

EXHIBIT "A"  
AMENDED POLICY GUIDELINES, CRITERIA & METHODOLOGY  
GOVERNING TAX ABATEMENTS FOR  
"WEBB COUNTY, TEXAS"  
Effective November 23rd, 2015

**SECTION 1: GENERAL TAX ABATEMENT AUTHORIZATION, RESOLUTION,  
PURPOSE, METHOD, OBJECTIVE & POLICY.**

**1.1 Authorization:**

(a) **General Authorization.** The Webb County Commissioners Court ("Commissioners Court") is authorized to develop and administer a program to stimulate business and commercial activity in Webb County pursuant to Chapter 312 of the Texas Tax Code and Chapter 381, Sections 381.004 (a), (b) (g) & (h) of the Texas Local Government Code and other applicable statutes allows and provides for but does not obligate or require, the County to grant a tax abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in these Tax Abatement Policy Guidelines, Criteria and Methodology. In order for the County to enter into tax abatement agreements, the County is required to establish guidelines and criteria governing tax abatements and to pass a resolution stating that the County elects to become eligible to participate in tax abatements.

(b) **Tax Abatement Resolution.** Webb County has adopted a Resolution stating that Webb County elects to become eligible to participate in tax abatements under TEXAS LOCAL GOVERNMENT CODE, Section 381.004(g), and applicable portions of the TEXAS TAX CODE, Chapter 312.

**1.2 Purpose and Method.**

(a) **General Purpose.** The purpose of this Policy is to establish the guidelines and criteria and methodology governing tax abatements under which Webb County can develop and administer a program to stimulate and encourage business activity in Webb County in order to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Webb County. These policy guidelines, criteria and methodology governing tax abatements contribute to the economic development of Webb County, and the enactment of these amended policy guidelines, criteria and methodology governing tax abatements will assist the County in the achievement of its objectives to create jobs for the citizens of the County, build the tax base of the County, and provide an attractive environment for businesses to build capital intensive projects within a Tax Abatement Reinvestment Zone.

(b) **Method.** The purpose of this Policy is also to establish the guidelines, criteria and the methodology for economic development utilizing an tax abatement approach to tax incentives. This Policy establishes guidelines and criteria under which the County may enter into ad-valorem tax abatement agreements as a part of the County's Economic Development Program established under this Policy in order to further the economic

development of Webb County.

### **1.3 Objective & Policy:**

(a). The County of Webb is committed to enhancing the competitiveness and the expansion potential of the County; to attracting and encouraging new industry and investment; to improving Webb County and its infrastructure which attracts and supports development; expanding the tax base, local employment opportunities, and the overall quality of life for its citizens. This document describes the tax abatement policy guidelines, criteria and methodology governing tax abatement opportunities that Webb County may consider in attempts to assert positive economic development. Nothing herein shall imply or suggest that the Webb County is under obligation to afford these opportunities to any applicant. All applicants shall be reviewed on a case-by case basis. The customized design of a total incentives package is intended to allow maximum flexibility in addressing the unique concerns of each applicant while enabling Webb County to respond to the changing needs of the County. Consideration will be given to applicants according to the criteria listed in this document and Chapter 312 of the Texas Tax Code, and Chapter 381, Sections 381.004 (a), (b), (g) & (h) of the Texas Local Government Code.

(b). As set forth in Chapter 381, Section 381.004 Subsection b. (1-7) of the Texas Local Government Code, to stimulate business and commercial activity in a county, the commissioners court of the county may develop and administer a program; b. (1) for state or local economic development; b. (2) for small or disadvantaged business development; b. (3) to stimulate, encourage, and develop business location and commercial activity in the county; b. (4) to promote or advertise the county and its vicinity or conduct a solicitation program to attract conventions, visitors, and businesses; b. (5) to improve the extent to which women and minority businesses are awarded county contracts; b. (6) to support comprehensive literacy programs for the benefit of county residents; or b. (7) for the encouragement, promotion, improvement, and application of the arts.

(c) As set forth in Chapter 381, Section 381.004 Subsection c. (1-4) of the Texas Local Government Code, The commissioners court may: c. (1) contract with another entity for the administration of the program; c. (2) authorize the program to be administered on the basis of county commissioner precincts; c. (3) use county employees or funds for the program; and c.(4) accept contributions, gifts, or other resources to develop and administer the program.

(d) As set forth in Chapter 381, Section 381.004 Subsection (d). A program established under this section may be designed to reasonably increase participation by minority and women-owned businesses in public contract awards by the county by establishing a contract percentage goal for those businesses.

(e) The commissioner's court may develop and administer a program authorized by Ch. 381, Section 381.004 Subsection (g), of the Texas Local Government Code for entering into an ad-valorem tax abatement agreement with an owner or lessee of a property interest subject to ad-valorem taxation. The execution, duration, and other terms of the agreement are governed, to the extent practicable, by the provisions of Chapter 312 of the Texas Tax Code, and/or Sections

312.204, 312.205, and 312.211 of the Texas Tax Code, as if the commissioner's court were a governing body of a municipality.

(f) In accordance with Ch. 381, Section 381.004 Subsection (h) of the Texas Local Government Code, the commissioner's court may develop and administer a program authorized by Ch. 381, Section 381.004, Subsection (b) for making loans and grants of public money and providing personnel and services of the county.

#### **1.4 General Eligibility Criteria:**

A tax abatement can only be granted, to persons or entities eligible for a tax abatement pursuant to Chapter 312, of the Texas Tax Code, and/or Chapter 381, Sections 381.004 a.(1-4), b.(1-7), (g), & (h) of the Texas Local Government Code which persons or entities as of the effective date of these Amended Tax Abatement Policy Guidelines, Criteria and Methodology are:

(i) the owner of taxable real and/or personal property located in a reinvestment zone in Webb County, Texas and/or the City of Laredo;

#### **1.5 General Exclusions and Limitations:**

##### **1.5.1 Leases of Real Property**

A person or entity seeking tax abatement on real property that is leased from a third party should be advised that, pursuant to state law, the County of Webb can only abate taxes on the increased value of the taxable leasehold interest in the real property, if any, and the increase in value of taxable improvements and tangible personal property located on the real property and subject to the leasehold interest, if any. Before applying for a tax abatement from the County of Webb, such persons or entities should seek professional and legal guidance, and may wish to consult with the appraisal district having jurisdiction over the property in question, as to whether their development projects will result in a taxable leasehold interest in the property and, if so, the anticipated additional and/or increased value of that leasehold interest. If the eligible project, facility and/or improvements are constructed or located on a leased property, the property owner shall be the party eligible for any ad-valorem tax abatement. The other party to the lease may join in the execution of agreement but shall not be obligated to assure performance of the party receiving the ad-valorem tax abatement.

#### **SECTION 2: DEFINITIONS.**

As used within the amended Webb County Tax Abatement Policy Guidelines, Criteria and Methodology, the following words or phrases shall have the following meanings:

(a) **"Abatement" or "Tax Abatement"** means the temporary, full or partial exemption from Webb County ad valorem taxes of certain eligible taxable real and in some cases tangible personal property and/or improvements located within a Reinvestment Zone designated for economic development purposes by Webb County and/or the City of Laredo. The Webb County Commissioners Court may grant a Company an exemption from taxation on a portion of

the value of the real property or of tangible personal real property located on the real property, or both, on the condition that the Company, Individual and/or Property Owner make specific improvements or repairs to the Property and meet other requirements pursuant to this Policy and the agreement terms.

(b) **"Abatement/Payment Term"** means that time period beginning on the Completion Date and ending on the Termination Date of the Agreement. If the Commissioners Court approves completion of a Project in phases, then the Abatement/Payment Term will begin with the Completion Date of the first phase.

(c) **"Abatement/Payment Year Value"** means the value assessed by the Webb County Appraisal District ("WCAD") for the purpose of the payment of Webb County Ad Valorem Taxes on the Property for any tax year included in the Abatement/Payment Term of the Agreement.

(d) **"Ad Valorem Taxes"** means those ad-valorem property taxes assessed by the ("W.C.A.D.") on eligible property within Webb County.

(e) **"Added Value"** means the increase in the assessed value, as compared to base year value, of an eligible property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility." It does not mean or include "deferred maintenance".

(f) **"Affected Jurisdiction"** means Webb County and every other taxing unit that includes within its boundaries property located within a proposed or existing reinvestment zone.

(g) **"Agreement"** means a contractual tax abatement agreement between a company, individual and/or business who is the property owner of eligible real and/or personal property and the County of Webb for the purposes of ad-valorem tax abatement in accordance with these tax abatement policy guidelines, criteria and methodology.

(h) **"Agreement Funds"** means all money paid to or abated for a Company, property owner, and/or business pursuant to the terms of the tax abatement agreement entered into under this Policy; also, the amount by which Ad-Valorem taxes which would have been paid by the Company, property owner, and/or business which is abated pursuant to the terms of the Ad-Valorem Tax Abatement Agreement.

(i) **"Agreement Term"** means that time period commencing on the date the Agreement is signed by all parties (also "Effective Date") and continuing until the Termination Date (as defined herein and/or in the Agreement).

(j) **"Base Year Value"** means the assessed value of eligible property as determined by the Webb County Appraisal District located in a reinvestment zone on January 1 of the year in which the agreement is executed.

(k) **"Company"** means a Company in good standing or other such entity in good standing and/or its authorized Officer(s), an Individual owner, and/or Business who owns real

and/or personal property, in Webb County entering into and applying for an Ad-Valorem Tax Abatement Agreement with Webb County under this Policy.

(l) **"Completion Date"** means the date of issuance of the Certificate of Occupancy for the Project. If the County approves completion of the Project in phases, there may be a different Completion Date for each approved phase; however, the Abatement/Payment Term will begin running as of the Completion Date of the first phase.

(m) **"Deferred Maintenance"** means improvements necessary for continued operations which do not improve productivity or alter the process technology.

(n) **"Economic Life"** means the number of years a property improvement is expected to be in service in a tax abatement reinvestment zone.

(o) **"Effective Date"** means the date that all parties to an Agreement entered into pursuant to this Policy have fully executed the Agreement.

(p) **"Effective Year Value"** means the value assessed by WCAD for the purpose of the payment of Webb County Ad Valorem taxes on the Property for the tax year including the Effective Date of the Agreement.

(q) **"Employee"** means a person who's employment is both permanent and fulltime, who works for and is an employee of the Company/Owner or an employee of a Business, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Companies, Owner's (and/or Business' applicable) quarterly report filed with the Texas Workforce Commission ("TWC"); but excluding any direct contract employment (seasonal, part-time, and full-time equivalent).

(r) **"Expansion"** means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing production capacity.

(s) **"Economic Life"** means the number of years a property improvement is expected to be in service in a tax abatement reinvestment zone.

(t) **"Facility"** means property improvements completed or in the process of construction which together compromise an integral whole.

(u) **"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.

(v) **"Modernization"** means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost the operation, and extends the economic life of the facilities. 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, repairing or completion of deferred maintenance.

(w) **"New Facility"** means a property previously undeveloped, which is placed into service by means other than or in conjunction with an expansion or modernization.

(x) **"Other Basic Industry"** means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market outside Webb County, Texas. A Corporate Home Office is included in this definition.

(y) **"Other Basic Industry Facility"** means property, previously undeveloped, which is placed into service by means other than or in conjunction with expansion or modernization.

(z) **"Owner"** means the Company and/or other entity, in good standing, business, and/or individual who is the Owner of the real property in Webb County subject to an abatement of ad-valorem taxes. If the eligible property is constructed or located on a leased property, the property owner shall be the party eligible for any ad-valorem tax abatement. The other party to the lease may join in the execution of agreement but shall not be obligated to assure performance of the party receiving the abatement.

(aa) **"Permanent Full-Time Job"** means a new employment position created by a company, owner and/or employee of a business that provides a regular work schedule of at least 35 hours per week or 1820 hours of regular employment per year to a Webb County, Texas resident and maintains the employment position exclusively within the reinvestment zone during the term of the abatement agreement.

(bb) **"Productive Life"** means the number of years a property improvement is expected to in service in a facility.

(cc) **"Project"** means the proposed development as specifically described by the Company/Owner in the application/request for ad-valorem tax abatement incentives and the Tax Abatement Agreement.

(dd) **"Property"** means the land (real property) on which the Project will be developed.

(ee) **"Proximate Relocations"** means moving a business within Webb County, Texas.

(ff) **"W.C.A.D."** means the Webb County Appraisal District.

(gg) **"W.C.B.O."** means the Webb County Budget Officers, and/or other person authorized by the Webb County Commissioners Court.

(hh) **"Tax Abatement Reinvestment Zone"** means any real property within Webb County, Texas which has been designated as a reinvestment zone, by the Webb County

Commissioners Court and may include any land within the City of Laredo, that has been designated as a reinvestment zone by Laredo City Council.

(ii) **"Tax Abatement Term"** The Tax Abatement Agreement Term shall be as set forth in the specific agreement entered into under these Policy Guidelines, Criteria and Methodology governing Tax Abatement Agreements between Webb County and the Company, individual property Owner and/or Business. The Ad-Valorem Tax Abatement Term under an agreement for an ad-valorem tax abatement shall not exceed a period of ten (10) years. The Abatement portion of the agreement for an ad-valorem tax abatement may take effect on January 1 of the next tax year after the date the improvements or repairs are substantially completed and/or a certificate of occupancy is issued for the project.

(jj) **"Termination Date"** means the end of the time period specified under the Agreement.

### **SECTION 3: ABATEMENT AUTHORIZED**

**3.1 Authorized Facility:** Abatement may be eligible for new facilities and improvements to existing facilities for the purpose of Modernization or Expansion.

**3.2 Creation of New Value:** Abatement may only be granted for the Added Value of eligible property improvements based on valuations as determined by the Webb County Appraisal District and subject to and listed in an ad-valorem tax abatement agreement between Webb County and the company, property owner, business and/or lessee, if required, subject to such limitations as said jurisdiction may require.

**3.3 Eligible Property:** Ad-Valorem Tax Abatements may be extended to the Added Value of real and tangible personal property as noted in Section 3.6.

**3.4 Ineligible Property:** The following types of property shall be fully taxable and ineligible for abatement: Land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property with an economic life of less than 15 years; property owned used by the state of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the state of Texas, or any property exempted by local, state or federal law. When such exempted property includes manufacturing machinery and equipment listed in the Investment Budget (as required in "Application"), then the value of such property may not be included toward the achievement of investment or valuation thresholds set in the Agreement.

**3.5 Types Of Industry:** In keeping with the broad based approach to economic development, agreements will not be restricted to any particular type of industry. Preference will, however, be given to manufacturing and any other type of industry which provides relatively higher waters. In keeping with obtaining the highest cost-benefit, tax abatements will be granted on the basis of (a) new jobs and (b) additional investments, for a maximum term of 10 years.

**3.6 Period and Percentage of Abatement:**

**THE BASIC FORMULA:**

\*\*All ad-valorem tax abatement agreements in Webb County are subject to the following; a.) the actual number of years of the ad-valorem tax abatement, b.) the actual percentage of the ad-valorem tax abatement, and c.) the total actual amount of the ad-valorem tax abatement in the final ad-valorem tax abatement agreement to be approved and granted by Webb County for each applicant. Each ad-valorem tax abatement agreement shall be subject to final negotiations between the Webb County and the applicant utilizing the following criteria:\*\*

New Permanent Full Time Jobs	Added Value in Real and Tangible Personal Property, as assessed by the Webb County Appraisal District (WCAD)	Percent of Abatement	Term
50 to 100 jobs	\$1 million up to \$2.5 million	Up to 25%	Up to 5 years
101 to 150 jobs	over \$2.5 million up to \$5 million	Up to 50%	Up to 5 years
151 to 200 jobs	over \$5 million up to \$10 million	Up to 75%	Up to 5 years
Over 200 jobs	Over \$10 million	Up to 100%	Up to 5 years
New Permanent Full Time Jobs	Added Value in Real and Tangible Personal Property, as Assessed by Webb County Appraisal District (WCAD)	Percent of Abatement	Term
Over 200 Jobs	Over \$20 million	Up to 100%	Up to 10 years

In cases where the required additional investment exceeds \$10 million and the number of jobs is not expected to be met, an tax abatement may be allowed utilizing the following criteria:

New Permanent Full Time Jobs	Added Value in Real and Personal Tangible Property, as assessed by Webb County Appraisal District (WCAD)	Percent of Abatement	Term
At least 10 jobs	Over \$10 million	Up to 100% Up to 80% Up to 60% Up to 40% Up to 20%	Year 1 Year 2 Year 3 Year 4 Year 5
At least 5 jobs	Over \$50 million	Up to 60% Up to 40%	Years 1-5 Years 6-10

**3.7. Living Wage Requirement:** In order to count as a permanent full-time job under this ad-valorem tax abatement policy, guidelines and criteria program, the job should pay employees wages at a minimum level which is equal to two dollars (\$2.00) above the U.S. minimum wage

in effect at the time of the agreement. Additional compensation, such as commissions and mileage, will be taken into consideration and will be included in the wages. However, overtime will not be considered.

### **3.8 Other General Amended Tax Abatement Policies, Guidelines & Criteria:**

**3.8.1** Companies and Business' located in a reinvestment zone shall be required to pay permanent and full time employees with industry standard benefits.

**3.8.2** The ad-valorem tax abatements must be offered to local companies in Webb County for the expansion of existing facilities as well as new facilities.

**3.8.3** The ad-valorem tax abatements must be "performance based" to provide cost benefit advantages to Laredo and Webb County.

**3.8.4** The ad-valorem tax abatements must not permit outside companies to unfairly compete with local companies in the same business in the local market: competing companies may be considered if 75% of their customers are outside Laredo/Webb County, or if any other measures are offered which are judged to make the companies compatible with County of Webb interests.

**3.8.5** The ad-valorem tax abatements and the tax abatement agreement must be negotiated quickly and in good faith by representatives of all concerned local entities.

**3.8.6** The tax abatements and the tax abatement agreement must be contractual and fully and accurately disclosed to the public.

**3.8.7** The tax abatement agreement contract must be effectively protected by termination, cancellation, recalibration and/or recapture provisions which would insure the return of the community's funds if the company and/or Owner default on their part of the terms, conditions, and/or requirements set forth in the tax abatement agreement. There should however, be no levy of penalties above repayment of actual local costs.

### **3.9 Negotiation and Variance**

**3.9.1** Notwithstanding anything to the contrary in these Amended Policy Guidelines, Criteria and Methodology governing Tax Abatements, the Webb County Commissioners Court may, depending upon the owner/company/applicant, grant tax abatements which differ from the Basic Formula contained in Section 3.6 by taking into consideration the following, a.) if whether the property, project and/or area being proposed to be designated as a possible reinvestment zone will be reasonably likely as a result of such designation as a reinvestment zone, contribute to the retention, or expansion of primary employment in Webb County; b.) whether the proposed project would attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of Webb County; c.) job creation, retention and cost benefit to Webb County; d.) the nature and size of the project and monetary investment and the possible added value of the property and improvements and potential economic benefits

to Webb County; e.) owner/company/applicant's financial statements or D&B rating; f.) owner/company/applicant's past business history; g.) nature of the production process; h.) actual, possible and/or potential environmental hazards; i.) actual, possible and/or potential environmental benefits; j.) cost breakdown of the investment into land, building, equipment; k.) probable project status at the end of 10 years; l.) percent of hiring of local workers; m.) benefits to be paid to local workers; and/or n.) any other criteria deemed appropriate by Webb County Commissioners Court for such determination, where the owner/company/applicant shows unique-circumstances that, in the opinion of Webb County Commissioners Court, meet the economic development goals and objectives of Webb County, Texas.

**3.9.2** The Webb County Commissioners Court further reserves the right to vary the term and percent of abatement from the Basic Formula contained in Section 3.6, on a case by case basis, where the applicant shows unique-circumstances that, in the opinion of Webb County Commissioners Court, meet the economic development goals and objectives of Webb County, Texas.

#### **SECTION 4: APPLICATION**

**4.1** Any owner of taxable real and/or personal property in Webb County may request the designation of a reinvestment zone and an ad-valorem tax abatement agreement by filing a written application with the County of Webb.

**4.2** The application shall be signed by the company or other entity, business, individual and/or a property owner accompanied by;

**4.2.1** a general description of the project, the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;

**4.2.2** a descriptive list of the improvements which will be a part of the project and/or facility;

**4.2.3** an estimate of the cost of the improvements;

**4.2.4** an estimate of the number of employees during construction, and thereafter, to operate the project and/or facility;

**4.2.5** a map, metes and bounds or other valid legal property description of the property proposed as a reinvestment zone;

**4.2.6** a time schedule for undertaking and completing the planned improvements; and a proposed program for the recruitment of local employees in the construction and operation of the project and/or facility together with a statement affirming the applicants commitment to equal opportunity hiring, at all levels, and

**4.2.7** a plan to implement and ensure such hiring,

**4.2.8** an application fee of \$1,000 to defray cost of administration and maintenance of these guidelines is required for projects in both the incorporated and/or unincorporated areas of the County.

**4.3** In the case of modernization, a statement of the assessed value of the project and/or facility separately stated for real and personal property shall be given for the tax year immediately preceding the application.

4.4 The application shall provide such financial and other information as required by Webb County to enable it to evaluate the financial capacity of the company, business, property owner/applicant. In the case of an application based on job retention, the company, business, property owner/applicant shall include sufficient information to verify the potential of job loss that would occur without such ad-valorem tax abatement(s).

4.5 If Webb County intends to act favorably on the application and enter into an ad-valorem tax abatement agreement, it shall do so in writing with the owner of the taxable real property located in an area designated as a reinvestment zone to exempt from taxation all of the increase in the value of the property over its value in the year in which the ad-valorem tax abatement agreement is executed.

4.6 The County may not enter into a tax abatement agreement unless it finds that the terms of the agreement and the property subject to the agreement meet the applicable provisions of these amended "Policy Guidelines, Criteria and Methodology Governing Ad-Valorem Tax Abatements". Not later than the seventh day before the date on which the County enters into such an agreement, the County Judge, or an officer or employee of the County designated by him, shall deliver to the presiding officer of the governing body of each other taxing unit in which the property to be subject to the agreement is located a written notice that the County intends to enter into an agreement. The notice shall be placed in the mail, postage paid, properly addressed, and sent by certified mail with return receipt requested.

4.7 A resolution designating an area as a reinvestment zone may not be adopted by the County until the Webb County Commissioners Court has held a public hearing on the designation.

4.7.1 The County must find that the improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the County after the agreement entered with the owner has expired.

4.7.2 It also must be found that the area of the proposed reinvestment zone is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and would contribute to the economic development of the County.

4.7.3 At the hearing, interested persons are entitled to speak and present evidence for or against the designation.

4.7.4 Not later than the seventh day before the date of such hearing, notice of the hearing must be published in a newspaper having general circulation in Webb County; and said notice shall be delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.

4.7.5 The notice shall be placed in the mail, postage paid, and properly addressed to the appropriate presiding officer.

4.7.6 The County shall not establish a reinvestment zone for the purpose of tax abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.

## **SECTION 5: AGREEMENT**

After the hearing the Commissioners Court shall adopt a resolution finding: that the proposed ad-valorem tax abatement agreement must be filed with the resolution, a copy of which is to be attached thereto, and that the ad-valorem tax abatement agreement meets the applicable provisions of these "Policy Guidelines and Criteria Governing Tax Abatement Agreements". The resolution shall also authorize the execution of the agreement with the applicant/owner/company, and the agreement must include provisions for the following required elements;

**5.1 Required Elements.** The following must be included in any Tax Abatement Agreement entered into under this Tax Abatement Policy, and terms in the Tax Abatement Agreement must state that compliance with these requirements is mandatory:

(i) **Commissioners Court Finding.** An ad-valorem tax abatement agreement cannot be entered into unless the Commissioners Court finds: that the terms of the agreement and the Property subject to the agreement meet the applicable tax abatement guidelines, criteria and methodology set forth in this Policy; and that the development of the Property, Project and/or Facility will result in substantial immediate and long-term financial benefit to Webb County and/or significant financial benefit to other taxing entities within Webb County.

(ii) **Maximum Incentive Amount.** In no event will the percentage of the ad-valorem tax abatement exceed 100% per year.

(iii) **Ownership.** The Company, applicant and/or business must own or plan to own the Property to the satisfaction of Webb County in order to enter into an Ad-Valorem Tax Abatement Agreement under these amended Policies, Criteria and Guidelines governing ad-valorem tax abatements. Incentives will not be granted relative to leased property. Property that is owned or leased by a person who is a member of the Commissioners Court is hereby expressly excluded and prohibited from receiving ad-valorem abatement under this Policy, and the Company, Owner, Applicant will warrant that none of the Property subject to the ad-valorem tax abatement agreement is owned or leased by a member of the Commissioners Court.

(iv) **Improvements.** Incentives provided under this Policy shall be granted for new facilities and structures and for the expansion or modernization of existing facilities and structures. New development at an existing site may be considered

for benefits under this Policy. In order for expansion or modernization to qualify for incentives, such expansion or modernization must be accomplished to such an extent that substantial value is added to the ad valorem tax base, and cannot be cosmetic only in nature.

(v) Description of Improvement Terms. The agreement must list the kind, number and location of all proposed improvements of the Property.

(vi) Access. The agreement must provide for access and authority for County employees to enter the Property and inspect to ensure that the improvements or repairs are made according to the terms of the Agreement, and that the Company is in compliance with all other terms and conditions of the Agreement. Representatives of Company shall be permitted to attend the inspections. The inspections shall be preceded by twenty-four (24) hours notice, and such inspections shall be conducted so as not to interfere with the business operations of the Company, and shall comply with the Company's reasonable safety standards. County may make ongoing inspections/ monitoring visits under these same conditions throughout the Agreement Term to ensure ongoing compliance.

(vii) Usage. The agreement must limit the uses of the Property consistent with the general purpose of encouraging development or redevelopment of the Property during the Agreement Term.

(viii) Recapture. The agreement must provide for recapture of property tax revenue lost as a result of the Agreement if the Company fails to make the improvements or repairs as provided by the Agreement; the agreement is terminated, with recapture pursuant to Section 28.004(i); and under other applicable provisions of this Policy.

(ix) Terms. The agreement must contain each term of the Agreement.

(x) Annual Certification. The Agreement must require the Company to certify annually to the Commissioners Court that the Company is in compliance with the applicable terms of the Agreement.

(xi) Failure to Comply. The agreement must provide that the Commissioners Court may cancel or modify the agreement if the Company fails to comply with the Agreement.

The above requirements [Section 5.1 (i)-(xi)] will NOT be subject to waiver or change.

**5.2** The exemption from taxation of all the increases in value of the property, over its value in the year in which the agreement was executed for the period of time provided, which tax abatement term shall not exceed ten (10) years;

**5.3** A listing of the kind, number, and location of all proposed improvements of the

Property, project and/or facility;

**5.4** Provide access to and authorize inspection of property, project and/or facility by County employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;

**5.5** Limiting the uses of the property consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the period that property tax exemptions are in effect;

**5.6** Recapturing property tax revenue lost as a result of the agreement if the company/owner of the property defaults and fails to comply with the terms, conditions of the tax abatement agreement and/or the tax abatement policy guidelines and criteria after having been given notice of default and an opportunity to cure such defaults and/or fails make the improvements or repairs as provided by the tax abatement agreement entered into between the County and the company/owner/applicant;

**5.7** A map showing proposed land and building improvements and uses in the reinvestment zone;

**5.8** Total estimated cost of the improvements and employment estimates;

**5.9** The commencement date, and the termination date of the tax abatement and the date taxes are first due to the County;

**5.10** The nature of the construction, time schedule, property description and improvement as provided in the application in accordance with Sections 4.2.1 through 4.2.8.

**5.11** A provision that the agreement shall be effective when executed by all parties and upon the final passage of a Resolution and/or City Ordinance designating the creation of the reinvestment zone.

**5.12** A provision that the applicant is required to file an annual report to the County describing the efforts of the applicant toward local hires and using local vendors and the progress on construction of the structures, improvements, expansion, and/or modernization of the project and/or facility and/or the efforts of the applicant toward local hires and using local vendors subsequent to completion of the construction of the structures, improvements, the expansion, and/or modernization of the property, project and/or facility.

**5.12** Legal Compliance. The agreement must include provisions requiring that all applicable County and City codes and ordinances must be met and inspection take place in a timely manner; that the Owner/Company/Applicant will make all hiring decisions in compliance with the Civil Rights Act of 1964 and the Americans With Disabilities Act of 1990; and that the Owner/Company/Applicant will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, age or handicapping condition.

**5.13** Environment. The agreement must require that all Projects shall be completed and

maintained in a manner which preserves and respects the natural environment by maintaining green space as set forth in a plan approved by the governmental entity having jurisdiction, as evidenced by written documentation from that entity. Owner/Company/Applicant shall not violate any federal, state or local legislation and/or regulations which prohibit or regulate deleterious effects on the environment within the Project.

## **SECTION 6: COMPLETION/DEFAULT/TERMINATION/RECAPTURE**

**6.1 Completion/Termination.** An Agreement under this Policy will be considered completed and will terminate at the end of the tax abatement term specified in the Tax Abatement Agreement and/or when any cause for termination has occurred pursuant to these ad-valorem tax abatement policy guidelines, criteria and methodology and/or the terms of the Ad-Valorem Tax Abatement Agreement.

**6.2 Notice of Default to Company/Owner.** In the event that the Owner fails to comply with any of the requirements, terms and/or conditions precedent contained in either the ad-valorem tax abatement policy guidelines criteria, and methodology and/or the ad-valorem tax abatement agreement entered into between County and Owner, the County shall provide Owner with a written thirty (30) day notice of default and opportunity to cure the breach ("Cure Period"). The notice of default(s) by County to owner shall be sent to Owner via certified mail return receipt requested in accordance with the notice provisions contained in the tax abatement agreement and the notice of default(s) and opportunity to cure shall specify the nature of the Owner's breach of the tax abatement agreement and/or the tax abatement policy guidelines, criteria and/or methodology, and what action(s) and/or requirements of the ad-valorem tax abatement agreement and/or the tax abatement guidelines, criteria and/or methodology have not been complied by the Owner, and what Owner needs to do to cure the breach. Such notice of default by County shall notify the Owner that the tax abatement agreement is subject to possible cancellation, termination and the recapture to the tax abatements granted Owner by Webb County and/or other possible consequences to Owner in the event that Owner fails to cure the breach and remains in default after such notice of default is provided to Owner by Webb County. If such default is not cured within thirty (30) days of the notice of default, then the County shall notify owner that the tax abatement agreement shall be subject to being terminated. County at its' sole discretion may agree in writing with Owner to extend the time period to cure the breach. In the event that the cure is not completed in a manner that is satisfactory to County and the agreement is terminated by County, County shall have the right to recapture all of the taxes abated to Owner under the tax abatement agreement.

**6.3 Early Termination.** In the event of termination of any Agreement entered into under this Policy prior to the completion of all terms of any Agreement, pursuant to this Policy and/or the Agreement, County shall notify Company of termination of the tax abatement agreement and all future obligations of County under the Agreement shall cease. Upon notice of termination, Company shall refund to County any and all Agreement Funds paid to Company or exempted from payment by Company up to the time of termination pursuant to the terms of the Agreement.

**6.3 Recapture.** In the event that the Company/Owner either (1) allows it's ad valorem and/or personal property taxes owed to the City of Laredo, Webb County, and/or any school

district or other local taxing entity to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and/or conditions of the tax abatement agreement and/or the tax abatement policy, guidelines, criteria and/or methodology, and/or (3) Owner/Company defaults according to the terms and conditions of the ad-valorem tax abatement agreement and/or the ad-valorem tax abatement policy guidelines and criteria and fails to cure within the time period allowed; and/or (4) if the payment/abatement portion of the agreement is ruled invalid by a court of competent jurisdiction, the ad-valorem tax abatement agreement then may be terminated by written notice of such termination by Webb County to the Company, Property Owner and/or Business and all ad-valorem taxes previously abated by virtue of the ad-valorem tax abatement agreement will become due and payable by to Webb County by the Company, Property owner and/or business no later than sixty (60) days after termination of the agreement. County shall give Company written notice of recapture under this provision and refund of all ad-valorem taxes abated shall be paid by Owner to County no later than thirty (30) days after such notice of default is given and/or sixty (60) days after termination, whichever comes last. County shall have all available remedies for the collection of the recaptured tax revenue as provided generally in the Texas Tax Code, the tax abatement agreement, and/or the tax abatement policy guidelines and criteria for collection of delinquent property taxes. Webb County, at its sole discretion, has the option to provide a payback schedule in the alternative.

**6.4 Taxation.** Throughout the Ad-Valorem Tax Abatement Agreement Term, the Company shall be subject to all applicable ad-valorem and/or personal property taxation.

**6.5 Reports.** Company shall provide such report(s) as determined necessary by Webb County, and/or W.C.A.D. to document and ensure compliance with the terms of the Ad-Valorem Tax Abatement Agreement. Such reports shall be submitted to the W.C.A.D., Webb County Budget Officers, the Webb County Economic Development Department and/or another designee of Webb County in the format provided by Webb County. Webb County will have the right to monitor and audit findings in all reports as necessary to confirm compliance with the terms of this Ad-Valorem Tax Abatement Policy, Guidelines and Criteria and/or the Ad-Valorem Tax Abatement Agreement. Owner and/or Company will certify the authenticity and accuracy of each report submitted under the Agreement.

**6.6 Reinvestment Zone - Abatement Agreements.** Under Section 381.004(g), TEXAS LOCAL GOVERNMENT CODE, the Commissioners Court is authorized to develop and administer an economic development program utilizing tax abatement agreements with certain terms which are to be governed, to the extent practicable, by Sections 312.204, 312.205 and 312.211 of the TEXAS TAX CODE; also, in administering the tax abatement(s) the Commissioners Court is authorized to act as if it were a governing body of a municipality. Pursuant to that provision, the Commissioners Court will, when practicable and allowed by law, designate a Reinvestment Zone pursuant to Section 312.201, TEXAS TAX CODE, or will utilize a Reinvestment Zone created by another authorized taxing entity. Where designation of a Reinvestment Zone is determined not to be practicable, the Commissioners Court will review and evaluate the Property being proposed for development utilizing the criteria set forth for establishing a Reinvestment Zone under Chapter 312, TAX CODE, to determine that the Property does substantially meet the guidelines and criteria for establishing said Reinvestment

Zone and may at its' sole discretion nevertheless grant a Tax Abatement to the Owner of the Property without the designation of the property as a Reinvestment Zone on a case by case basis and by written agreement of the parties.

6.7 In the event that the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason excepting fire, explosion, or other casualty or accident or natural disaster for a period of one year during the abatement period, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year(s) during which the facility no longer produces. The taxes otherwise abated for that calendar year and/or current and/or prior year(s) shall be paid to Webb County and/or the affected jurisdiction and other taxing agencies within sixty (60) days from the date of termination as set forth in Section 6.3 herein-above.

#### **SECTION 7: ADMINISTRATION**

7.1 Each year, the company, property owner, applicant, business and/or individual receiving an ad-valorem tax abatement shall furnish the Webb County Budget Officers and/or Webb County's designee and the Chief Appraiser of the Webb County Appraisal District with such information as may be necessary to verify their qualification for the tax abatement year requested to be abated. The W.C.A.D. Chief Appraiser will annually determine the assessment of the real and personal property comprising the reinvestment zone and notify the Webb County Budget Officers, and/or Webb County's designee and the affected local taxing jurisdictions of the amount of the assessment.

7.2 Upon completion of construction, Webb County shall annually evaluate each facility receiving a tax abatement to insure compliance with the agreement.

#### **SECTION 8: ASSIGNMENT**

The Ad-Valorem Tax Abatement Agreement approved by hereunder may be transferred and assigned by the current holder, company, property owner, individual, and/or business to a new owner or lessee of the same property, project and/or facility subject to an ad-valorem tax abatement upon the approval by resolution of the Webb County Commissioners Court, subject to the financial capacity of the assignee, and provided all conditions and obligations in the tax abatement agreement are guaranteed to be complied with by the assignee by the execution of a new contractual agreement with the County of Webb. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to the County of Webb or any affected jurisdiction or other taxing entity or agency for outstanding ad-valorem and/or personal property taxes or other obligations. Approval shall not be unreasonably withheld.

#### **SECTION 9: SUNSET PROVISION**

The Policy Guidelines, Criteria and Methodology governing tax abatements are effective for two years from the date adopted. During that period, the "Policy Guidelines, Criteria and

Methodology Governing Ad-Valorem Tax Abatements" may be amended or repealed only by a vote of three-fourths of the members of the Commissioners Court.

**SECTION 10: LEGAL NOTICE TO POTENTIAL APPLICANTS**

The adoption of these tax abatement policy guidelines, criteria and/or methodology by the County does not and shall not;

**10.1** Limit the discretion of the County to decide whether to enter into a specific ad-valorem tax abatement agreement;

**10.2** Limit the discretion of the County to delegate to any of its employees the authority to determine whether or not the County should consider a particular application or request for tax abatement; or

**10.3** Create any property, contract, or other legal rights in any person to have the County consider or grant a specific application or request for tax abatement; or

**10.4** Waive or relinquish any immunity or defense on behalf of the County, its commissioners, offices, employees and agents as a result of the execution of a tax abatement agreement and/or the performance of the functions and obligations described herein.