

DRAINAGE DISTRICT NO. 3
Jefferson County, Texas

MINUTES OF MEETING

March 18, 2020

7:30 A.M.

A meeting was held March 18, 2020, at 7:30 A.M. in the District's office located at 24460 Hwy 124, Hamshire, Texas. Commissioner Rose and Commissioner Levingston were present. Chairman McCall participated in meeting by conference call due to Covid-19 shutdown.

1. Meeting was called to order at 7:30 A.M. by Chairman McCall. He announced that he would participate by conference call per Governor Abbot's ruling due to Corona Virus shutdown. He also announced that this meeting was being recorded for the purpose of transcribing the minutes.

2. Minutes of previous meeting were read and approved.

3. Office Update -

A. Commissioners reviewed the Districts checks written March 1 – March 15, 2020.

B. Commissioners reviewed the monthly financial report presented by Shanna Verret. The ending fund balance was \$1,622,881.66.

C. Commissioners reviewed the monthly Insurance summary which showed a profit of \$11,192.12, on active employees and a profit of \$2,564.69 on retirees.

D. After discussion, a motion was made by Commissioner Rose and seconded by Commissioner Levingston to renew the TWCA policy for 2020-2021.

E. Motion was made by Commissioner Levingston and seconded by Commissioner Rose to accept Juxtapose bid of \$2750-3,000 and \$15 a month for website construction.

F. Motion was made by Commissioner Levingston and seconded by Commissioner Rose to approve the District's Tax Abatement Policy as presented.

G. Motion was made by Commissioner Rose and seconded by Commissioner Levingston to make the following budget amendments.

EXPENSES	AMOUNT	EXPENSES	AMOUNT
MOVE FROM ACCOUNT		MOVE TO ACCOUNT	
Revenue			
106-Miscellaneous	52,098.00	4011 – Equipment Repairs	51,217.00
Maintenance & Utilities		4014 – Auto Truck	2,716.00
4009 – Building & Structures	1,835.00		
TOTAL	\$53,933.00	TOTAL	\$53,933.00

4. Project/Equipment Update –

A. Equipment Update

1. Superintendent Folsom reported that a new engine will be installed on the Dozer.

B. Project Update –

1. Motion was made by Commissioner Rose and seconded by Commissioner Levingston to approve resolution for Allen Sims, PE for LJA Engineering, to perform work on behalf of the District in order to obtain funding through Community Development Block Grant (CDBG) funding in the amount of \$255,000.

2. Superintendent Folsom reported that the District has been requested to clean ditch on Miquez Property.

5. New Business –

A. No Meeting

B. No Board Comments

C. Next regular meeting date was set for Wednesday, April 15, 2020 at 7:30 a.m.
With no further business, meeting adjourned at 8:15 a.m.

LeRoy McCall, Jr. Chairman

Frank R. Rose, Secretary

Joel E. Levingston, Jr., Commissioner

DRAINAGE DISTRICT NO. 3

Jefferson County, Texas

Maintance Operations Fund

Expenditures

March 1-March 15, 2020

DATE	CHECK No.	PAYEE	AMOUNT	DESCRIPTION
3/12/2020	11546	Payroll Account	\$ 9,326.00	Salaries
3/12/2020	11547	Southeast Texas Gov't Employees Benefit Pool	\$ 17,875.58	Insurance
3/12/2020	11548	County Treasurer, Life Insurance	\$ 33.02	Insurance
3/12/2020	11549	Shanna Verret	\$ 750.00	Deductible Reimbursement
3/12/2020	11550	Fred Folsom	\$ 15.44	Deductible Reimbursement
3/12/2020	11551	Stratton, Inc.	\$ 39.63	Miscellaneous Hardware
3/12/2020	11552	Fred Folsom	\$ 24.49	Meeting Provisions
3/12/2020	11553	Tractor Supply Company	\$ 41.68	Propane
3/12/2020	11554	Windstream	\$ 328.11	Telephone
3/12/2020	11555	West Jefferson Co. MWD	\$ 27.67	Water Service
3/12/2020	11556	Hamshire Waste	\$ 52.00	Waste Service
3/12/2020	11557	TWCARMF	\$ 30.00	MVR Reporting
		Total Checks	\$ 28,543.62	

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
March 2020

	Mar 20	Budget	Oct '19 - Mar 20	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
REVENUES					
101 - Current Taxes	12,469.55	67,270.33	782,161.84	403,622.02	807,244.00
102 - Delinquent Taxes	3,178.03	666.66	15,129.86	4,000.04	8,000.00
103 - Interest	1,599.70	416.66	7,635.23	2,500.04	5,000.00
104 - Rendition Penalty	0.00	0.00	0.00	0.00	0.00
106 - Miscellaneous	49,913.42	0.00	90,012.90	0.00	0.00
Total REVENUES	67,160.70	68,353.65	894,939.83	410,122.10	820,244.00
Total Income	67,160.70	68,353.65	894,939.83	410,122.10	820,244.00
Cost of Goods Sold					
Cost of Goods Sold	0.00		0.00	0.00	0.00
Total COGS	0.00		0.00	0.00	0.00
Gross Profit	67,160.70	68,353.65	894,939.83	410,122.10	820,244.00
Expense					
1 - SALARIES					
1002 - Clerical	3,778.00	3,778.25	22,668.00	22,669.50	45,339.00
1009 - Dept Head / Foreman	5,751.00	5,751.75	34,607.81	34,510.50	69,021.00
1010 - Commissioners	900.00	900.00	5,400.00	5,400.00	10,800.00
1015 - Extra Help	0.00	3,166.66	0.00	19,000.04	38,000.00
1048 - Equipment Operators/Asst	8,943.00	13,104.00	53,646.19	78,624.00	157,248.00
1050 - Over Time	0.00	0.00	0.00	0.00	0.00
Total 1 - SALARIES	19,372.00	26,700.66	116,322.00	160,204.04	320,408.00
2 - FRINGE BENEFITS					
2001 - FICA Expenses	1,460.63	2,375.42	8,782.67	14,252.48	28,505.00
2002 - Retirement	1,208.83	1,468.58	7,584.57	8,811.52	17,623.00
2003 - Insurance	19,694.70	23,625.00	118,497.64	141,750.00	283,500.00
2004 - Worker's Compensation	0.00	916.66	0.00	5,500.04	11,000.00
2006 - Auto Allowance	1,550.00	1,850.00	9,300.00	11,100.00	22,200.00
2007 - Retirement Wage Contg	0.00	2,500.00	0.00	15,000.00	30,000.00
2008 - Health Ins. Savings Acct	859.84	1,062.50	1,594.40	6,375.00	12,750.00
Total 2 - FRINGE BENEFITS	24,774.00	33,798.16	145,759.28	202,789.04	405,578.00

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
March 2020

	Mar 20	Budget	Oct '19 - Mar 20	YTD Budget	Annual Budget
3 - MATERIALS & SUPPLIES					
3006 Batteries	0.00	208.33	173.69	1,250.02	2,500.00
3008 Bolts Nuts Nails & Screws	0.00	83.33	11.79	500.02	1,000.00
3009 Antifreeze & Coolant	0.00	150.00	0.00	900.00	1,800.00
3010 Books & Printed Matter	0.00	416.66	804.57	2,500.04	5,000.00
3012 Prints, Maps & Etc	0.00	83.33	0.00	500.02	1,000.00
3014 Chains & Hooks	0.00	41.66	0.00	250.04	500.00
3016 Chemicals Weed Control	0.00	1,083.33	0.00	6,500.02	13,000.00
3018 Cleaners & Solvents	0.00	125.00	0.00	750.00	1,500.00
3020 Metal Culvert Pipe	-1,558.56	1,250.00	6,640.12	7,500.00	15,000.00
3022 Copying Supplies	-297.30	166.66	-21.72	1,000.04	2,000.00
3027 Electrical Supplies	0.00	250.00	0.00	1,500.00	3,000.00
3030 Fencing Material	0.00	416.66	0.00	2,500.04	5,000.00
3032 Concrete, Sand, Aggregat	0.00	583.33	0.00	3,500.02	7,000.00
3034 Diesel Fuel	0.00	2,500.00	1,579.36	15,000.00	30,000.00
3036 Diesel Fuel ON ROAD	0.00	1,250.00	1,325.58	7,500.00	15,000.00
3037 Gasoline	0.00	583.33	0.00	3,500.02	7,000.00
3040 Hardware - Misc	39.63	250.00	183.17	1,500.00	3,000.00
3041 Hose & Fittings & Filters	0.00	666.66	2,151.45	4,000.04	8,000.00
3048 Lumber, Timbers, Rope	0.00	208.33	0.00	1,250.02	2,500.00
3050 Medical & Safety	0.00	250.00	732.93	1,500.00	3,000.00
3051 Motor Oil & Grease	0.00	833.33	0.00	5,000.02	10,000.00
3056 Paint & Brushes	0.00	83.33	49.78	500.02	1,000.00
3072 Rope Wire Manila & Burlap	0.00	66.66	0.00	400.04	800.00
3073 Spare Parts, Heavy Equip	0.00	33.33	0.00	200.02	400.00
3077 Computer Supplies	1,001.57	125.00	1,001.57	750.00	1,500.00
3078 Office Supplies	52.15	208.33	801.82	1,250.02	2,500.00
3080 Steel Angle Iron Rods, Etc	0.00	208.33	327.74	1,250.02	2,500.00
3083 Tires & Tubes	0.00	666.66	0.00	4,000.04	8,000.00
3084 Minor Equipment	0.00	833.33	2,349.27	5,000.02	10,000.00
3095 Welding Supplies	0.00	166.66	41.94	1,000.04	2,000.00
3099 Sundry	24.49	166.66	624.11	1,000.04	2,000.00
Total 3 - MATERIALS & SUPPLIES	-738.02	13,958.23	18,777.17	83,750.62	167,500.00
4 - MAINTENANCE & UTILITES					
4001 Cooling and Heating	0.00	83.33	0.00	500.02	1,000.00
4009 Building & Structure	0.00	291.66	0.00	1,750.04	3,500.00
4010 Tractors & Mowers	0.00	833.33	1,263.98	5,000.02	10,000.00
4011 Equipment Repairs	25,994.95	2,500.00	52,176.21	15,000.00	30,000.00
4013 Marine Craft	0.00	166.66	0.00	1,000.04	2,000.00
4014 - Auto - Truck	0.00	166.66	3,166.63	1,000.04	2,000.00
4015 Communication Equip	0.00	100.00	0.00	600.00	1,200.00
4020 Miscellaneous	0.00	41.66	0.00	250.04	500.00
4030 Tools	0.00	208.33	2,204.50	1,250.02	2,500.00
4051 Freight	0.00	25.00	0.00	150.00	300.00
4052 Postage	0.00	41.66	140.00	250.04	500.00

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
March 2020

	Mar 20	Budget	Oct '19 - Mar 20	YTD Budget	Annual Budget
4053 Natural Gas/Butane	240.43	291.66	1,178.51	1,750.04	3,500.00
4054 Telephone	460.00	500.00	2,851.84	3,000.00	6,000.00
4056 Electricity	274.89	500.00	1,691.92	3,000.00	6,000.00
4057 Water & Sewer	27.67	166.66	165.96	1,000.04	2,000.00
4058 Garbage Waste Disposal	52.00	100.00	312.00	600.00	1,200.00
Total 4 - MAINTENANCE & UTILITES	27,049.94	6,016.61	65,151.55	36,100.34	72,200.00
5 - MISCELLANEOUS SERVICES					
5009 Professional Services	1,780.00	666.66	1,999.67	4,000.04	8,000.00
5021 Dues & Subscriptions	0.00	208.33	573.00	1,250.02	2,500.00
5027 Engineering Fees	0.00	833.33	0.00	5,000.02	10,000.00
5028 Assessor/Collector Fees	0.00	166.66	1,421.28	1,000.04	2,000.00
5029 Attorney Fees	0.00	833.33	0.00	5,000.02	10,000.00
5031 Filing, Records & Photos	0.00	8.33	0.00	50.02	100.00
5032 Accounting Services	0.00	41.66	0.00	250.04	500.00
5036 Treasurer Commision	0.00	83.33	0.00	500.02	1,000.00
5038 Supplemenal Tax Refunds	0.00	166.66	0.00	999.97	1,999.93
5040 Insurance Autos & Trucks	0.00	500.00	0.00	3,000.00	6,000.00
5041 Insurance Property	0.00	291.66	0.00	1,750.04	3,500.00
5043 Insurance General Liab	0.00	166.66	0.00	1,000.04	2,000.00
5044 Insurance Official Liab	0.00	166.66	0.00	1,000.04	2,000.00
5045 Bonds Surety & Notary	0.00	83.33	400.00	500.02	1,000.00
5053 Equipment Rental	550.00	1,041.66	2,278.00	6,250.04	12,500.00
5054 Contract Aerial Spraying	0.00	833.33	0.00	5,000.02	10,000.00
5055 Contract Spraying	0.00	833.33	0.00	5,000.02	10,000.00
5062 Travel & Meeting Expense	0.00	66.66	0.00	400.04	800.00
5064 Training & Education	0.00	125.00	100.00	750.00	1,500.00
5074 Independent Auditor Fees	0.00	1,458.33	16,616.86	8,750.02	17,500.00
5095 Bank Service Charges	0.00	250.00	0.00	1,500.00	3,000.00
5098 Appraisal District Fees	0.00	750.00	2,139.49	4,500.00	9,000.00
5099 Sundry	0.00	83.33	0.00	500.02	1,000.00
Total 5 - MISCELLANEOUS SERVICES	2,330.00	9,658.24	25,528.30	57,950.49	115,899.93
6 - CAPITAL OUTLAY					
6001 Office Machines	0.00	333.33	0.00	2,000.02	4,000.00
6002 Excavation Equipment	0.00	12,500.00	0.00	75,000.00	150,000.00
6011 Machinery & Equipment	0.00	12,500.00	0.00	75,000.00	150,000.00
6014 Building & Structures	0.00	3,416.66	24,651.94	20,500.04	41,000.00
6022 Furniture & Fixtures	0.00	416.66	0.00	2,500.04	5,000.00
6042 Auto Truck & Trailer	0.00	416.66	0.00	2,500.04	5,000.00
6045 Land/ROW Acquisitions	0.00	416.66	0.00	2,500.04	5,000.00
Total 6 - CAPITAL OUTLAY	0.00	29,999.97	24,651.94	180,000.18	360,000.00

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04/14/20

Accrual Basis

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
March 2020

	Mar 20	Budget	Oct '19 - Mar 20	YTD Budget	Annual Budget
Bank Service Charges	0.00		0.00	0.00	0.00
Finance Charges	0.00		0.00	0.00	0.00
Reconciliation Discrepancies	0.00		0.00	0.00	0.00
Total Expense	72,787.92	120,131.87	396,190.24	720,794.71	1,441,585.93
Net Ordinary Income	-5,627.22	-51,778.22	498,749.59	-310,672.61	-621,341.93
Other Income/Expense					
Other Expense					
Transfer Account	0.00	0.00	-11,686.00	0.00	0.00
Total Other Expense	0.00	0.00	-11,686.00	0.00	0.00
Net Other Income	0.00	0.00	11,686.00	0.00	0.00
Net Income	-5,627.22	-51,778.22	510,435.59	-310,672.61	-621,341.93

DRAINAGE DISTRICT No. 3
Statement of Cash Flows
March 2020

	<u>Mar 20</u>
OPERATING ACTIVITIES	
Net Income	-5,627.22
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-1,171.05
EMPLOYEE PAID EXPENSES:202-0400 Employee Insurance	<u>1,097.52</u>
Net cash provided by Operating Activities	<u>-5,700.75</u>
Net cash increase for period	-5,700.75
Cash at beginning of period	1,622,881.66
Cash at end of period	<u><u>1,617,180.91</u></u>

GROUP: DD3 Active
 PERIOD: 1/1/2020-12/31/2020

SUMMARY REPORT

MONTH	PAID MEDICAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID VISION CLAIMS	% OF TOTAL CLAIMS PAID	PAID DENTAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID PRESCRIPTION CLAIMS	% OF TOTAL CLAIMS PAID	TOTAL CLAIMS PAID	ADMIN	TOTAL EXPENSES	BILLED PREMIUM	NET PROFIT/(LOSS)
January	\$ 9,108.38	69.26%	\$ -	0.00%	\$ -	0.00%	\$ 4,042.49	30.74%	\$ 13,150.87	\$ 1,627.96	\$ 14,778.83	\$ 18,088.41	\$ 3,309.58
February	\$ 7,704.75	89.82%	\$ -	0.00%	\$ 346.00	0.00%	\$ 527.17	6.15%	\$ 8,577.92	\$ 1,627.96	\$ 10,205.88	\$ 18,088.41	\$ 7,882.53
March	\$ 15,485.24	94.26%	\$ -	0.00%	\$ 623.40	0.00%	\$ 320.22	1.95%	\$ 16,428.86	\$ 1,627.96	\$ 18,056.82	\$ 18,088.41	\$ 31.59
April													
May													
June													
July													
August													
September													
October													
November													
December													
TOTALS	\$ 32,298.37	84.64%		0.00%	\$ 969.40	0.00%	\$ 4,889.88	12.81%	\$ 38,157.65	\$ 4,883.87	\$ 43,041.52	\$ 54,265.23	\$ 11,223.71
MONTHLY AVERAGE	\$ 10,766.12		\$ -		\$ 323.13		\$ 1,629.96		\$ 12,719.22	\$ 1,627.96	\$ 14,347.17	\$ 18,088.41	\$ 3,741.24
ANNUAL PROJECTIONS	\$ 129,193.48		\$ -		\$ 3,877.60		\$ 19,559.52		\$ 152,630.60	\$ 19,535.48	\$ 172,166.08	\$ 217,060.92	\$ 44,894.84
PROJECTED MONTHLY AVERAGE PER ENROLLEE	\$ 1,538.02		\$ -		\$ 46.16		\$ 232.85		\$ 1,817.03				
PROJECTED MONTHLY AVERAGE PER MEMBER	\$ 978.74		\$ -		\$ 29.38		\$ 148.18		\$ 1,156.29				

GROUP: DD3 Retirees
 PERIOD: 1/1/2020-12/31/2020

SUMMARY REPORT

MONTH	PAID MEDICAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID VISION CLAIMS	% OF TOTAL CLAIMS PAID	PAID DENTAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID PRESCRIPTION CLAIMS	% OF TOTAL CLAIMS PAID	TOTAL CLAIMS PAID	ADMIN	TOTAL EXPENSES	BILLED PREMIUM	NET PROFIT/(LOSS)
January	\$ -	0.00%	\$ -	0.00%	\$ 116.00	98.98%	\$ 1.19	1.02%	\$ 117.19	145.47	\$ 262.66	\$ 1,616.29	\$ 1,353.63
February	\$ 53.13	20.45%	\$ -	0.00%	\$ -	0.00%	\$ 206.64	79.55%	\$ 259.77	145.47	\$ 405.24	\$ 1,616.29	\$ 1,211.05
March	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 1.19	100.00%	\$ 1.19	145.47	\$ 146.66	\$ 1,616.29	\$ 1,469.63
April													
May													
June													
July													
August													
September													
October													
November													
December													
TOTALS	\$ 53.13	14.05%	\$ -	0.00%	\$ 116.00	30.68%	\$ 209.02	55.27%	\$ 378.15	436.40	\$ 814.55	\$ 4,848.87	\$ 4,034.32
MONTHLY AVERAGE	\$ 17.71		\$ -		\$ 38.67		\$ 69.67		\$ 126.05	\$ 145.47	\$ 271.52	\$ 1,616.29	\$ 1,344.77
ANNUAL PROJECTIONS	\$ 212.52		\$ -		\$ 464.00		\$ 836.08		\$ 1,512.60	\$ 1,745.59	\$ 3,258.19	\$ 19,395.48	\$ 16,137.29
PROJECTED MONTHLY AVERAGE PER ENROLLEE	\$ 17.71		\$ -		\$ 12.89		\$ 69.67		\$ 100.27				
PROJECTED MONTHLY AVERAGE PER MEMBER	\$ 17.71		\$ -		\$ 7.73		\$ 69.67		\$ 95.12				

WARRANTY

Member: Jefferson County Drainage District #3

TO: TEXAS WATER CONSERVATION ASSOCIATION RISK MANAGEMENT FUND (the "Fund")

This warranty shall confirm that the information contained in the 2020-2021 Fund Year Risk Exposures

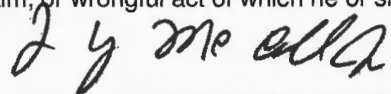
Update completed and signed March 18, 2020, and presented to the Fund as the basis for
(Date Exposure Update was signed)

which renewal coverage would apply, remains unchanged as of the date indicated below and there is no additional information which would need to be added to that exposure update in order to make it currently complete. This warranty is given as consideration for the offer of renewal coverage by the Fund.

This is declare and confirm that as of March 18, 2020 no fact, circumstance,
(Today's Date)

or situation indicating the probability of an occurrence, claim, wrongful act, or action against which indemnification or payment is or would be afforded by the proposed insurance is now known to the Member's Fund Contact as set forth in the Interlocal Agreement between the Member and Fund and said Fund Contact has made a diligent effort to ascertain whether or not an actual or probable claim or action exists. It is agreed by all concerned that if there be actual knowledge of any such occurrence, claim, wrongful act, fact, circumstance, or situation, and it is not disclosed in the exposure update, any claim or action subsequently emanating therefrom shall be excluded from coverage under the proposed insurance.

It is further agreed by all concerned that knowledge or notice of an occurrence, claim, or wrongful act by an agent, servant or employee of the Member shall not in itself constitute no knowledge or notice to the Member, unless the Member's Fund Contact, as designated in the Interlocal Agreement, shall have received notice thereof from its agent, servant, or employee. The Fund Contact shall have a duty to make reasonable and diligent inquiry in this regard. The inadvertent failure of an agent, servant, or employee of the Member to notify the Fund of any occurrence, claim, or wrongful act of which he or she has knowledge shall not invalidate the proposed insurance.

SIGNED: 

DATE: 03/18/2020

TITLE: LeRoy McCall, Jr., Chairman



JEFFERSON COUNTY DRAINAGE DISTRICT NO. 3 DRAINAGE DISTRICT NO. 3 AMENDED UNIFORM TAX ABATEMENT POLICY- 2020

ADMONITORY PROVISIONS

The final determination of value to be abated is vested with the Jefferson County Central Appraisal District (JCCAD), an agency autonomous from Jefferson County Drainage District No. 3. The Procedures used by JCCAD are attached as Exhibit "A" and incorporated and adopted in this Abatement Policy for all purposes. These provisions are illustrative only and shall not limit the Appraisal District in making determinations in any manner otherwise allowed by law.

Businesses applying for tax abatement with the District are advised that any agreement with the District applies only to taxes assessed by Jefferson County Drainage District No. 3. Any abatement agreement with other taxing entities must be negotiated directly with such entities. In addition, each individual or business receiving abatement retains the responsibility for annually applying to the Jefferson County Appraisal District for recognition and implementation of such abatement agreement.

STATEMENT OF PURPOSE SECTION I

(a) The Commissioners of Jefferson County Drainage District No. 3 adopts this tax abatement policy to provide incentives to the owner of real property, who proposes a Project to develop, redevelop or improve eligible facilities. The incentives will consist of a limited special exemption from certain taxes provided that the Owner agrees to accept and abide by this Policy and provided that the real property is located in a lawfully created Reinvestment or Enterprise Zone.

(b) This policy is intended to improve the quality of life in economically depressed areas and throughout the District by stimulating industrial development, and job creation and retention provided that the taxable value of the property of the owner is not adversely affected.

DEFINITIONS

SECTION II

(a) **"Abatement"** means the full or partial exemption from ad valorem taxes of certain real property values in a reinvestment or enterprise zone designated by the County for economic development purposes.

(b) **“Agreement”** means a contractual agreement between a property owner and/or lessee and the District.

(c) **“Base Year”** means the calendar year in which the abatement contract is executed (signed).

(d) **“Base Year Value”** means the taxable value of eligible industrial realty improvements of the owner within Jefferson County Drainage District No. 3 on January 1 preceding the execution of the abatement agreement and which property is owned by the owner, co- owner and/or its parent companies, subsidiaries, partner or joint ventures or any entity exercising legal control over the owner or subject to control by the owner. Owner will attach as Exhibit “F-Affiliates” those properties which are co-owned or which are parent companies, partnerships, joint-ventures or other entities in Jefferson County Drainage District No. 3 over which the Owner herein exercises legal control.

(e) **“Bulk Buys”** include but are not limited to material which is purchased in the early phase of the project. This material includes commodity and special order items that may have long lead times due to fabrication timeframe or by the significant size of the order(s). The District recognizes “Bulk Buys” historically represent a significant percentage of the material purchase for a project.

(f) **“Deferred Maintenance”** means improvements necessary for continued operation which that do not improve productivity, or alter the process technology, reduce pollution or conserve resources.

(g) **“Distribution Center”** means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Facility operator where a majority of the goods or services are distributed to points beyond Jefferson County Drainage District No. 3.

(h) **“Eligible Facilities”** or “Eligible Projects” means new, expanded or modernized buildings and structures, as defined in the Texas Property Tax Code, 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 or enterprise zone that would be a benefit to the property and that would contribute to the economic development within the District, but does not include facilities which are intended primarily to provide goods or services to residents or 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, industrial buildings and warehouses. Eligible facilities may also include facilities designed to serve a regional population greater than the District for medical, scientific, recreational or other purposes.

(i) **“Eligible Property”** means realty improvements, the on-site buildings, structures, fixed machinery and equipment, storage tanks, process units (including all integral components necessary for operations), site improvements, and infrastructure included in the PROJECT, and the permanent office space and related fixed improvements necessary to the operation and administration of the PROJECT, as defined in the Tax Code, but does not include personal property.

(j) **“Expansion”** means the addition of buildings, structures, machinery, tangible personal property, equipment, payroll or other taxable value for purposes of increasing production capacity.

- (k) **"Field Buys"** include but are not limited to the procurement of material that is conducted by the project procurement team which is typically located on site throughout the duration of the project.
- (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, equipment, pollution control devices or resource conservation equipment. Modernization shall include improvements for the purpose of increasing productivity or updating the technology of machinery and equipment, or both.
- (m) **"Facility"** means property improvements completed or in the process of construction which together comprise and integral whole.
- (n) **"New Facility"** means a property previously undeveloped which is placed into service by means other than in conjunction with Expansion or Modernization.
- (o) **"Productive Life"** means the number of years a property improvement is expected to be in service in a facility.

WHEN ABATEMENT AUTHORIZED

SECTION III

(a) **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for tax abatement as hereinafter provided.

(b) **Creation of New Value.** Abatement may only be granted for the creation of additional value to eligible facilities made subsequent to and specified in an abatement agreement between the District and the property owner or lessee, subject to such limitations as the District may require. Under no circumstances will abatements be considered or granted once construction on a facility or project has begun.

(c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.

(d) **Eligible Property.** Abatement may be extended to the increase in 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, inventory, vehicles, vessels, housing, improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the facility; deferred maintenance, property to be rented or leased (except as provided in Section III(f)), property which has a productive life of less than ten years, or any other property for which abatement is not allowed by state law.

(f) **Owned/Leased Facilities.** If a leased facility is granted abatement, both the owner/lessor and the lessee shall be parties to the abatement contract with the District.

(g) **Economic Qualification.** In order for an Eligible Facility to receive tax abatement the planned improvement:

(1) Must create an increased appraised ad valorem tax value based upon the Jefferson County Appraisal District's assessment of the eligible property; and

(2) Must prevent the loss of payroll or retain, increase or create payroll (full-time employment) on a permanent basis in the District.

(3) Must not have the effect of displacing workers or transferring employment from one part of the District to another.

(4) Must demonstrate by an independent economic impact analysis that the local economic benefit will be substantially in excess of the amount of anticipated foregone tax revenues resulting from the abatement.

Factors Considered By District In Considering Abatement Request

Section IV

(a) **Standards For Tax Abatement.** The following non-exclusive factors may be considered in determining whether to grant tax abatements for an Eligible Facility or Project, and if so, the percentage of value to be abated and the duration of the tax abatement:

(1) 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 types of new jobs to be created by proposed improvements;

(6) The extent to which new jobs to be created will be filled by persons who are economically disadvantaged, including residents of a Reinvestment or Enterprise Zone;

(7) The extent to which local labor, local subcontractors and local vendors and suppliers will be used in the construction phase of the project;

(8) The amount of local taxes to be generated directly. In this regard it is understood that purchases for the project will be invoiced locally that the District will be credited with sales taxes for purchases. By way of clarification Owner will enter into a Separate Contract as defined in 34 Texas Administrative Code 3.291 (a) (13) with an EPC contractor (EPC) for the construction of the new plant facility to be located in Jefferson County, Texas.

Owner will obtain a Texas Direct Payment Permit (DPP) and issue a DPP exemption certificate in lieu of sales tax to EPC. Owner will remit use taxes on taxable purchases made for use in the Project directly to the state of Texas on its monthly Texas Direct Payment Return for both state and county taxes at the applicable rates. The State of

Texas collects Limited, Sales, Excise and Use Taxes for both the state and local tax jurisdictions. The state is responsible for distributing the local taxes it collected to the applicable local jurisdiction.

- (9) The amount the property tax base valuation will be increased during term of abatement and after abatement;
- (10) The amount of economic impact the Eligible Facility will provide to the local community;
- (11) The costs to be incurred by the District to provide facilities or services directly resulting from the new improvements;
- (12) The amount of ad valorem taxes to be paid to the 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;
- (13) The population growth of the District projected to occur directly as a result of new improvements;
- (14) The types and values of public improvements, if any, to be made by the applicant seeking abatement;
- (15) Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (16) The impact of the proposed project on the business opportunities of existing businesses;
- (17) The attraction of other new businesses to the area as a result of the project;
- (18) The overall compatibility with the zoning ordinances and comprehensive plan for the area;
- (19) Whether the project is environmentally compatible with no negative impact on quality of life perceptions; Each application for tax abatement 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.

(b) **Local Employment.** For purposes of evaluating Section III(h)(7): Local labor is defined as those laborers or skilled craftsmen who are residents and domiciliaries of the nine District region comprised of Jefferson, Orange, Hardin, Jasper, Newton, Liberty, Tyler and Chambers counties, as well as the Bolivar Peninsula area of Galveston County. Local vendors and suppliers shall include only those located or having a principal office in Jefferson County Drainage District No. 3. Local Subcontractors shall include only those located or having a principal office in Jefferson County Drainage District No. 3.

Each recipient of property tax abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, vendors, contractors and labor, except where not reasonably possible to do so without significant added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception, cases involving purchases over \$10,000.00, a justification for such purchase shall be included in the annual report. Each recipient shall further acknowledge that is a legal and moral obligation of persons receiving property tax abatement to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. In the event of breach of

the “buy-local” provision, the percentage of abatement shall be proportionately reduced in an amount equal to the amount the disqualified contract bears to the total construction cost for the project.

(c) Each recipient of a property tax abatement must also provide bidding information to local contractors, manufacturers and labor to allow them to have sufficient information and time to submit their bids and pre-bid meetings must be held between the owner and potential local bidders and suppliers of services and materials. In this regard, each recipient of an abatement will provide sufficient notice and information regarding the project to qualified contractors and suppliers to enable them to submit bids in the early procurement processes for materials, including but not limited to Bulk Buy.

(d) **Historically Underutilized Businesses/Disadvantaged Business Enterprises.** The District will also strongly consider the extent to which the project will encourage and promote the utilization of Historically Underutilized Businesses (HUBs) (also known as Disadvantaged Business Enterprises, or DBEs) by the owner and general contractor by ensuring that qualified HUB vendors and contractors are given an opportunity to bid on all contracts.

1. A Historically Underutilized Business (HUB) is a business owned or controlled by Socially and Economically Disadvantaged Individuals as defined by all applicable federal or state laws and local policies, including Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans, women and individuals with disabilities. A HUB is one that is at least 51 percent owned or controlled by one or more women or Socially and Economically Disadvantaged Individuals who actively participate in the conduct of the business or, in the case of a publicly owned business, one in which at least 51 percent of the stock is controlled by one or more women or Socially and Economically Disadvantaged Individuals. A business that has been certified as a HUB/DBE by an agency of the federal government or the State of Texas is presumed to be a HUB/DBE for purposes of this policy. Only a HUB/DBE with its principal office in Jefferson, Hardin, and Orange, County will be recognized as a HUB/DBE for purposes of this policy. Jefferson County will supply a Minority Business Directory to each applicant.

2. The District will require that each abatement contract between itself and any individual or entity seeking the abatement of ad valorem taxes contain a provision requiring the owner, on at least a quarterly basis, and at owner’s cost, to allow the full examination by District or its designated representative(s) of all documents necessary for the District to assure that best efforts have been used by owner to utilize local labor, subcontractors, vendors, suppliers and HUB’s/DBE’s. The District will also require that such contracts contain provisions binding the engineering/construction firms utilized as general contractors on the Project to the terms of the abatement contract.

(e) **Denial of Abatement.** Neither a reinvestment or enterprise zone nor abatement agreement shall be authorized if it is determined that:

(1) There would be a substantial adverse effect on the provision of government service or tax base;

(2) The applicant has insufficient financial capacity;

(3) Planned or potential use of the property would constitute a substantial hazard to public safety, health or morals;

(4) The project would cause a violation of state or federal laws; or

(5) For any other reason deemed appropriate by the District including the pendency of litigation between the individual or entity requesting the creation of the reinvestment or enterprise zone and the District.

(f) **"Taxability"** From the execution of the abatement agreement to the end of the agreement period, taxes shall be payable as follows:

(1) The value of ineligible property as provided in Section II(e) shall be fully taxable; and

(2) The base year value of existing eligible property as determined each year shall be fully taxable.

APPLICATION PROCESS

SECTION V

(a) Any present owner, potential owner or Lessee of taxable property in the District may request the creation of a reinvestment or enterprise zone and tax abatement by filing a written request with the County Judge.

(b) The application shall consist of a completed application form which shall provide detailed information on the items described in Section III(h) hereof; a map and property description with specific metes and bounds; 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 may be deemed appropriate for evaluating the financial capacity and other factors of the applicant. The District shall also require a non-refundable application fee in the amount of \$1,000.00 to be submitted with the application.

(c) Prior to the adoption of an ordinance order designating a reinvestment or application by the District for designation of an enterprise zone, the District shall: (1) give written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than seventh (7th) day before the public hearing; and (2) publish notice of a public hearing in a newspaper of general circulation within such taxing jurisdiction not later than the seventh (7th) day before the public hearing. Before acting upon the 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.

(d) The District shall make every reasonable effort to either approve or disapprove the application for tax abatement within forty-five (45) days after receipt of the application. The District shall notify the applicant of approval or disapproval.

(e) The District shall not establish a reinvestment or enterprise zone or enter into an abatement agreement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation or improvements related to a proposed modernization, expansion or new facility.

(f) Information that is provided to the District 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 a tax abatement agreement is requested is confidential and not subject to public disclosure pursuant to the Texas Public Information Act until the tax abatement agreement is executed. That information in the possession of a taxing unit after the agreement is executed is not confidential and is subject to disclosure.

AGREEMENT

SECTION VI

(a) Not later than the seventh (7th) day before the date on which the District enters into the abatement agreement, the District shall deliver to the presiding officer of the governing body of each other taxing unit in which the property is located a written notice that the District intends to enter into the agreement. The notice shall include a copy of the prepared agreement.

(b) The District shall formally pass a resolution and execute an agreement with the owner of the facility and lessee, as the case may be, which shall include at least the following terms:

- (1) Estimated value to be abated and the base year value;
- (2) Percent of value to be abated each year as provided in Section III(g);
- (3) The commencement date and the termination date of abatement;
- (4) The proposed use of the facility, nature of construction, time schedule, map, property description and improvement list as provided in application, Section IV(b);
- (5) Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, or assignment;
- (6) Provision for access to and authorization for inspection of the property by District employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
- (7) Limitations on the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
- (8) Provision for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
- (9) Provision that all permanent jobs be registered with the Texas Workforce Commission and that all contractors shall give preference to and to seek qualified workers through the Texas Workforce Commission.
- (10) Contain each and every term agreed to by the owner of the property;
- (11) Requirement that the owner or lessee of the property certify annually to the governing body of each taxing unit that the owner or lessee is in compliance with each applicable term of the agreement; and
- (12) All terms required by Texas Tax Code §312.205, as amended; Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the District.

RECAPTURE

SECTION VII

(a) In the event that the company or individual (1) allows its ad valorem taxes owed the District 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, or discontinues production 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 the District determine that the company or individual is in default according to the terms and conditions of its agreement, the District shall notify the company or individual of such default 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. Alternatively, District may, as a penalty for default or non-compliance with the provisions of an abatement contract, reduce the term of the abatement period and/or the annual percentage abatements available thereunder.

(c) Payment in Lieu of Taxes: If, during the period of this abatement, any Federal or State law provides an additional tax exemption for the property that is already the subject of this agreement, Applicant agrees to decline that tax exemption during the period of this abatement. If Applicant is unable to decline that tax exemption, Applicant agrees to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to the District that is the result of said exemption. Any payment in lieu of taxes shall be due on or before November 15 of the year in which payment is due.

(d) By this, it is understood and agreed that if the party granted this abatement avails itself of a Foreign Trade Zone exemption, the abated value subject to this contract will be reduced dollar for dollar and taxed.

(e) It is understood and agreed by the owner that, if at any time during the abatement, the effective dates of an agreement relating to abatement, the owner files or prosecutes an action to contest the appraised value of any property of the owner or owner's affiliates within Jefferson County for unequal appraisal or revision thereof pursuant to Sec. 42.26, Texas Tax Code, any and all abatements granted by District to Owner or its affiliates shall become null and void and cancelled.

ADMINISTRATION

SECTION VIII

The Chief Appraiser of the Jefferson County Central Appraisal District will annually determine an assessment of the real and personal property subject to each abatement agreement. Each year, the company or individual receiving abatement shall furnish the appraiser with such information as may be necessary to determine compliance with the abatement agreement. Once value has been established, the Chief Appraiser will notify the District of the amount of the assessment.

(a) 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. Inspections 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 representative of the company or individual and in accordance with its safety standards.

(b) Upon completion of construction, the designated representative of the Owner shall annually evaluate each facility receiving abatement to ensure compliance with the agreement, and a formal report shall be made to the District.

(c) During the course of construction of the Project, Owner and its general contractor and/or subcontractors shall, on at least a quarterly basis, meet with designated District representatives for an onsite inspection to assure compliance with the terms of the abatement agreement. Owner shall be responsible to District for the payment of costs associated with such monitoring. In the event it is determined that Owner or its contractors have failed to comply with the terms of the abatement agreement, then District may terminate the abatement agreement or, in District's discretion, reduce the duration or annual percentages of such abatement.

(d) During construction, the Applicant shall maintain appropriate records of the employees affected by this abatement, including but not limited to, proof of employees' legal residence, proof of immigration-resident status, and, if applicable, such other documentation that may be required to document compliance with the Agreement

(e) The Chief Appraiser of the Jefferson County Central Appraisal District shall timely file with the Texas Department of Economic Development and the State Property Tax Board all information required by the Tax Code.

(f) All requirements of the Abatement Agreement shall apply to Applicant's contractors/subcontractors and Applicant shall ensure that they abide by the terms of the Agreement.

AGREEMENT

SECTION IX

Abatement may be transferred, assumed and assigned in whole or in part by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Board of Commissioners; subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed. 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. Approval shall not be unreasonably withheld. As a condition of transfer, an assignment fee of \$10,000.00 may be required, with the maximum fee being \$10,000.00

SUNSET PROVISION

SECTION X

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by three-quarters of the Board of Commissioners at which time all reinvestment and enterprise zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the guidelines and criteria may be modified, renewed or eliminated.

DISCRETION OF THE DISTRICT

SECTION XI

The adoption of these guidelines and criteria by the District does not:

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

QUESTIONS TO BE ANSWERED IN ORDER TO DEVELOP AN APPLICATION AND ECONOMIC IMPACT STATEMENT FOR VALUE ADDED TAX ABATEMENTS IN JEFFERSON COUNTY DRAINAGE DISTRICT NO. 3

General:

Jefferson County Drainage District No. 3 will provide a representative to assist in preparation and presentation of all documents and to guide them through the abatement process.

Opening Paragraph:

The application should include a summary statement about the company and its operations. This information can come from an annual report, corporate 10K or other document provided by the company. (Please include these documents with this questionnaire.)

Economic Impact Analysis:

The application must include the attachment of an independently prepared economic impact analysis of the proposed facility as it impacts the local economy detailing the information referred in Section III herein.

Maps and Plats

Provide maps, plats, and drawings necessary to establish the location of the improvements and their relationships to the boundaries of cities, ETJ's, and reinvestment or enterprise zone boundaries.

Questions to be Answered

(1) Is your project within a city limit? _____. Name of City

(2) Is your project within an ETJ? . Name of City ETJ

(3) Is your project within an Enterprise or Reinvestment Zone? Which?

(4) Will you own the realty or lease the realty?

(5) Present Appraisal District value of land and any EXISTING improvements owned by the

OWNER:

(Answer this question based on Appraisal District records for the specific site you select.)

Cost of Land (If you are purchasing): \$ _____

Number of Acres: _____ or Square Feet: _____

(6) Type and value of proposed improvements: (In this answer list the specific amount of investment that will be expended for the entire project for which you seek abatement)

Type of construction:

(Tiltwall, Build-Out of Existing Facility, Etc.)

Value of Construction:

Value of Equipment:

Value of Pollution Control Devices: It is understood and agreed that Applicant. will not seek a tax exemption for any equipment or portion of the facility which merely reduces the pollution characteristics of the finished product produced by the facility and that an exemption will only be sought for equipment and technology utilized to reduce pollution at or around the facility.

(7) Productive life of proposed improvements: _____ years, or term of initial lease: _____

(8) Number of existing jobs to be retained by proposed improvements:

(Answer only if the location is already in or near Jefferson County Drainage District No. 3 and now employs Jefferson County residents.)

(9) Number and types of new jobs to be created by proposed improvements:_____

Include in this answer the number of Jefferson County Drainage District No. 3 residents that will be employed.

(10) Amount of Annual local payroll to be created:_____.

(11) What percentage and type of jobs to be created will Jefferson County residents have the opportunity to fill?

(12) Amount property tax base valuation will be increased:

During term of abatement: _____ After term of abatement: _____

(13) The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements:_____

(Explain any costs for development or depletion of infrastructure the city is being asked to absorb, if any.)

(14) The amount of ad valorem taxes to be paid to the 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.

(15) The population growth of the District that will occur directly as a result of new improvements: _____

(If you relocate to Jefferson County Drainage District No. 3, how many of your employees do you anticipate to relocate?)

(16) The types and values of public improvements, if any, to be made by applicant seeking abatement:

(List any facilities from which the public might benefit.)

(17) Do the proposed improvements compete with existing businesses to the detriment of the local economy:

(18) The impact on the business opportunities of existing businesses:

(Are there possibilities for local businesses to become suppliers? Any new retail opportunities? If you have previously conducted business within Jefferson County Drainage District No. 3, please provide a list of any and all local/non-local HUB/DBE companies with whom you have worked and the extent of that work relationship)

(19) The attraction of other new businesses to the area:

(Will any of your suppliers, customers, parent, or sister companies relocate because of your relocation?)

(20) The overall compatibility with the zoning ordinances and comprehensive plan for the area:

(21) Describe, including the estimated value, all pollution control devices and other improvements for which you intend to seek TNRCC exemption from taxation:

(22) Describe, methods/procedures you (and any procurement personnel) will use to provide bidding information to local contractors, manufacturers and labor to allow them to have sufficient information and time to submit their bids and attend pre-bid meetings to enable them to submit bids in all stages of the procurement process, including but not limited to “bulk buys”. For further clarification, “local” is intended to mean entities that maintain their primary business office (where company policies, financial decisions and management decisions are made) in Jefferson County.

NOTE: Failure to accurately disclose exempted property may result in a total default under the Abatement Contract, resulting in recapture of previously abated taxes and forfeiture of future abatement.

EXHIBIT "A"

JEFFERSON COUNTY DRAINAGE DISTRICT NO. 3 APPRAISAL DISTRICT PROCEDURE FOR CALCULATING ABATEMENTS

Purpose

The purpose of this procedure is to clarify the method used in calculating a tax abatement. This procedure requires calculation of the Current Year Market Value, Base Year Value, and Taxable Value as these terms are defined below. In accordance with the Jefferson County Drainage District No. 3 Uniform Tax Abatement Policy, the Real Property Owner's Current Taxable Value shall not be less than the Base Year Value in order for a project to receive the full amount of abatement.

Calculation of "Base Year Value"

"Base Year Value" for each taxing entity executing an abatement contract is the Taxable Value of all industrial realty improvements of a property owner and/or its affiliates located within that entity for the tax period defined as the "Base Year". "Base year" is defined as the calendar year in which the abatement contract is executed (signed).

Calculation of "Current Year Market Value"

"Current Year Market Value" for each taxing entity executing an abatement agreement is determined by calculating for the Current Tax Year the Market Value of all industrial realty improvements of a property owner and/or its affiliates that comprise the "Base Year Value."

Calculation of "Taxable Value"

"Taxable Value" for each taxing entity executing an abatement agreement is determined by deducting from the Market Value of all industrial realty improvements of a property owner and/or its affiliates the amount of any applicable exemptions and abatements granted for that Tax Year.

Calculation of Abated Value

The following procedures are followed for each project for which a tax abatement contract has been executed and for each taxing entity granting the abatement.

VALUE POTENTIALLY ELIGIBLE FOR ABATEMENT:

The Base Year Value is subtracted from the Current Year Market Value. If the difference is greater than zero (0), then the remaining value is the value potentially eligible for abatement. If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

VALUE AVAILABLE FOR ABATEMENT:

For each project that remains potentially eligible for abatement, a preliminary calculation of the abated value of all other projects for the owner and/or its affiliates, if any, must be made. This calculation must first be done based on a preliminary abated value for subsequent projects since the full calculation has yet to be performed. For multiple abated projects, the calculations of the preliminary abated values are made in chronological order based on the date the contract was executed. Once the abated value for the subsequent project is calculated, if the actual abated value differs from the preliminary abated value, this calculation must be redone in order to reflect the actual abated value.

Once all calculations have been completed, the abated value of other projects for the owner and/or its affiliates, if any, is subtracted from the Value Potentially Available for Abatement. If the difference is greater than zero (0), then the remaining value is the Value Available for Abatement.

If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

VALUE SUBJECT TO ABATEMENT:

The project base value, if applicable, is subtracted from the current year project value, and the percentage of abatement to be granted is then applied to the net amount to determine the Value Subject to Abatement.

ABATED VALUE:

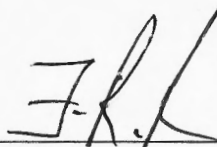
Any applicable reductions for Foreign Trade Zone or Pollution Control restrictions are subtracted from the Value Subject to Abatement. If the difference is less than the Value Available for Abatement, then this is the Abated Value.

If the difference is greater than the Value Available for Abatement, then the Value Available for Abatement becomes the Abated Value.

RESOLUTION

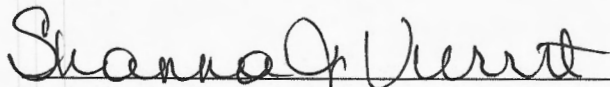
BE IT RESOLVED, THAT THE BOARD OF DIRECTORS OF DRAINAGE DISTRICT #3
HEREBY APPROVE THAT LJA ENGINEERING WILL PERFORM WORK ON BEHALF
OF THE DISTRICT IN ORDER TO OBTAIN FUNDING THROUGH COMMUNITY
DEVELOPMENT BLOCK GRANT (CDBG) FUNDING IN THE AMOUNT OF \$255,000.

THIS 18TH DAY OF MARCH, 2020.



For Drainage District #3 Frank R. Rose, Secretary

Sworn to and subscribed before me, the undersigned authority, this 18th
day of MARCH, 2020.



Notary Public in and for the State of Texas

