

EXHIBIT “A”
to Resolution No. FCHD112524-01

Fisher County Hospital District

Tax Abatement Guidelines and Criteria

Adopted November 25, 2024

Section 1
Purpose, Eligibility, & Limitations

- A. The following Guidelines and Criteria are effective as of the date set forth above and have been adopted by the Fisher County Hospital District Board (the “**Board**”) to establish a uniform policy for the consideration of granting requests for tax abatements submitted by owners or lessees of Eligible Facilities within the territorial boundaries of the Fisher County Hospital District (the “**District**”).
- B. The Board has determined that the District shall consider applications for tax abatements which will provide long-term significant positive economic impact to the community by utilizing area contractors and work force, to the maximum extent feasible, and by increasing the appraised value of property within the District through the development, redevelopment, and improvements of property within the District, except as otherwise provided herein.
- C. To be eligible for consideration to receive a tax abatement, the planned improvements must create a positive net economic benefit within the Fisher County Hospital District of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. In that respect the following factors may be considered:
1. **Jobs.** The projected New Jobs created including the type of job, the number of jobs, the retention of existing jobs, the average payroll, the expected benefits to potential employees, the number of local persons hired, and the number of non-local persons whom may relocated within the District.
 2. **Fiscal Impact.** The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible properties.
 3. **Community Impact.** The total number of individuals who may relocate or be present within the District as a result of the project, the impact on other taxing entities, including the use of county or municipal infrastructure, the willingness of the owner or lessee to engage with the District and other community participants, and/or whether the project is expected to solely or primarily have the effect of transferring employment from one part of the Fisher County to another.

4. Competitiveness. In addition to the criteria set forth above, the Board reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.
- D. Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.
 - E. All abatement contracts will be for a term no longer than allowed by law.
 - F. It is the goal of the District to grant tax abatements on the same terms and conditions as the other taxing units having jurisdiction of the property; provided, however, nothing herein shall limit the discretion of the Board to consider, adopt, modify or decline any tax abatement request.
 - G. The adoption of these guidelines and criteria by the Board does not:
 1. Limit the discretion of the governing body to decide whether or not 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;

Section 2 Definitions

- A. “Abatement” means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated in the jurisdiction of the Fisher County Hospital District for the purpose of economic development.
- B. “Agreement” means a contractual agreement for a tax abatement between a property owner and/or lessee and the Fisher County Hospital District.
- C. “Base year value” means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.
- D. “Board” shall mean the governing body of the Fisher County Hospital District.

- E. “Deferred maintenance” means improvements necessary for continued operation which do not improve productivity or alter the process technology.
- F. “Eligible facilities” means new, expanded, or modernized buildings, fixtures, and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of the District, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in the District, such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to hotels and office buildings.
- G. “Expansion” means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- H. “Facility” means property improvements completed or in the process of construction which together comprise an interregional whole.
- I. “Modernization” means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.
- J. “New facility” means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- K. “Productive life” means the number of years a property improvement is expected to be in service in a facility.

Section 3

Abatement Authorized

- A. Eligible facilities. Upon application, eligible facilities shall be considered for tax abatement as hereinafter provided.
- B. Creation of New Values. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the Fisher County Hospital District and the property owner or lessee, subject to such limitations as the Fisher County Hospital District may require.
- C. New and existing facilities. Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the Fisher County Hospital District and the property owner or lessee, subject to such limitations as the Fisher County Hospital District may require.

- D. Eligible property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.
- E. Ineligible Property. The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2 F, property which has a productive life of less than ten (10) years.
- F. Owned/leased facilities. If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee.
- G. Economic Qualifications. In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:
1. Must be reasonably expected to have an increase in positive net benefit to the Fisher County Hospital District of at least \$1,000,000.00 over the life of the abatement agreement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
 2. Must not be expected to solely or primarily have the effect of transferring employment from one part of the Fisher County Hospital District to another.
- H. Standards for Tax Abatement. The following factors, among others, shall be considered in determining whether to grant tax abatement:
1. Value of existing improvements, if any;
 2. Type and value of proposed improvements;
 3. Productive life of proposed improvements;
 4. Number of existing jobs to be retained by proposed improvements;
 5. Number and type of new jobs to be created by proposed improvements;
 6. Amount of local payroll to be created;
 7. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
 8. Amount which property tax base valuation will be increased during the term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00;
 9. The costs to be incurred by the Fisher County Hospital District to provide facilities directly resulting from the new improvements;
 10. The amount of ad valorem taxes to be paid to the Fisher County Hospital District during the abatement period considering:
 - a. the existing values;
 - b. the percentage of new value abated;
 - c. the abatement period; and

- d. the value after expiration of the abatement period.
11. The population growth in the Fisher County Hospital District that occurs directly as a result of new improvements;
12. The types and values of public improvements, if any, to be made by applicant seeking abatement;
13. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
14. The impact on the business opportunities of existing businesses;
15. The attraction of other new businesses to the area;
16. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
17. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement. Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse effect on the provision of government services or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health, or morals;
4. Violation of other codes or laws; or
5. Any other reason deemed appropriate by the Fisher County Hospital District.

J. Taxability. From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:

1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and
2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 4 Application

- A. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the kind and number of improvements for which an abatement is requested; a map of the reinvestment zone where the improvements will be located and property description; and an estimated time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The District may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application. The completed application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to the Fisher County Hospital District. For abatement requests for improvements with a planned value equal to or in excess of \$1,000,000.00 the fee shall be one thousand and no/100 dollars (\$1,000.00), accompanied by the agreement that the Applicant shall pay costs of publishing the statutorily required notices and reasonable attorney and consulting fees as may be incurred by the District in the examination of the application as well as the preparation and negotiation of any tax abatement agreement.
- B. Before acting upon application, the District shall, through public hearing, afford the applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

Section 5 Abatement Agreement Minimum Requirements

- A. After approval, the Board shall formally pass a resolution and execute an agreement with the owner or lessee of the facility as required following the time and notice required by law which shall include all the following provisions, as well as any other provision as required by law, which provisions are incorporated herein for all purposes:
1. The percentage of the tax to be abated each year, as well as any payment made in lieu of tax according to the discretion of the Board;
 2. The term of the abatement, including the commencement date and termination date of the abatement;
 3. Include a list of the kind, number, and location of all proposed improvements to the property;

4. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
5. Limit the use of the property consistent with the taxing unit's development goals;
6. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
7. Include each term that was agreed upon with the property owner and require the owner of the facility to annually certify compliance with the terms of the agreement to each taxing unit;
8. Require that the property owner reimburse the District for expenses incurred in the preparation and review of the agreement;
9. Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement;
10. Provide for open access to substations and transmission lines in the Fisher County by including in the abatement agreement a section in substantial conformity with Exhibit "A".

B At the sole discretion of the Board, which shall not be limited by any other provision herein, commensurate with the nature of the improvements, the Board may require the owner of the facility to agree to the following:

1. A specified number of permanent full time jobs at facility shall be created, and the owner and lessee shall make reasonable efforts to employ persons who are residents of the Fisher County in such jobs, provided, however, that there shall be no obligation to employ residents who are not:
 - a. equally or more qualified than nonresident applicants;
 - b. available for employment on terms and/or salaries comparable to those required by nonresident applicants; or
 - c. able to become qualified with 72 hours training provided by owner.
2. Each person employed in such job shall perform a portion, if not all, of their work in the Fisher County.
3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through the Fisher County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by the Fisher County residents that are not:

- a. of similar quality to those provided by nonresidents; or
 - b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.
4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in the Fisher County who are interested in obtaining information about providing goods or services related to the construction of the project. Additionally, Owner or its construction contractor, if any, shall advertise in local or area newspapers for local contractors to perform work on the construction of the project.
 5. Owner shall agree to maintain a viable presence (as below defined) within the boundaries of the Fisher County Hospital District for a period of time, as set by the Board, not to exceed twenty (20) years from the date that the abatement agreement first takes effect.

Section 6 Recapture

- A. In the event that the facility or improvements are completed and begin operating but subsequently discontinue operating for any reason excepting a force majeure event (as such event may be more specifically defined in the tax abatement) for a period of more than one (1) year during the abatement period, then the abatement agreement shall terminate along with the abatement of taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the District within sixty (60) days from the date of termination. The District is permitted to enter into a tax abatement agreement that varies from the provisions of this paragraph without being deemed to be in violation of the Guidelines and Criteria so long as the agreement provides for the recapture of property taxes in the event that the approved facility or improvements discontinue operations during the period of tax abatement.
- B. If the District determines that a party to a tax abatement agreement is in default according to the terms and conditions of its agreement, the District shall notify the party in writing at the address stated in the agreement, and if such is not cured within (60) days from the date of such notice, then the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. Further, it will be a default under a tax abatement granted pursuant to these Guidelines and Criteria if the owner of the eligible property subject to the abatement is delinquent in paying any undisputed taxes to any taxing authority in Fisher County, Texas.

Section 7

Administration

- A. The Chief Appraiser of the Fisher County will annually determine an assessment of any real and/or personal property that is subject of a tax abatement agreement. Each year, the party receiving a tax abatement shall furnish the Appraiser with such information as may be necessary to determine the assessment. Once value has been established, the Chief Appraiser will notify the Board of the amount of the assessment.

- B. The District may inspect, or engagement with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and/or designated representatives of the District will have access to the facility during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a 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 company or individual and in accordance with its safety standards.

- C. Upon completion of construction, the designated representative of the District may annually evaluate each facility receiving an abatement to insure compliance with the agreement.

Section 8 Assignment

An abatement agreement entered pursuant to these Guidelines and Criteria may only be transferred and assigned by the holder to a new owner or lessee of the same facility following the approval by resolution of the Board after considering the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement and/or assumption agreement with the District. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes, fines, penalties, or other obligations. Approval by the Board shall not be unreasonably delayed or withheld.

Section 9 Sunset Provision

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years unless amended by three-quarters vote of the Board, at which time all tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the Guidelines and Criteria will be modified, renewed, or eliminated.

ADOPTED the 25th day of November, 2024.

FISHER COUNTY HOSPITAL DISTRICT

By: Clyde Coffman
Name: Clyde Coffman
Title: Board President

EXHIBIT “A”

Each Tax Abatement Agreement executed by the Fisher County Hospital District after the date of approval of these Guidelines and Criteria shall contain provisions assuring open access to Transmission Infrastructure in substantial conformity with the following:

Assuring Open Access to Transmission Infrastructure

- (a) The Parties acknowledge that this Agreement is meant to enhance the development of wind generated electricity projects in the Fisher County Hospital District. The Owner further acknowledges that the County hosts certain critical transmission infrastructure (“Public Infrastructure”), including substation(s) and transmission lines which have been planned and approved by the Texas Public Utilities Commission and funded by the ratepayers of Texas. The existence of this infrastructure creates the potential for future transmission line development (“Competing Lines”) in support of additional wind and other electricity generating facilities in the County by other project sponsors/owners (“Competing Line Owners”).
- (b) The Owner agrees to reasonably accommodate the planning, construction and operation of such Competing Lines, including the interconnection of such lines to substations. Owner also agrees to cooperate reasonably with Competing Line Owners to facilitate access to Public Infrastructure. Such cooperation may include: i) attempting to agree with a Competing Line Owner on mutually satisfactory arrangements for the siting and operation of a Competing Line, including exchanging respective lease or easement rights to avoid line crossings; and ii) allowing a Competing Line to cross the Owner’s leased area, provided Competing Line Owner and Owner execute a crossing agreement reasonably acceptable to both parties.
- (c) The Owner agrees not to seek unreasonable compensation, limit Competing Line Owner transmission line or generating facility capacity, perverse termination clauses or insurance requirements.
- (d) In the spirit of maintaining a fair, competitive and robust environment in the Fisher County Hospital District for electricity generating projects in the Fisher County Hospital District, the County agrees that any future abatement agreement between the County and Competing Line Owners will contain provisions substantially similar to this Section.