



CAPEX Consulting Group

Project Finance & Economics

October 29, 2018

The Honorable Stephen C. Floyd
 County Judge
 Tom Green County
 Edd B. & Frances Frink Keyes Building
 113 W. Beauregard Street
 2nd Floor
 San Angelo, Texas 76903

RE: Engagement Letter for the Preparation of Development Incentives and Related Negotiation Services

Dear Judge Floyd:

Thank you for the opportunity to submit this proposal to provide consulting services to your ongoing projects in Tom Green County. **Capex Consulting Group** is a project finance and economic consulting firm based in Frisco, Texas. A significant percentage of our client base is made-up of local governmental entities like Tom Green County. Our specific public sector utility services include:

- Ad Valorem and Sales Tax Analysis & Optimization
- Affordability Analysis
- Bond Feasibility
- Comprehensive Project Definition, Feasibility, and Development Services
- Development of Comprehensive Financial and Technical Feasibility Models
- Economic Development Agreements / Incentive Structuring
- Electricity, Natural Gas, Water, Wastewater, and Solid Waste Cost of Service / Rate Studies
- Expense Reduction Identification and Implementation
- Impact Fees/System Development Charges
- Industrial District Program Development
- Life Cycle Cost Analysis
- Litigation Support
- Loan and Grant Program Management [Identification / Application / Disbursement / Compliance]
- Lost Business Income Claims / Time Element Deductible
- Municipal Airport Fee Development and Revenue Studies
- Non-Rate Revenue Studies [tapping and connection, late charge, disconnect fees, etc.]
- Oil and Gas Lease Negotiation and Royalty Analysis
- Operational Optimization Studies / Operating and Capital Cost and Benchmarking
- Owners Representative Services
- Project Definition and Feasibility Studies

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- Qualified Scheduling Entity Evaluation and Procurement
- Renewable Energy Credit and Carbon Financial Instrument Marketing
- Renewable Energy Project Development Services
- Retail Electricity Contract and Demand Charge Negotiation
- Water Conservation and Drought Contingency Plans
- Wholesale Electricity and Natural Gas Procurement and Supply Services

It is my understanding that the primary objective of Tom Green County is to develop an incentive structure that provides maximum benefit to the County while adequately incentivizing proposed Tax Abatement Projects. To assist you in achieving this objective, Capex Consulting Group will provide the following deliverables:

- 1.) Preparation of project economic impact analysis.
- 2.) If needed, develop County Guidelines and Criteria for Granting Tax Abatements
- 3.) Development, assistance with developer input, processing, and presentation to Commissioner's Court of Application for Tax Abatement and Designation of Reinvestment Zone
- 4.) If applicable, offer mechanism to ensure future PILOT revenues are restricted to precinct/district of origin.
- 5.) General coordination with County Legal Counsel
- 6.) Provide background on separated material and labor agreements and recommend structure, as applicable
- 7.) Establish restricted revenue accounts, if applicable
- 8.) Define estimated taxable value or total range of taxable values of the project or facility for which abatement is sought
- 9.) Periodic Reporting to Commissioner's Court as requested
- 10.) Take the lead on the development, negotiation, and final execution of a Tax Abatement Agreement that provides maximum economic benefits to Tom Green County.

As Chief Executive of Capex Consulting Group, I will serve as Project Manager and will be responsible for all aspects of this effort.

Assuming the County decides to commence this study in November 2018, a draft report and agenda item will be presented to the County Staff and Commissioner's Court within a period of thirty (30) days from the receipt of all requested data items.

Proposed project fees and out of pocket expenses for this engagement are detailed as follows:

- | | |
|---|--------------------|
| 1. Retainer Fee, based on 20 hours or one Calendar Year | \$5,000.00 |
| 2. Hourly Rate for Effort Over 20 Hours [Negotiations, Research, & Admin, etc.] | \$ 250.00 |
| 3. Travel Expenses based on 4 Trips | \$3,340.00 |
| 4. Total Not To Exceed Fee | \$23,000.00 |

Progress payments will be billed on a monthly basis. Additional phases and fees will only begin with the express written authorization of Tom Green County.

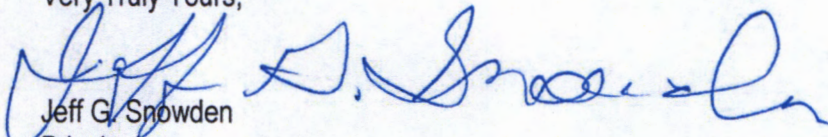
If this proposal is acceptable to you, please execute one copy of this letter and return it to our Frisco office. Thank you for this opportunity; we look forward to working with you on this important engagement.

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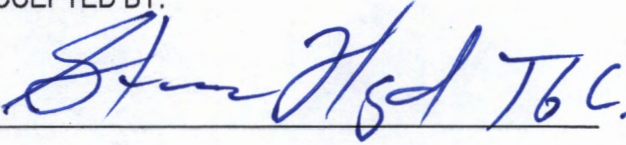
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Very Truly Yours,



Jeff G. Snowden
Principal
Capex Consulting Group

ACCEPTED BY:



3-5-19

Date

ACCEPTED BY:

Date

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