

DUVAL COUNTY, TEXAS
TAX ABATEMENT GUIDELINES
AND CRITERIA

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DUVAL COUNTY, TEXAS TAX ABATEMENT GUIDELINES AND CRITERIA

ADOPTED JUNE 8, 2026

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

- D. Must be reasonably expected to have an increase in positive net economic benefit to Duval County of at least Ten Million Dollars (\$10,000,000.00) over the life of the abatement, computed to include (but not limited to) new sustaining payroll and /or capital improvement. The creation of new jobs will also factor into the decision to grant an abatement; and will be reviewed on a case-by-case basis as consideration should be weighed between the investment and the jobs created or any other relevant factor.
- D. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Duval County to another.

In addition to the criteria set forth above, the Duval County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increases 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.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Duval County to grant tax abatements on terms and conditions beneficial to the economic interests of the residents of Duval County and to other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Duval County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of June 8, 2026 and shall at all times be kept current with regard to the needs of Duval County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Duval County Commissioners Court does not:

- A. Limit the discretion of the governing body to decide whether or not to enter into a specific tax abatement agreement;
- B. 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;
- C. Create or deny 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 1: DEFINITIONS

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Duval County for economic development purposes.
- B. "Affected jurisdiction" means Duval County and any municipality, school district, or any special district, the majority of which is located in Duval County that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by Duval County.
- C. "Agreement" means a contractual agreement for tax abatement between a Property Owner and/or Lessee and Duval County.
- D. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement, plus any agreed upon value of eligible property improvements made after January 1, but before the execution of the Agreement.
- E. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology."
- F. "Economic Life" means the number of years a property is expected to be in service in a facility.
- G. "Eligible facilities" means new, expanded, or modernized buildings 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 Duval County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Duval County, 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.
- H. "Employee" means a person whose employment is both permanent and full-time, who works for and is an employee of the Company/Owner or an employee of a Business, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Companies, Owner's (and/or Business' applicable) quarterly report filed with the Texas Workforce Commission ("TWC"); but excluding any direct contract employment (seasonal, part-time, and full-time equivalent).

- I. "Expansion " means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- J. "Facility" means property improvement completed or in process of construction which together comprise an interregional whole.
- K. "Manufacturing Facility" means products, buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change, including the generation of electrical energy.
- L. "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.
- M. "New facility " means property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- N. "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services, which serve a market primarily outside of Duval County, resulting in the creation of new permanent jobs bringing in new wealth.
- O. "Owner" means the Company and/or other entity, in good standing, business, persons and/or individual who is the Owner of the real property in Duval County subject to an abatement of ad-valorem taxes. If the eligible property is constructed or located on a leased property, only the property owner shall be the party eligible for any ad-valorem tax abatement. The other party to the lease may join in the execution of the agreement but shall not be obligated to assure the performance of the party receiving the abatement.
- P. "Permanent Full-Time Job" means a new employment position created by a company, owner and/or employee of a business that provides a regular work schedule of at least 35 hours per week or 1820 hours of regular employment per year to a Duval County, Texas resident and maintains the employment position exclusively within the reinvestment zone during the term of the abatement agreement.
- Q. "PILOT" Payment in Lieu of Taxes is a payment made in compensation to a governmental entity for some or all of the property tax revenue owed.
- R. " Productive life" means the number of years a property improvement is expected to be in service in a facility.
- S. "Project" means the proposed development as specifically described by the Company/Owner in the application/request for ad-valorem tax abatement incentives and the Tax Abatement Agreement.
- T. "Property" means the land (real property) on which the Project will be developed.
- U. "D. C.A.D." means the Duval County Appraisal District.
- V. "Proximate Relocations" means moving a business within Duval County, Texas.
- W. "Tax Abatement Reinvestment Zone or Reinvestment Zone" means any real property within Duval County, Texas which has been designated as a reinvestment zone, by the

Duval County Commissioners Court and may include any land within the City of San Diego, that has been properly designated as a reinvestment zone by San Diego City Council or other eligible jurisdiction.

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

SECTION 2: ABATEMENT AUTHORIZED

- A. Eligible facilities: Upon application, eligible facilities as defined herein 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 Duval County and the property owner or applicant, including a Lessee, subject to such limitations as Duval County 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 Duval County and the Property Owner or Lessee, subject to such limitations as Duval County 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, animals, inventories, supplies, tools, furnishings, vehicles, vessels, aircraft, housing or residential property, flora, fauna, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2F, property which has a productive life of less than ten years, but does not include spare parts associated with eligible facilities; 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; or any other property for which abatement is not allowed by state law.
- F. Owned/leased facilities: If a leased facility is permitted by state law to be granted abatement, the abatement agreement shall be applicable to the taxable value of the leased

improvement, and where appropriate, shall be executed with both 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 Duval County of at least Ten Million Dollars (\$10,000,000.00) over the life of the abatement, 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 merely transferring employment from one area of Duval County to another.

H. Standards for Tax Abatement: The following factors, among other, 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. Wage rate and benefits to be offered to employees of the facility;
7. Amount of local payroll to be created;
8. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
9. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than Ten Million Dollars (\$10,000,000.00.)
10. The costs to be incurred by Duval County to provide facilities directly resulting from the new improvements;
11. The amount of ad valorem taxes to be paid to Duval County during the abatement period considering:
 - the existing values;
 - the percentage of new value abated;
 - the abatement period; and
 - the value after expiration of the abatement period.
12. The population growth of Duval County that occurs directly as a result of new improvements;

13. The types and values of public improvements, if any, to be made by Applicant seeking abatement;
14. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
15. The impact on the business opportunities of existing businesses;
16. The attraction of other new businesses to the area;
17. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
18. 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.

Abatement shall be granted effective no earlier than the January 1 valuation date immediately following the date of execution of the abatement agreement. The agreement may provide that the period for which the abatement applies will commence on a later date. The value of new eligible property shall be abated according to the approved agreement between applicant and the governing body. The Duval County Commissioners Court, in its sole discretion, shall determine the amount to any abatement.

- I. Construction in Progress. If a qualifying facility has not commenced construction within three (3) years after execution of the abatement Agreement, the applicant may apply for a one-year extension of the term of abatement, to be granted or denied in accordance with the Agreement. Said extension must be applied for prior to the expiration of the three-year anniversary of execution of the abatement agreement.
- J. 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 health, safety or morals;
 4. Violation of other codes or laws; or
 5. Any other reason deemed appropriate by Duval County.
- K. 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.

L. Notwithstanding any provision of the Tax Abatement Guidelines and Criteria, or any Tax Abatement Agreement, the tax abatement negotiated with the County of Duval shall apply to taxes levied by the granting governing body.

(a) A tax abatement agreement negotiated with Duval County does *not* include any agreement to abate a tax levied by:

- (1) Groundwater Conservation District;
- (2) Emergency Services District;
- (3) School Districts;
- (4) Vocational School District; or the
- (5) Farm-to-Market Road District

(b) No Impairment

Nothing herein limits the authority of other taxing entities to enter into another abatement agreement with Applicant.

(c) No Representation Clause

No representation is made regarding participation of other entities.

SECTION 3: APPLICATION

A. Any present or potential owner of taxable property in Duval County may request the creation of a reinvestment zone and/or tax abatement by filing a written application with the County Judge and copy with the Duval County Taxing Jurisdictions. The application shall consist of a written request for tax abatement, accompanied by:

1. An analysis of the economic impact and/or feasibility study such an abatement will have on Duval County, including:
 - a. Estimated tax revenues annually for the term of the requested abatement, taking into account any requested abatement.
 - b. A comparison between an abatement of taxes and any requested "payment in lieu of taxes (PILOT) in terms of benefit to the County over the proposed term of the abatement period.
 - c. A statement of the expected residual taxable value of the proposed project at the end of the abatement term requested, and the remaining taxable life expectancy of the proposed project.
2. A general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken.
3. A descriptive list and approximate taxable value of the improvements which

- will be a part of the facility;
4. A site map and property description, including a complete legal description of the property, and a map/property description of any requested;
 5. A time schedule for undertaking and completing the planned 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 application form may require such financial and other information as the County deems appropriate for evaluating the financial capacity and other factors of the applicant.
 6. Certification from the Duval County Appraisal District verifying that no taxes are past due on applicant's property located in the proposed reinvestment zone
 7. Disclosure of any environmental permits required or additional environmental impacts.
 8. A \$1,000.00 non-refundable application fee.
 9. Duval County reserves the right to request additional information or data from the applicant.
- B. 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 County 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.
- C. All checks in payment of the application fee shall be made payable to Duval County. In addition to the application fee the applicant shall also agree to pay reasonable professional service and consulting fees as may be incurred by Duval County in the examination of the application, feasibility, analysis, or preparation and negotiation of any tax abatement agreement. Such payment shall be determined during the negotiation of the abatement agreement and payable as a condition precedent to the execution of the agreement.
- D. Duval County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh day before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon Application, Duval County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced herein above opportunity to show cause why the abatement should or should not be granted.
- E. If a city within Duval County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property, such present or potential owner of taxable property may request tax abatement by Duval County, but shall follow the same application process described in Section 3, et seq. hereof.

- F. Variance. Although a variance is not favored, exceptional circumstances may support a request for variance from the provisions of Section 2, in which case such request for a variance may be made in an application or other written form to the Commissioners' Court. Such request shall include all the items listed in Section 3(B) and may include a complete description of the circumstances which prompt the applicant to request a variance. The approval process for a variance request shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the Commissioners' Court. To the full extent permitted by applicable law, the Commissioners' Court shall have the authority to enter into an abatement agreement with terms and conditions that vary from the terms and conditions in these Guidelines, but only so long as the Commissioners Court determines that such variances are in the best interests of Duval County. Any terms or conditions contained in an abatement Agreement approved by the Commissioners' Court that vary from the terms and conditions in these Guidelines shall automatically be deemed to have been granted an approved variance by the Commissioners Court, shall be binding and enforceable as agreed to in the abatement Agreement, and shall control in the event of any inconsistency or conflict with these Guidelines. A variance granted to any applicant shall not be deemed a variance for any subsequent applicant.
- G. Confidentiality Required. Information that is provided to the County in connection with an application or request for Tax Abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which Tax Abatement is sought may be deemed as confidential and not subject to public disclosure only if specifically identified by the Applicant, and segregated from the remaining portions of the Application. Once the Tax Abatement Agreement is executed, all attachments to the Abatement Agreement shall become public. All information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.
- H. Notwithstanding that a single development or project within a Reinvestment Zone may be the subject of multiple tax abatement agreements, the Applicant must file a separate application for each distinct tax abatement requested. Each application shall: (a) identify the parcel(s), improvements and/or project phase to which the requested abatement applies; (b) specify the proposed term, percentage and scope of the abatement; (c) include all required exhibits, supporting documentation and application fees; and (d) be submitted and processed independently of any other application filed for the same Reinvestment Zone.
- (a) Coordination. To promote administrative efficiency, applicants are encouraged to coordinate submission schedules and to reference related application file numbers, but no separate application shall be deemed complete or approved by virtue of a different application filed for a related agreement. The County may require consolidation of processing or impose coordinated reporting conditions where multiple abatement applications arise from the same overall project.
- (b) Exceptions and Amendments. The County Judge may waive the separate

application requirement in writing for good cause shown (e.g., phased filings that cannot reasonably be separated) or may prescribe a combined application form for closely related abatement requests. Any amendment to an approved abatement that would materially expand the property, term, or benefit shall require a new, separate application.

- (c) Effect. Approval of one application shall not bind or prejudice the County's consideration of any other separate application for abatement within the same Reinvestment Zone.

SECTION 4: AFFECTED JURISDICTION

- A. Should any Affected Jurisdiction be able to show cause in the public hearing why the granting of abatement by the County will have a substantial adverse effect on its bonds, tax revenue, service incapacity or the provision of service, that showing shall be considered by the Duval County Commissioners' Court when deciding to approve or disapprove of the application for tax abatement.
- B. Neither a reinvestment zone nor an abatement shall be authorized if it is determined that:
 - 1. There would be a substantial adverse effect on the provision of a government service of the tax bas of an Affected Jurisdiction;
 - 2. The applicant has insufficient financial capacity to construct and operate the proposed facility or improvements;
 - 3. The planned or potential use of the property would constitute a hazard to public safety, health, or morals; or
 - 4. The planned potential use of the property violate other governmental codes or laws.

SECTION 5: AGREEMENT

- A. After approval, the Commissioners Court of Duval County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:
 - 1. Include a list of the kind, number, location of all proposed improvements to the property and if this is not defined at the time of the agreement, then to be supplemented after construction of the facilities;
 - 2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
 - 3. Develop the use of the property consistent with the taxing unit's developmental goals as stated in Section 2 H of the Duval County Tax Abatement Guidelines and Criteria;
 - 4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;

5. 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; and
6. Allow the taxing unit to cancel the agreement after notice of default and opportunity to cure if the property owner fails to comply with the terms of the agreement.

B. The owner of the facility and Lessee shall also 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 Duval 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 Duval 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 Duval 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 Duval 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 100% (105% in cases of contracts with a gross value of not more than \$25,000.00) 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 Duval County who are interested in obtaining information about providing goods or services related to the construction of the project.
5. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Duval County and or surrounding counties for local contractors to perform work on the construction of the project.
6. Owner shall agree to maintain a viable presence (as below defined) within the reinvestment zone for a period of time, as set by the Duval County

Commissioners Court, not to exceed twenty (20) years from the date that the abatement agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means (i) the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered, and (ii) the retention of not fewer than three (3) Qualifying Jobs as defined by Texas Tax Code Section 313.021(3)(E) to be located and performed, in part, within Duval County.

7. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Duval County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.
 8. Additionally, the owner of the project:
 - a. Will be wholly responsible for the County roads and right-of-way (including bridges, culverts, ditches, etc.) and damage caused thereto as a result of the construction of or of an on-going maintenance and operations of the Abated Facility Site as well as associated facilities to the Abated Facility Site, including but not limited to, the following:
 - i. Cost to maintain the roads, if needed, utilized for construction of the Abated Facility Site in an effort to keep the road safe for the traveling public will be tracked by Duval County and invoiced on a regular basis to the Owner.
 - ii. Cost to reconstruct the roadway, if needed, will be actual costs to repair the County roads and right-of-way incurred by the County and invoiced to the Owner. These costs will include all construction costs as well as all related professional services for the repair work.
 - iii. Cost associated with the issuance of a County driveway permit, which shall be required in the event the project is accessed directly by a County Road. Owner agrees to promptly submit a completed County driveway permit application
- C. Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.
- D. As a condition of eligibility for any tax abatement granted pursuant to this Policy, the Applicant may be required, as determined by the governing body, to enter into a Community Benefits Agreement ("CBA") designed to ensure that the proposed project provides measurable and direct benefits to the local community.

(a) Form of Agreement

The CBA may be structured in any of the following forms, as mutually agreed upon by the parties:

1. As a provision incorporated within the Tax Abatement Agreement;
2. As a provision incorporated within a Development Agreement; or
3. As a separate standalone agreement executed contemporaneously with the Tax Abatement Agreement.

E. Obligations created by the CBA shall be deemed material and enforceable provisions of the Tax Abatement Agreement, Development Agreement, or standalone, as the case may be.

(a) Minimum Community Investment Requirement

The CBA shall require the Applicant to make a minimum investment in community benefits (“Community Investment”), which may include, but is not limited to workforce development, infrastructure improvements, educational partnerships, public facility enhancements, environmental mitigation, or other approved investments.

(b) Timing of the Obligations

The obligation to fund or deliver the required Community Investment shall not commence until the date on which physical construction of the project has commenced, unless earlier agreed to by the parties.

(c) Verification of Construction Commencement

Construction shall be deemed to have commenced upon issuance of required permits and initiation of on-site construction activities.

(d) Compliance for Non-Compliance

The Applicant shall provide periodic reports demonstrating compliance.

(e) Remedies for Non-Compliance

Failure to comply shall constitute a default and may result in recapture of termination of the Tax Abatement Agreement.

(f) Discretion of Governing Body

The governing body retains sole discretion regarding requirements and approvals.

F. Any proposed Tax Abatement Agreement where the Applicant, its agents or assigns, will utilize a vehicle carrying loads greater than 26,000 pounds (“Heavy Loads”) shall be required to execute concurrently with the Tax Abatement Agreement a Road Use Agreement. The Road Use Agreement shall (1) designate and restrict the County roads (“Designated Roads”) to be utilized for Applicant’s transportation of Heavy Loads, (2) require a pre-use inspection, period inspections (per agreed upon schedule), and post-use inspection of Designated Roads to document modernization and/or construction of improvements to the Designated Roads, (3) require the Applicant to fully compensate the County for said inspections, and surveys if appropriate, of the Designated Roads utilized by Applicant, and (4) require the Applicant to establish a Road Use Contingency Fund to be placed in escrow with the Duval County Treasurer at the time

of execution of the Tax Abatement Agreement to be utilized by the County for the repair of roads, bridges, culverts, and/or other road infrastructure caused by the activities of Applicants, its agents and assigns, as determined by the aforementioned inspections and/or survey.

G. Data Centers and/or Crypto-Mining projects may collectively be referred to as a “Data Center” project. No tax abatement shall be approved for a Data Center unless the Applicant and the County enter into a written Development Agreement addressing the matters set forth below.

- (a) Scope of Agreement. The Development Agreement shall, at a minimum address:
- Environmental protections: required permits and compliance with federal, state, and local environmental laws;
 - measures to prevent contamination of soil, groundwater, and surface water;
 - management and disposal of hazardous materials and waste; stormwater control and spill response plans;
 - Public health and safety: plans for chemical storage and handling, emergency response and evacuation procedures, coordination with local emergency services, and any public health monitoring required by the County;
 - Noise and vibration: baseline noise studies, design and operational requirements to control noise and vibration, maximum permitted sound levels at property lines, and mitigation measures (e.g., equipment enclosures, setbacks, vibration isolation);
 - Light and glare: exterior lighting plans that minimize off-site light trespass and glare (including shielded fixtures, cut-off angles, and timing controls);
 - compliance with County dark-sky or lighting ordinances where applicable;
 - Nuisance prevention: protocols to prevent odor, dust, electromagnetic interference, traffic impacts, and other deleterious effects on neighboring properties;
 - hours of operation, access controls, and landscaping/screening requirements;
 - Air emissions and thermal impacts: evaluation and mitigation of emissions and heat discharge (including HVAC and exhaust systems), and compliance with applicable air quality permits and standards;
 - Waste heat/use optimization: where feasible, consideration of beneficial reuse of waste heat (e.g., district heating or industrial reuse) and reporting on efforts to implement such measures;
 - Utilities and infrastructure impacts: assessment and mitigation of impacts on electric, water, wastewater, and telecommunications infrastructure; requirement for coordination with utility providers and for obtaining necessary capacity assurances;
 - Monitoring, reporting and audits: baseline studies, periodic monitoring, public reporting requirements, and County auditor inspection rights to verify compliance (subject to confidentiality protections for proprietary information);
 - Remedial action and corrective measures: standards and timelines for addressing violations, including required remediation, suspension or

- modification of operations, and financial assurance or performance security where warranted;
- Remedies and enforcement: civil penalties, suspension or revocation of abatement benefits, indemnification obligations, and other remedies available to the County for material noncompliance; and
 - Term, transfer and assignment: provisions governing the duration of obligations, treatment of assignments or transfers of project ownership, and obligations that survive sale or termination.
- (b) Standards and Flexibility. The Development Agreement shall require compliance with objective standards (e.g., numeric noise limits, permit conditions), but may allow reasonable operational flexibility where consistent with protecting public health, safety, and the environment. The County may adopt technical standards or model provisions by reference.
- (c) Public Input. The County shall provide for public notice and a reasonable opportunity for comment on each proposed Development Agreement for each Data Center project. The County may require public hearings prior to approval.
- (d) Financial Assurance. For Data Center projects presenting significant environmental, infrastructure, and/or public-safety risk, the County may require financial assurance (e.g., letters of credit, performance bonds, escrows) to secure remediation, monitoring, or other obligations.
- (e) Coordination with State/Federal Authorities. The Development Agreement shall require the Applicant to obtain and maintain all required federal and state permits and to comply with those permit conditions. County enforcement does not substitute for state or federal enforcement.
- (f) Documentation. The Applicant shall submit, with any abatement application for a Data Center project, technical studies and documentation (environmental assessments, noise and lighting studies, traffic analyses, utility impact studies, emergency response plans) sufficient for the County to evaluate risks and negotiate appropriate Tax Abatement Agreement terms.
- (g) Non-Waiver. Approval of tax abatement under a Development Agreement shall not limit the County's authority to enforce public health, safety, environmental, land use, or nuisance laws and regulations.
- (h) Recordkeeping and Public Availability. Except for those documents and data properly withheld for reasons of confidentiality, proprietary, or reasons of privilege, the Development Agreement, monitoring reports, compliance documentation, and other such items of public interest shall be public records in accordance with state and federal laws.
- (i) Review and Update. The County may periodically review and update these requirements to reflect technological change, regulatory developments, or lessons learned from implemented projects.

- (j) Supremacy and Compliance with Law. Notwithstanding any provision of these guidelines and criterion, or of any Development Agreement entered into pursuant hereto, no agreement as between County and Applicant/Developer shall authorize the violation of any applicable federal, state, or local law, ordinance, rule or regulation. In the event of any conflict between a Development Agreement and/or Tax Abatement Agreement, on the one hand, and any applicable law or ordinance, on the other hand, the controlling legal requirement shall prevail, and the Development Agreement and/or Tax Abatement Agreement shall be deemed modified to the minimum extent necessary to achieve consistency with such law.

SECTION 6: RECAPTURE

- A. In the event that the company or individual:
 - 1. Allows its ad valorem taxes owed Duval County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
 - 2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period;
 - 3. The agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.
- B. Should Duval County determine that the company or individual is in default according to the terms and conditions of its agreement, Duval County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.
- C. In the event that the applicant's facility is completed and begins producing products or services, but subsequently discontinues producing a product or service for any reason for a period of one year during the abatement period, other than because of fire, explosion, or other casualty, accident, natural disaster, or other event of force majeure, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the applicant's facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

SECTION 7: ADMINISTRATION

- A. The Chief Appraiser of the Duval County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Duval County of the amount of the assessment.

- B. The Agreement shall stipulate that employees and/or designated representatives of Duval County will have access to the applicant's facilities within the reinvestment zone 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 reasonable notice and will only be conducted in 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 applicant, and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of Duval County shall annually evaluate each facility receiving abatement to ensure compliance with the agreement. A formal report shall be made to the Commissioners Court.
- D. Timely Filing. The County shall timely file, with the appropriate person, agency, department, or board of the State of Texas, all information required by the Tax Code.
- E. As a condition precedent to Duval County's engagement in good faith negotiations for the approval of a tax abatement agreement, Duval County requires that the Developer enter into a Development Agreement to allow for Applicant's reimbursement of County for reasonable out-of-pocket costs and expenses incurred by County in connection with the negotiation, documentation, and realization of the tax abatement agreement. Such out-of-pocket costs and expenses will typically include (only to the extent appropriate), the following: postal service charges, long-distance charges, filing and recording fees, reasonable attorneys' fees and expenses billed by outside counsel retained by County, and other similar out-of-pocket expenses to County.
 - (a) The Development Agreement shall provide Developer with language limiting Developer's obligation to only reasonable costs and expenses.
 - (b) The Development Agreement shall include one or more provisions supporting Developer's right to request and receive documentation supporting the requested reimbursement.
 - (c) The Developer Agreement shall include provisions defining terms of payment (e.g., the number of days within which Applicant must reimburse County), interest owed on any amounts not timely paid, and other provisions as may be agreed between County and Applicant.
 - (d) The parties acknowledge that any Development Agreement may include provisions for: (i) the Developer's reasonable audit rights to verify each of the County's requests for reimbursement (e.g., invoices and other records, subject to assertion of any right of confidentiality and/or privilege); (ii) a monetary cap or caps on total reimbursable amounts or on particular categories of costs; and/or (iii) procedures for increasing the cap or caps.
 - (e) Nothing in the Development Agreement shall be construed to obligate Applicant to reimburse County for any internal County personnel costs, unless

otherwise and expressly agreed in writing by County and Applicant.

- (f) The County may require that provisions for reimbursement of County shall survive the termination or expiration of the Development Agreement.

SECTION 8: ASSIGNMENT

- A. Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility only upon the approval by resolution of the Commissioners Court of Duval County subject to 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 with Duval County. 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 or other obligations.
- B. An assignment shall not serve to extend the termination date of the abatement Agreement with the original Applicant, owner or lessee. An assignment may not alter venue provisions of the original agreement.
- C. Approval of an assignment in conformity with this section shall not be unreasonably withheld.

SECTION 9: VENUE

Any abatement agreement shall be conditioned upon venue for any disputes which may arise under the abatement agreement to be retained in courts of appropriate jurisdiction within Duval County, Texas, or appeals to Texas courts of appellate jurisdiction, or the United States District Court having Duval County, Texas within its original jurisdiction.

SECTION 10: SUNSET PROVISION

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by vote of the Commissioners Court of Duval County, at which time all reinvestment zones and 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.