diligently and faithfully in a good and workmanlike manner pursue (or cause to be pursued) the completion of the PROPERTY as a good and valuable consideration of this AGREEMENT. OWNER further covenants and agrees that all construction of the PROPERTY will be in accordance with all applicable state and local laws and regulations or valid waiver thereof. In further consideration, from the date of the placement of the PROPERTY on the PREMISES until five years after the expiration of this AGREEMENT, OWNER covenants and agrees that the PREMISES and PROPERTY will be continuously operated, maintained and occupied as a solar energy generating facility.

3. The OWNER further agrees that the COUNTY and its agents and employees, shall have reasonable right of access to the PREMISES, subject to confidentiality undertakings, to inspect the PROPERTY in order to insure that the construction of the PROPERTY is in accordance with this AGREEMENT and all applicable state and local laws and regulations or valid waiver thereof; and subject to OWNER's reasonable security requirements, the continuing right to inspect the PROPERTY and PREMISES to insure that the PROPERTY is thereafter maintained, operated and occupied in accordance with this AGREEMENT.

4. The PROPERTY and PREMISES shall at all times be used in a manner that is consistent with the general purpose of encouraging development within the ZONE. Both parties agree that the use of the PROPERTY and PREMISES for the generation of solar energy purposes in accordance with this AGREEMENT is consistent with such purpose.

5. Prior to December 31st of each year this AGREEMENT is in effect, OWNER shall certify to the governing body of the COUNTY that OWNER is in compliance with each applicable term of this AGREEMENT. OWNER agrees to provide the COUNTY any documentation the COUNTY may reasonably require to substantiate that it is in compliance with this AGREEMENT.

**C.
ABATEMENT ALLOWED**

1. This AGREEMENT is effective and shall bind the parties as of the date of the full execution of this AGREEMENT; however, the tax abatement period hereunder shall be ten (10) years, with the commencement of such tax abatement period delayed (as permitted by Section 312.007 of the ACT) to apply to the tax years listed below. Subject to the terms and conditions of this AGREEMENT, a percentage

of all categories of ad valorem property taxes assessed by the County on the value of the PROPERTY shall be abated as provided herein. Said abatement shall be as set forth below on the taxes assessed upon the value of the PROPERTY in the year of abatement but only to the extent that the value exceeds the value of the PROPERTY in the year in which this AGREEMENT is executed, all in accordance with the terms of this AGREEMENT and all applicable state and local regulations. OWNER and COUNTY agree that no portion of the PROPERTY exists as of the date that this Agreement is executed and that, therefore, the value of the PROPERTY in the year in which this AGREEMENT is executed is zero. Notwithstanding the abatement granted in this paragraph, OWNER shall have the right to and/or contest any assessment of the PROPERTY and said abatement shall be applied to the amount of taxes finally determined to be due as a result of any protest and/or contest.

In accordance with this paragraph, the percentage of ad valorem property taxes abated during each year of the tax abatement period is set forth in the table below. In the table below, "year one" of the tax abatement period shall begin on January 1 of the year following the year in which the construction of the PROPERTY is completed (as defined in Section B-1 of this AGREEMENT). As of the execution of this AGREEMENT the parties anticipate that Year 1 of the tax abatement period will be 2021.

<u>Year</u>	<u>Percentage of ad valorem property taxes abated</u>
1	70%
2	70%
3	70%
4	70%
5	70%
6	70%
7	70%
8	70%
9	70%
10	70%

Neither the PROPERTY nor the PREMISES shall be eligible for agriculture appraisal, open space agriculture appraisal or another special appraisal or exemption having the effect of reducing the appraised value of the PROPERTY or PREMISES and the resulting taxes thereon. Owner agrees during the term of this Agreement not to apply for such appraisals or exemptions. It is understood and agreed that abatement grant hereby shall only apply to the value of the PROPERTY and shall not apply to the value of the land included in the PREMISES.

**D.
BREACH AND RECAPTURE**

1. In the event that (1) the construction of the PROPERTY for which an abatement has been granted is not completed in accordance with this AGREEMENT; or (2) OWNER fails to utilize the PROPERTY for the PURPOSES required by this AGREEMENT; or (3) OWNER breaches any of the material terms or conditions of this AGREEMENT, then this AGREEMENT shall be in default. In the event that the OWNER defaults in its performance of (1), (2) or (3) above, then the COUNTY shall give the OWNER written notice of such default and if the OWNER has not cured such default, or obtained a waiver thereof from the appropriate authority, within sixty (60) days of said written notice, and the OWNER does not commence to cure such default within said thirty day period and thereafter diligently proceed with its efforts to cure the same, this AGREEMENT may be terminated by the COUNTY. Notice shall be in writing as provided below. If the COUNTY terminates this AGREEMENT for default, OWNER shall pay to the COUNTY all taxes which otherwise would have been paid to the COUNTY without the benefit of abatement but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Texas Tax Code within sixty (60) days after the expiration of the above mentioned applicable cure period. After sixty (60) days, if said taxes owed remain unpaid by the OWNER, the penalties and interest will accrue as provided by law. The AGREEMENT may be terminated by the mutual consent of the parties in the same manner that the AGREEMENT was approved and executed; provided, however, that following such mutual termination, OWNER shall not be liable to pay to

the COUNTY all taxes which otherwise would have been paid to the COUNTY without benefit of abatement. Notwithstanding the above, if the construction of the PROPERTY has not been completed on the PREMISES at the time of termination, the COUNTY shall recapture any property tax revenue lost as a result of the AGREEMENT. It is expressly agreed and acknowledged between the parties to the AGREEMENT that nothing in this AGREEMENT shall be deemed or construed to affect the ability of the COUNTY to place a lien for taxes against the PROPERTY as established by Section 32.01 of the Texas Tax Code. Such lien shall secure the payment of all taxes, penalties and interest ultimately imposed on the PROPERTY, including any taxes abated and subject to recapture under this AGREEMENT. Any such lien may be fully enforced pursuant to the provisions of the Texas Tax Code. TERMINATION OF THE AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE TERMINATION DATE) AND RECAPTURE OF PROPERTY TAXES ABATED AS PROVIDED IN THIS PARAGRAPH SHALL BE THE COUNTY'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO TAKE ANY ACTION REQUIRED BY THIS AGREEMENT. OWNER AND COUNTY AGREE THAT THE LIMITATIONS CONTAINED IN THIS PARAGRAPH ARE REASONABLE AND REFLECT THE BARGAINED FOR RISK ALLOCATION AGREED TO BY THE PARTIES.

2. Following the expiration of the tax abatement period under this AGREEMENT, the PROPERTY subject to this AGREEMENT shall become fully taxable subject to any lawful exemptions and special appraisal that may otherwise apply.

**E.
GENERAL PROVISIONS**

1. **Notice.** Notices required to be given to any party to this AGREEMENT shall be given personally or by registered or certified mail, return receipt requested, postage prepaid, addressed to the party at its address set forth below, and, if given by mail, shall be deemed delivered as of the date deposited in the United States mail:

For COUNTY by notice to:
Hopkins County
Attention: Robert Newsom, County Judge
P.O. Box 288
Sulphur Springs, Texas 75483

For OWNER by notice to:
Solemio LLC
1088 Sansome Street
San Francisco, CA 94111
Attention: General Counsel

Any party may change the address to which notices are to be sent by giving the other parties written notice in the manner provided in this paragraph.

2. **Indemnification.** OWNER in performing its obligations under this AGREEMENT is acting independently, and the COUNTY assumes no responsibilities or liabilities to third parties in connection with the PREMISES or PROPERTY. OWNER agrees to INDEMNIFY, DEFEND, AND HOLD HARMLESS THE COUNTY, ITS OFFICERS, AGENTS, EMPLOYEES, AND VOLUNTEERS IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES, FROM AND AGAINST CLAIMS SUITS, DEMANDS, LOSSES, DAMAGES, CAUSES OF ACTION, AND LIABILITY OF EVERY KIND, INCLUDING, BUT NOT LIMITED TO, EXPENSES OF LITIGATION OR SETTLEMENT, COURT COSTS, AND ATTORNEYS FEES WHICH MAY ARISE DUE TO ANY DEATH OR INJURY TO A PERSON OR THE LOSS OF, LOSS OF USE OF, OR DAMAGE TO PROPERTY, ARISING OUT OF OR OCCURRING AS A CONSEQUENCE OF THE PERFORMANCE OF THIS AGREEMENT, SAVE AND EXCEPT FOR THE ACTUAL NEGLIGENCE OF THE COUNTY, ITS OFFICERS, AGENTS OR EMPLOYEES AS DETERMINED BY A COURT OF COMPETENT JURISDICTION. OWNER INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT

OF REASONABLE ATTORNEY FEES AND EXPENSES INCURRED BY THE COUNTY AND TAXING UNITS IN CONNECTION WITH THESE CLAIMS, SUITS, OR CAUSES OF ACTION.

3. **No ownership by COUNTY officer.** It is the belief of both parties that the PROPERTY and PREMISES do not include any property that is owned or leased by a member of the Commissioners Court or any other board or commission of the COUNTY having responsibility for approval of this AGREEMENT. The parties recognize and understand that any property so owned is excluded by law from property tax abatement.

4. **Compliance with law.** OWNER shall comply with all applicable rules, regulations, ordinances, state and federal laws in the operation of the PROPERTY and PREMISES.

5. **Assignment.**

(a) The terms and conditions of this AGREEMENT are binding upon the successors and assigns of all parties hereto. This AGREEMENT cannot be assigned by OWNER unless written permission is first granted by the COUNTY, which permission will not be unreasonably withheld, provided however that upon written notice to the COUNTY, OWNER may assign its right under this AGREEMENT to a wholly owned subsidiary, provided the subsidiary agrees in writing to assume all duties and obligations of this AGREEMENT.

(b) The parties agree that a transfer of all or a portion of the ownership interests in OWNER to a third party shall not be considered an assignment under the terms of this Agreement and shall not require any consent of the COUNTY.

(c) In addition to its rights under Paragraph E-5(a), OWNER may, without obtaining the COUNTY's consent, mortgage, pledge, or otherwise encumber its interest in this AGREEMENT or the PROPERTY to a MORTGAGEE for the purpose of financing the operations of the PROPERTY or constructing the PROPERTY or acquiring additional equipment following any initial phase of construction. OWNER's encumbering its interest in this Agreement may include an assignment of OWNER's rights and obligations under this AGREEMENT for purposes of granting a security interest in this AGREEMENT. As used in this paragraph, "MORTGAGEE" means any entity or person providing, directly or indirectly, with respect to the PROPERTY any of (a) senior or subordinated construction, interim or long-term debt financing or refinancing, whether that financing or refinancing takes the form of private debt, public debt, or any other form of debt (including debt financing or refinancing), (b) a leasing transaction, including a sale leaseback, inverted lease, or leveraged leasing structure, (c) tax equity financing, (d) any interest rate protection agreements to hedge any of the foregoing obligations, and/or (e) any energy hedge provider. There may be more than one MORTGAGEE.

6. **Venue.** This AGREEMENT shall be construed under the laws of the State of Texas, and venue for any action arising under state law under this AGREEMENT shall be the State District Court of Hopkins County, Texas. If not properly in state court, venue for any cause of action arising under federal law shall be the Northern District of Texas.

7. **Severability.** In the event any section, subsection, paragraph, subparagraph, sentence, phrase, or word herein is held invalid, illegal, or unenforceable, the balance of this AGREEMENT shall stand, shall be enforceable, and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase, or word. In the event there shall be substituted for such deleted provision a provision as similar in terms and in effect to such deleted provision as may be valid, legal and enforceable.

8. **Independent Parties.** Nothing herein shall be construed as creating a partnership or joint enterprise between the COUNTY and OWNER. Furthermore, the parties hereto acknowledge and agree that the doctrine of respondent superior shall not apply between the COUNTY and OWNER, or between the COUNTY and any officer, director, member, agent, employee, contractor, subcontractor, licensee, or invitee of OWNER.

9. **Authority of COUNTY.** This AGREEMENT was authorized by voice vote of the Commissioners Court at its regular meeting on the 14 day of January, 2019, authorizing the County Judge to execute the AGREEMENT on behalf of the COUNTY.

10. **Authority of OWNER.** OWNER represents and warrants that the person signing this AGREEMENT on behalf of Solemio LLC, has the full right, power and authority to sign this AGREEMENT.

11. **Effective date.** This AGREEMENT shall be effective on the latest date that one of the parties signs below.

[remainder of this page blank – signature page follows]

Witness our hands on the respective dates stated below

ATTEST:

Nancy Smith



Emily McCarry Davis

Hopkins County, Texas

By: Robert Newsom

Print Name: Robert Newsom

Print Title: Hopkins County Judge

Date Signed: 1-14-19

Solemio LLC

By: Blake Rasmussen

Print Name: Blake Rasmussen

Print Title: Authorized Signatory

Date Signed: 1/9/2019

EXHIBIT A

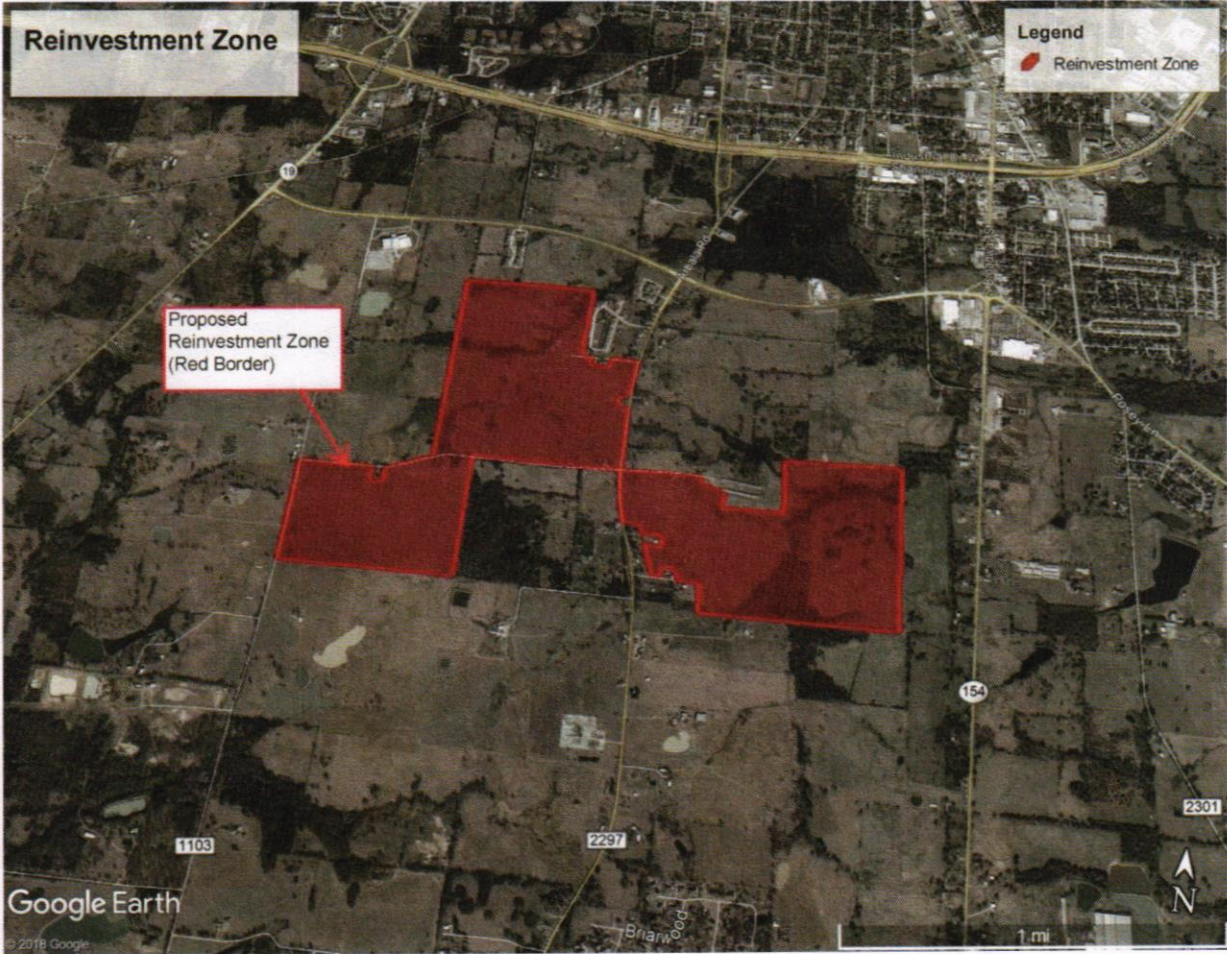


EXHIBIT B

Description of the Property

The PROPERTY includes all of the tangible personal property, equipment, and materials required to construct and operate a solar electric generating facility on the Premises. The facility itself is expected to have a total capacity of 80 Megawatts (ac)/ 100 MW DC and may include the property and equipment listed below. The list of equipment below is not intended to be an exhaustive list of the PROPERTY. The parties agree that the PROPERTY eligible for abatement under this AGREEMENT includes all of the tangible personal property, equipment, and materials required to construct and operate the facility.

- Solar Modules & Panels
- Racking & Mounting
- Structures Inverter Boxes
- Combiner Boxes
- Meteorological
- Equipment
- Operation & Maintenance Building(s)
- Fencing
- Electrical Substations
- Generation Transmission Tie
- Line Associated Towers
- Interconnection Facilities

EXHIBIT C PREMISES**LEGAL DESCRIPTION**

Parcel ID	Size (approximate acreage)	Owner	Property Address	Property Coordinates
R000018387	117.34	Nina Russ fka Nina Lou Behzadpour, individually and as Trustee of the testamentary trust created for the benefit of Mitzi Magers, under the Last Will and Testament and Codicil of Virginia Sue Magers	CR 1102 Sulphur Springs, TX 75482	33°05'29.29" N 95°37'07.23" W
R000018398	212.7	McGahee Ventures, LTD	FM 2297 Sulphur Springs, TX 75482	33°Q6'06.5r N 95°37'18.04" W
R000025335	145.201	McGehee, Marcus W.	FM 2297 Sulphur Springs, TX 75482	33°05'42.97" N 95°36'17.60" W
R000018405	63	McGahee Ventures, LTD	FM 2297 Sulphur Springs, TX 75482	33°05'38.60" N 95°36'40.94" W

EXHIBIT D

Copy of COUNTY's POLICY STATEMENT

[see attached]

**Hopkins County
Policy Statement,
Criteria and Guidelines
For Tax Abatements**

I. General Purpose and Objective

Hopkins County is committed to fostering a broad based as well as long-term program of Community Economic Development. That program will only be successful if the local economy consistently develops in a manner which provides the ways and means for the community as a whole to improve. The County possesses various tools to enhance and encourage economic development.

Through these tools the County will work to enhance the competitiveness and expansion potential of the industrial community; to attracting and encouraging new industry and investment; to improving the County and its infrastructure which attracts and supports development; and, to expanding the tax base, employment opportunities, and the overall quality of life for its citizens.

To that end, the citizens of Sulphur Springs on January 19, 1991 approved a half cent economic development sales tax. The City established the Sulphur Springs - Hopkins County Economic Development Corporations (EDC) to direct as approved by the City Council its Economic Development resources provided by the sales tax on economic development. As a result, the half cent sales tax is the primary funding source for all public economic development efforts and the City Council encourages the EDC to fund assistance to both existing businesses which seek to expand as well as new businesses looking to relocate to Sulphur Springs.

Upon a determination by the EDC that additional resources will serve to induce a specific economic development project, the EDC may request the County to assist the economic development efforts through its property tax abatement program. To provide ongoing assistance to existing businesses which seek to expand, the County may offer limited tax abatements as a manner of policy. If in the opinion of the EDC, the abatement program as herein constituted is not sufficient in a specific instance to provide the necessary incentives to a prospective business and EDC resources are not otherwise sufficient to fund additional incentives, the EDC may request the County to assist with property tax abatements greater than those set forth in the then effective Property Tax Abatement Schedule. In such a case the County reserves the right to negotiate any and all available incentives with any applicant, when the County deems that the applicant proposes a substantial economic impact to the local community.

Hopkins County offers a tax abatement program whereby tax abatements may be made available to industrial, manufacturing, and distribution centers, warehousing, and research facilities currently in Sulphur Springs/Hopkins County or locating in Sulphur Springs/Hopkins County. New facilities and structures as well as the expansion and modernization of existing facilities and structures, will be considered. Evaluation of a tax abatement request will be based on the information provided in the tax abatement application along with the criteria as stated in this policy. Hopkins County is under no obligation to provide tax abatements to any applicant.

II. Criteria and Contractual Guidelines

- A. Property tax abatements will be given only to company operations engaged in manufacturing, distribution, warehousing, research and corporate offices. The County may also grant property tax abatements to non-profit industrial funds whose sole purpose is to provide economic development assistance to the overall community.
- B. Significant capital investment as well as job creation within Hopkins County are the primary objectives of the abatement program.
 - 1. Abatements will be given on new investment in personal and/or real property which will have in the judgement of the Hopkins County Appraisal District an economic life (depreciation schedule) of at least 10 years, and which must total \$500,000 or more. Personal property with a useful life of less than ten years is not eligible for tax abatement.
 - 2. Each contract must directly tie creation of a specific number of jobs to the abatement. The company applying for abatement shall agree as a condition of receiving an abatement to create at least fifteen (15) new full time jobs which shall continue for at least ten (10) years.
 - 3. If for whatever reason the company fails to provide all the jobs as per the contract, the abatement for that year will be reduced by the percentage of those jobs not created. However, that number cannot fall below fifteen (15). (Example: If 20 jobs are promised and only 15 are created, the abatement for that specific year will be 75% of the abatement for that specific year. If only 14 are created the abatement becomes null and void.)
 - 4. Each year, to be given credit for that year, each job must be in place and filled for longer than 8 months of the immediately preceding 12-month period.
- C. In special situations where an industry must significantly retool to be competitive, the County will consider abatements for job retention. However, it must be demonstrated that the nature of production and/or operations have changed in the industry whereby those jobs to be retained must be in significant danger of being lost to Sulphur Springs.
- D. Before the County can consider a tax abatement, the Economic Development Corporation (EDC) must recommend the abatement per the EDC's official policy guidelines. In the course of making that recommendation, the EDC will perform its Due Diligence per its policy and forward all findings to the County with its recommendation.
- E. Before an abatement in excess of percentages stated in Schedule A can be given, the County Finance Department with the assistance of the EDC staff will provide for the County Commissioners Court a cost benefit analysis of the proposed investment.
 - 1. Within the analysis, current operations as well as long-term infrastructure costs must be compared to direct and indirect economic benefits.

2. Of great importance to businesses within Sulphur Springs is a stable property tax rate. Hopkins County continues to work hard to provide excellent services with one of the lowest property tax rates in the state which in effect provides ongoing tax abatement to all existing businesses when compared to cities which have higher rates. One of the central purposes of the abatement programs is to incubate growth in the property tax base. A part of the cost benefit analysis given on each abatement under consideration will include an ongoing report of the abatement program with specific analysis of the ongoing development of the base. It is important that Hopkins County not cause a rise in property tax rates for all non-abated property as a direct consequence of its tax abatement program.
- F. Hopkins County will consider granting property tax abatements to any existing business which meets the criteria within this policy at the rates as displayed in the Tax Investment Schedule (attached as Exhibit A).
- G. Hopkins County shall not grant an abatement if it is determined that:
1. there would be a substantial adverse effect on the provision of government service or tax base.
 2. planned or potential use of the property would constitute a hazard to public safety, health or morals.
 3. the application is made by anyone who is now, or has been within the last two years (720 days) a member of the board of the EDC, City Council or County Commissioner Court.
 4. approval of any such abatement would violate any state or federal law or regulation.
 5. there exists any other valid reason for denial deemed appropriate by the County.
- H. Additional abatement assistance may be considered, but only after the EDC has exhausted every other funding option available. At that point additional abatement assistance may be given to induce specific significant economic development as a part of an overall package. Because Hopkins County maintains one of lowest property tax rates in the state, it is essential to protect the organization's ability to provide excellent service that packaged inducements minimize tax abatements while maximizing use of the economic development sales tax.
- H. All Procedural and Application material included in this policy will be provided by County staff and EDC accordingly.
- J. Each year, by December 31, the company receiving the Tax Abatement will submit to the EDC on forms provided by the EDC, certification of compliance with the terms of the Abatement Agreement. This certificate shall include a Texas Workforce Commission Unemployment Insurance Quarterly Tax Report, for the third quarter of the reporting year, reflecting the total employment (personal data may be omitted), to substantiate compliance with the contractual employment requirement. This document must be certified as to its validity by a local officer of the company and reviewed by the EDC for compliance.
- K. For any area outside the Enterprise Zone within the jurisdiction of the Hopkins County to be eligible for the tax abatement, it must meet the criteria for designation as a tax abatement reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, Texas Tax Code Chapter 312. The County Commissioner's Court may

adopt an ordinance designating a tax abatement reinvestment zone only after a public hearing has been held, notice of the public hearing has been published at least seven (7) days before the date of the hearing, and all other procedural requirements of Chapter 312 have been satisfied. Any designated tax abatement reinvestment zone shall expire five (5) years from date of designation and may be renewed for periods not to exceed five (5) years. The tax expiration of the designation does not affect an existing tax abatement agreement made in accordance with this policy.

- L. No tax abatement agreement shall exceed a term of ten (10) years from the date of execution for real and personal property.
- M. Tax abatements may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the County and the property owner or lessee subject to such limitations as the County may require. The additional value must exceed any reduction in the fair market value of other property of the owner already on the tax role within the jurisdiction of the County. Value added to the tax rolls must come from actual capital expenditure. Any abatement agreement involving leased property, the lease must at a minimum exceed the length of the abatement.
- N. Hopkins County shall retain the right to independently review and audit the related activities of tax abatement participants.
- O. Hopkins County shall be responsible for enforcement of the terms of any tax abatement agreements authorized hereunder.
- P. Requests for Tax Abatements should be submitted 45 days prior to expected consideration by the County Commissioner's Court.
- Q. Tax abatements for properties owned by non-profit industrial funds may be granted for 100% of both the additional value of any property improvements as well as any appreciation of value of existing properties as listed in the tax abatement contract for a period not to exceed 10 years. If at any time the fund ceases to be non-profit or if any member or owner of the fund receives specific financial gains through possession or sale of the abated property (both real and personal) during the life of the abatement, the fund will refund the County any and all abated taxes resulting from the abatement agreement.
- R. Recapture of Abated Taxes Upon Default - If an applicant requests and receives tax abatement based on the purchase and maintenance of eligible personal property, the applicant will have to agree in the tax abatement contract, subject to the recapture of all abated taxes, to maintain the personal property on the property tax roll for not less than ten years. Personal property with a useful life of less than ten years is not eligible for tax abatement. Personal property on site prior to the effective date of the tax abatement is not eligible. Supplies and inventory are ineligible for tax abatement under this policy and State Law.
 - 1. In the event that the company or individual:
 - a. allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, or
 - b. violates any of the terms and conditions of the Abatement Agreement, and fails to cure during the Cure Period hereinafter described, the Agreement then may be terminated, and the company or individual whose Agreement is terminated

shall repay, as liquidated damages, all taxes previously abated by virtue of the Agreement to the County within thirty (30) days of the termination

- S. Tax Abatements that are associated with equipment only situations. As an example where equipment is added or replaced in excess of the value of the existing equipment by \$500,000 dollars and no expansion of the real property or increase of employment, then the tax abatement is limited to five (5) years regardless of the amount of additional value added. This requirement is in addition to those values and requirements in Exhibit A.

TAX INVESTMENT SCHEDULE

Exhibit A

CAPITAL INVESTMENT	\$500,000	\$5,000,000	\$10,000,000
	and 15 jobs	or 100 jobs	or 250 jobs
Year 1	100%	100%	100%
Year 2	100%	100%	100%
Year 3	100%	100%	100%
Year 4	100%	100%	100%
Year 5	100%	100%	100%
Year 6	0%	100%	100%
Year 7		100%	100%
Year 8		0%	100%
Year 9			100%
Year 10			100%
Year 11			0%