

APR 30 2020

RESOLUTION #12,091

JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By *J. Lindenzweig*

A RESOLUTION OF THE HUNT COUNTY COMMISSIONERS COURT, OF HUNT COUNTY, TEXAS, APPROVING A TAX ABATEMENT AGREEMENT WITH LONE OAK SOLAR, LLC PURSUANT TO THE REQUIREMENTS OF CHAPTER 312 OF THE TEXAS TAX CADE AND THE GUIDELINES AND CRITERIA FOR TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HUNT COUNTY AND SETTING AN EFFECTIVE DATE.

WHEREAS, in accordance with Chapter 312 of the Texas Tax Code, the Commissioners Court of Hunt County, Texas has conducted a public hearing on the designation of certain real property within Hunt County, containing 156.7 acres of land located at A0539 JACOBS HARVEY (HUNT COUNTY), TRACT 11, ACRES 156.7, Parcel ID: 28006, Hunt County, Texas with the property description contained in Exhibit "A" of said Tax Abatement Agreement and which is contained in the reinvestment zone known as HUNT COUNTY REINVESTMENT ZONE NO. 7 under the said chapter; and

WHEREAS, the Commissioners Court of Hunt County has found that the designation would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property within Hunt County, containing 156.7 acres of land located at A0539 JACOBS HARVEY (HUNT COUNTY), TRACT 11, ACRES 156.7, Parcel ID: 28006, Hunt County, Texas, with the property description contained in Exhibit "A" of said Tax Abatement Agreement and would contribute to the economic development of the County; and

WHEREAS, in accordance with Section 5 of the Guidelines and Criteria for Tax Abatement in a Reinvestment Zone created in Hunt County, the Commissioners Court of Hunt County has conducted a public hearing on the Tax Abatement Agreement, attached to this resolution as Exhibit "B," accompanying the real property within Hunt County, containing 156.7 acres of land located at A0539 JACOBS HARVEY (HUNT COUNTY), TRACT 11, ACRES 156.7, Parcel ID: 28006, Hunt County, Texas attached to said Tax Abatement Agreement as Exhibit "A;" and

WHEREAS, the Commissioners Court of Hunt County has found that entering into the Tax Abatement Agreement would not have a substantial adverse effect on the provision of government service or tax base, the parties to the agreement have sufficient financial capacity, the planned or potential use of the property would not constitute a hazard to public safety, health or morals, or the planned or potential use of the property would not a violation of other codes or laws.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS:

Section 1. Findings. The statements contained in the preamble to this Resolution are true and correct and are hereby adopted as findings of fact and as part of the operative provisions hereof.

Section 2. Designation of Reinvestment Zone. The Hunt County Commissioners Court, having held a public hearing and made the required findings pursuant to Texas Tax Code §

312.401, hereby enter a Tax Abatement agreement accompanying real property located in HUNT COUNTY REINVESTMENT ZONE NO. 7.

Section 3. Tax Abatement Agreement. The Hunt County Commissioners Court, having held a public hearing and made the required findings pursuant to Section 5 of the Guidelines and Criteria for Tax Abatement in a Reinvestment Zone created in Hunt County, hereby resolves to enter into the Tax Abatement Agreement, attached to this resolution as Exhibit "B," accompanying the real property within Hunt County, Texas containing 156.7 acres of land located at A0539 JACOBS HARVEY (HUNT COUNTY), TRACT 11, ACRES 156.7, Parcel ID: 28006, Hunt County, Texas attached to said Tax Abatement Agreement as Exhibit "A."

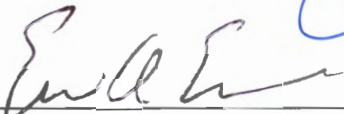
Section 4. Setting an Effective Date. This Resolution shall take effect immediately upon approval.

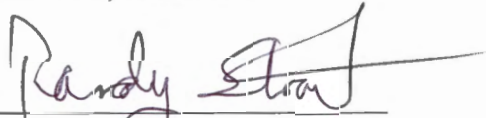
The foregoing Resolution was read and adopted on April 28, 2020.

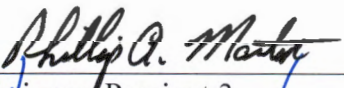


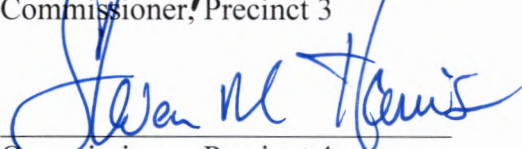
County Judge
Hunt County, Texas




Commissioner, Precinct 1


Commissioner, Precinct 2


Commissioner, Precinct 3


Commissioner, Precinct 4

ATTEST:

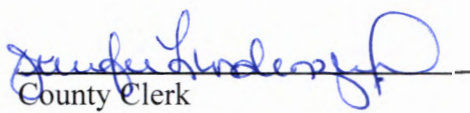

County Clerk
Hunt County, Texas

EXHIBIT "B"

Tax Abatement Agreement

#16,091

TAX ABATEMENT AGREEMENT

FILED FOR RECORD
at 8:30 o'clock
APR 29 2020
By JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX

THE STATE OF TEXAS §
§
COUNTY OF HUNT §

This Tax Abatement Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between Hunt County, Texas ("Governmental Unit"), and Lone Oak Solar, LLC (hereinafter referred to as "Owner"), the owner or lessee of taxable real property and business personal property in Hunt County, Texas (the "Property").

WHEREAS, Hunt County, Texas has designated certain property as a Reinvestment Zone within its limits and named HUNT COUNTY REINVESTMENT ZONES NO. 6, 7 and 8.

WHEREAS, Owner is the owner or lessee of certain real property and business personal property, described in Exhibit "A," located in Hunt County, Texas; and

WHEREAS, Owner intends to expand their facility on such property; and

WHEREAS, the Governmental Unit finds that Owner's facility constitutes a facility eligible for Abatement under the terms and conditions herein; and

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained:

I. AUTHORIZATION

This agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended ("Act"), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Unit.

II. DEFINITIONS

As used in this agreement, the following terms shall have the meanings set forth below:

1. "Abatement" means the full or partial exemption from ad valorem taxes of the Improvements on certain real property and personal property in a reinvestment zone designated by Hunt County for economic development purposes pursuant to the Act.
2. "Affected Jurisdiction" means Hunt County, Texas and any municipality or school district, the majority of which is located in Hunt County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by Hunt County.

3. “Added Value” means the increase in the assessed value of the 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”.
4. “Base Year Value” means the assessed value of the eligible property as certified by the Hunt County Appraisal District on January 1, 2020, preceding the execution of the Agreement, plus the agreed upon value of eligible property improvements made after January 1, 2020, but before the execution of this Agreement.
5. “Eligible Property” means buildings, structures, fixed machinery including solar electric generating equipment and equipment, aircraft and site improvements, installed, constructed, or added between the effective date of this Agreement and December 31, 2026 (the “Construction Phase”), plus that office space and related fixed improvements necessary to the operation and administration of the Facility, which are eligible for Abatement hereunder.
6. “Facility” means a Solar Facility or other Authorized Facility approved by the Governmental Unit(s), as set forth in the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s).
7. “Improvements” means the buildings or portions thereof and other improvements used for commercial or industrial purposes on the Property.
8. “Ineligible Property” means the following types of property shall be fully taxable (except as otherwise provided by law or other agreement) and ineligible for abatement: inventories; supplies; personal property not defined as eligible property; tools; furnishings and other forms of movable equipment and machinery; vehicles; vessels; housing; hotel accommodations; retail facilities; deferred maintenance; investments; property to be rented or leased, except as provided in Section 2(f) of the Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit(s); property owned or 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.
9. “Community Entities” means the Hunt County, Texas, the City of Greenville, Texas, Greenville 4A Economic Development Corporation, the Board of Development of the City of Greenville, Texas, and any other similar organization within Hunt County, Texas which extends to Owner one or more incentives pursuant to this or other agreements.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit (“Guidelines”) are incorporated as a part of this Agreement, except as the same may be modified herein with such modifications qualifying as approved variance requests under the Guidelines.

III. PROPERTY

The property is an area within Hunt County, Texas located in whole or part within the jurisdiction of the Governmental Unit as more fully described in Exhibit “A,” attached hereto and made a part hereof. Said property is located within an authorized zone for tax abatement named HUNT COUNTY REINVESTMENT ZONE NO. 7.

The Hunt County Appraisal District has established the following value for the Property, including improvements thereon, as of the January 1, 2019, valuation date prior to the date of execution of this Agreement and which is the last valuation record known by the parties.

Land and Improvement:
Land Market - \$386,100
Ag Valuation - \$13,250
Assessed - \$13,250

The Parties incorporate such value into this Agreement but agree to adjust such value as may be necessary based upon total acreage improved and used and adoption of the tax rolls for January 1, 2020. This is the Base Year Value.

The Governmental Unit and the Owner agree that the approximate value of any additions to the Property made after January 1, 2020, and for which abatement is sought and not otherwise reflected on the above valuation Property, is referred to as “Eligible Property”.

IV. TERM OF ABATEMENT AND AGREEMENT

Land and Improvements

The Governmental Unit agrees to abate the ad valorem taxes on the Eligible Property in accordance with the terms and conditions of this Agreement. The Abatement shall be effective with the January 1st valuation date effective January 1, 2021. The Abatement shall continue for five (5) years, expiring as of December 31st of the 2026 tax year for eligible land and improvement value. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1st and expiring on December 31st, and in no event shall the Abatement extend beyond December 31st of the fifth (5th) tax year unless extended by agreement in compliance with local and state law.

The terms and conditions of this Agreement shall continue for the period of Abatement. All covenants and representations of the Owner herein shall continue throughout the term of this

Agreement, and any defaults shall be subject to the recapture provisions provided in Part VIII herein.

V. TAXABILITY

During the period that the Abatement is effective, taxes shall be payable as follows:

- (1) The value of the Land and Real Property shall be fully taxable;
- (2) The value of Ineligible Property shall be fully taxable;
- (3) The Base Year Value of existing Improvements comprising the Property shall be determined each year and shall be fully taxable; and
- (4) The Added Value of the Eligible Property made a part of the Property shall be abated as set forth in Part VI herein.

VI. AMOUNT OF ABATEMENT

The Abatement provided by this Agreement shall be based upon the Added Value of Eligible Property made a part of the Property as a result of the project. Tax abatement schedule for five (5) years of eligible appraised value of Real Property Investment and taxes shall be abated annually as follows:

<u>Abatement</u>	
Year One	50%
Year Two	50%
Year Three	50%
Year Four	50%
Year Five	50%

The Abatement provided by this Agreement shall be based upon the Added Value of Eligible Property made a part of the Property as a result of the project. Tax abatement schedule for five (5) years of eligible appraised value of Business and Personal Property Investment and taxes shall be abated annually as follows:

<u>Abatement</u>	
Year One	50%
Year Two	50%
Year Three	50%
Year Four	50%
Year Five	50%

VII. CONTEMPLATED IMPROVEMENTS

Owner represents that it will develop, expand and/or renovate a facility at the cost, for the purpose, and in the manner as set forth in the Project Description attached as Exhibit "B." During

the Construction Phase, the Owner may make such change orders as to the project as are reasonably necessary, provided that no such change order may be made which will change the qualification of the project as a "Facility" under the Guidelines for Granting Tax Abatement approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the Facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

VIII. EVENTS OF DEFAULT AND RECAPTURES

- A. 1) Discontinued or Reduced Operation During Term of Agreement. In the event that the facility is completed and begins operation, but subsequently discontinues operation for any reason except fire, explosion, epidemic, pandemic or other casualty or accident or natural disaster for a period of one (1) year during the abatement period, then the Agreement may be terminated by the Governmental Unit and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the affected jurisdiction within sixty (60) days from the date of termination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty (60) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.
- 2) Certification of Compliance by Owner. Owner of the property shall certify annually, through a notarized statement to the governing body of each taxing unit, that Owner is in compliance with each applicable term of this agreement.
- 3) Delinquent Taxes. In the event that the that the Owner: (1) allows its ad valorem taxes owed the Governmental Unit or any Affected Jurisdiction to become delinquent and fails to cure during the Cure Period or timely and properly file the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the Agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- B. Notice of Default. Should the Governmental Unit determine that the Owner is in default according to the terms and conditions of this Agreement, it shall notify the Owner and the Lessee, in writing at the address stated in this Agreement, that if such default is not cured within sixty (60) days from the date of such notice, subject to paragraph VIII.D ("Cure Period"), then this Agreement may be terminated. Lessee shall have the right to cure, or cause to be cured, any default of Owner. In the event the Owner fails to cure said default during the Cure Period, then subject to paragraph VIII.D, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.
- C. Estimated and Actual Added Value. For year one (1) of the Agreement, Owner estimates

that the total assessed Added Value of all Eligible Property will be at least \$1,600,000 (“Estimated Added Value”).

- D. Continuation of Tax Lien. The amount of tax abated each year under the terms of this agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

If the Governmental Unit terminates this Agreement pursuant to this paragraph VIII, it shall provide Owner with written notice of such termination. If Owner believes that a notice of default pursuant to paragraph VIII.B or a notice of termination pursuant to this paragraph VIII was improperly issued, Owner may file suit in the Hunt County district courts appealing such default or termination notice within sixty (60) days of the issuance of such notice by the Governmental Unit, in which case any Cure Period currently running will toll, and shall not be considered for any purpose as having run, until the issuance of a final court decision or other final resolution of such court proceeding. If an appeal suit is filed, Owner shall remit to the Governmental Unit(s), within sixty (60) days after the issuance of such notice, any additional and/or recaptured taxes as may be payable during the pendency of the litigation which are not in dispute pursuant to the payment provision of Section 42.08, Texas Tax Code. If the final determination of the appeal increases Owner’s tax liability above the amount of tax paid, Owner shall remit the additional tax to the Governmental unit(s) pursuant to Section 42.42, Texas Tax Code. If the final determination of the appeal decreases Owner’s tax liability, the Governmental Unit(s) shall refund the Owner the difference between the amount of tax paid and the amount of tax for which owner is liable pursuant to Section 42.43, Texas Tax Code.

IX. ADMINISTRATION

The Owner shall allow employees and/or representative(s) of the Governmental Unit to have access to the Property during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with Owner’s safety standards.

Upon completion of construction, the Governmental Unit shall annually evaluate each facility and report possible violations of the contract and agreement to the governing body and its attorney.

The Chief Appraiser of the Hunt County Appraisal District shall annually determine (i) the taxable value of the real and personal property comprising the Property, taking in to consideration the Abatement provided by this Agreement, and (ii) the full taxable value without Abatement of the real and personal property comprising the Property. The Chief Appraiser shall record both the

abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as amended, and as may be necessary for the administration of the Agreement specified herein.

X. ASSIGNMENT

The Owner may assign its rights, duties, and/or obligations under this Agreement, in whole or in part, (i) without the consent of the Governmental Unit, if the assignment is to an entity controlled by, controlling, or under common control with the Owner (or Lessee, as applicable) (any such entity, an "Affiliate"), or (ii) to any other entity, including to a new Owner of the same Facility, upon the approval by resolution of this Governmental Unit, subject to the financial capacity of the assignee, and provided that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement, guaranteed by the execution of a new contractual agreement with the Governmental Unit. Any assignee of this Agreement shall have the same obligations, including to provide substantially the same improvements to the Property, except to the extent such improvements have been completed. No assignment required to be approved by the Governmental Unit shall be approved if the Owner or any assignee are indebted to the Governmental Unit for ad valorem taxes or other obligations. Approval shall not be unreasonably withheld. Collateral assignment or a change in the control of Owner shall not be considered assignments for purpose of this section.

XI. NOTICE

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when deposited with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the Governmental Unit or Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Owner:

Lone Oak Solar, LLC
Attention: Trevor Hand
1577 Randol Mill Ave.
Southlake, TX 76092

To the Governmental Unit(s)

Hunt County, Texas

Attention: County Judge
2507 Lee Street
Greenville, Texas 75401

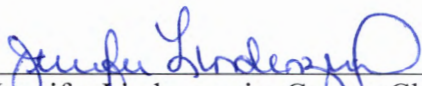
Either party may designate a different address by giving the other party ten (10) days written notice.

This agreement has been executed by the parties in multiple originals or counterparts, each having full force and effect.

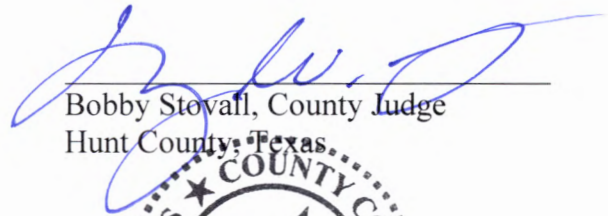
Executed this the 28th day of April, 2020.

WITNESS:

GOVERNMENTAL UNIT:

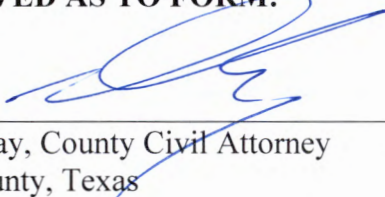


Jennifer Lindenzweig, County Clerk
Hunt County, Texas



Bobby Stovall, County Judge
Hunt County, Texas

APPROVED AS TO FORM:



Daniel Ray, County Civil Attorney
Hunt County, Texas



WITNESS:

OWNER:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit A
Property Description

A0539 JACOBS HARVEY (HUNT COUNTY), TRACT 11, ACRES 156.7
Parcel ID: 28006
Hunt County, Texas

METES AND BOUNDS DESCRIPTION:

TRACT TWO:

Being the tract or parcel of land known as the "Home Place" approximately one mile east of the town of Lone Oak, Hunt County, Texas, on F.M. Highway 1567 described as follows:

All that certain tract or parcel of land lying and being situated in Hunt County, Texas on the waters of the Lake Fork of the Sabine River near the town of Lone Oak and being parts of the south half of the north half of the Harvey Jacobs League and Labor Survey and being more particularly described as follows:

BEGINNING at a rock in the prairie at the east end of a lane between Isham Wallace's farm and J.D. Edge's pasture;

THENCE East 118-8/10 varas to a stake;

THENCE South 110 varas to a stake;

THENCE East 1802-7/10 varas to a stake in the prairie at the southeast corner of a tract of 110 acres hereto heretofore conveyed by Amelia Clark to R.T. Easley;

THENCE North 475-2/10 varas to a stake in the prairie in the northeast corner of said 110 acre tract;

THENCE West 1921-5/10 varas to a rock in the prairie near the southwest corner of D.B. Corley's pasture;

THENCE South 365-2/10 varas to the beginning containing 157-7/10 of land, including said 110 acres and 47-7/10 acres of a 50 acre tract heretofore conveyed by said Amelia Clark to S.B. Jones and being the same land conveyed to P.P. Rabb by R.T. Easley and wife, on October 22, 1898, by Deed recorded in Volume 133, Page 484, Deed Records of Hunt County, Texas and part of the same land conveyed to Thomas M. (Togo) Rabb by Myrtle M. Rabb, a feme sole, dated June 11, 1945 by Deed recorded in Volume 487, Page 635, Deed Records of Hunt County, Texas.

SAVE AND EXCEPT from this Tract Two, a one (1.00) acre tract of land conveyed to Charles Hunt by Deed from Ona M. Rabb and Ronnie P. Rabb, Individually and acting as Agent and Attorney-In-Fact for Ona M. Rabb, dated July 12, 1990, recorded in Volume 178, Page 280, Real Property Records of Hunt County, Texas.

Exhibit B
Project Description

Lone Oak Solar, LLC is the owner and operator of a small distributed solar facility to be constructed in Hunt County, Texas.

Attention: County Judge
2507 Lee Street
Greenville, Texas 75401

Either party may designate a different address by giving the other party ten (10) days written notice.

This agreement has been executed by the parties in multiple originals or counterparts, each having full force and effect.

Executed this the _____ day of _____, 2020.

WITNESS:

GOVERNMENTAL UNIT:

Jennifer Lindenzweig, County Clerk
Hunt County, Texas

Bobby Stovall, County Judge
Hunt County, Texas

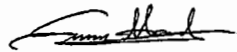
APPROVED AS TO FORM:

Daniel Ray, County Civil Attorney
Hunt County, Texas

WITNESS:

OWNER:

By:  _____

By:  _____

Name: Hazel Stout

Name: Trevor Hand

Title: Colleague

Title: Member