

RESOLUTION NO 2007 9 R

**A resolution accepting an application for designation of a Reinvestment Zone and a Tax Abatement Agreement from Victoria WLE, L.P. for structures and real property at its electric power plant and associated facilities next to Bottom Street and the Guadalupe River; setting a public hearing for consideration of such application; and declaring an effective date.**

Chapter 312 of the Texas Tax Code provides for the designation of reinvestment zones in accordance with specified criteria and the entering of tax abatement agreements by the affirmative vote of a majority of the members of the governing body of the municipality, and

Victoria WLE, L.P. has submitted an Application for Tax Abatement in the City of Victoria and/or Victoria County for structures and real property at its electric power plant and associated facilities next to Bottom Street and the Guadalupe River.

THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF VICTORIA, TEXAS:

1.

The **Application for Tax Abatement in Victoria County** by **Victoria WLE, L.P.**, attached hereto and incorporated herein, is accepted by the City Council.

2.

A public hearing will be held on March 20, 2007, at the City Council Meeting at 5:00 p.m. in the City Council Chambers at 107 West Juan Linn, Victoria, Texas to consider the designation of Victoria WLE, L.P.'s electric power plant property depicted in the attached **Exhibit "A"** as a Reinvestment Zone and the declaration of intent to enter into a tax abatement agreement with **Victoria WLE, L.P.**

3.

The City Council directs City staff, in cooperation with the staff of the Victoria Economic Development Corporation, to review the Application for Tax Abatement of **Victoria WLE, L.P.**, to prepare a feasibility study setting out the impact of the proposed Reinvestment Zone and Tax Abatement, to make recommendation to the City Council regarding whether the application meets requirements for designation of a reinvestment zone as established by state law, and to make recommendation regarding whether the application complies with the Guidelines and Criteria for Tax Abatement in the City of Victoria, Texas. City staff are further authorized to provide and publish all notices prescribed by Chapter 312 of the Texas Tax Code.

4.

Neither this resolution nor any associated resolution, ordinance or agreement shall constitute an act of abandonment of any City-owned property within the reinvestment zone to be created pursuant to this application.

5.

This resolution shall become effective immediately upon adoption.

PASSED, this the 6th day of February, 2007.

AYES: 7  
NAYS: 0  
ABSTENTIONS: 0


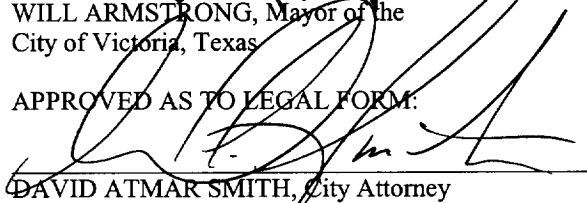
APPROVED AND ADOPTED, this the 6th day of February, 2007.

ATTEST:

  
SCARLET SWOBODA, City Secretary



Distribution: Legal Department  
Finance Department  
Victoria Economic Development Corporation

  
WILL ARMSTRONG, Mayor of the  
City of Victoria, Texas  
APPROVED AS TO LEGAL FORM:  
  
DAVID ATMAR SMITH, City Attorney

Copies Sent: FEBRUARY 7, 2007



Exhibit "A"

**APPLICATION FOR TAX ABATEMENT IN  
CITY OF VICTORIA AND/OR VICTORIA COUNTY**

**FILING INSTRUCTIONS**

This application should be filed at least NINETY (90) DAYS prior to the beginning of construction or the installation of equipment when possible. This filing acknowledges familiarity and assumed conformance with "GUIDELINES AND CRITERIA Tax Abatement City of Victoria and/or Victoria County, Texas" (copy attached). This application will become a part of any later agreement or contract and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

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

USPS:	OR IN PERSON:
Victoria Economic Development Corp.	Victoria Economic Development Corp.
PO Box 7	700 Main, Suite 104
Victoria, TX 77902	Victoria, TX 77901

\*Applications for projects to be located in Victoria County but outside of the municipal boundary of the City of Victoria will be presented to the Victoria County Judge and Commissioner's Court.

\*Applications for projects to be located within the municipality of Victoria will be presented to the Mayor of Victoria and City Council.

**SECTION I - APPLICANT INFORMATION**

Submittal Date: January 11, 2007

Company Name: Victoria WLE, LP

Address: 3355 West Alabama, Ste 500

City: Houston Zip: 77098

Telephone: 713-877-7781

Fax Number: 713-

960-8708

Website: Email: rjhart@nucoastal.com

Name of Company Contact on This Project: Roy J. Hart

Address: 3355

City: 3355 West Alabama, Ste 500

Telephone: 713-877-7780

Fax Number: 713-960-8708

Website: Email: rjhart@nucoastal.com

Company Structure: Corporation  Partnership  Proprietorship

Corporate Annual Sales Per Year: \$ 80 million after 5/1/2008

Estimated Local Sales Per Year: \$ Nil (all sales wholesale)

Please Attach Annual Report Done  (See Instructions, Part I)

Annual financials are consolidated with the parent company, a privately held corporation that does not publish annual reports.

**Attachment 3.**

**SECTION II - PROJECT INFORMATION**

Check Type of Facility to be Abated:

Manufacturing <input type="checkbox"/>	Regional Distribution <input type="checkbox"/>
Regional Service <input type="checkbox"/>	Other Basic Industry <input checked="" type="checkbox"/> <b>Attachment 1a</b>
Research <input type="checkbox"/>	

Please attach address, map and legal description of existing property. Done  **Attachment 1b**

Taxing Districts Information pertaining to this facility (Can be found at [www.victoriacad.org](http://www.victoriacad.org)) (Mark all that apply):

County Appraisal District Reference Number: 0011895-9900010; 0011895-9900020; 32600-007-00408; 26600-007-00100; 26600-007-00100; 26500-006-00100; 26400-005-00201; 26500-006-00101. **Attachment 2**

Victoria County: Yes:  No:

City of Victoria: Yes:  No:

Victoria County Navigation Dist: Yes:  No:

Victoria County Road and Bridge: Yes:  No:

Drainage District: Number: Yes:  No:

Water District: Number: 1 Yes:  No:

NON-ABATAMENT ELIGIBLE TAXES:

Applicable School District (Name)\*: Victoria

Victoria College\*: Yes:  No:

\*Please Note: State law prohibits the abatement of school taxes.

This application is for a: New Plant  Expansion  Modernization

Describe Product or Service to be Provided: **Attachments 1a and 3**

### SECTION III - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an Officer of the company: (1) fully explaining the nature and scope of the project, (2) describing the proposed site and existing improvements, if any, (3) describing all proposed improvements and (4) providing a list of eligible improvements and fixed equipment for which abatement is requested. DONE:

Attachment 3

### SECTION IV - ECONOMIC IMPACT INFORMATION

#### Part A – Permanent Employment Estimates:

Current number of Full-Time Employees: 2  
Estimated number of permanent, full-time jobs: 2 Retained (Jobs at Risk)  
Estimated number of permanent, full-time jobs: 20 Created At Start-Up  
Estimated peak number of jobs: 30 Est'd. peak employment date: M: 5D:03 Y:'08  
Estimated Start-Up Date: Month: 5 Day:03 Year:'08

#### Part B – Construction Employment Estimates

Estimated Construction Start Date: Month: 4 Day:01 Year:'07  
Estimated Completion Date: Month: 5 Day:03 Year:'08  
Estimated Number of Construction Jobs: At Start-Up 100, Peak 300  
Estimated Number of Man-Hours:500,000

#### Part C – School District Impact Estimates

Give estimated number of:  
Families Transferred to Area: 20  
Children to be added to ISD: 20 (depends on families)

#### Part D – Environmental Impact Estimates

Volume of treated, potable water required from City: Nil  
Volume of effluent to be treated by City: Nil  
Type of effluent: n/a  
(Please provide a statement on planned water and sewer treatment methods and disposal of effluent if the facility is to be located outside city systems.)  
Will the project require air or water permits? Yes  No   
Has permitting been started? Yes  No

#### Part E – Property Values and Investments

(It is understood that answers given here are Estimates)

1. Expected Total Project Expenses: \$60,010,300.00
  2. Ineligible Property and Expenses: \$0.00  
(As defined in Guidelines Section 2, e.)
  3. Taxable Property Removed/Replaced: \$0.00
  4. Total Value Eligible for Abatement: \$60,010,300.00  
(As defined in Guidelines Section 2, d.)
- NOTE: Subtracting lines 2 and 3 from line 1 should result in the amount stated on line 4.
5. Appraised Base Year Value of Site: \$750,000.00  
(Can be provided by the County Appraisal District, [www.victoriacad.org](http://www.victoriacad.org))
  6. Taxable Value of New Improvements at Start-Up: \$60,010,300.00
  7. Total Value of all taxable property after Start-Up: \$60,760,300.00  
(Sum of lines 5 and 6.)
- Expected Productive Life of Abated Improvements:  
Building 25.00 years      Equipment 20.00 years

### SECTION V - OTHER AGREEMENT APPLICATIONS

Has the company made application for abatement of this project by other taxing jurisdictions or counties? Yes  No   
If "Yes", please provide (1) Dates of Application, (2) Hearing Dates, (3) Name of Jurisdiction(s) and Contact(s) and (4) Any letters of intent to abate.

### SECTION VI - DECLARATION

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

*RJ Hart*

Company Official's Signature

Name: Roy J. Hart

Title: Project Director

**APPLICATION CHECK LIST**

*In order to be considered complete, the Application must include the following:*

- |   |  |
|---|--|
| 1. <i>Company Annual Report.</i>  | Done <input type="checkbox"/>            |
| 2. <i>Letter from Company Official.</i>   | Done <input checked="" type="checkbox"/> |
| 3. <i>Legal Description (metes and bounds) of property.</i>   | Done <input checked="" type="checkbox"/> |
| 4. <i>Scope of Project / Descriptive list of improvements.</i>  | Done <input checked="" type="checkbox"/> |
| 5. <i>Map denoting location of improvements on the property.</i>  | Done <input checked="" type="checkbox"/> |
| 6. <i>In the case of modernization, a statement of assessed value of the facility for the year immediately preceding the application.</i> | Done <input checked="" type="checkbox"/> |

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**For Official Use - Do Not Write Here**

**Action Taken:**

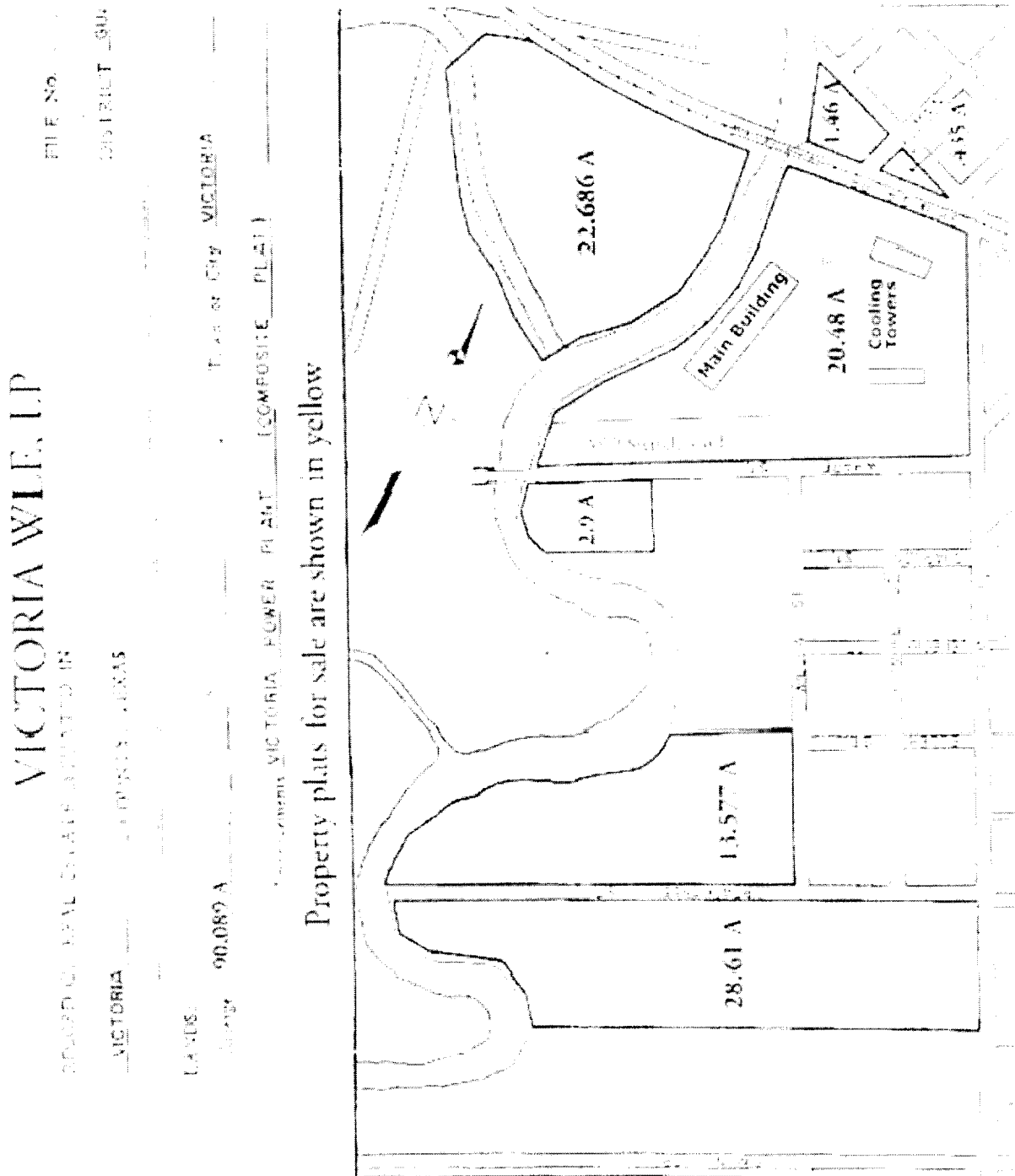
1. **EDC Contact**
2. **County Precinct**
3. **School District**
4. **City**
5. **Jurisdictions Notified (Date)**
6. **Initial Review complete (Date)**
7. **Review Circulated (Date)**
8. **Letter of Intent (Date)**
9. **Hearing Notice on Agenda (Date)**
10. **Public Hearing (Date)**
11. **Action:**
  - County
  - City
12. **Agreement Signed (Date)**

*Revised 5-02*

Victoria Power Project  
 Project Information  
 Type of Facility: Other Basis Industry.

Nature of Business: The Victoria Power Project is designed to generate electric power to be sold into the wholesale market in the Southern Region or ERCOT. All power will be delivered into the ERCOT controlled distribution system at the Victoria site and will be transmitted to wholesale customers in the region by ERCOT under the terms of a standard form Transmission Agreement.

Customers for the power generated by the project will be commercial energy brokers or traders and/or regional power distribution companies. To date no contracts for the sale of power from the Victoria Project have been signed but in any event no retail sales will be undertaken. Thus, there will be no retail sales in the Victoria region at all.



ATTACHMENT B b

ST (5/29/2002)

T-1 Form Prescribed by Texas Department of Insurance (Rev. 4/4/02)

STEWART TITLE GUARANTY COMPANY  
SCHEDULE A

File No.: 06600393

Effective Date of Commitment:  
December 03, 2006 at 8:00 a.m.

Closer: JIM PUTNAM  
(713) 625-8702

Issued:  
December 14, 2006 at 8:00 a.m.

1. The Policy or Policies to be issued are:

- a. OWNER POLICY OF TITLE INSURANCE (Form T-1)  
(Not applicable for improved one-to-four family residential real estate)  
Policy Amount:  
Proposed Insured:
- b. TEXAS RESIDENTIAL OWNER POLICY OF TITLE INSURANCE  
-- ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)  
Policy Amount:  
Proposed Insured:
- c. MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2)  
Policy Amount:  
Proposed Insured:  
  
Proposed Borrower:
- d. TEXAS SHORT FORM RESIDENTIAL MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2R)  
Policy Amount:  
Proposed Insured:  
  
Proposed Borrower:
- e. MORTGAGEE TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)  
Binder Amount:  
Proposed Insured:  
  
Proposed Borrower:
- f. OTHER  
Policy Amount:  
Proposed Insured:

2. The interest in the land covered by this Commitment is:

FEE SIMPLE

3. Record title to the land on the Effective Date appears to be vested in:

VICTORIA WLE, LP

4. Legal description of land:

TRACT 1:

Being 18.877 acre tract of land lying in the Victoria Town Tract, Abstract 341, Victoria County, Texas, same being all of a 2-1/10 acre "Tract 1" and all of a 55/100 acre "Tract 2", both being described in Volume 113, Page 272, Deed Records, Victoria County, Texas, a portion of a 7.07 acre tract of land described in Volume 293, Page 577, Deed Records, Victoria County, Texas, a  
Continued on next page

Attached to and made a part of Stewart Title Guaranty Company  
Commitment for Title Insurance  
File No.: 06600393

portion of a 5.28 acre tract of land as described in Volume 121, Page 66, Deed Records, Victoria County, Texas, a portion of a 4-7/100 acre tract of land as described in Volume 121, Page 1, Deed Records, Victoria County, Texas, and all of a 7.39 acre "Tract B" as described in Volume 651, Page 241, Deed Records, Victoria County, Texas, said 18.877 acre tract of land being more particularly described by metes and bounds attached as Exhibit A-1 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200409134, Official Records of Victoria County, Texas.

TRACT 2:

Being a 22.606 acre tract of land lying in the Victoria Town Tract, Abstract 431, Victoria County, Texas, same being all of a 22.686 acre tract of land and a portion of that certain tract of land referred to as quit claimed both as described in Volume 354, Page 85, Deed Records of Victoria County, Texas, said 22.606 acre tract of land being more particularly described by metes and bounds attached as Exhibit A-3 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200409134, Official Records of Victoria County, Texas.

TRACT 3:

Being a 1.459 acre tract of land lying in the Victoria Town Tract, Abstract 341, Victoria County, Texas, same being all of a 1.369 acre tract of land as described in Volume 661, Page 445, Deed Records of Victoria County, Texas, and all of that certain tract of land (calculated to be 0.20 of an acre) described in Volume 661, Page 448, Deed Records of Victoria County, Texas, said 1.459 acre tract of land being more particularly described by metes and bounds attached as Exhibit A-5 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200409134, Official Records of Victoria County, Texas.

TRACT 4:

Being a 0.435 of an acre tract of land lying in the Victoria Town Tract, Abstract 341, Victoria County, Texas, same being all of a 0.43 of an acre "Tract A" as described in Volume 651, Page 241, Deed Records, Victoria County, Texas, said 0.435 of an acre tract of land being more particularly described by metes and bounds attached as Exhibit A-7 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200409134, Official Records of Victoria County, Texas.

TRACT 5:

Being a 2.922 acre tract of land lying in the Victoria Town Tract, Abstract 341, Victoria County, Texas, same being all of a 3.06 acre tract of land as described in Volume 324, Page 252, Deed Records of Victoria County, Texas, said 2.922 acre tract of land being more particularly described by metes and bounds attached as Exhibit A-9 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200409134, Official Records of Victoria County, Texas.

TRACT 6:

Continued on next page

Attached to and made a part of Stewart Title Guaranty Company  
Commitment for Title Insurance  
File No.: 06690393

Being a 13.577 acre tract of land lying in the Victoria Town Tract, Abstract 141, Victoria County, Texas, same being a portion of an 18.75 acre tract of land as described in Volume 177, Page 521, Deed Records of Victoria County, Texas, said 13.577 acre tract of land being more particularly described by metes and bounds attached as Exhibit A-11 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200409134, Official Records of Victoria County, Texas.

TRACT 7:

Being a 28.610 acre tract of land lying in the Victoria Town Tract, Abstract 141, Victoria County, Texas, same being all of a 75 acre tract of land as described in Volume 563, Page 575, Deed Records of Victoria County, Texas, said 28.610 acre tract of land being more particularly described by metes and bounds attached as Exhibit A-13 contained in instrument dated July 1, 2004, and recorded under Instrument No. 200505134, Official Records of Victoria County, Texas.

## NuCoastal Power Corporation

3355 West Alabama, Suite 500  
Houston Texas 77098

Telephone: 713 877 7780  
Facsimile: 713 960 8708

January 10, 2007

To: Victoria Economic Development Corp,  
P.O. Box 7  
Victoria, TX 77902

Dear Sirs

Pursuant to Section III of the attached Application for Tax Abatement we wish present the following information:

1 The nature and scope of the project:

The proposed development of the Victoria site would consist of redeployment of the existing 160 MW Unit 5 steam turbine-generator as part of a new combined cycle plant based on an F class gas turbine and associated steam generation equipment. The redeveloped unit would have a base configuration of 240 Gross MW in a pure combined cycle mode, with the capacity of supplying an incremental 25 MW of supplemental super-peaking capacity by the use of additional duct firing. The total operating hours of the plant would be limited on an annual basis under the terms of its air emissions permit.

The electricity generated by the facility will be sold into the ERCOT controlled wholesale market either to established energy traders or brokers or directly to regional power distribution companies. These agreements are still under negotiation.

2 The proposed site and existing improvements:

The proposed site is the existing Victoria Power Plant at Victoria, TX. A map and legal description of the property is attached. Also attached is a brief Preliminary Information document which outlines the existing generation equipment. It is important to note that this equipment was retired in 2004 and the plant completely shut down. NuCoastal now proposed to redevelop the site and extend its useful life, thus bringing additional business and new jobs into the Victoria region.

3 All proposed improvements:

The proposed improvements consist of redevelopment of the existing Unit 5, steam turbine and its auxiliaries, addition of an F Class Gas turbine and related steam generation equipment and the necessary modernization and overhaul of those existing facilities that are still useful in the redeveloped power plant. A table showing the additional equipment proposed and associated costs is attached.

January 10, 2007

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4 A list of eligible improvements and fixed equipment for which abatement is requested.

Please see the attached table.

Signed

A handwritten signature in black ink, appearing to read "R. J. Hart".

Roy J. Hart  
Project Director