

**GUIDELINES AND CRITERIA
GOVERNING TAX ABATEMENT FOR
ALL TAXING UNITS LOCATED WITHIN
THE CITY OF KINGSVILLE**

SECTION 1. General Purpose:

The TAXING UNITS located wholly within or partially within the City of Kingsville, Texas, are committed to the promotion of high quality development in all parts of the City of Kingsville, Texas; and to an ongoing improvement in the quality of life for the citizens residing within the TAXING UNITS. The TAXING UNITS recognize that these objectives are generally served by enhancement and expansion of the local economy. The TAXING UNITS will, on a case by case basis, give consideration to *providing* tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the TAXING UNITS. It is the policy of the TAXING UNITS that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the TAXING UNITS are under any obligation to provide tax abatement to any applicant and adoption of these GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT (these "Guidelines") shall not create any property, contract, or other legal right in any person to have the governing body of a TAXING UNIT consider or grant a specific application or request for tax abatement. With the above rights reserved all applications for tax abatement will be considered on a case by case basis.

SECTION II. Definitions:

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. Abatement of Taxes: To exempt from ad valorem taxation all or part of the value of certain real property, tangible personal property on the real property, the leasehold interest in tax-exempt real property, and improvements placed on land located in a reinvestment zone or enterprise zone established for economic development purposes as designated in the Tax Abatement Agreement for a period of time not to exceed ten (10) years.
2. TAXING UNIT: The City of Kingsville or any other governmental taxing unit located totally within or partially within the City of Kingsville.
3. Tax Abatement Agreement: (1) A contract between a property owner or lessee and a TAXING UNIT for the abatement of taxes on qualified property located within the reinvestment zone; or, (2) a contract for the abatement of taxes that complies with V.T.C.A. Tax Code, Chapter 312.

4. Base Year Value: The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
5. Distribution Center Facility: A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
6. Expansion of Existing Facilities or Structures: The addition of buildings, structures, machinery or equipment to a Facility after the execution of a Tax Abatement Agreement.
7. Existing Facility or Structure: A Facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.
8. Facility: The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. Improvements to Real Property or Improvements: Shall mean the construction, additions to, structural upgrading of, replacement of, or completion of any Facility located upon, or to be located upon Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
10. Leasehold Interest: A leasehold interest in tax-exempt real property as set out in V.T.C.A., Tax Code, Section 312.204.
11. Manufacturing Facility: A Facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
12. Modernization of Existing Facilities: The replacement or upgrading of existing facilities.
13. New Facility: The construction of a Facility on previously undeveloped real property eligible for tax abatement.
14. Other Basic Industry: A Facility other than a distribution center Facility, a research Facility, a regional service Facility or a manufacturing Facility which produces goods or services or which creates new or expanded job opportunities and services a market either within or outside of the City of Kingsville, Texas.
15. Owner: The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from a Taxing Unit the lessee shall be deemed the owner of such leased property together with all Improvements and Tangible Personal Property located therein.

16. Productive Life: The number of years a Facility is expected to be in service.
17. Real Property: Land on which Improvements are to be made or fixtures placed.
18. Regional Services Facility: A Facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities within the TAXING UNIT.
19. Reinvestment Zone: Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.201 et. seq.
20. Research Facility: A Facility used or to be used primarily for research or experimentation to improve or develop new goods and/or services or to improve or develop the production process for such goods and/or services.
21. Tangible Personal Property: Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.

SECTION III. Intent of Criteria and Guidelines: The intent of the criteria and guidelines, as herein set forth, is to establish the minimum standards which an applicant for tax abatement must meet in order to be considered for such status by the TAXING UNIT.

SECTION IV: Criteria and Guidelines for Tax Abatement:

1. Any type of Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:
2. Creation of new value: Abatement may only be granted for the additional value resulting from any of the following:
 - (a) modernization of a Facility of any type;
 - (b) construction of a New Facility of any type;
 - (c) expansion of a Facility of any type.
3. New or existing facilities, of any type herein defined, located in a enterprise zone, reinvestment zone or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided all other criteria or guidelines are satisfied.
4. Improvements to Real Property are eligible for tax abatement status.
5. The following types of property shall be ineligible for tax abatement status and shall be fully taxed:
 - (a) inventories or supplies;

- (b) tools;
- (c) furnishings and other forms of movable personal property;
- (d) vehicles;
- (e) aircraft;
- (f) boats;
- (g) property owned by the State of Texas or any State agency.

6. In order for a Facility to qualify for abatement, one of the following conditions must apply:

(a) The Real Property and eligible Improvements and Tangible Personal Property must be owned by the same person, corporation, partnership or other business entity; or,

(b) In the case of Real Property leased from a TAXING UNIT the leasehold interest in tax-exempt property as set forth in V.T.C.A., Tax Code, Section 312.204 and all improvements placed thereon together with all Tangible Personal Property used in conjunction with said improvements must be owned by the same person, corporation, partnership or other business entity and said owner must have a lease commitment of at least 7 years.

7. In reinvestment zones, the amount and term of abatement shall be determined on a case by case basis, however, in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the City of Kingsville in all cases except that a reinvestment zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The authority of all other TAXING UNITS shall be as set forth in V.T.C.A., Tax Code, Section 312.206.

In enterprise zones, the governing body of each TAXING UNIT may execute a written agreement with the owner of the property. The agreement may, but is not required to, contain terms that are identical to those contained in the agreement with the City of Kingsville and the only terms of the agreement that may vary are the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.

8. No property shall be eligible for tax abatement unless such property meets the requirements of V.T.C.A. Tax Code, Section 312.202 and 312.204.

9. The economic qualification for tax abatement shall be as follows:

(a) New Facility:

- 1. The creation of a New Facility, which has not previously existed within the TAXING UNIT, and will be a totally new business operation; and,

2. The improvements and Tangible Personal Property to be erected or affixed in or on the Real Property for which tax abatement is sought must be at a minimum value of one hundred thousand dollars and the New Facility must create and retain new jobs during the entire term established in the Tax Abatement Agreement executed by applicant and the TAXING UNIT.

(b) Expansion of existing Facility:

1. The structural addition to a Facility in the amount of at least \$100,000 and the creation and retention of at least 5 new jobs at said Facility during the entire term established in the Tax Abatement Agreement executed by applicant and the TAXING UNIT.

(c) Modernization of existing Facility.

1. The replacement and upgrading of an existing Facility and the value of such improvements will be at a minimum value of one hundred thousand dollars. In addition, such replacement and upgrading must create and retain at least 5 new jobs during the entire term established in the Tax Abatement Agreement executed by the applicant and the TAXING UNIT.

10. Notwithstanding any of the requirements set forth in Section 9 the governing body of a Taxing Unit upon the affirmative vote of three-fourths of its members may vary any of the above requirements when variation is demonstrated by the applicant for Tax Abatement to be in the best interest of the TAXING UNIT and that it will enhance the economic development of the TAXING UNIT. By way of example, and not by limitation, the governing body of a Taxing Unit may consider the following or similar terms in determining whether a variance shall be granted:

(a) That the increase in productivity of the Facility will be substantial and hence directly benefit the economy.

(b) That the increase of goods or services produced by the Facility will be substantial and hence directly benefit the economy.

(c) That the employment maintained at the Facility will be increased.

(d) That the waiver of the requirement will contribute and provide for the retention of existing jobs within the TAXING UNIT.

(e) That the applicant for tax abatement has demonstrated that if tax abatement is granted to his Facility even though his Facility will not employ additional personnel that nevertheless due to the existence of said Facility a substantial number of new jobs will be created as a direct result of his Facility in other facilities located with the TAXING UNIT.

(f) Any other evidence tending to show a direct and substantial economic benefit to the TAXING UNIT.

11. Taxability:

(a) The portion of the value of improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between the TAXING UNIT and the owner of the taxable Real Property, leasehold interests or improvements on tax exempt real property, and/or Tangible Personal Property. The agreement shall at least meet the minimum standards of the provisions of V.T.C.A., Tax Code, Section 312 .205.

(b) All ineligible property, otherwise taxable, shall be fully taxed.

(c) The governing body of each TAXING UNIT shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the governing body of a Taxing Unit does not:

1. Limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;
2. Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or,
3. Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

(d) The burden to demonstrate that an application for tax abatement should be granted shall be upon the applicant. Each TAXING UNIT to which the application has been directed shall have full authority to request any additional information from the applicant that the governing body of such TAXING UNIT deems necessary to assist it in considering such application.

12. Tax abatements will be considered in accordance with the attached Ad Valorem Tax Abatement Schedule.

SECTION V. Criteria and Guidelines for Creation of Reinvestment Zone:

1. No property shall be eligible for tax abatement unless such property is located in a reinvestment zone meeting the requirements of V.T.C.A., Tax Code, Section 312.202. To be designated as a reinvestment zone an area must:

(a) Substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

1. a substantial number of substandard, slum, deteriorated, or deteriorating structures;
2. the predominance of defective or inadequate sidewalks or streets;
3. faulty size, adequacy, accessibility or usefulness of lots;
4. unsanitary or unsafe conditions;
5. the deterioration of site or other improvements;
6. tax or special assessment delinquency exceeding the fair value of the land;
7. defective or unusual conditions of title;
8. conditions that endanger life or property by fire or other cause; or,
9. any combination of these factors;

(b) Be predominately open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality;

(c) Be in a federally assisted new community located in a home-rule municipality or in an area immediately adjacent to a federally assisted new community located in a home-rule municipality;

(d) Be located entirely in an area that meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5318);

(e) Encompass signs, billboards, or other outdoor advertising structures designated by the governing body of the municipality for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the municipality, which the legislature declares to be a public purpose; or,

(f) Be 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 that would contribute to the economic development of the municipality.

2. For purposes of this Section, a federally assisted new community is a federally assisted area:

(a) That has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.); and,

(b) A portion of which has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974, as amended, made pursuant to the authority created by that section for grants in behalf of new communities assisted under Title VII of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968 or in behalf of new community projects assisted under Title X of the National Housing Act, as amended.

3. The governing body of a municipality, as required by Section 312.201, V.T.C.A., Tax Code, shall hold a public hearing on the designation of an area within its jurisdiction as a reinvestment zone. The burden shall be on the owner of the property sought to be included in the zone or applicant for the creation of the reinvestment zone to establish the following:

(a) That the requirements of Subsection 1 of this Section have been met.

(b) That the improvements sought are feasible and practical.

(c) That the improvements sought would be a benefit to the land to be included in the zone.

(d) That the improvements sought would be a benefit to the City of Kingsville after the expiration of a Tax Abatement agreement.

4. No later than the seventh day before the date set for the above public hearing notice of such hearing shall be:

(a) Published in a newspaper having general circulation in the TAXING UNIT.

(b) 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.

(c) The costs of these notices shall be at the applicant's expense.

5. At the public hearing described in Subsection 3 above, any interested person is entitled to speak and present evidence for or against the designation of such reinvestment zone.

6. At the conclusion of the hearing described in Subparagraph 3 above, the governing body shall enter its findings as follows:

(a) That the applicant or owner has or has not met his burden as hereinabove set forth, and,

(b) That the improvements sought are or are not feasible and practical.

(c) That the proposed improvements sought will or will not be a benefit to the land to be included in the reinvestment zone and to the TAXING UNIT after the expiration of an agreement entered into under the V.T.C.A., Tax Code, Section 312.204 or Section 312.211.

7. An application for the creation of a reinvestment zone shall not be granted unless the TAXING UNIT considering such application enters affirmative findings to Subparagraphs a, b, and c of Subsection 6 above set forth.

8. At the conclusion of the public hearing herein required and upon the affirmative finding of the governing body as required by Subsection 7 above and after a determination that all other legal prerequisites have been met, the governing body may designate a reinvestment zone in accordance with the provisions of V.T.C.A., Tax Code, Section 312.201.

9. 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, except that a reinvestment zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing tax abatement agreement made in accordance with Chapter 312, Subchapter B, Texas Tax Code.

10. Designation of an area as an enterprise zone under the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code, constitutes designation of the area as a reinvestment zone under Subchapter B of the Property Redevelopment and Tax Abatement Act without further hearing or other procedural requirements other than those provided by the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code.

SECTION VI. Tax Abatement Agreement:

1. After the creation of a reinvestment zone as hereinabove authorized a Tax Abatement Agreement may be executed between the owner and any TAXING UNIT. A Tax Abatement Agreement shall:

(a) Establish and set forth the Base Year assessed value of the property for which tax abatement is sought.

(b) Provide that the taxes paid on the Base Year assessed value shall not be abated as a result of the execution of said Tax Abatement Agreement.

(c) Provide that ineligible property as described in Section IV, Subsection 5, hereinabove shall be fully taxed.

(d) Provide for the exemption of Improvements in each year covered by the agreement only to the extent the value of such Improvements for each such year exceed the value for the year in which the agreement is executed.

(e) Fully describe and list the kind, number and location of all of the proposed improvements to be made in or on the Real Property.

(f) Set forth the estimated value of all improvements to be made in or on the Real Property.

(g) Clearly provide that tax abatements shall be granted only to the extent:

1. The improvements to Real Property increase the value of the Real Property for the year in which the Tax Abatement Agreement is executed; and,
2. That the Tangible Personal Property Improvements to Real Property were not located on the Real Property prior to the period covered by the Tax Abatement Agreement.

(h) Provide for the portion of the value of the Improvements to Real Property or Improvements to be abated. This determination is to be made consistent with the provisions of Section IV, Subsection 5, of these guidelines and criteria as hereinabove set forth.

(i) Provide for the commencement date and the termination date. In no event shall said date exceed a period of ten years.

(j) Describe the type and proposed use of the Improvements to Real Property or Improvements including:

- (1) Whether the Improvements are for a New Facility, modernization of a Facility, or expansion of a Facility.
- (2) The nature of the construction, proposed time table of completion, a map or drawings of the Improvements above mentioned.
- (3) The amount of investment and the commitment for the creation of new jobs.
- (4) A list containing the kind, number and location of all proposed Improvements.
- (5) Any other information required by the TAXING UNIT.

(k) Provide a legal description of the Real Property upon which Improvements are to be made.

(l) Provide access to and authorize inspection of the Real Property or Improvements by employees of the TAXING UNIT, which has executed a Tax Abatement Agreement with owner to ensure Improvements or repairs are made according to the specifications and conditions of the Tax Abatement Agreement.

(m) Provide for the limitation of the uses of the Real Property or Improvements consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect.

(n) Provide for contractual obligations in the event of default by owner, violation of the terms or conditions by owner, recapturing property tax revenue last as a result of the tax abatement agreement in the event owner defaults or otherwise fails to make Improvements as provided in said Tax Abatement Agreement, and any other provision as may be required or authorized by State Law.

(o) Contain each term agreed to by the owner of the property.

(p) Require the owner of the property to certify annually to the governing body of each TAXING UNIT that the owner is in compliance with each applicable term of the agreement.

(q) Provide that the governing body of the City of Kingsville may cancel or modify the agreement if the property owner fails to comply with the agreement.

(r) Provide for any other provisions the Taxing Unit opts to include as allowed by law.

2. Not later than the seventh day before City of Kingsville enters into an agreement for tax abatement under V.T.C.A., Tax Code, Chapter 312 the governing body of the City of Kingsville or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the agreement is located, a written notice that the City of Kingsville, intends to enter into the agreement. The notice must include a copy of the proposed Tax Abatement Agreement.

3. A notice, as above described in Subparagraph 2, is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.

4. Failure to deliver the notice, as described in Subparagraph 2 above, does not affect the validity of the agreement.

SECTION VII. Application:

1. Any present owner of taxable property located within a TAXING UNIT may apply for tax abatement by filing an application with the City of Kingsville, when the Real Property or Tangible Personal Property for which abatement sought is located within the City limits of the City of Kingsville.

2. The application shall consist of a completed application form accompanied by:

(a) A general description of the Improvements to be undertaken.

(b) A descriptive list of the Improvements for which tax abatement is requested.

(c) A list of the kind, number and location of all proposed Improvements of the Real Property, Facility or Existing Facility.

(d) A map indicating the approximate location of Improvements on the Real Property, Facility or Existing Facility together with the location of any or all Existing Facility located on the Real Property or Facility.

(e) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an existing Facility.

(f) A proposed time schedule for undertaking and completing the proposed Improvements.

(g) A general description stating whether the proposed Improvements are in connection with:

(1) the modernization of a Facility (of any type herein defined); or,

(2) construction of a New Facility (of any type herein defined); or,

(3) expansion of a Facility (of any type herein defined); or,

(4) any combination of the above.

(h) A statement of the additional value to the Real Property or Facility as a result of the proposed Improvements.

(i) A statement of the assessed value of the Real Property, Facility or Existing Facility for the Base Year.

(j) Information concerning the number of new jobs that will be created or information concerning the number of existing jobs to be retained as result of the Improvements undertaken.

(k) Any other information which the TAXING UNIT, to which the application has been directed, deems appropriate for evaluating the financial capacity of the applicant and compatibility of the proposed Improvements with these guidelines and criteria.

(l) Information that is provided to a Taxing Unit in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. Information in the custody of a Taxing Unit after the agreement is executed is not confidential. (V.T.C.A., Tax Code, Section 312.003).

(m)The TAXING UNIT to whom the application for tax abatement has been directed shall determine if the property described in said application is within a designated reinvestment zone. If the TAXING UNIT determines that the property described is not within a current reinvestment zone then they shall so notify the applicant and said application shall then be considered both as an application for the creation of a reinvestment zone and a request for tax abatement to be effective after the zone is created.

SECTION VIII. Recapture:

1. In the event that any type of Facility, (as defined in Section II, Subparagraphs 5, 6, 7, 8, 10, 11, 12, 13, 17, 19) is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other event beyond the reasonable control of applicant or owner for a period of 180 days during the term of a tax abatement agreement, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each TAXING UNIT by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each TAXING UNIT within sixty (60) days of the date of termination. The burden shall be upon the applicant or owner to prove to the satisfaction of the TAXING UNIT to whom the application for tax abatement was directed that the discontinuance of producing goods or services was as a result of fire, explosion, or other casualty or accident or natural disaster or other event beyond the reasonable control of applicant or owner. In the event the applicant or owner meets this burden and the TAXING UNIT is satisfied that the discontinuance of the production of goods or services was the result of events beyond the reasonable control of the

applicant or owner, then such applicant or owner shall have a period of one year in which to resume the production of goods and services. In the event that the applicant or owner fails to resume the production of goods or services within one year, the Tax Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each TAXING UNIT by not later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each TAXING UNIT within sixty (60) days of the date of termination. The one year time period, hereinabove mentioned, shall commence upon written notification from the TAXING UNIT to the applicant or owner.

2. In the event that the applicant or owner has entered into a Tax Abatement Agreement to make improvements to a Facility of any type described in Section 1 above, but fails to undertake or complete such improvements, then in such event the TAXING UNIT to whom the application for Tax Abatement was directed shall give the applicant or owner sixty (60) days written notice of such failure. The applicant or owner shall demonstrate to the satisfaction of the TAXING UNIT, above mentioned, that the applicant or owner has commenced to cure such failure within the sixty (60) days above mentioned. In the event that the applicant or owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each TAXING UNIT by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each TAXING UNIT within sixty (60) days of the date of termination.

3. In the event that the TAXING UNIT to whom application for Tax Abatement was directed determines that the applicant or owner is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event the TAXING UNIT shall give the applicant or owner sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of the TAXING UNIT within the sixty (60) days notice period, then the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to TAXING UNIT by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each TAXING UNIT within sixty (60) days of the date of termination.

4. In the event that the applicant or owner allows ad valorem taxes on property ineligible for Tax Abatement owed to any TAXING UNIT to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination, under this subparagraph takes place shall be payable to each TAXING UNIT by no later than January 31st of the following year. Taxes abated in years prior to the year of

termination shall be payable to each TAXING UNIT within sixty (60) days of the date of termination.

5. In the event that the applicant or owner, who has executed a Tax Abatement Agreement with any TAXING UNIT, relocated the business, for which tax abatement has been granted, to a location outside of the designated reinvestment zone, then in such event, the Tax Abatement Agreement shall terminate after sixty (60) days written notice by the TAXING UNIT to the Owner/Applicant. Taxes abated during the calendar year in which termination under this subparagraph take place shall be payable to each TAXING UNIT by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each TAXING UNIT within sixty (60) days of the date of termination.

6. The date of termination as that term is used in the Subsection VIII shall, in every instance, be the 60th day after the day the TAXING UNIT sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the Applicant or Owner. Should the default be cured by the owner or applicant within the sixty (60) day notice period, the Owner/Applicant shall be responsible for so advising the TAXING UNIT, failing in which, the abatement remains terminated and the abated taxes must be paid.

7. In every case of termination set forth in Subparagraphs 1, 2, 3, 4 and 5 above, the TAXING UNIT to which the application for tax abatement was directed shall determine whether default has occurred by Owner/Applicant in the terms and conditions of the Tax Abatement Agreement and shall so notify all other TAXING UNITS. Termination of the Tax Abatement Agreement by the TAXING UNIT to which the application for tax abatement was directed shall constitute simultaneous termination of all Tax Abatement Agreements of all other TAXING UNITS.

8. In the event that a Tax Abatement Agreement is terminated for any reason what so ever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 (Penalties and Interest) will apply.

SECTION IX. Miscellaneous:

1. Any notice required to be given by these criteria or guidelines shall be given in the following manner:

(a) To the owner or applicant: written notice shall be sent to the address appearing on the Tax Abatement Agreement.

(b) To a Taxing Unit: written notice shall be sent to the address appearing on the Tax Abatement Agreement.

2. The Chief Appraiser of the Kleberg County Appraisal District shall annually assess the Real and Personal Property comprising the reinvestment zone. Each year, the

applicant or owner receiving tax abatement shall furnish the Chief Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the TAXING UNITS which levy taxes of the amount of assessments.

3. Upon the completion of improvements made to any type of Facility as set forth in these criteria and guidelines a designated employee or employees of any TAXING UNIT having executed a Tax Abatement Agreement with applicant or owner shall have access to the Facility to ensure compliance with the Tax Abatement Agreement.

4. A Tax Abatement Agreement may be assigned to a new owner but only after written consent has been obtained from all TAXING UNITS which have executed such an agreement with the applicant or owner.

5. These guidelines and criteria are effective upon the date of their adoption by a Taxing Unit and shall remain in force for two years. At the end of the two year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.

6. Each TAXING UNIT shall determine whether or not said TAXING UNIT elects to become eligible to participate in tax abatement. In the event the TAXING UNIT elects to become eligible to participate in tax abatement, then such TAXING UNIT shall adopt these guidelines and criteria forwarding a copy of both the election to participate and adoption of guidelines and criteria to all other TAXING UNITS.

7. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.

8. The guidelines and criteria once adopted by a Taxing Unit may be amended or repealed by a vote of three-fourths of the members of the governing body of a TAXING UNIT during the two year term in which these guidelines and criteria are effective.

9. The Property Redevelopment and Tax Abatement Act is subject to review as provided by the Texas Sunset Act (Section 325.0082 Government Code). If not continued in effect this statute expires September 1, 2021.

10. The term a "job" or "jobs" as used herein in the context of maintaining current jobs or creating and retaining new jobs shall have the following meaning. In order to constitute a "job" it must mean the employment of one or more persons on a regular or routine basis for a total period of at least 40 hours per week at the prevailing Federal minimum wage rate or the employment of one person with no hours requirement with a salary not based on an hourly structure and a wage or salary equal to fifteen times the prevailing Federal minimum wage rate.

Employment of an independent contractor shall never constitute a "job".

Any employment of labor which does not meet these requirements shall not constitute a "job" for the purpose of meeting the job created and retained or maintained requirement provided for in these guidelines and criteria.

11. The completion of construction will be deemed to occur upon the issuance of a certificate of occupancy for the project.

AD VALOREM TAX ABATEMTNE SCHEDULE

APPRAISED VALUE OF NEW CONSTRUCTION OR EXPANSION INVESTMENT	ANNUAL PERCENTAGE OF TAX ABATEMENT	APPRAISED VALUE OF NEW CONSTRUCTION OR EXPANSION INVESTMENT	ANNUAL PERCENTAGE OF TAX ABATEMENT	**ACTUAL NEW JOBS CREATED AND MAINTAINED	LENGTH OF TAX ABATEMENT
\$100,000	2.00	\$2,600,000	52.00	5 - 15	1 YEAR
\$200,000	4.00	\$2,700,000	54.00	16 - 30	2 YEARS
\$300,000	6.00	\$2,800,000	56.00	31 - 45	3 YEARS
\$400,000	8.00	\$2,900,000	58.00	46 - 60	4 YEARS
\$500,000	10.00	\$3,000,000	60.00	61 AND OVER	5 YEARS
\$600,000	12.00	\$3,100,000	62.00		
\$700,000	14.00	\$3,200,000	64.00		
\$800,000	16.00	\$3,300,000	66.00		
\$900,000	18.00	\$3,400,000	68.00		
\$1,000,000	20.00	\$3,500,000	70.00		
\$1,100,000	22.00	\$3,600,000	72.00		
\$1,200,000	24.00	\$3,700,000	74.00		
\$1,300,000	26.00	\$3,800,000	76.00		
\$1,400,000	28.00	\$3,900,000	78.00		
\$1,500,000	30.00	\$4,000,000	80.00		
\$1,600,000	32.00	\$4,100,000	82.00		
\$1,700,000	34.00	\$4,200,000	84.00		
\$1,800,000	36.00	\$4,300,000	86.00		
\$1,900,000	38.00	\$4,400,000	88.00		
\$2,000,000	40.00	\$4,500,000	90.00		
\$2,100,000	42.00	\$4,600,000	92.00		
\$2,200,000	44.00	\$4,700,000	94.00		
\$2,300,000	46.00	\$4,800,000	96.00		
\$2,400,000	48.00	\$4,900,000	98.00		
\$2,500,000	50.00	\$5,000,000	100.00		

TAX ABATEMENT WILL BE OFFERED TO ANY NEW OR EXISTING BUSINESS

*** LENGTH OF ABATEMENT WILL BE BASED UPON ACTUAL NUMBER OF NEW FULLTIME JOBS THAT ARE CREATED PAYING WAGES OF 150% OR MORE ABOVE MINIMUM WAGE. JOBS MUST BE MAINTAINED FOR THE DURATION OF THE ABATEMENT PERIOD TO QUALIFY AND WILL BE SUBJECT TO VERIFICATION OF QUALIFICATION ANNUALLY.**

**APPLICATION FOR TAX ABATEMENT
IN THE
CITY OF KINGSVILLE, TEXAS**

FILING INSTRUCTIONS:

This application should be filed at least THIRTY (30) WORKING DAYS prior to the anticipated commencement of construction of improvements or the installation of equipment or the location of any personal property. This filing acknowledges familiarity and assumed conformance with "GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT FOR ALL TAXING UNITS CONTAINED WITHIN THE CITY OF KINGSVILLE, TEXAS" (Copy attached). This application will become a part of any later agreement or contract, and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

**ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE
SUBMITTED TO:**

CITY MANAGER
City of Kingsville
P.O. Box 1458
Kingsville, Texas 78364

Section 1 - APPLICANT INFORMATION

Date of Application: _____

Applicant Name: _____

Company Name: _____

Address: _____

Phone: _____

Applicant's Representative on this project:

Name: _____

Address: _____

Phone: _____

Type of Ownership (check one): Corporation () Partnership () Proprietorship ()

Total Current Number of Employees: _____

Corporate Annual Sales Per Year: _____

Annual Report Submitted (circle one)?
Yes No

Section II - FACILITY INFORMATION

(a) check type of Facility for which abatement is requested:

- () Manufacturing Facility
- () Regional Services Facility
- () Research Facility
- () Distribution Center Facility
- () Regional Entertainment Center
- () Other Basic Industry

(b) Address of proposed Facility and legal description: _____

(c) The proposed Facility is located in: _____

School District: _____

City: _____

(d) Describe product or service to be provided: _____

(e) This application is for a New Facility: _____

Expansion: _____

Modernization: _____

Section III - FACILITY DESCRIPTION

Please attach the following:

- (a) A general description of the improvements to be undertaken.
- (b) A descriptive list of the improvements for which tax abatement is requested.
- (c) A list of the kind, number and location of all proposed improvement of the Real Property, Facility or Existing Facility.
- (d) A site map indicating the approximate location of improvements on the Real Property, Facility or Existing Facility together with the location of any or all Existing Facilities located on the Real Property or Facility.

(e) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an Existing Facility.

(f) A proposed time schedule for undertaking and completing the proposed improvements.

(g) A general description stating whether the proposed improvements are in connection with:

(1) the modernization of a Facility (of any type herein defined); or,

(2) construction of a New Facility (of any type herein defined); or,

(3) expansion of a Facility (of any type herein defined); or,

(4) any combination of the above.

(h) A statement of the additional value to the Real Property or Facility as a result of the proposed improvements.

(i) A statement of the assessed value of the Real Property, Facility or Existing Facility for the Base Year.

(j) Information concerning the number of new jobs that will be created or information concerning the number of existing jobs to be retained as a result of the improvements undertaken.

Section IV - ECONOMIC IMPACT INFORMATION

Part A - Current Investment in Existing Improvements:

Part B - Permanent Employment Estimates:

(1) If existing Facility what is the current employment?

(2) Estimated number of jobs:

Retained:

At start-up:

Created:

In One Year:

(3) Opening of improvements:

Month: _____ Year: 200__

Part C - Construction and Employment Estimates:

(1) Construction start:

Month: _____ Year: 200__

(2) Number of construction jobs:

At Start: _____

Peak: _____

Finish: _____

(3) Number of man years:

Part D - School District Impact Estimates:

Give estimated number of: _____

Families transferred to area: _____

Children added to ISD's: _____

Part E - City Impact Estimates:

(1) Volume of treated water required from City in gallons per day:

(2) Volume of effluent to be treated by City in gallons per day:

(3) Please provide a statement on planned water and sewer treatment methods, and disposal of effluent if the Facility is to be located outside City systems.

(4) Has permitting been started (circle one)?

Yes No

Part F - Estimated Appraised Value on Site:

(Land/ Personal Improvements/ Personal Property)

Valuation of Facility on January 1 Preceding Proposed Abatement:

Value of Facility Upon Completion of Project, of Personal Property, and Improvements not Subject to Abatement

Estimate Value of Eligible Improvements after Abatement Agreement

Expires: _____

Part G - Variance:

(a) Is a variance being sought under Section IV 9.(d) of the "Guidelines" (circle one)?

Yes No

(b) If "Yes", attach any supplementary information required.

Section V - OTHER AGREEMENT APPLICATIONS

(a) Has applicant made application for abatement of this Facility to other taxing jurisdictions or counties (circle one)?
Yes No

(c) If "Yes", please provide:
(1) Dates of Application:
(2) Hearing Dates:
(3) Name of Jurisdiction(s) and Contact(s):
(4) Any letters of intent to abate:

Section VI - DECLARATION

To the best of my knowledge, the above information is an accurate description of the project details.

Applicant's Signature

Date

Receiving For City

Date