

FINDINGS OF THE COMAL
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
TXI OPERATIONS, L.P.



November 17, 2011

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OF THE
COMAL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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NOVEMBER 17, 2011

Board Findings of the Comal Independent School District

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TEXAS ECONOMIC DEVELOPMENT ACT
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TXI OPERATIONS, L.P.

STATE OF TEXAS §

COUNTY OF COMAL §

On the 17th day of November, 2011, a public meeting of the Board of Trustees of the Comal Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the TXI Operations, L.P. (TXI Operations) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Comal Independent School District makes the following findings with respect to the application of TXI Operations, and the economic impact of that application:

On February 25, 2011, the Superintendent of Schools of the Comal Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received a completed Application from TXI Operations for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, TXI Operations (Texas Taxpayer Id. 17526470004) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Comal Independent School District

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d).

A copy of the Application was delivered to the Comal County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on April 1, 2011. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Comal Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Comal Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with TXI Operations over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. This form of the Agreement has been submitted to the Comptroller's Office pursuant to 34 Tex. Admin. Code § 9.1055 (c)(1). The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study, the Board finds:

Board Finding Number 1.

There is a relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the TXI Operations project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of Comal County, Texas, is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Comal County is the 15th largest county in the state in terms of population. Population growth in Comal County was above the state average. The state population grew by 2.0 percent between 2008 and 2009, while the population of Comal County increased by 2.6 percent over the same period.

February 2011 employment growth for Comal County increased by 1.6 percent from February 2010, while the state total employment increased by 1.0 percent during the same period. The unemployment rate in Comal County was 8.9 percent in February 2011, higher than the current state average of 8.2 percent.

Board Findings of the Comal Independent School District

Comal County has a lower per capita personal income than the state as a whole. In terms of per capita income, Comal County's \$36,669 in 2008 ranked 51st among the 254 counties in Texas, while the Texas average was \$37,809 for the same period. These data are more than two years old and the recession that has occurred during that period would be expected to slow the growth in personal income in Comal County and throughout the state.

In the third quarter of 2010, taxable sales totaled \$595.73 million in Comal County. This figure reflects a 2.8 percent increase from the same year-earlier quarter.

Comal County will benefit from economic activity like that associated with the TXI Operations cement manufacturing project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$45,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the wage requirement for qualifying jobs. TXI Operations indicates that total employment will be approximately twenty-five (25) new qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create twenty-five new jobs when fully operational. All of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Alamo Area Council of Governments Region, where Comal County is located was \$34,984 in 2009. The annual average manufacturing wage for 2009 for Comal County is \$41,184. That same year, the county annual average wage for all industries was \$33,579. In addition to a salary of \$45,000, each qualifying position will receive benefits such as medical coverage, a dental plan, a vision plan, prescription drug benefits, flexible spending accounts, life insurance, disability plans, paid holidays, paid vacation, 401(k)

Board Findings of the Comal Independent School District

retirement savings plans, retiree medical benefits plans, education assistance, and an employee assistance program.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$6.48 million on the basis of the goal of twenty-five (25) new qualifying positions for the entire TXI Operations project located in Comal ISD.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$162 million, resulting in a relative level of investment per qualifying job of \$6.48 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts TXI Operations' estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the Comal Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in TXI Operations, LP

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	10	22	32	707,779	1,002,221	1,710,000
2012	206	261	467	14,155,456	14,774,544	28,930,000
2013	155	197	352	10,616,592	14,043,408	24,660,000
2014	52	57	108	3,538,864	7,201,136	10,740,000
2015	26	3	28	1,769,448	3,970,552	5,740,000
2016	51	5	56	2,894,448	4,065,552	6,960,000
2017	51	-4	47	2,894,448	3,085,552	5,980,000
2018	51	-1	50	2,894,448	3,335,552	6,230,000
2019	25	-26	-1	1,125,000	1,315,000	2,440,000
2020	25	-23	2	1,125,000	705,000	1,830,000
2021	25	-22	3	1,125,000	705,000	1,830,000
2022	25	-26	-1	1,125,000	(25,000)	1,100,000
2023	25	-26	-1	1,125,000	(25,000)	1,100,000
2024	25	-26	-1	1,125,000	(395,000)	730,000
2025	25	-20	5	1,125,000	95,000	1,220,000
2026	25	-16	9	1,125,000	585,000	1,710,000

Source: CPA, REMI, TXI Operations, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Comal ISD's ad valorem tax base in 2010 was \$9.8 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2009-2010. During that same year, Comal ISD's estimated wealth per WADA was \$517,834. . . .

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Comal County, York Creek Water Improvement District, and Lateral Road District, with all property tax incentives sought being granted using estimated market value from TXI Operations' application. TXI Operations has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the TXI Operations project on the region if all taxes are assessed.

Board Findings of the Comal Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Comal ISD I&S Levy	Comal ISD M&O Levy	Comal ISD M&O and I&S Tax Levies (Before Credit Credited)	Comal ISD M&O and I&S Tax Levies (After Credit Credited)	Comal County	York Creek Water Improvement District	Lateral Road District	Estimated Total Property Taxes
				0.3300	1.0400			0.2890	0.0038	0.0450	
2012	\$30,000,000	\$30,000,000		\$99,000	\$312,000	\$411,000	\$411,000	\$86,700	\$1,140	\$13,500	\$512,340
2013	\$70,756,500	\$70,756,500		\$233,496	\$735,868	\$969,364	\$969,364	\$204,486	\$2,689	\$31,840	\$1,208,380
2014	\$120,756,500	\$100,000,000		\$398,496	\$1,040,000	\$1,438,496	\$1,438,496	\$160,534	\$4,589	\$54,340	\$1,657,959
2015	\$150,756,500	\$100,000,000		\$497,496	\$1,040,000	\$1,537,496	\$1,537,496	\$200,416	\$5,729	\$67,840	\$1,811,481
2016	\$160,756,500	\$100,000,000		\$530,496	\$1,040,000	\$1,570,496	\$1,570,496	\$213,710	\$6,109	\$72,340	\$1,862,655
2017	\$165,756,500	\$100,000,000		\$546,996	\$1,040,000	\$1,586,996	\$1,586,996	\$220,357	\$6,299	\$74,590	\$1,888,242
2018	\$170,756,500	\$100,000,000		\$563,496	\$1,040,000	\$1,603,496	\$1,603,496	\$227,004	\$6,489	\$76,840	\$1,913,829
2019	\$175,756,500	\$100,000,000		\$579,996	\$1,040,000	\$1,619,996	\$1,619,996	\$233,651	\$6,679	\$79,090	\$1,939,416
2020	\$180,756,500	\$100,000,000		\$596,496	\$1,040,000	\$1,636,496	\$1,636,496	\$240,298	\$6,869	\$81,340	\$1,965,003
2021	\$180,756,500	\$100,000,000		\$596,496	\$1,040,000	\$1,636,496	\$1,636,496	\$240,298	\$6,869	\$81,340	\$1,965,003
2022	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2023	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2024	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2025	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2026	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
						Total	\$26,392,156	\$4,639,383	\$87,802	\$1,039,766	\$32,159,108

Assumes School Value Limitation and Tax Abatement with County

Source: CPA, TXI Operations, LP

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Comal ISD I&S Levy	Comal ISD M&O Levy	Comal ISD M&O and I&S Tax Levies	Comal County	York Creek Water Improvement District	Lateral Road District	Estimated Total Property Taxes	
				0.3300	1.0400		0.2890	0.0038	0.0450		
2012	\$30,000,000	\$30,000,000		\$99,000	\$312,000	\$411,000	\$86,700	\$1,140	\$13,500	\$512,340	
2013	\$70,756,500	\$70,756,500		\$233,496	\$735,868	\$969,364	\$204,486	\$2,689	\$31,840	\$1,208,380	
2014	\$120,756,500	\$120,756,500		\$398,496	\$1,255,868	\$1,654,364	\$348,986	\$4,589	\$54,340	\$2,062,280	
2015	\$150,756,500	\$150,756,500		\$497,496	\$1,567,868	\$2,065,364	\$435,686	\$5,729	\$67,840	\$2,574,620	
2016	\$160,756,500	\$160,756,500		\$530,496	\$1,671,868	\$2,202,364	\$464,586	\$6,109	\$72,340	\$2,745,400	
2017	\$165,756,500	\$165,756,500		\$546,996	\$1,723,868	\$2,270,864	\$479,036	\$6,299	\$74,590	\$2,830,790	
2018	\$170,756,500	\$170,756,500		\$563,496	\$1,775,868	\$2,339,364	\$493,486	\$6,489	\$76,840	\$2,916,180	
2019	\$175,756,500	\$175,756,500		\$579,996	\$1,827,868	\$2,407,864	\$507,936	\$6,679	\$79,090	\$3,001,570	
2020	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2021	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2022	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2023	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2024	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2025	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2026	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
						Total	\$31,655,097	\$6,677,608	\$87,802	\$1,039,766	\$39,460,273

Source: CPA, TXI Operations, LP

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

The TXI project remains fully taxable for debt services taxes, with CISD currently levying a \$0.39 I&S rate. The value of the TXI project adding to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. The additional value is expected to help reduce the District's current I&S tax rate of \$0.39 per \$100 by roughly one-third cent at full project value.

Board Finding Number 7.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the TXI Operations project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be no significant impact on school facilities created by the TXI Operations project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Comal ISD as stated in **Attachment D.**

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 8, the economic impact evaluation states:

According to TXI Operations' application, "The Company currently operates in six states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project."

Board Findings of the Comal Independent School District

Board Finding Number 9.

During the past two years, one project in the Alamo Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application from Enterprise. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

Formal notification letters of the completion of due diligence research from the firms of O'Hanlon, McCollom & Demerath and Moak, Casey & Associates have been attached to these Findings.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently One Hundred Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2010 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2010 Comal value for Comal ISD is \$10.28 billion. Comal ISD is categorized as a Subchapter B school district under Chapter 313 of the Tax Code, which is a non-rural designation. Given that the value of taxable property in Comal ISD exceeds \$1 billion, it is classified as a Category I district which can offer a minimum value limitation of \$100 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 12700304111) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 13.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached

Board Findings of the Comal Independent School District

hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the initial years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

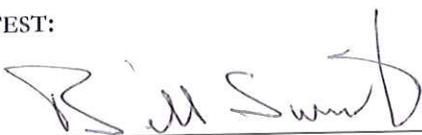
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Comal Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Comal Independent School District.

Dated the 17th day of November 2011.

COMAL INDEPENDENT SCHOOL DISTRICT

By: 
Frank Baker, President Board of Trustees

ATTEST:

By: 
Bill Swint, Secretary Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

November 9, 2011

President and Members
Board of Trustees
Comal Independent School District
1404 IH 35 N
New Braunfels, Texas 78130

Re: Recommendations and Findings of the firm Concerning the Application of TXI Operations, LP. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Baker and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Comal Independent School District, with respect to the pending Application of TXI Operations, LP. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of TXI Operations, LP. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey". The signature is written in a cursive, flowing style.

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878

400 W. 15th Street * Suite 1410 * Austin, TX 78701-1648

Fax 512-485-7888

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
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KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

November 4, 2011

President and Members
Board of Trustees
Comal Independent School District
1404 IH 35 N
New Braunfels, Texas 78130

*Re: Recommendations and Findings of the Firm Concerning Application of TXI
Operations, LP for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes*

Dear President Baker and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Comal Independent School District, with respect to the pending Application of TXI Operations, LP for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.

Letter to Comal ISD
November 4, 2011
Page 2 of 2

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of TXI Operations, LP for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment A

Application



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Form 50-296
(Revised May 2010)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Date application received by district

Authorized School District Representative

First Name

Dr. Marc

Last Name

Walker

Title

Superintendent

School District Name

Comal ISD

Street Address

1404 IH 35 N

Mailing Address

1404 IH 35 N

City

New Braunfels

State

TX

ZIP

78130-3240

Phone Number

(830) 221-2064

Fax Number

(830) 221-2001

Mobile Number (optional)

E-mail Address

marc.walker@comalisd.org

authorize the consultant to provide and obtain information related to this application..... Yes No

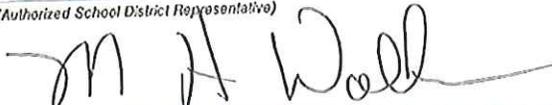
Will consultant be primary contact? Yes No

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name <u>Kevin</u>	Last Name <u>O'Hanlon</u>	
Title <u>Special Counsel</u>		
Firm Name <u>O'Hanlon, McCollom, Demerath</u>		
Street Address <u>808 West Avenue Austin TX 78701</u>		
Mailing Address <u>808 West Avenue Austin TX 78701</u>		
City <u>Austin</u>	State <u>TX</u>	ZIP <u>78701</u>
Phone Number <u>512 494-9949</u>	Fax Number <u>512 494 9919</u>	
Mobile Number (Optional)	E-mail Address <u>Kohanlon@808west.com; jmhanley@808west.com</u>	

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

Signature (Authorized School District Representative) 	Date <u>10/11/2010</u>
---	---------------------------

Has the district determined this application complete? Yes No

If yes, date determined complete. 11/29/10

Have you completed the school finance documents required by TAC 9.1054(c)(3)? Yes No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	✓

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Les		Last Name Vines	
Title VP Corporate Controller			
Organization TXI Operations, LP			
Street Address 1341 W. Mockingbird Lane, Ste. 700			
Mailing Address SAME			
City Dallas	State TX	ZIP 75247	
Phone Number 972-647-6722	Fax Number 972-647-6775		
Mobile Number (optional)	Business e-mail Address lvines@txi.com		

Will a company official other than the authorized business representative be responsible for responding to future information requests? Yes No

If yes, please fill out contact information for that person.

First Name Justin		Last Name Reynolds	
Title Director of Tax			
Organization TXI Operations, LP			
Street Address 1341 W. Mockingbird Lane, Ste. 700			
Mailing Address SAME			
City Dallas	State TX	ZIP 75247	
Phone Number 972-647-7070	Fax Number 972-647-6775		
Mobile Number (optional)	E-mail Address dreynolds@txi.com		

I authorize the consultant to provide and obtain information related to this application... **N/A** Yes No

Will consultant be primary contact? Yes No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

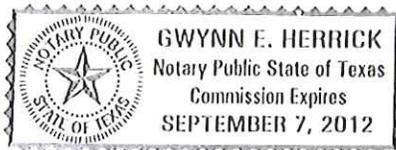
Authorized Company Consultant (If Applicable)

First Name N/A	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business email Address		

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief. I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant)) 	Date 10/7/10
---	-----------------

GIVEN under my hand and seal of office this 7th day of October, 2010



(Notary Seal)

Gwynn E. Herrick
Notary Public, State of TEXAS

My commission expires _____

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code § 37.10.



FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? ... Yes No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ... Yes No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

TXI Operations, LP

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

1752647004

NAICS code

327310

Is the applicant a party to any other Chapter 313 agreements? ... Yes No

If yes, please list name of school district and year of agreement.

N/A

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? ... Yes No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Limited Partnership

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? ... Yes No

2. Is the applicant current on all tax payments due to the State of Texas? ... Yes No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ... NA Yes No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development.
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology.
(7) nuclear electric power generation
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

Attached

Describe the ability of your company to locate or relocate in another state or another region of the state.

Attached

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- Checkboxes for: New Jobs, Relocation from Out-of-State, Consolidation, Construct New Facility, Expansion, Relocation within Texas, New Business / Start-up, Expand Existing Facility, Purchase Machinery & Equipment.

PROJECTED TIMELINE

Begin Construction January 2011, Construction Complete December 2013, Purchase Machinery & Equipment December 2010, Begin Hiring New Employees December 2013, Fully Operational January 2014

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?

Note: Improvements made before that time may not be considered qualified property. When do you anticipate the new buildings or improvements will be placed in service? December 2013

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Texas Enterprise Zone Act, Chapter 2303, Tex. Gov't Code	880,000
_____	_____
_____	_____
Total	880,000

Will other incentives be offered by local units of government? Yes No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Applicant has approached County regarding limitation agreement

THE PROPERTY

Identify county or counties in which the proposed project will be located Comal

Central Appraisal District (CAD) that will be responsible for appraising the property Comal

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Comal (100%) City: _____
(Name and percent of project) (Name and percent of project)

Hospital District: _____ Water District: _____
(Name and percent of project) (Name and percent of project)

Other (describe): York Creek Imp. District (100%) Other (describe): Lateral Road District (100%)
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

If not, please provide additional information on the project scope and size to assist in the economic analysis.



INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? 100 Million

What is the amount of appraised value limitation for which you are applying? 100 Million

What is your total estimated qualified investment? 130 Million

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? May 2011

What is the anticipated date of the beginning of the qualifying time period? May 2011

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? 162 Million

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? Yes No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying? Yes No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? Yes No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? Yes No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? Yes No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? Yes No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? March 2011

Will the applicant own the land by the date of agreement execution? Yes No

Will the project be on leased land? Yes No



QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

- 1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? [X] Yes [] No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. 18 million (Market Value) 2010 (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? [] Yes [X] No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? [X] Yes [] No

WAGE AND EMPLOYMENT INFORMATION

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 133

The last complete calendar quarter before application review start date is the: [] First Quarter [] Second Quarter [] Third Quarter [X] Fourth Quarter of 2010 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? 1447

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. N/A

Total number of new jobs that will have been created when fully operational 25

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? [X] Yes [] No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? [] Yes [X] No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 25

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is 710.33
110% of the county average weekly wage for manufacturing jobs in the county is 871.20
110% of the county average weekly wage for manufacturing jobs in the region is 740.08

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? 38,484.16

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? 45,000

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
Will each qualifying job require at least 1,600 of work a year? Yes No
Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
Will any of the qualifying jobs be retained jobs? Yes No
Will any of the qualifying jobs be created to replace a previous employee? Yes No
Will any required qualifying jobs be filled by employees of contractors? Yes No
If yes, what percent? N/A

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

See attached

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
Is Schedule A completed and signed for all years and attached? Yes No
Is Schedule B completed and signed for all years and attached? Yes No
Is Schedule C (Application) completed and signed for all years and attached? Yes No
Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

**CONFIDENTIALITY NOTICE**

Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	N/A
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	N/A
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	N/A
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	Will be
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	Will be
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	Will be
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	N/A

*To be submitted with application or before date of final application approval by school board.

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public
Accounts)*

Application for Appraised Value Limitation on Qualified Property
 Form 50-296
 Applicant Business Structure
 Page 5, Question 6
 Documentation Of The Combined Group Membership And Contact Information

TXI Operations LP
 1752647004

Name	Address	Federal E.I.N.	Texas Taxpayer Number
Texas Industries, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-0832210	17508322108
Subsidiary Corporations			
TXI Operations LP	1341 West Mockingbird Lane, Dallas, TX 75247	75-2647000	17526470004
TXI LLC	1341 West Mockingbird Lane, Dallas, TX 75247	75-2646998	17526469980
TXI Operating Trust	1341 West Mockingbird Lane, Dallas, TX 75247	75-2646997	752646997
Texas Industries Holdings, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	51-0374004	15103740047
Texas Industries Trust	1341 West Mockingbird Lane, Dallas, TX 75247	51-6503744	516503744
Southwestern Financial Corporation	1341 West Mockingbird Lane, Dallas, TX 75247	75-2508878	17525088781
Creole Corporation	1341 West Mockingbird Lane, Dallas, TX 75247	84-0568880	18405688809
Pacific Custom Materials	1341 West Mockingbird Lane, Dallas, TX 75247	95-4561137	19545611378
TXI Aviation Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-1844887	17518448877
TXI Cement Company	1341 West Mockingbird Lane, Dallas, TX 75247	75-1433556	17514335565
TXI Power Company	1341 West Mockingbird Lane, Dallas, TX 75247	75-2897896	752897896
TXI Transportation Company	1341 West Mockingbird Lane, Dallas, TX 75247	75-6027204	17560272043
Riverside Cement Company	1341 West Mockingbird Lane, Dallas, TX 75247	95-4298141	19542981410
TXI Riverside, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-2754334	17527543346
TXI California, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-2754210	17527542108
Parlin Limestone Products, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	95-2274786	19522747864
Riverside Cement Holdings, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-2082742	752082742
Brookhollow Corporation	1341 West Mockingbird Lane, Dallas, TX 75247	75-6017937	17560179370
Brookhollow of Alexandria, Inc	1341 West Mockingbird Lane, Dallas, TX 75247	75-1424122	17514241227
Brook Hollow Properties, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-1094294	17510942943
Brookhollow of Virginia, Inc.	1341 West Mockingbird Lane, Dallas, TX 75247	75-2122119	17521221196

Page 6, Project Description:

The Company's portland cement manufacturing plant north of New Braunfels, in Comal County began operations in 1980. The facility currently produces approximately 0.9 million short tons of cement annually. The facility primarily serves the Texas market, which consumes a large amount of cement used in infrastructure construction, residential and commercial building as well as highway projects.

During fiscal year 2008, cement consumption in Texas reached approximately 17 million short tons, while capacity within the state to make cement equaled about 12 million tons. As a result, about 5 million tons of imported cement was required to satisfy the needs of construction in the state. In October 2007, the Company broke ground on construction of a new state-of-the-art portland cement manufacturing plant with an estimated annual capacity of 1.4 million short tons of cement.

The economic environment quickly changed in the fall of 2008 however, with the freezing of the national and worldwide credit markets, record failings of financial institutions, and enacting of unprecedented intervention measures by the US and worldwide governments. These circumstances ultimately brought about the Company's decision to suspend plans and efforts to expand the facility, and halt all construction until the return of more normal market conditions.

This project includes an investment of approximately \$130 million over the limitation period that will complete the expansion of the existing facility that will add 1.4 million short tons of cement annually. The two plants will be situated next to each other and operated independent of each other. In addition, TXI will add pollution control measures to its existing facility in anticipation of new environmental regulations.

Page 6, Ability to locate or relocate:

The Company currently operates in six states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project.

Page 8, Investment:

Total costs for this project are estimated to be approximately \$130 million. Approximately \$75 million will be for construction materials and equipment and \$55 million for labor and supplies. See attachment for a map of the location of the qualified investment on Comal County, tax parcel number 74144.

Page 9, Land

Comal County, tax parcel number 74144 (see attached parcel map); property account identification number 154685

Application for Appraised Value Limitation on Qualified Property
Form 50-296
Attachment Information
TXI Operations LP
Texas ID No: 1752647004

Page 9, Existing Improvements

The company has a Portland cement manufacturing plant north of the project located in the same tax parcel number, Account Property ID No. 74144. The existing plant consisting of buildings, other real property improvements, equipment, furniture and fixtures, and other equipment was built in 1979 and currently produces approximately 1.0 million short tons of cement annually. The Account numbers for existing property are:

Land: 74144
Personal Property: 86216
Improvements: 86218
Inventory: 86215
Pollution Control: 86220
Additional Improvements (Described as Various Projects): 86219

ATTACHMENT 5

N/A

Application for Appraised Value Limitation on Qualified Property
Form 50-296
Attachment Information
TXI Operations LP
Texas ID No: 1752647004

Description of Qualified Investment

BUFFER BINS/ADDITIVES TRANSPORT(3C1 3D1)
ROLLER MILL/RAW MATERIAL GRINDING (3F1)
PREHEATER TOWER (4G1)
KILN (4K1)
CLINKER COOLER (4R1)
FINISH MILL/CEMENT GRINDING (5F1)
CEMENT SILOS/TRANSPORT AND STORAGE (5K1)
LOADOUT (TRUCKS) (6C1)
LOADOUT (RAIL CARS) (6C2)
RAW MEAL SILO/9-PACK (3K1)
CLINKER STORAGE/RECLAIM SILOS (4V1)
BUFFER BINS/CEMENT DOSING (5D1)
COAL MILL BUILDING/GRINDING (CR1)
BYPASS SYSTEM/BAGHOUSE (4P1)
MAIN BAGHOUSE AND GAS CONDITIONING (4E1)
COOLER BAGHOUSE/EXHAUST (4S1)
HEAT EXCHANGER (4S1)
(TIRE FEED DELETED)
LIMESTONE DOME (2E1)
(COAL STORAGE DELETED)
(COAL UNLOADING DELETED)
CLINKER TRANSPORT (4T1)
TIRE FEED SYSTEM
NEW MAIN BAGHOUSE

U.S. Census Bureau
American FactFinder

Legend

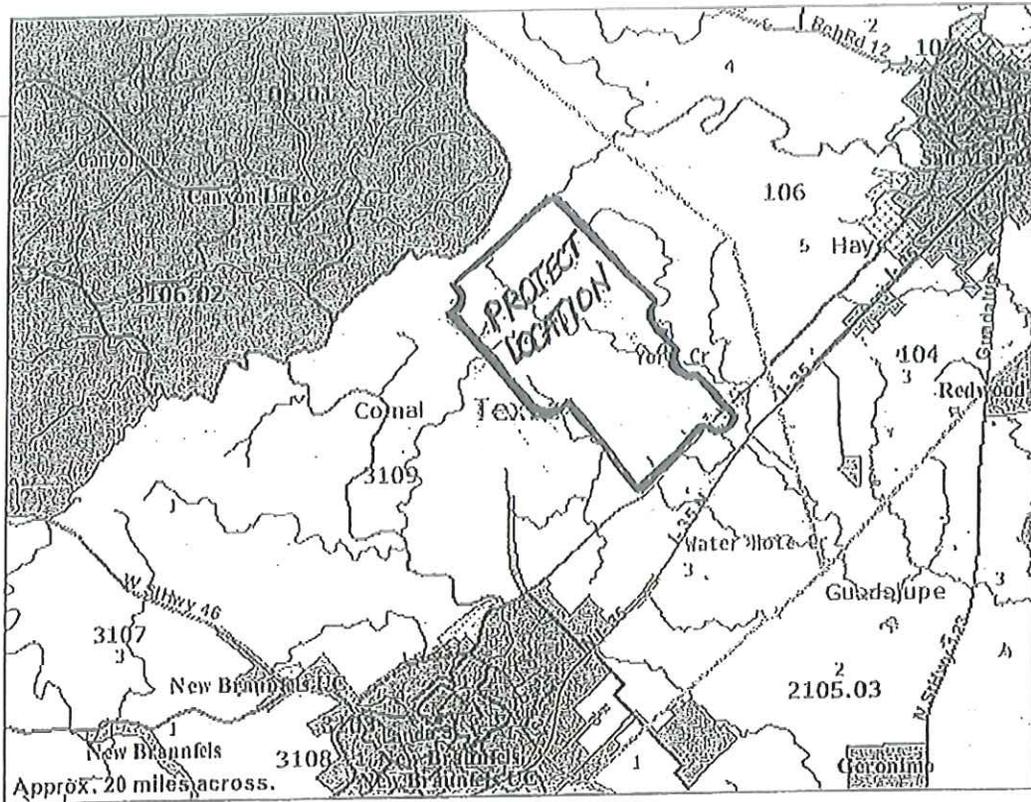
Boundaries

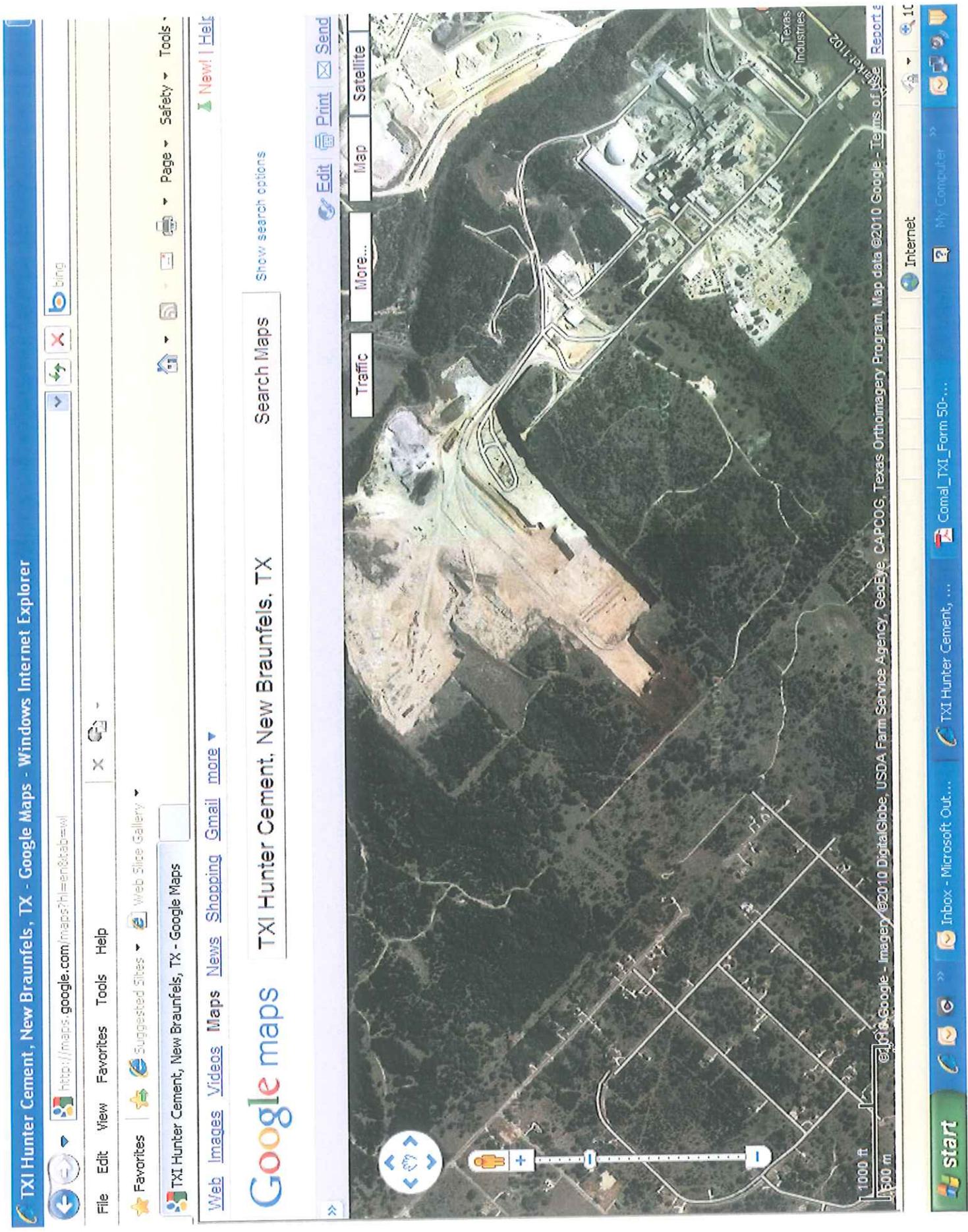
- State
- County
- Census Tract
- Block Group
- Place
- Place
- Urban Area
- Urban Area

Features

- Major Road
- Street
- Stream/Waterbody
- Stream/Waterbody

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TXI Hunter Cement, New Braunfels, TX - Google Maps - Windows Internet Explorer

http://maps.google.com/maps?hl=en&tab=wl

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Application for Appraised Value Limitation on Qualified Property
Form 50-296
Attachment Information
TXI Operations LP
Texas ID No: 1752647004

Description of Qualified Property

BUFFER BINS/ADDITIVES TRANSPORT(3C1 3D1)
ROLLER MILL/RAW MATERIAL GRINDING (3F1)
PREHEATER TOWER (4G1)
KILN (4K1)
CLINKER COOLER (4R1)
FINISH MILL/CEMENT GRINDING (5F1)
CEMENT SILOS/TRANSPORT AND STORAGE (5K1)
LOADOUT (TRUCKS) (6C1)
LOADOUT (RAIL CARS) (6C2)
RAW MEAL SILO/9-PACK (3K1)
CLINKER STORAGE/RECLAIM SILOS (4V1)
BUFFER BINS/CEMENT DOSING (5D1)
COAL MILL BUILDING/GRINDING (CR1)
BYPASS SYSTEM/BAGHOUSE (4P1)
MAIN BAGHOUSE AND GAS CONDITIONING (4E1)
COOLER BAGHOUSE/EXHAUST (4S1)
HEAT EXCHANGER (4S1)
(TIRE FEED DELETED)
LIMESTONE DOME (2E1)
(COAL STORAGE DELETED)
(COAL UNLOADING DELETED)
CLINKER TRANSPORT (4T1)
TIRE FEED SYSTEM
NEW MAIN BAGHOUSE

Attachment 10, Description of Land

Comal County, tax parcel number 74144 (see attached parcel map); property account identification number 154685

to-wit:

BEING all that certain tract, piece or parcel of land, lying and being situated in Comal County, Texas and being 475.659 acres of land out of the Samuel Craft Survey No. 1 (One), Abstract No. 98, and also being out of a 259.4 acre tract as described in Volume 95, Pages 261-262 of the Deed Records of Comal County, Texas, and

also being out of a tract of land, described in 5 (Five) separate tracts and recorded in Volume 81, Pages 422-423 of the Deed Records of Comal County, Texas, and also being all of a 50.88 acre tract as described in Volume 141, Pages 118-119, of the Deed Records of Comal County, Texas, and being more particularly described as follows:

BEGINNING: At a fence corner in the Northwest fence line of Survey No. 1, said point being the West corner of above referenced 259.4 acre tract and also being N. 45° 36' 41" E. 1042.99 feet from the West corner of Survey No. 1, for the West corner of this tract;

THENCE N. 45° 45' 05" E. along the Northwest fence line of Survey No. 1 and passing the West corner of above referenced tract as recorded in Volume 81, Pages 422-423 at approximately 1019.44 feet and continuing on a total distance of 3403.30 feet to a fence corner, for the North corner of this tract, said point also being the North corner of above referenced 50.88 acre tract;

THENCE S. 44° 56' 12" E. 2306.90 feet and S. 44° 58' 06" E. 848.48 feet along an existing fence line to the North corner of the Nelson well site conveyed to Crystal Clear Water Supply Corporation, for a corner of this tract;

THENCE S. 45° 01' 54" W. 60.0 feet, S. 44° 58' 06" E. 60.0 feet, and N. 45° 01' 54" E. 60.0 feet around the perimeter of said well site to an iron pin found in fence line, for the East corner of said well site and a corner of this tract;

THENCE S. 44° 58' 06" E. 4449.79 feet along said fence line to the North corner of the Nelson Plant Site conveyed to Crystal Clear Water Supply Corporation for a corner of this tract;

THENCE S. 49° 22' 06" W. 50.0 feet and S. 44° 58' 06" E. 50.0 feet around the perimeter of said plant site to the South corner of same, said point being in the existing Northwest R.O.W. line of F.M. Highway No. 1102, for a corner of this tract;

THENCE along the existing R.O.W. line of F.M. Highway No. 1102 as follows:

S. 49° 22' 06" W. 0.70 feet;
S. 49° 15' 51" W. 66.07 feet;
S. 47° 21' 30" W. 100.08 feet;
S. 45° 49' 20" W. 87.49 feet;
S. 44° 57' 14" W. 275.66 feet to an iron pin set in same for a corner of this tract;

THENCE N. 45° 00' 00" W. 1586.97 feet to an iron pin set for an interior corner of this tract;

THENCE West 565.68 feet to an iron pin set for an interior corner of this tract;

THENCE S. 45° 00' 00" W. 2416.21 feet to an iron pin set in the Southwest fence line of above referenced 259.4 acre tract, for a corner of this tract;

THENCE N. 44° 57' 18" W. 3791.54 feet, N. 45° 15' 27" W. 714.37 feet, and N. 45° 03' 58" W. 1253.0 feet along said Southwest fence line to the Place of Beginning and containing 475.659 acres of land, more or less,

TRACT 2.

BEING 17.4 acres of land out of the Samuel Craft League Survey #1 in Comal County, Texas, described as being 18 acres of land, more or less, out of Tract 1, of a subdivision of the Sarah Williams Estate, according to a map thereof recorded in Vol. 1, page 476 of the Probate Minutes, Comal County, Texas in a deed dated February 24, 1962, executed by Albert Loop, et al to Berthold Loop et ux, recorded in Volume 127, pages 303-305, Comal County Deed Records; and all other property owned or claimed by Grantors in said Samuel Craft League Survey #1;

BEGINNING at a point in a fence which bears N. 42° 25' West 98.98 varas from the southwest corner of tract No. 4, as shown in plat recorded in Volume 1, page 476, Probate Minutes, Comal County, Texas;

THENCE continuing along said fence N. 42° 25' West 144.03 varas to a point for the west corner of the herein described tract;

THENCE N. 47° 51' East 713.29 varas to a point in the center of a road;

THENCE continuing N. 47° 51' East 114.0 varas, then 76.48 varas to a rock mound built for the north corner of said tract;

THENCE S. 26° 23' E. 87.46 varas to a rock mound built;

THENCE S. 11° 05' E. 64.97 varas to a rock mound for corner being the most easterly corner of said tract;

THENCE S. 47° 10' W. 91.22 varas to a point;

THENCE S. 47° 31' W. 565.06 varas across said road to the point of beginning; together with all rights of ingress and egress.

TRACT 3

BEING 605.05 acres of land, less 2.46 acres of land within F.H. Highway #1102, leaving an aggregate of 602.59 acres of land out of the Samuel Craft League #1, Comal County, Texas, being that tract of land described in the following deeds to D. G. Posey numbered 1 through 10.

1. 3 acres of land conveyed to D. G. Posey by Ernst Gruene, Jr., said deed dated Nov. 30, 1894, recorded in Vol. II, p. 454, Comal County Deed Records.
2. 3 tracts of land containing 117 acres, 33-1/2 acres and 7 acres, conveyed to D. G. Posey by Edward J. Brice et ux, by deed dated Sept. 18, 1894, recorded in Vol. II, p. 408, Comal County Deed Records.
3. That tract of land conveyed to D. G. Posey by Chas. Schubart, et ux, by deed dated 12-12-08, recorded in Vol. 30, p. 236, Comal County Deed Records.
4. 194 acres of land conveyed to D. G. Posey and Joseph Posey by Everett D. Posey by deed dated July 21, 1884, recorded in Vol. II, p. 500, Comal County Deed Records.
5. 17 acres conveyed to D. G. Posey by Walter Parker by deed dated 9-24-17, recorded in Vol. 26, p. 55, Comal County Deed Records.
6. 94 acres of land conveyed to D. G. Posey by J. D. Guinn by deed dated Feb. 28, 1891, recorded in Vol. V, p. 81, Comal County Deed Records.
7. 6-1/4 acres of land conveyed to D. G. Posey by Fritz Randow by deed dated 12-24-06, recorded in Vol. 28, p. 444, Comal County Deed Records.
8. 12-1/2 acres of land conveyed to Da Gross Posey by Ephraim Distart and Friedrich Esttge by deed dated 2-2-1897, recorded in Vol. X, p. 576, Comal County Deed Records.
9. 75 acres of land conveyed to D. G. Posey by Emil Wader by deed dated 4-16-12, recorded in Vol. 33, p. 344, Comal County Deed Records.
10. 75 acres of land conveyed to D. G. Posey by Wilhelm Glensinkel, et ux, by deed dated 3-21-1896 recorded in Vol. X, p. 197, Comal County Deed Records.

BEGINNING at a corner fence post on the N.W. line of the Samuel Craft Survey #1, and the S.E. line of the Austin Perkins Survey #25 as fenced and used upon the ground, same being on the S.E. line of that tract of land described as 2147.1 acres of land in a deed from Lila Louise Posey to Gene Scrutchin, said deed dated 4-26-61, recorded in Vol. 123, p. 270, Comal County Deed Records, being the north corner of that tract of land conveyed to H. C. Nelson by Hilmer Doehne by deed recorded in Vol. 81, p. 422, Comal County Deed Records, and being also the west corner of the tract herein described, and from which beginning corner the west corner of the Samuel Craft Survey as fenced and used upon the ground bears S. 45° 12' W. 1417.66 varas;

THENCE, leaving the Nelson tract with the S.E. line of the Scrutchin tract and the N.W. line of the Samuel Craft Survey, same being the S.E. line of the Austin Perkins Survey #25 as fenced and used upon the ground the following courses numbered 1 through 12:

- (1) N. 45° 03' E. 108.40 varas;
- (2) N. 45° 34' E. 218.80 varas;
- (3) N. 44° 56' E. 126.10 varas;
- (4) N. 45° 59' E. 139.40 varas;
- (5) N. 43° 36' E. 91.30 varas;
- (6) N. 45° 18' E. 271.20 varas;
- (7) N. 45° 49' E. 82.80 varas;
- (8) N. 45° 14' E. 123.50 varas;
- (9) N. 42° 54' E. 59.10 varas;
- (10) N. 46° 05' E. 126.60 varas;
- (11) N. 46° 25' E. 173.20 varas;
- (12) N. 45° 24' E. 16.35 varas to a corner fence post for the north corner of the tract herein described, same being the west corner of that tract of land described as 144 1/20 acres of land in a deed from Otto Preusser, et al to Travis H. Tate, said deed dated 1-7-42, recorded in Vol. 74, p. 601, Comal County Deed Records;

THENCE, leaving the S.E. line of the Scrutchin tract and the Craft-Perkins survey line as fenced with the S.W. line of the Travis Tate tract as fenced, the following courses numbered 13 through 33:

- (13) S. 43° 06' E. 77.24 varas to 14" live oak;
- (14) S. 45° 43' E. 128.20 varas;
- (15) S. 45° 36' E. 195.34 varas;
- (16) S. 45° 57' E. 129.20 varas;
- (17) S. 45° 30' E. 72.77 varas to 12" cedar;
- (18) S. 44° 58' E. 105.54 varas;

- (19) S. 46° 54'E. 115.50 varas to 6" live oak;
- (20) S. 45° 42'E. 49.12 varas to twin 6" live oak;
- (21) S. 40° 42'E. 27.55 varas to 10" cedar;
- (22) S. 46° 18'E. 37.15 varas to 16" live oak;
- (23) S. 48° 03'E. 25.06 varas to triple 8" live oak;
- (24) S. 42° 21'E. 32.43 varas to twin cedar;
- (25) S. 45° 57'E. 98.67 varas to 14" cedar;
- (26) S. 44° 32'E. 86.5 varas;
- (27) S. 46° 04'E. 64.13 varas to 8" cedar;
- (28) S. 46° 01'E. 96.61 varas to 10" cedar;
- (29) S. 41° 32'E. 55.21 varas to 6" cedar;
- (30) S. 46° 49'E. 48.46 varas to 16" live oak;
- (31) S. 44° 04'E. 43.87 varas to 6" elm;
- (32) S. 44° 13'E. 87.37 varas to 8" cedar stump;
- (33) S. 42° 30'E. 75.14 varas to post at angle point.

THENCE, continuing with line of Tate tract as fenced, the following courses numbered 34 through 35:

- (34) S. 20° 27'W. 22.58 varas;
- (35) S. 45° 45'W. 247.84 varas to 10" cedar on east high bank of York Creek.

THENCE, with east high bank of York Creek and fence, the following courses numbered 36 through 50:

- (36) S. 8° 10'W. 35.63 varas to 10" cedar;
- (37) S. 7° 36'E. 23.36 varas;
- (38) S. 26° 18'W. 12.17 varas to 10" cedar;
- (39) S. 37° 52'E. 12.71 varas to 10" cedar;
- (40) S. 48° 54'E. 77.20 varas to 12" cedar;
- (41) S. 44° 00'E. 30.60 varas to 12" cedar;
- (42) S. 30° 20'E. 38.53 varas to 8" cedar;
- (43) S. 27° 50'E. 19.90 varas to 14" elm stump;
- (44) S. 22° 02'E. 49.51 varas to 10" cedar;
- (45) S. 28° 23'E. 38.92 varas to twin 16" live oak
- (46) S. 17° 31'E. 29.92 varas to 16" live oak;
- (47) S. 20° 42'E. 66.02 varas to 10" elm stump;
- (48) S. 34° 37'E. 84.77 varas to 16" live oak on E. bank of York Creek at bend in fence;
- (49) S. 6° 22'W. 21.65 varas to 8" elm stump on E. bank of York Creek;
- (50) S. 16° 37'W. 22.58 varas to 12" elm stump for the S.W. corner of the said Tate tract as fenced, same being the N.W. corner of that tract of land conveyed to C. Soechting;

THENCE, leaving the Tate tract with line of Soechting tract, as fenced, and used upon the ground, the following numbered courses (51) through (57):

- (51) S. 7° 30'W. at 20.00 varas cross York Creek and continue on in all 33.44 varas to 20" cedar on bluff;
- (52) S. 84° 46'W. 11.36 varas to 12" cedar stump;
- (53) S. 51° 14'W. 9.00 varas to 14" cedar;
- (54) S. 36° 32'W. 10.38 varas to 6" cedar;
- (55) S. 44° 45'W. 21.81 varas to 10" cedar;
- (56) S. 48° 01'W. 46.24 varas to 10" cedar;

(57) S. $43^{\circ} 09' W$. 26.35 varas to point for the west corner of the Soechting tract;

THENCE, with the S.W. line of the Soechting tract as fenced and used upon the ground, the following courses numbered (58) through (51):

- (58) S. $42^{\circ} 02' E$. 46.54 varas;
- (59) S. $44^{\circ} 22' E$. 107.14 varas;
- (60) S. $44^{\circ} 04' E$. 235.00 varas;
- (61) S. $44^{\circ} 55' E$. 170.12 varas to a corner post on the N.W. line of F.M. Highway #1102 at engineer station 92 / 80.0;

THENCE, crossing F.M. Highway #1102 S. $39^{\circ} 27' E$. 35.00 varas to corner post on S.E. of F.M. Highway #1102 at engineer station 92 / 87.0.

THENCE, leaving F.M. Highway #1102 with fence and Soechting S.W. line, S. $44^{\circ} 36' E$. 203.33 varas to corner post for the east corner of the tract herein described, same being on the N.W. line of the M. K. & T. Railroad Company as fenced, and being also the south corner of the Soechting tract;

THENCE, leaving the Soechting tract with the N.W. line of the M. K. & T. Railroad Company as fenced, the following courses numbered (62) through (64):

- (62) S. $49^{\circ} 09' W$. 281.73 varas;
- (63) S. $47^{\circ} 52' W$. 99.55 varas;
- (64) S. $46^{\circ} 00' W$. 105.18 varas to a corner post for the most southerly corner of the tract herein described, and the east corner of the said Nelson tract as fenced;

THENCE, leaving the N.W. line of the M. K. & T. Railroad Company with a N.E. line of the Nelson tract as fenced N. $43^{\circ} 42' W$. 261.62 varas passing corner post on the S.E. line of F.M. Highway #1102 and continue on in all crossing F.M. Highway #1102, 290.86 varas to point in fence on N.W. line of F.M. Highway #1102 for a re-entrant corner of the tract herein described;

THENCE, with the N.W. line of F.M. Highway #1102, the following courses numbered (65) through (66):

- (65) S. $47^{\circ} 14' W$. 84.40 varas;
- (66) S. $48^{\circ} 35' W$. 151.38 varas to a corner fence post for an east corner of the Nelson tract, and a south corner of the tract herein described.

THENCE, leaving the N.W. line of F.M. Highway #1102 as fenced with a N.E. line of the Nelson tract as fenced, N. $45^{\circ} 36' W$. 855.17 varas to

corner post for a west corner of the tract herein described, and a re-entrant corner of the Nelson tract;

THENCE, with a S.E. line of the Nelson tract as fenced and used upon the ground, N. $46^{\circ} 51' E.$ 213.85 varas to a corner post for a re-entrant corner of the tract herein described, at an east corner of the Nelson tract;

THENCE, with a N.E. line of the Nelson tract as fenced N. $42^{\circ} 25' W.$ 98.98 varas to point in fence for the south corner of a 16 acre tract of land, of which $1/2$ interest was conveyed to Fritz Loop by Richard Loop, et ux, by deed dated 1-11-10, recorded in Vol. 31, p. 375, Comal County Deed Records, and $1/2$ interest conveyed to Barthold Loop, et ux, by Albert Loop, et al, by deed dated 2-24-62, recorded in Vol. 127, p. 303, Comal County Deed Records, and from which an old 14" cedar marked "x" with 3 hucks bears N. $16^{\circ} 36' W.$ 2.97 varas, and an old 20" live oak marked "x" bears S. $14^{\circ} 46' E.$ 39.13 varas;

THENCE, leaving the Nelson tract with the S.E. line of the Loop tract, N. $47^{\circ} 31' E.$ at approximately 444.0 varas passing nail in centerline of road from which an old rock mound bears S. $17^{\circ} 56' E.$ 12.6 varas, and continue on in all 565.06 varas to angle point at top of bluff;

THENCE, N. $47^{\circ} 10' E.$ at 73 varas pass centerline creek and continue on in all 91.22 varas to an old rock mound found in old creek channel for a re-entrant corner of the tract herein described, and the east corner of the Loop tract;

THENCE, with old channel of said creek, the following two courses:

- (67) N. $11^{\circ} 05' W.$ 64.97 varas to rock mound;
- (68) N. $26^{\circ} 23' W.$ 87.46 varas to rock mound built for the north corner of the Loop tract and a re-entrant corner of the tract herein described;

THENCE, leaving said old creek channel, S. $47^{\circ} 51' W.$ at 86.58 varas passing old rock mound found at 123.28 varas, passing top of bluff, at approximately 190.5 varas passing nail in centerline of road; at 711.79 varas, passing old rock mound found, and continue on in all 713.29 varas to point in fence on the N.E. line of the said Nelson tract for the west corner of the Loop tract;

THENCE, leaving the Loop tract with N.E. line of the Nelson tract as fenced, the following courses numbered (69) through (71):

- (69) N. $42^{\circ} 25' W.$ 41.15 varas;
- (70) N. $52^{\circ} 01' W.$ 129.08 varas;
- (71) N. $49^{\circ} 52' W.$ 104.34 varas to a corner post for a re-entrant corner of the tract herein described, and a north corner of the Nelson tract as fenced and used upon the ground;

THENCE, with a N.W. line of the Nelson tract as fenced, S. $45^{\circ} 09' W.$ 438.45 varas to a corner post for a re-entrant corner of the Nelson tract and a south corner of the tract herein described;

THENCE, with a N.E. line of the Nelson tract as fenced and used upon the ground, the following courses numbered (72) through (80):

- (72) N. $43^{\circ} 05' W.$ 397.95 varas;
- (73) N. $42^{\circ} 47' W.$ 171.62 varas;
- (74) N. $43^{\circ} 21' W.$ 93.56 varas;
- (75) N. $43^{\circ} 56' W.$ 152.90 varas;
- (76) N. $44^{\circ} 08' W.$ 62.25 varas;
- (77) N. $43^{\circ} 45' W.$ 260.50 varas;
- (78) N. $44^{\circ} 14' W.$ 176.40 varas;
- (79) N. $44^{\circ} 37' W.$ 52.15 varas;
- (80) N. $44^{\circ} 06' W.$ 39.16 varas to the PLACE OF BEGINNING containing 605.05 acres of land, less 2.46 acres of land within P.H. Highway #1102, leaving an aggregate of 602.59 acres of land for purpose of this conveyance, according to a survey made in April and May, 1964, by James R. Hall, Registered Public Surveyor.

The above described land is the same land as that certain land described in a General Warranty Deed dated June 2, 1964, recorded in Volume 138 on Pages 586-591 of the Deed Records of Comal County, Texas, from George E. Herrmann and wife, Lila Beth Posey Herrmann, Grantors, to Walter S. Higgins, Jr., Trustee, to which reference is hereby made for all purposes, SAVE AND EXCEPT, however, from the hereinabove described 602.59 acres of land that certain 50.88 acre tract of land more fully described in deed dated October 15, 1964, from Walter S. Higgins, Jr., Trustee, to H. C. Nelson, recorded in Volume 141, Page 110-20, of the Deed Records

of Comal County, Texas, based upon a survey made on the ground by James R. Hall, Registered Public Surveyor No. 608, as surveyed September, 1964, and said 50.88 acre tract of land being more fully described by metes and bounds as follows:

BEING 50.88 acres of land out of the Samuel Craft Survey #1, Comal County, Texas, being a portion of that 602.59 acre tract of land conveyed to Walter S. Higgins, Jr., as Trustee, by George E. Herrmann and wife, Lila Beth Posoy Herrmann, by deed dated June 2, 1964, and recorded in Volume 138, pages 586-591, Comal County Deed Records.

BEGINNING at a corner fence post, the west corner of the said Higgins 602.59 acre tract for the west corner of the tract herein described and being on the northwest line of the Samuel Craft Survey #1 and the southeast line of the Lucia Perkins Survey #25 as fenced and used upon the ground, and being on the southeast line of that tract described as 2147.1 acres of land in a deed from Lila Louise Posoy to Gene Scrutchin, said deed dated April 26, 1961 and recorded in Volume 123, Page 270, Comal County Deed Records and being also the North corner of that tract of land conveyed to H. C. Nelson by Hilmar Boehne by deed recorded in Volume 81, page 422, Comal County Deed Records, and from which beginning corner, the west corner of the Samuel Craft Survey bears S. 45 deg. 12' W. 1417.65 varas. (Record)

THENCE with fence and southeast line of said Scrutchin tract and northwest line of Higgins tract N. 45 deg. 03' E. 108.40 varas to angle point;

THENCE continuing with fence and southeast line of Scrutchin tract and northwest line of Higgins tract N. 45 deg. 34' E. 75.10 varas to iron stake and rock mound under fence for the north corner of the tract herein described;

THENCE leaving fence and Scrutchin tract S. 45 deg. 36' E. 1410.71 varas to iron stake and rock mound set under fence on a northwest line of the said Nelson tract for the east corner of the tract herein described;

THENCE with fence and northwest line of Nelson tract S. 46 deg. 09' W. 231.16 varas to corner post, the most westerly south corner of the said Higgins tract and a re-entrant corner of the said Nelson tract for the south corner of the tract herein described;

THENCE with fence and northeast line of Nelson tract
the following courses numbered (1) through (9)

- (1) N. 43 deg. 05' W. 397.95 varas
- (2) N. 42 deg. 47' W. 171.62 varas
- (3) N. 45 deg. 21' W. 93.56 varas
- (4) N. 43 deg. 55' W. 152.90 varas
- (5) N. 44 deg. 08' W. 62.25 varas
- (6) N. 43 deg. 45' W. 250.50 varas
- (7) N. 44 deg. 14' W. 176.40 varas
- (8) N. 44 deg. 37' W. 52.15 varas
- (9) N. 44 deg. 00' W. 39.16 varas

to the place of beginning, containing 50.08 acres of
land, surveyed September 1954, by James R. Hall,
Registered Public Surveyor #5689, Hays County Surveyor,
San Marcos, Texas.

leaving a net of 551.71 acres of land, more or less, conveyed
hereby.

TRACT 4

Field Notes of a survey of 20.03 acres of land out of the Samuel Craft Survey #1, Comal County, Texas, being a portion of that tract of land conveyed to H. C. Nelson by Hilman Doehne by deed recorded in Volume 81, Page 422, Comal County Deed Records.

BEGINNING at an iron stake and rock mound set under a fence on a Southeast line of that 602.59 acre tract of land conveyed to Walter S. Higgins, Jr., as Trustee, by George E. Herrmann and wife, Lila Beth Posay Herrmann, by deed dated June 2, 1964, and recorded in Volume 138, Pages 585-591, Comal County Deed Records for the West corner of the tract herein described and from which iron stake and beginning corner, the West corner of the Samuel Craft Survey #1 bears S. 86° 14' 21" 0.82 varas. (Record)

THENCE leaving fence and Higgins Southeast line S. 45° 35' E. 513.75 varas to corner fence post for the South corner of the tract herein described, same being the most Southerly West corner of the said Higgins 602.59 acre tract;

THENCE with fence and a Northwest line of Higgins tract N. 48° 51' E. 213.85 varas to corner post for the East corner of the tract herein described and a re-entrant corner of the said Higgins tract and a East corner of the said Nelson tract;

THENCE with fence and Southwest line of Higgins tract N. 42° 25' W at 98.98 varas passing rock mound, the most Southerly corner of that tract of 17.4 acres of land described in a deed from Albert Loop, et al, to Berthold Loop, et ux, said deed dated February 24, 1962, and recorded in Volume 127, Page 303, Comal County Deed Records and at 243.61 varas pass rock mound for West corner of Loop tract and continue on to an all 234.76 varas to angle point;

THENCE continuing with fence and Southwest line of Higgins tract N. 52° 01' W. 129.08 varas to angle point;

THENCE with fence and Southwest line of Higgins tract N. 49° 52' W. 104.34 varas to corner fence post, a re-entrant corner of said Higgins tract and the most Easterly North corner of the Nelson tract for the North corner of the tract herein described;

THENCE with fence and Northwest Line of Helson
tract and Southeast line of Higgins tract S. 46th
09 W 207.29 varas to the place of beginning con-
taining 20.03 acres of land. Surveyed September,
1964; by James R. Hall, Registered Public Surveyor
#608, Brea County Surveyor, San Marcos, Texas.

TRACT 5

BEING 104.72 acres of land out of the Samuel Craft Survey in Comal County, Texas, there being 3.39 acres of land within P. H. Highway #1102 and 3.66 acres within the H. K. & T. RR. Co. right-of-way, leaving 97.67 acres for conveyance, and being that tract of land described as 104.00 acres of land, more or less, and about 3 acres of land in a deed from A. G. Souchling to Chas. Souchling, dated 2-8-13, recorded in Vol. 34, p. 6, Comal County Deed Records, more particularly described by notes and bounds as follows:

BEGINNING at a corner post for the N.W. corner of the tract herein described, same being a re-entrant corner of that tract of 602.59 acres of land conveyed to Walter Higgins, Jr., Trustee, by Geo. E. Herrmann, et ux, by deed dated 6-2-64, recorded in Vol. 130, p. 586, Comal County Deed Records and from which corner post and beginning corner, the west corner of the Samuel Craft Survey as fenced and used upon the ground bears S. 87° 52' W. 3212.65 varas (Record);

THENCE, with fence and south line of said Higgins tract, the following courses numbered (1) through (7):

- (1) N. 43° 08' E.; 26.35 varas;
- (2) N. 48° 01' E.; 46.24 varas;
- (3) N. 44° 45' E.; 21.81 varas;
- (4) N. 36° 32' E.; 10.38 varas;
- (5) N. 51° 14' E.; 9.00 varas;
- (6) N. 44° 46' E.; 11.36 varas;
- (7) N. 7° 30' E.; 15.22 varas to a point in the approximate centerline of York Creek for the N. E. corner of the tract herein described and a N. W. corner of that tract of 144.05 acres of land conveyed to Travis H. Tate by Otto Preussner, et al, by deed dated 1-7-42, recorded in Vol. 74, p. 601, Comal County Deed Records;

THENCE, with south line of Tate tract and approximate centerline of York Creek, the following courses numbered (8) through (13):

- (8) S. 84° 58' E.; 87.73 varas;
- (9) N. 77° 52' E.; 61.09 varas;
- (10) N. 76° 18' E.; 266.40 varas;
- (11) S. 72° 43' E.; 50.87 varas;
- (12) S. 53° 46' E.; 34.56 varas;
- (13) S. 80° 02' E.; 168.02 varas to point under fence in the approximate centerline of York Creek for angle point;

THENCE, leaving approximate centerline of York Creek with old fence and west line of said Tate tract, S. 44° 19' E. 254.1 varas to angle point;

THENCE, continuing with fence and west line of Tate tract, S. $43^{\circ} 14' E.$ 151.46 varas to corner post on the N. W. line of F.M. Highway #1102;

THENCE, crossing F.M. Highway #1102, S. $42^{\circ} 29' E.$ 30.53 varas to corner post on the S. E. side of F.M. Highway #1102;

THENCE, with west line of Tate tract as fenced and used upon the ground, S. $45^{\circ} 12' E.$ at 139.7 varas crossing centerline of N. K. & T. RR. CO. right of way and continuing on in all 372.52 varas to a point on the N. W. right of way line of I. & G. N. Railroad Co. for the S. E. corner of the tract herein described, and a S. W. corner of the said Tate tract;

THENCE, with the N. W. line of I. & G. N. RR. CO. right of way, S. $49^{\circ} 31' W.$ 568.17 varas to corner post for the most southerly corner of the tract herein described;

THENCE, leaving I. & G. N. RR. right of way line with fence, N. $45^{\circ} 37' W.$ 212.4 varas to corner post on the S.E. side of N.K. & T. RR. Co. right of way;

THENCE, N. $46^{\circ} 05' W.$ crossing N. K. & T. RR. right of way, 36.2 varas to corner post on the N.W. line of N. K. & T. RR. Co. right of way for the east corner of said Walter Higgins 602.59 acre tract;

THENCE, with fence and N.E. line of said Higgins 602.59 acre tract, N. $44^{\circ} 36' W.$ 283.33 varas to corner post on the S.E. side of F.M. Highway #1102 at Engineer's Station 92 / 87.0;

THENCE, N. $39^{\circ} 27' W.$ crossing F.M. Highway #1102, 35.0 varas to corner post on N.W. side of F.M. Highway #1102;

THENCE, with fence and Higgins N.E. line, the following courses numbered (14) through (17):

(14) N. $44^{\circ} 56' W.$; 170.12 varas;

(15) N. $44^{\circ} 09' W.$; 285.00 varas;

(16) N. $44^{\circ} 22' W.$; 107.14 varas;

(17) N. $42^{\circ} 02' W.$; 46.54 varas to the PLACE OF BEGINNING, there being 104.72 acres of land within this description, of which 3.39 acres are within F.M. Highway #1102 and 3.66 acres are within the N.K. & T. RR. Co. right of way, leaving 97.67 acres of land for the purpose of conveyance, and being the same land more fully described by notes and

bounds in deed dated November 4, 1964, recorded in Volume 141, Pages 244-247, Deed-Records of Comal.

County, Texas, from Olive Mae Stocks, et al, to
Walter S. Higgins, Jr., Trustee, and in Guardian
Deed dated November 4, 1964, recorded in Volume 141,
Pages 243-250, Deed Records of Comal County, Texas,
from Margueret Fields, Guardian of the Person and
Estate of Ida Seuchling, a person of unsound mind,
to Walter S. Higgins, Jr., Trustee, based on a sur-
vey made on the ground by James R. Hull, County
Surveyor of Rayen Count, Texas, in October, 1964.



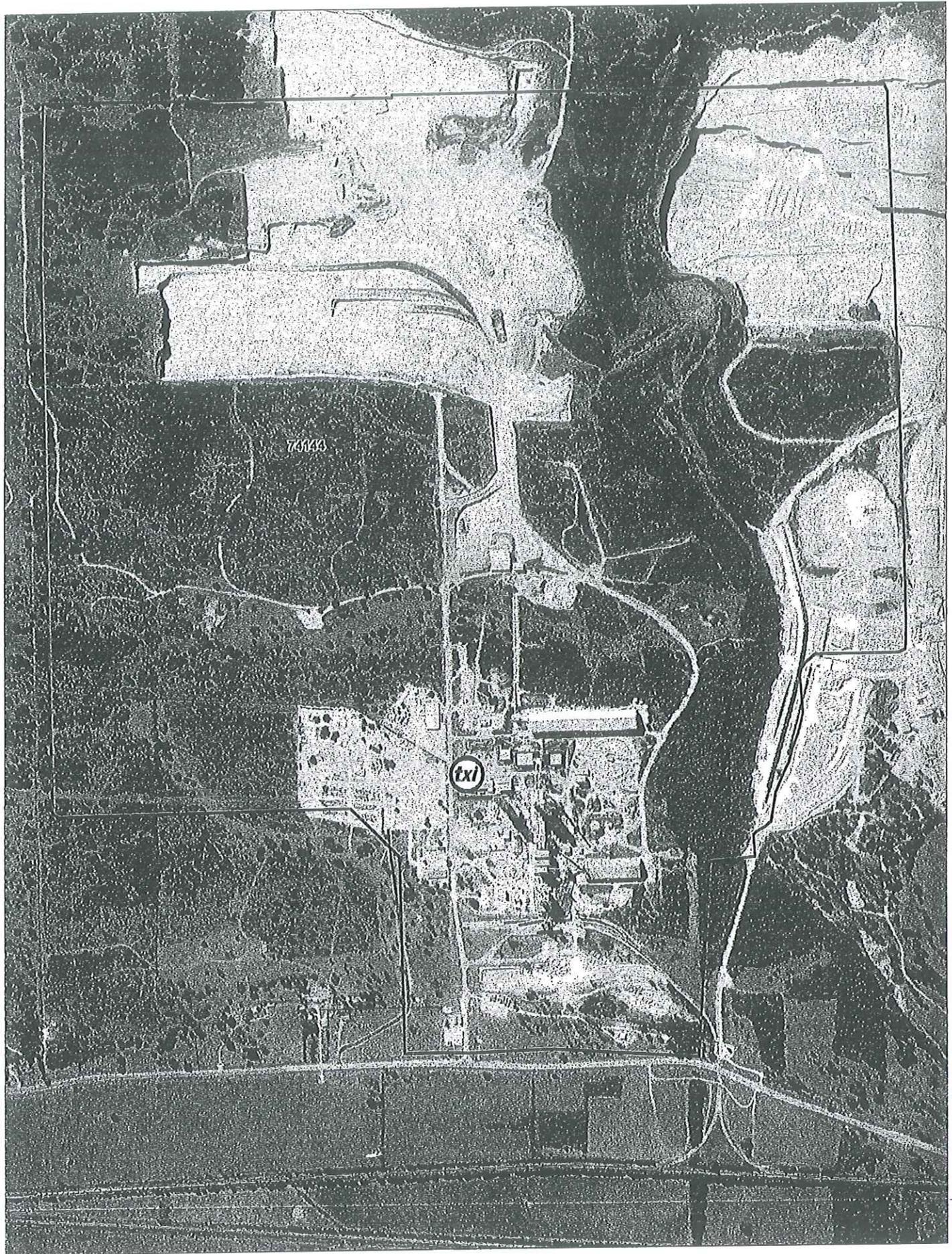


Photo Date: 6-1-2008
Scale: 1" = 1000'

Tax Parcel 74144

Application for Appraised Value Limitation on Qualified Property
Form 50-296
Attachment Information
TXI Operations LP
Texas ID No: 1752647004

Page 9, Existing Improvements

The company has a Portland cement manufacturing plant north of the project located in the same tax parcel number 74144. The existing plant consisting of buildings, other real property improvements, equipment, furniture and fixtures, and other equipment was built in 1979 and currently produces approximately 1.0 million short tons of cement annually.

The Account numbers for existing property are:

Land: 74144

Personal Property: 86216

Improvements: 86218

Inventory: 86215

Pollution Control: 86220

Additional Improvements (Described as Various Projects): 86219

Application for Appraised Value Limitation on Qualified Property
Form 50-296
Attachment Information
TXI Operations LP
Texas ID No: 1752647004

Attachment 13. N/A

110% of Comal County Average Weekly Wage for all Jobs

2009	3Q	\$ 631
2009	4Q	\$ 705
2010	1Q	\$ 622
2010	2Q	\$ 625
		TOTAL: \$ 645.75

\$645.75 average weekly salary

X 1.1 (110%)

\$710.33

110% of Comal County Average Weekly Wage for Manufacturing Jobs in County

2009	3Q	\$ 756
2009	4Q	\$ 836
2010	1Q	\$ 791
2010	2Q	\$ 785
		TOTAL: \$ 792

\$792 average weekly salary

X 1.1 (110%)

\$871.20

110 % of County Average Weekly Wage for Manufacturing Jobs in Region

\$16.82 per hour

X 40 hr per week

\$ 672.80 average weekly salary

X 1.10 (110%)

\$740.08

X 52 weeks

\$38,484.16 Annual Wage

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

<input type="text" value="2010"/>	<input type="text" value="1st Qtr"/>	<input type="text" value="Comal County"/>	<input type="text" value="Private"/>	<input type="text" value="00"/>	<input type="text" value="0"/>	<input type="text" value="10"/>	<input type="text" value="Total, All Industries"/>	<input type="text" value="\$622"/>
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Comal County	Private	00	0	10	Total, All Industries	\$622
2010	2nd Qtr	Comal County	Private	00	0	10	Total, All Industries	\$625
2009	3rd Qtr	Comal County	Private	00	0	10	Total, All Industries	\$631
2009	4th Qtr	Comal County	Private	00	0	10	Total, All Industries	\$705

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

<input type="text" value="Year"/>	<input type="text" value="Period"/>	<input type="text" value="Area"/>	<input type="text" value="Ownership"/>	<input type="text" value="Division"/>	<input type="text" value="Level"/>	<input type="text" value="Ind Code"/>	<input type="text" value="Industry"/>	<input type="text" value="Avg Weekly Wages"/>
2010	1st Qtr	Comal County	Private	31	2	31-33	Manufacturing	\$791
2010	2nd Qtr	Comal County	Private	31	2	31-33	Manufacturing	\$785
2009	3rd Qtr	Comal County	Private	31	2	31-33	Manufacturing	\$756
2009	4th Qtr	Comal County	Private	31	2	31-33	Manufacturing	\$836

**2009 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$21.43	\$44,583
<u>1. Panhandle Regional Planning Commission</u>	\$18.38	\$38,227
<u>2. South Plains Association of Governments</u>	\$15.67	\$32,596
<u>3. NORTEX Regional Planning Commission</u>	\$19.60	\$40,768
<u>4. North Central Texas Council of Governments</u>	\$23.44	\$48,754
<u>5. Ark-Tex Council of Governments</u>	\$15.14	\$31,489
<u>6. East Texas Council of Governments</u>	\$16.87	\$35,091
<u>7. West Central Texas Council of Governments</u>	\$17.27	\$35,916
<u>8. Rio Grande Council of Governments</u>	\$15.26	\$31,732
<u>9. Permian Basin Regional Planning Commission</u>	\$19.11	\$39,757
<u>10. Concho Valley Council of Governments</u>	\$14.80	\$30,784
<u>11. Heart of Texas Council of Governments</u>	\$17.41	\$36,206
<u>12. Capital Area Council of Governments</u>	\$25.60	\$53,244
<u>13. Brazos Valley Council of Governments</u>	\$15.33	\$31,893
<u>14. Deep East Texas Council of Governments</u>	\$15.46	\$32,151
<u>15. South East Texas Regional Planning Commission</u>	\$25.53	\$53,095
<u>16. Houston-Galveston Area Council</u>	\$22.90	\$47,629
<u>17. Golden Crescent Regional Planning Commission</u>	\$19.84	\$41,273
<u>18. Alamo Area Council of Governments</u>	\$16.82	\$34,984
<u>19. South Texas Development Council</u>	\$13.68	\$28,445
<u>20. Coastal Bend Council of Governments</u>	\$22.10	\$45,967
<u>21. Lower Rio Grande Valley Development Council</u>	\$13.52	\$28,114
<u>22. Texoma Council of Governments</u>	\$18.42	\$38,305
<u>23. Central Texas Council of Governments</u>	\$16.58	\$34,484
<u>24. Middle Rio Grande Development Council</u>	\$13.66	\$28,416

Source: Texas Occupational Employment and Wages

Data published: July 2010

Data published annually, next update will be June 2011.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

ATTACHMENT 15

- Medical Coverage - Preferred Provider Organization ("PPO") and Exclusive Provider Organization ("EPO") Plans
- Dental Plan
- Vision Plan
- Prescription Drug Benefits
- Flexible Spending Accounts ("FSA's")
- Life Insurance
- Disability Plans
- Paid Holidays
- Paid Vacation
- 401(k) Retirement Savings Plan
- Retiree Medical Benefit Plan
- Education Assistance
- Employee Assistance Program

ATTACHMENT 16

N/A

Schedule A (Rev. May 2010): Investment

Form 50-295

PROPERTY INVESTMENT AMOUNTS										
(Estimated investment in each year. Do not put cumulative totals.)										
Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2010-11	2010	\$	18,756,500			\$	18,756,500	
		2011-12	2011	\$	1,000,000			\$	2,000,000	
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	2012-13	2012	\$	50,000,000	50,000,000		\$	50,000,000
			2013-14	2013	\$	50,000,000	50,000,000		\$	30,000,000
			2014-15	2014	\$	30,000,000	30,000,000		\$	10,000,000
			2015-16	2015	\$	10,000,000	10,000,000		\$	5,000,000
			2016-17	2016	\$	5,000,000	5,000,000		\$	5,000,000
			2017-18	2017	\$	5,000,000	5,000,000		\$	5,000,000
			2018-19	2018	\$	5,000,000	5,000,000		\$	5,000,000
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	2019-20	2019	\$	5,000,000			\$	-
			2020-21	2020					\$	-
			2021-22	2021					\$	-
	Credit Settle-Up Period	Continue to Maintain Viable Presence	2022-23	2022					\$	-
			2023-24	2023					\$	-
			2024-25	2024					\$	-
Post-Settle-Up Period	Post-Settle-Up Period	2025-26	2025					\$	-	
		2026-27	2026					\$	-	

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Signature]
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11
DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Estimated Value Exempted Value		Final taxable value for I&S - after all reductions	Final taxable value for M&O—after all reductions
	pre-year 1	2011-12	2011						
Complete tax years of qualifying time period	1	2012-13	2012		\$ 30,000,000			\$ 30,000,000	\$ 30,000,000
	2	2013-14	2013		\$ 70,756,500			\$ 70,756,500	\$ 70,756,500
	3	2014-15	2014		\$ 120,756,500			\$ 120,756,500	\$ 100,000,000
	4	2015-16	2015		\$ 150,756,500			\$ 150,756,500	\$ 100,000,000
	5	2016-17	2016		\$ 160,756,500			\$ 160,756,500	\$ 100,000,000
Tax Credit Period (with 50% cap on credit)	6	2017-18	2017		\$ 165,756,500			\$ 165,756,500	\$ 100,000,000
	7	2018-19	2018		\$ 170,756,500			\$ 170,756,500	\$ 100,000,000
	8	2019-20	2019		\$ 175,756,500			\$ 175,756,500	\$ 100,000,000
	9	2020-21	2020		\$ 180,756,500			\$ 180,756,500	\$ 100,000,000
	10	2021-22	2021		\$ 180,756,500			\$ 180,756,500	\$ 100,000,000
Credit Settle-Up Period	11	2022-23	2022		\$ 180,756,500			\$ 180,756,500	\$ 160,756,500
	12	2023-24	2023		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500
	13	2024-25	2024		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500
Post-Settle-Up Period	14	2025-26	2025		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500
	15	2026-27	2026		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Jonathan C. Szymanski

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11

DATE

Schedule C- Application: Employment Information

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYY-YYY)	Tax Year (Fill in actual tax year) YYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction man- hours	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2011-12	2011	21,488 \$	68,700				
Complete tax years of qualifying time period	1	2012-13	2012	429,756 \$	68,700				
	2	2013-14	2013	322,317 \$	68,700				
	3	2014-15	2014	107,439 \$	68,700				
	4	2015-16	2015	53,720 \$	68,700				
	5	2016-17	2016	53,720 \$	68,700	25 \$	45,000	25 \$	45,000
	6	2017-18	2017	53,720 \$	68,700	25 \$	45,000	25 \$	45,000
Tax Credit Period (with 50% cap on credit)	7	2018-19	2018	53,720 \$	68,700	25 \$	45,000	25 \$	45,000
	8	2019-20	2019			25 \$	45,000	25 \$	45,000
	9	2020-21	2020			25 \$	45,000	25 \$	45,000
	10	2021-22	2021			25 \$	45,000	25 \$	45,000
Credit Settle-Up Period	11	2022-23	2022			25 \$	45,000	25 \$	45,000
	12	2023-24	2023			25 \$	45,000	25 \$	45,000
	13	2024-25	2024			25 \$	45,000	25 \$	45,000
Post-Settle-Up Period	14	2025-26	2025			25 \$	45,000	25 \$	45,000
	15	2026-27	2026			25 \$	45,000	25 \$	45,000

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Dustin C. Reynolds

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11

DATE

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Applicant Name	Sales Tax Information				Franchise Tax				Other Property Tax Abatements Sought			
	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2011-12	2011	420,000	41,580,000							
Tax Credit Period (with 50% cap on credit)	1	2012-13	2012	400,000	39,600,000							
	2	2013-14	2013	300,000	29,700,000							
	3	2014-15	2014	100,000	9,900,000	\$ 504,000	54%					
	4	2015-16	2015	50,000	4,950,000	\$ 504,000	54%					
	5	2016-17	2016	50,000	4,950,000	\$ 504,000	54%					
	6	2017-18	2017	50,000	4,950,000	\$ 504,000	54%					
	7	2018-19	2018	50,000	4,950,000	\$ 504,000	54%					
	8	2019-20	2019			\$ 504,000	54%					
	9	2020-21	2020			\$ 504,000	54%					
	10	2021-22	2021			\$ 504,000	54%					
	11	2022-23	2022			\$ 504,000						
	12	2023-24	2023			\$ 504,000						
	13	2024-25	2024			\$ 504,000						
	14	2025-26	2025			\$ 504,000						
	15	2026-27	2026			\$ 504,000						

*For planning, construction and operation of the facility.

Quetta C. Reynolds

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11

DATE

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 9, 2011

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office

TXI OPERATIONS, LP

is, as of this date, in good standing with this office having no
franchise tax reports or payments due at this time. This certificate is
valid through the date that the next franchise tax report will be due
May 15, 2012.

This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the
converted entity is subject to franchise tax as required by law. This
certificate is not valid for any other filing with the Texas Secretary
of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 9th day of
November 2011 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs

Texas Comptroller

Taxpayer number: 17526470004

File number: 0008858411

<https://ourcpa.cpa.state.tx.us/coa/servlet/cpa.app.coa.CoaLetter>

11/9/11

Certificate of Account Status - Letter of Good Standing

FILE NUMBER: 0000000011

Form 05-304 (Rev. 12-07/17)

Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



April 1, 2011

Dr. Marc Walker
Superintendent
Comal Independent School District
1404 IH 35 N
New Braunfels, Texas 78130-3240

Dear Superintendent Walker:

On February 25, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the Comal Independent School District (Comal ISD) by TXI Operations, LP (TXI Operations) on October 28, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding TXI Operation's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Comal ISD is currently classified as a non-rural school district in Category 1. The applicant properly applied under the provisions of Subchapter B, as applicable to non-rural school districts, and the amount of proposed qualified investment (\$130,000,000) is consistent with the proposed appraised value limitation sought (\$100 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

TXI Operations is proposing the construction of a manufacturing facility in Comal County. TXI Operations is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by TXI Operations, the Comptroller's recommendation is that TXI Operations' application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Dr. Marc Walker
April 1, 2011
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution..

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D
Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	TXI Operations, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Comal ISD
2009-2010 Enrollment in School District	16614
County	Comal
Total Investment in District	\$162,000,000
Qualified Investment	\$130,000,000
Limitation Amount	\$100,000,000
Number of total jobs committed to by applicant	25
Number of qualifying jobs committed to by applicant	25
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$865
Minimum Weekly Wage Required Tax Code, 313.021(5)(B)	\$740
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,000
Investment per Qualifying Job	\$6,480,000
Estimated 15 year M&O levy without any limit or credit:	\$24,030,146
Estimated gross 15 year M&O tax benefit	\$5,262,941
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$5,163,894
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$0
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$18,866,252
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	21.5%
Percentage of tax benefit due to the limitation	100.0%
Percentage of tax benefit due to the credit.	0.0%

This presents the Comptroller's economic impact evaluation of TXI Operations (the project) applying to Comal Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 25 new jobs when fully operational. All 25 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Alamo Area Council of Governments Region, where Comal County is located was \$34,984 in 2009. The annual average manufacturing wage for 2009 for Comal County is \$41,184. That same year, the county annual average wage for all industries was \$33,579. In addition to a salary of \$45,000, each qualifying position will receive benefits such as medical coverage, a dental plan, a vision plan, prescription drug benefits, flexible spending accounts, life insurance, disability plans, paid holidays, paid vacation, 401(k) retirement savings plans, retiree medical benefits plans, education assistance, and an employee assistance program. The project's total investment is \$162 million, resulting in a relative level of investment per qualifying job of \$6.48 million.

Ability of applicant to locate to another state and [313.026(9)]

According to TXI Operations' application, "The Company currently operates in six states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project."

Number of new facilities in region [313.026(12)]

During the past two years, one project in the Alamo Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the TXI Operations project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts TXI Operations' estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in TXI Operations, LP

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	10	22	32	707,779	1,002,221	1,710,000
2012	206	261	467	14,155,456	14,774,544	28,930,000
2013	155	197	352	10,616,592	14,043,408	24,660,000
2014	52	57	108	3,538,864	7,201,136	10,740,000
2015	26	3	28	1,769,448	3,970,552	5,740,000
2016	51	5	56	2,894,448	4,065,552	6,960,000
2017	51	-4	47	2,894,448	3,085,552	5,980,000
2018	51	-1	50	2,894,448	3,335,552	6,230,000
2019	25	-26	-1	1,125,000	1,315,000	2,440,000
2020	25	-23	2	1,125,000	705,000	1,830,000
2021	25	-22	3	1,125,000	705,000	1,830,000
2022	25	-26	-1	1,125,000	(25,000)	1,100,000
2023	25	-26	-1	1,125,000	(25,000)	1,100,000
2024	25	-26	-1	1,125,000	(395,000)	730,000
2025	25	-20	5	1,125,000	95,000	1,220,000
2026	25	-16	9	1,125,000	585,000	1,710,000

Source: CPA, REMI, TXI Operations, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Comal ISD's ad valorem tax base in 2010 was \$9.8 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2009-2010. During that same year, Comal ISD's estimated wealth per WADA was \$517,834. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Comal County, York Creek Water Improvement District, and Lateral Road District, with all property tax incentives sought being granted using estimated market value from TXI Operations' application. TXI Operations has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the TXI Operations project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Comal ISD I&S Levy	Comal ISD M&O Levy	Comal ISD M&O and I&S Tax Levies (Before Credit Credited)	Comal ISD M&O and I&S Tax Levies (After Credit Credited)	Comal County	York Creek Water Improvement District	Lateral Road District	Estimated Total Property Taxes
			0.3300	0.3300	1.0400			0.2890	0.0038	0.0450	
2012	\$30,000,000	\$30,000,000		\$99,000	\$312,000	\$411,000	\$411,000	\$86,700	\$1,140	\$13,500	\$512,340
2013	\$70,756,500	\$70,756,500		\$233,496	\$735,868	\$969,364	\$969,364	\$204,486	\$2,689	\$31,840	\$1,208,380
2014	\$120,756,500	\$100,000,000		\$398,496	\$1,040,000	\$1,438,496	\$1,438,496	\$160,534	\$4,589	\$54,340	\$1,657,959
2015	\$150,756,500	\$100,000,000		\$497,496	\$1,040,000	\$1,537,496	\$1,537,496	\$200,416	\$5,729	\$67,840	\$1,811,481
2016	\$160,756,500	\$100,000,000		\$530,496	\$1,040,000	\$1,570,496	\$1,570,496	\$213,710	\$6,109	\$72,340	\$1,862,655
2017	\$165,756,500	\$100,000,000		\$546,996	\$1,040,000	\$1,586,996	\$1,586,996	\$220,357	\$6,299	\$74,590	\$1,888,242
2018	\$170,756,500	\$100,000,000		\$563,496	\$1,040,000	\$1,603,496	\$1,603,496	\$227,004	\$6,489	\$76,840	\$1,913,829
2019	\$175,756,500	\$100,000,000		\$579,996	\$1,040,000	\$1,619,996	\$1,619,996	\$233,651	\$6,679	\$79,090	\$1,939,416
2020	\$180,756,500	\$100,000,000		\$596,496	\$1,040,000	\$1,636,496	\$1,636,496	\$240,298	\$6,869	\$81,340	\$1,965,003
2021	\$180,756,500	\$100,000,000		\$596,496	\$1,040,000	\$1,636,496	\$1,636,496	\$240,298	\$6,869	\$81,340	\$1,965,003
2022	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2023	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2024	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2025	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2026	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
						Total	\$26,392,156	\$4,639,383	\$87,802	\$1,039,766	\$32,159,108

Assumes School Value Limitation and Tax Abatement with County

Source: CPA, TXI Operations, LP

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Comal ISD I&S Levy	Comal ISD M&O Levy	Comal ISD M&O and I&S Tax Levies	Comal County	York Creek Water Improvement District	Lateral Road District	Estimated Total Property Taxes	
			0.3300	0.3300	1.0400		0.2890	0.0038	0.0450		
2012	\$30,000,000	\$30,000,000		\$99,000	\$312,000	\$411,000	\$86,700	\$1,140	\$13,500	\$512,340	
2013	\$70,756,500	\$70,756,500		\$233,496	\$735,868	\$969,364	\$204,486	\$2,689	\$31,840	\$1,208,380	
2014	\$120,756,500	\$120,756,500		\$398,496	\$1,255,868	\$1,654,364	\$348,986	\$4,589	\$54,340	\$2,052,280	
2015	\$150,756,500	\$150,756,500		\$497,496	\$1,567,868	\$2,065,364	\$435,686	\$5,729	\$67,840	\$2,574,620	
2016	\$160,756,500	\$160,756,500		\$530,496	\$1,671,868	\$2,202,364	\$464,586	\$6,109	\$72,340	\$2,745,400	
2017	\$165,756,500	\$165,756,500		\$546,996	\$1,723,868	\$2,270,864	\$479,036	\$6,299	\$74,590	\$2,830,790	
2018	\$170,756,500	\$170,756,500		\$563,496	\$1,775,868	\$2,339,364	\$493,486	\$6,489	\$76,840	\$2,916,180	
2019	\$175,756,500	\$175,756,500		\$579,996	\$1,827,868	\$2,407,864	\$507,936	\$6,679	\$79,090	\$3,001,570	
2020	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2021	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2022	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2023	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2024	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2025	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2026	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
						Total	\$31,655,097	\$6,677,608	\$87,802	\$1,039,766	\$39,460,273

Source: CPA, TXI Operations, LP

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$24,030,416. The estimated gross 15 year M&O tax benefit, or levy loss, is \$5,262,941.

Attachment 3 is an economic overview of Comal County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

March 24, 2011

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed TXP Operations, LP, project for the Comal Independent School District (CISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the TXP Operations, LP, project on CISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

March 24, 2011

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed TXP Operations, LP, project on the number and size of school facilities in Comal Independent School District (CISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the CISD superintendent, Dr. Marc Walker, the TEA has found that the TXP Operations, LP, project would not have a significant impact on the number or size of school facilities in CISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd

Comal County

Population

Total county population in 2009 for Comal County: 114,525, up 4.0 percent from 2008. State population increased 2.0 percent in the same time period. Comal County was the state's 37th largest county in population in 2009 and the 7th fastest growing county from 2008 to 2009. Comal County's population in 2009 was 70.3 percent Anglo (above the state average of 46.7 percent), 2.2 percent African-American (below the state average of 11.3 percent) and 25.4 percent Hispanic (below the state average of 36.9 percent).

2009 population of the largest cities and places in Comal County:

New Braunfels:	55,867	Bulverde:	4,847
Garden Ridge:	3,397		

Economy and Income

Employment

February 2011 total employment in Comal County: 54,322, up 0.1 percent from February 2010. State total employment increased 1.0 percent during the same period.

February 2011 Comal County unemployment rate: 6.6 percent, up from 6.4 percent in February 2010. The statewide unemployment rate for February 2011 was 8.2 percent, unchanged from 8.2 percent in February 2010.

February 2011 unemployment rate in the city of:

New Braunfels:	6.4 percent, up from 5.9 percent in February 2010.
-----------------------	--

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

Comal County's ranking in per capita personal income in 2008: 48th with an average per capita income of \$37,017, up 1.4 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Comal County averaged \$14.07 million annually from 2006 to 2009. County total agricultural values in 2009 were down 17.7 percent from 2008. Major agriculture related commodities in Comal County during 2009 included:

Goats	Hunting	Nursery	Other Beef	Recreation
-------	---------	---------	------------	------------

2010 oil and gas production in Comal County: 0 barrels of oil and 0 Mcf of gas. In February 2011, there were 0 producing oil wells and 0 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Taxable sales in Comal County during the second quarter 2010: \$354.19 million, up 3.7 percent from the same quarter in 2009.

Taxable sales during the second quarter 2010 in the city of:

New Braunfels:	\$265.16 million, up 0.6 percent from the same quarter in 2009.
Bulverde:	\$21.59 million, up 4.0 percent from the same quarter in 2009.
Garden Ridge:	\$2.50 million, up 52.4 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Comal County during 2009: \$1.31 billion, down 3.8 percent from 2008. Comal County sent an estimated \$81.88 million (or 0.50 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

New Braunfels:	\$1.01 billion, down 1.9 percent from 2008.
Bulverde:	\$75.56 million, down 8.4 percent from 2008.
Garden Ridge:	\$7.76 million, up 4.0 percent from 2008.

Sales Tax - Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of January 2011: \$433.11 million, up 7.1 percent from January 2010.

Payments to all cities in Comal County based on the sales activity month of January 2011: \$1.38 million, down 0.5 percent from January 2010. Payment based on the sales activity month of January 2011 to the city of:

New Braunfels:	\$1.31 million, down 0.6 percent from January 2010.
Bulverde:	\$61,716.86, up 1.2 percent from January 2010.
Garden Ridge:	\$11,706.02, up 3.0 percent from January 2010.

Annual (2010)

Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009. Payments to all cities in Comal County based on sales activity months in 2010: \$19.77 million, up 7.8 percent from 2009. Payment based on sales activity months in 2010 to the city of:

New Braunfels:	\$18.71 million, up 7.8 percent from 2009.
Bulverde:	\$922,398.24, up 11.0 percent from 2009.
Garden Ridge:	\$137,456.83, down 8.4 percent from 2009.

Property Tax

As of January 2009, property values in Comal County: \$13.93 billion, up 3.1 percent from January 2008 values. The property tax base per person in Comal County is \$121,616, above the statewide average of \$85,809. A negligible 0.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Comal County's ranking in state expenditures by county in fiscal year 2009: 38th. State expenditures in the county for FY2009: \$369.21 million, up 32.4 percent from FY2008.

In Comal County, 14 state agencies provide a total of 177 jobs and \$5.85 million in annualized wages (as of 3rd quarter 2010). Major state agencies in the county (as of third quarter 2010):

- Department of Family and Protective Services
- Department of Transportation
- Department of Public Safety
- Parks & Wildlife Department
- Health & Human Services Commission

Higher Education

Community colleges in Comal County fall 2010 enrollment:
None.

Comal County is in the service area of the following:

- Alamo Community College with a fall 2010 enrollment of 62,295. Counties in the service area include:
- Atascosa County
- Bandera County
- Bexar County
- Comal County
- Guadalupe County
- Kendall County
- Kerr County
- Wilson County

Institutions of higher education in Comal County fall 2010 enrollment:
None.

School Districts

Comal County had 2 school districts with 36 schools and 24,423 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

Comal ISD had 16,614 students in the 2009-10 school year. The average teacher salary was \$49,335. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

New Braunfels ISD had 7,809 students in the 2009-10 school year. The average teacher salary was \$48,735. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED TXP
OPERATIONS, LP PROJECT ON THE FINANCES OF THE COMAL
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

February 22, 2011

Final Report (Revised)

PREPARED BY



Estimated Impact of the Proposed TXP Operations, LP Project on the Finances of the Comal Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

TXP Operations, LP (TXP) has requested that the Comal Independent School District (CISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new manufacturing project. An application was submitted to CISD on October 7, 2010. TXP proposes to invest \$181 million to construct a new manufacturing project in CISD.

The TXP project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, CISD may offer a minimum value limitation of \$100 million, which has been revised upward from \$80 million in the initial application. Based on the revised application, the qualifying time period would begin with the 2012-13 school year. The full value of the investment is expected to reach \$181 million in 2020-21, with the project value expected to remain relatively stable once it has reach this level.

The provisions of Chapter 313 call for the project to be fully taxable in the 2012-13 and 2013-14 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2012-13 and 2013-14 school years. Beginning in 2014-15, the project would go on the local tax roll at \$100 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with CISD currently levying a \$0.330 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. In this case, TXP indicates that \$70.8 million in taxable value would be in place in the second year under the agreement, with the qualified investment of \$120.7 million made for the 2014-15 school year, when the value limitation takes effect. Given that the value limitation of \$100 million exceeds the second-year taxable value, a relatively small annual school district revenue loss would be expected during the third year and the remaining seven years that the value limitation is in effect.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The additional four to six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates for the indicate that about 750 school districts are funded at the minimum \$120 per WADA level, while approximately 250 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system. Based on the analysis presented here, CISD is expected to remain a hold-harmless district at the minimum \$120 per WADA level.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the TXP project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue

system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts are held constant at 16,142 students in average daily attendance (ADA) in analyzing the effects of the TXP project on the finances of CISD. The District's local tax base reached \$9.7 billion for the 2010 tax year. The \$9.7 billion taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. CISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$493,673 for the 2010-11 school year, classifying the District as a Chapter 41 school district subject to recapture. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for CISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed TXP facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the TXP value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$127.2 million a year in net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, CISD would experience a revenue loss as a result of the implementation of the value limitation in the 2014-15 school year (-\$10,004). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that similar differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation agreement.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The contention that has been made is the language of Section 403.302(d)(10)(B) of the Government Code, which provides for deducting value associated with actions taken under Chapter 313 of the Tax Code in determining taxable value, does not permit the flexibility of establishing two state property values for the M&O and I&S components for a school districts that have granted a property value limitation.

The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes.

In the case of CISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$5.3 million over the life of the agreement. In addition, TXP would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. Because the values in the first two years are below the value limitation, there are no tax credits expected. The key CISD revenue losses are associated with the additional four-cent levy not subject to recapture and expected to total approximately \$99,046 over the course of the agreement, with the school district to be reimbursed by the state for any tax credit payments, if the investment schedule changes and TXP becomes eligible for the tax credit. In total, the potential net tax benefits are estimated to total \$5.2 million over the life of the agreement.

Facilities Funding Impact

The TXP project remains fully taxable for debt services taxes, with CISD currently levying a \$0.330 I&S rate. The value of the TXP project is expected to appreciate over the life of the agreement and beyond, and full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. This project has the potential of slightly decreasing the district's I&S tax rate.

The TXP project is not expected to affect CISD in terms of enrollment. Continued expansion of this type of manufacturing could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed TXP manufacturing project enhances the tax base of CISD. It reflects continued capital investment, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$5.2 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of CISD in meeting its future debt service obligations.

Table 1 – Base District Information with TXP Operations, LP Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2012-13	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,687,321,254	\$9,687,321,254	\$10,280,086,341	\$10,280,086,341	\$493,673	\$493,673
2	2013-14	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,728,077,754	\$9,728,077,754	\$10,310,086,341	\$10,310,086,341	\$495,113	\$495,113
3	2014-15	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,778,077,754	\$9,757,321,254	\$10,350,842,841	\$10,350,842,841	\$497,071	\$497,071
4	2015-16	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,808,077,754	\$9,757,321,254	\$10,400,842,841	\$10,385,086,082	\$499,472	\$498,715
5	2016-17	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,818,077,754	\$9,757,321,254	\$10,430,842,841	\$10,392,312,359	\$500,912	\$499,062
6	2017-18	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,823,077,754	\$9,757,321,254	\$10,440,842,841	\$10,394,721,118	\$501,393	\$499,178
7	2018-19	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,828,077,754	\$9,757,321,254	\$10,445,842,841	\$10,395,925,498	\$501,633	\$499,236
8	2019-20	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,833,077,754	\$9,757,321,254	\$10,450,842,841	\$10,397,129,877	\$501,873	\$499,293
9	2020-21	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,757,321,254	\$10,455,842,841	\$10,398,334,257	\$502,113	\$499,351
10	2021-22	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,757,321,254	\$10,460,842,841	\$10,399,538,637	\$502,353	\$499,409
11	2022-23	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,399,538,637	\$502,353	\$499,409
12	2023-24	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353
13	2024-25	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353
14	2025-26	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353
15	2026-27	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

Table 2-- “Baseline Revenue Model”--Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$98,740,522	\$6,619,041	\$19,264,868	\$0	-\$1,924,861	\$3,944,487	\$847,166	\$0	\$127,491,222
2	2013-14	\$96,701,533	\$6,631,203	\$21,487,321	\$0	-\$2,247,988	\$3,863,033	\$816,017	\$0	\$127,251,120
3	2014-15	\$96,489,630	\$7,829,975	\$20,851,289	\$0	-\$2,598,824	\$3,854,568	\$795,846	\$0	\$127,222,483
4	2015-16	\$96,789,645	\$6,631,203	\$22,200,108	\$0	-\$3,048,887	\$3,866,553	\$775,895	\$0	\$127,214,517
5	2016-17	\$96,889,650	\$7,829,975	\$21,166,741	\$0	-\$3,314,296	\$3,870,548	\$763,331	\$0	\$127,205,948
6	2017-18	\$96,939,652	\$6,631,203	\$22,404,590	\$0	-\$3,403,376	\$3,872,545	\$759,284	\$0	\$127,203,899
7	2018-19	\$96,989,655	\$7,829,975	\$21,201,578	\$0	-\$3,449,139	\$3,874,543	\$757,458	\$0	\$127,204,070
8	2019-20	\$97,039,657	\$6,631,203	\$22,396,114	\$0	-\$3,494,906	\$3,876,540	\$755,631	\$0	\$127,204,240
9	2020-21	\$97,089,660	\$7,829,975	\$21,193,109	\$0	-\$3,540,675	\$3,878,538	\$753,804	\$0	\$127,204,411
10	2021-22	\$97,089,660	\$6,631,203	\$22,435,081	\$0	-\$3,583,875	\$3,878,538	\$751,590	\$0	\$127,202,197
11	2022-23	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
12	2023-24	\$97,081,584	\$6,631,203	\$22,442,742	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
13	2024-25	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
14	2025-26	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
15	2026-27	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$98,740,522	\$6,619,041	\$19,264,868	\$0	-\$1,924,861	\$3,944,487	\$847,166	\$0	\$127,491,222
2	2013-14	\$96,701,533	\$6,631,203	\$21,487,321	\$0	-\$2,247,988	\$3,863,033	\$816,017	\$0	\$127,251,120
3	2014-15	\$96,282,054	\$7,829,975	\$21,050,274	\$0	-\$2,590,234	\$3,846,276	\$794,134	\$0	\$127,212,479
4	2015-16	\$96,282,054	\$6,631,203	\$22,547,634	\$0	-\$2,888,822	\$3,846,276	\$778,833	\$0	\$127,197,177
5	2016-17	\$96,282,054	\$7,829,975	\$21,411,616	\$0	-\$2,951,576	\$3,846,276	\$775,617	\$0	\$127,193,961
6	2017-18	\$96,282,054	\$6,631,203	\$22,631,286	\$0	-\$2,972,474	\$3,846,276	\$774,546	\$0	\$127,192,890
7	2018-19	\$96,282,054	\$7,829,975	\$21,442,960	\$0	-\$2,982,920	\$3,846,276	\$774,010	\$0	\$127,192,355
8	2019-20	\$96,282,054	\$6,631,203	\$22,652,175	\$0	-\$2,993,363	\$3,846,276	\$773,475	\$0	\$127,191,820
9	2020-21	\$96,282,054	\$7,829,975	\$21,463,843	\$0	-\$3,003,803	\$3,846,276	\$772,940	\$0	\$127,191,285
10	2021-22	\$96,282,054	\$6,631,203	\$22,673,053	\$0	-\$3,014,241	\$3,846,276	\$772,405	\$0	\$127,190,750
11	2022-23	\$97,081,584	\$7,829,975	\$20,711,428	\$0	-\$3,050,918	\$3,878,215	\$778,819	\$0	\$127,229,103
12	2023-24	\$97,081,584	\$6,631,203	\$22,442,742	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
13	2024-25	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
14	2025-26	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
15	2026-27	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2014-15	-\$207,576	\$0	\$198,985	\$0	\$8,590	-\$8,292	-\$1,712	\$0	-\$10,004
4	2015-16	-\$507,591	\$0	\$347,526	\$0	\$160,065	-\$20,277	\$2,938	\$0	-\$17,339
5	2016-17	-\$607,596	\$0	\$244,876	\$0	\$362,720	-\$24,272	\$12,286	\$0	-\$11,986
6	2017-18	-\$657,598	\$0	\$226,697	\$0	\$430,902	-\$26,270	\$15,262	\$0	-\$11,008
7	2018-19	-\$707,601	\$0	\$241,381	\$0	\$466,219	-\$28,267	\$16,553	\$0	-\$11,714
8	2019-20	-\$757,603	\$0	\$256,060	\$0	\$501,543	-\$30,265	\$17,844	\$0	-\$12,420
9	2020-21	-\$807,606	\$0	\$270,734	\$0	\$536,872	-\$32,262	\$19,136	\$0	-\$13,126
10	2021-22	-\$807,606	\$0	\$237,972	\$0	\$569,633	-\$32,262	\$20,815	\$0	-\$11,447
11	2022-23	\$0	\$0	-\$532,541	\$0	\$532,541	\$0	\$27,292	\$0	\$27,292
12	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the TXP Operations, LP Project Property Value Limitation Request Submitted to CISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2012-13	\$30,000,000	\$30,000,000	\$0	\$1.040	\$312,000	\$312,000	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$70,756,500	\$70,756,500	\$0	\$1.040	\$735,868	\$735,868	\$0	\$0	\$0	\$0	\$0
3	2014-15	\$120,756,500	\$100,000,000	\$20,756,500	\$1.040	\$1,255,868	\$1,040,000	\$215,868	\$0	\$215,868	-\$10,004	\$205,863
4	2015-16	\$150,756,500	\$100,000,000	\$50,756,500	\$1.040	\$1,567,868	\$1,040,000	\$527,868	\$0	\$527,868	-\$17,339	\$510,528
5	2016-17	\$160,756,500	\$100,000,000	\$60,756,500	\$1.040	\$1,671,868	\$1,040,000	\$631,868	\$0	\$631,868	-\$11,986	\$619,881
6	2017-18	\$165,756,500	\$100,000,000	\$65,756,500	\$1.040	\$1,723,868	\$1,040,000	\$683,868	\$0	\$683,868	-\$11,008	\$672,859
7	2018-19	\$170,756,500	\$100,000,000	\$70,756,500	\$1.040	\$1,775,868	\$1,040,000	\$735,868	\$0	\$735,868	-\$11,714	\$724,153
8	2019-20	\$175,756,500	\$100,000,000	\$75,756,500	\$1.040	\$1,827,868	\$1,040,000	\$787,868	\$0	\$787,868	-\$12,420	\$775,447
9	2020-21	\$180,756,500	\$100,000,000	\$80,756,500	\$1.040	\$1,879,868	\$1,040,000	\$839,868	\$0	\$839,868	-\$13,126	\$826,741
10	2021-22	\$180,756,500	\$100,000,000	\$80,756,500	\$1.040	\$1,879,868	\$1,040,000	\$839,868	\$0	\$839,868	-\$11,447	\$828,421
11	2022-23	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
12	2023-24	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
						\$24,030,146	\$18,767,206	\$5,262,941	\$0	\$5,262,941	-\$99,046	\$5,163,894
Tax Credit for Value Over Limit in First 2 Years								<u>Year 1</u>	<u>Year 2</u>	<u>Max Credits</u>		
								\$0	\$0	\$0		
								Credits Earned		\$0		
								Credits Paid		\$0		
								Excess Credits Unpaid		\$0		

Attachment F

Taxable Value of Property

DATE: 07/27/2011
 TIME: 09:49:24

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 015/Bexar
 046-902/Comal ISD

PAGE: 001
 REPT: PTS265
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	1,568,814,217	.9608	1,632,820,792	1,568,814,217
B. MULTIFAMILY RESIDENCES	27,690,558	N/A	27,690,558	27,690,558
C. VACANT LOTS	74,859,896	N/A	74,859,896	74,859,896
D. RURAL REAL (TAXABLE)	45,422,571	.9953	45,638,506	45,422,571
F1. COMMERCIAL REAL	53,384,485	N/A	53,384,485	53,384,485
F2. INDUSTRIAL REAL	820,260	N/A	820,260	820,260
G. OIL, GAS, MINERALS	0	N/A	0	0
J. UTILITIES	6,181,710	N/A	6,181,710	6,181,710
L1. COMMERCIAL PERSONAL	11,990,063	N/A	11,990,063	11,990,063
L2. INDUSTRIAL PERSONAL	2,839,860	N/A	2,839,860	2,839,860
M. MOBILE HOMES	1,462,075	N/A	1,462,075	1,462,075
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	28,097,790	N/A	28,097,790	28,097,790
S. SPECIAL INVENTORY	71,130	N/A	71,130	71,130
SUBTOTAL	1,821,634,615		1,885,857,125	1,821,634,615
LESS TOTAL DEDUCTIONS	181,084,747		189,843,496	181,084,747
TOTAL TAXABLE VALUE	1,640,549,868		1,696,013,629	1,640,549,868 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	44,502,706	N/A	44,502,706
PROD VALUE QUALIFIED ACRES	919,865	.8099	1,135,800
TAXABLE VALUE	45,422,571		45,638,506

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 07/27/2011
 TIME: 09:49:24

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 FINAL VALUES WORKSHEET
 015/Bexar
 046-902/Comal ISD

PAGE: 002
 RPT: PTS265
 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
1,694,067,339	1,640,549,868	1,570,337,877	1,516,820,406	1,640,549,868	1,516,820,406
	LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION		50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION		
	<u>53,517,471</u>		<u>123,729,462</u>		

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 046/Comal
 046-902/Comal ISD

PAGE: 003
 REPT: PTS265
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	5,766,805,967	N/A	5,766,805,967	5,766,805,967
B. MULTIFAMILY RESIDENCES	119,759,971	N/A	119,759,971	119,759,971
C. VACANT LOTS	927,623,365	N/A	927,623,365	927,623,365
D. RURAL REAL (TAXABLE)	371,717,353	N/A	371,717,353	371,717,353
F1. COMMERCIAL REAL	785,693,358	N/A	785,693,358	785,693,358
F2. INDUSTRIAL REAL	444,275,987	N/A	444,275,987	444,275,987
G. OIL, GAS, MINERALS	570	N/A	570	570
J. UTILITIES	96,826,410	N/A	96,826,410	96,826,410
L1. COMMERCIAL PERSONAL	534,591,253	N/A	534,591,253	534,591,253
L2. INDUSTRIAL PERSONAL	237,704,307	N/A	237,704,307	237,704,307
M. MOBILE HOMES	40,992,821	N/A	40,992,821	40,992,821
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	87,530,989	N/A	87,530,989	87,530,989
S. SPECIAL INVENTORY	9,806,680	N/A	9,806,680	9,806,680
SUBTOTAL	9,423,329,031		9,423,329,031	9,423,329,031
LESS TOTAL DEDUCTIONS	1,060,601,366		1,060,601,366	1,060,601,366
TOTAL TAXABLE VALUE	8,362,727,665		8,362,727,665	8,362,727,665 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	355,599,959	N/A	355,599,959
PROD VALUE QUALIFIED ACRES	16,117,394	1.0000	16,117,394
TAXABLE VALUE	371,717,353		371,717,353

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 FINAL VALUES WORKSHEET
 046/Comal
 046-902/Comal ISD

PAGE: 004
 REPT: PTS265
 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
8,571,039,640	8,362,727,665	8,104,201,346	7,895,889,371	8,362,727,665	7,895,889,371
	LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION		50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION		
	<u>208,311,975</u>		<u>466,838,294</u>		

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 094/Guadalupe
 045-902/Comal ISD

PAGE: 005
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 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	223,287,327	N/A	223,287,327	223,287,327
B. MULTIFAMILY RESIDENCES	3,894,805	N/A	3,894,805	3,894,805
C. VACANT LOTS	5,334,748	N/A	5,334,748	5,334,748
D. RURAL REAL (TAXABLE)	22,703,280	N/A	22,703,280	22,703,280
F1. COMMERCIAL REAL	13,424,303	N/A	13,424,303	13,424,303
F2. INDUSTRIAL REAL	250,344	N/A	250,344	250,344
G. OIL, GAS, MINERALS	0	N/A	0	0
J. UTILITIES	17,105,200	N/A	17,105,200	17,105,200
L1. COMMERCIAL PERSONAL	4,221,488	N/A	4,221,488	4,221,488
L2. INDUSTRIAL PERSONAL	650,610	N/A	650,610	650,610
M. MOBILE HOMES	2,724,694	N/A	2,724,694	2,724,694
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	2,969,880	N/A	2,969,880	2,969,880
S. SPECIAL INVENTORY	162,669	N/A	162,669	162,669
SUBTOTAL	296,729,348		296,729,348	296,729,348
LESS TOTAL DEDUCTIONS	44,585,778		44,585,778	44,585,778
TOTAL TAXABLE VALUE	252,143,570		252,143,570	252,143,570 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	21,629,530	N/A	21,629,530
PROD VALUE QUALIFIED ACRES	1,073,750	N/A	1,073,750
TAXABLE VALUE	22,703,280		22,703,280

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 FINAL VALUES WORKSHEET
 094/Guadalupe
 046-902/Comal ISD

PAGE: 006
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 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
261,543,343	252,143,570	245,432,316	236,032,543	252,143,570	236,032,543
	LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION		50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION		
	<u>9,399,773</u>		<u>16,111,027</u>		

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 105/Hay's
 046-902/Comal ISD

PAGE: 007
 REPT: PTS265
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	19,064,395	N/A	19,064,395	19,064,395
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	3,589,780	N/A	3,589,780	3,589,780
D. RURAL REAL (TAXABLE)	3,644,679	N/A	3,644,679	3,644,679
F1. COMMERCIAL REAL	0	N/A	0	0
F2. INDUSTRIAL REAL	0	N/A	0	0
G. OIL,GAS,MINERALS	0	N/A	0	0
J. UTILITIES	362,610	N/A	362,610	362,610
L1. COMMERCIAL PERSONAL	8,002	N/A	8,002	8,002
L2. INDUSTRIAL PERSONAL	0	N/A	0	0
M. MOBILE HOMES	0	N/A	0	0
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
SUBTOTAL	26,669,466		26,669,466	26,669,466
LESS TOTAL DEDUCTIONS	3,384,978		3,384,978	3,384,978
TOTAL TAXABLE VALUE	23,284,488		23,284,488	23,284,488 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	3,274,738	N/A	3,274,738
PROD VALUE QUALIFIED ACRES	369,941	N/A	369,941
TAXABLE VALUE	3,644,679		3,644,679

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 FINAL VALUES WORKSHEET
 105/Hays
 046-902/Comal ISD

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GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T2, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
23,591,988	23,284,488	22,332,816	21,925,316	23,284,488	21,925,316
LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION					
407,500					
50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION					
1,359,172					

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
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 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T3 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 130/Kendall
 046-902/Comal ISD

PAGE: 009
 REPT: PTS:65
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	0	N/A	0	0
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	0	N/A	0	0
D. RURAL REAL (TAXABLE)	1,138,030	N/A	1,138,030	1,138,030
F1. COMMERCIAL REAL	0	N/A	0	0
F2. INDUSTRIAL REAL	0	N/A	0	0
G. OIL, GAS, MINERALS	0	N/A	0	0
J. UTILITIES	242,720	N/A	242,720	242,720
L1. COMMERCIAL PERSONAL	0	N/A	0	0
L2. INDUSTRIAL PERSONAL	0	N/A	0	0
M. MOBILE HOMES	0	N/A	0	0
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
SUBTOTAL	1,380,750		1,380,750	1,380,750
LESS TOTAL DEDUCTIONS	0		0	0
TOTAL TAXABLE VALUE	1,380,750		1,380,750	1,380,750 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	919,620	N/A	919,620
PROD VALUE QUALIFIED ACRES	218,410	N/A	218,410
TAXABLE VALUE	1,138,030		1,138,030

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 FINAL VALUES WORKSHEET
 130/Kendall
 046-902/Comal ISD

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
1,380,750	1,380,750	1,380,750	1,380,750	1,380,750	1,380,750
LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION _____ 0					
50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION _____ 0					

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
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 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 07/27/2011
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COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 046-902/Comal ISD
 SCHOOL DISTRICT TOTALS

PAGE: 011
 REPT: PTS265
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	7,577,971,906	.9916	7,641,978,481	7,577,971,906
B. MULTIFAMILY RESIDENCES	151,345,334	N/A	151,345,334	151,345,334
C. VACANT LOTS	1,011,407,789	N/A	1,011,407,789	1,011,407,789
D. RURAL REAL (TAXABLE)	444,625,913	.9995	444,841,848	444,625,913
F1. COMMERCIAL REAL	852,502,146	N/A	852,502,146	852,502,146
F2. INDUSTRIAL REAL	445,346,591	N/A	445,346,591	445,346,591
G. OIL,GAS,MINERALS	570	N/A	570	570
J. UTILITIES	120,718,650	N/A	120,718,650	120,718,650
L1. COMMERCIAL PERSONAL	550,810,806	N/A	550,810,806	550,810,806
L2. INDUSTRIAL PERSONAL	241,194,777	N/A	241,194,777	241,194,777
M. MOBILE HOMES	45,179,590	N/A	45,179,590	45,179,590
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	118,598,659	N/A	118,598,659	118,598,659
S. SPECIAL INVENTORY	10,040,479	N/A	10,040,479	10,040,479
SUBTOTAL	11,569,743,210		11,633,965,720	11,569,743,210
LESS TOTAL DEDUCTIONS	1,289,656,869		1,298,415,618	1,289,656,869
TOTAL TAXABLE VALUE	10,280,086,341		10,335,550,102	10,280,086,341 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED			
ACRES & FARM/RANCH IMP	425,926,553	1.0000	425,926,553
PROD VALUE QUALIFIED ACRES	18,699,360	.9886	18,915,295
TAXABLE VALUE	444,625,913		444,841,848

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

**** END OF REPORT ****

Attachment G

Participation Agreement

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE
OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

by and between

COMAL INDEPENDENT SCHOOL DISTRICT

and

TXI OPERATIONS, LP
(Texas Taxpayer ID # 17526470004)

Dated

November 17, 2011

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS §

COUNTY OF COMAL §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between **COMAL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **TXI OPERATIONS, LP**, Texas Taxpayer Identification Number 17526470004, hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on October 11, 2010, the Superintendent of Schools of the Comal Independent School District (the "Superintendent"), acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on October 28, 2010, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from TXI Operations, LP, and on November 29, 2010, the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, on or about December 2, 2010, the Superintendent, acting as agent of the Board of Trustees, received supplemental Application materials from the Applicant concerning the previously submitted Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on or about February 8, 2011, the Superintendent, acting as agent of the Board of Trustees, received supplemental Application materials from the Applicant concerning the previously submitted Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Application, together with the supplemental materials, were delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, the Texas Comptroller's Office has established February 25, 2011 as the completed Application date; and,

WHEREAS, pursuant to 34 Tex. Admin. Code §9.1054, the Application was delivered for review to the Comal County Appraisal District established in Comal County, Texas (the "Comal County Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and on April 1, 2011, the Texas Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Applicant, pursuant to the provisions of Texas Tax Code § 313.025(b) and 34 Tex. Admin. Code § 9.1054(d), has requested an extension of time for the Board of Trustees to approve the Application, and on October 27, 2011, the Board of Trustees granted such extension until December 31, 2011, and caused timely notice of such extension to be sent to the Texas Comptroller's Office; and,

WHEREAS, the Texas Comptroller's Office conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at the November 17, 2011, public hearing held in connection with the Board of Trustees' consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation prepared pursuant to Texas Tax Code § 313.026 and has carefully considered the Texas Comptroller's positive recommendation for the project; and,

WHEREAS, on November 17, 2011, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on November 17, 2011, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and (iv) each criterion referenced in Texas Tax Code § 313.025(e) has been met; and,

WHEREAS, on November 17, 2011, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, on November 16, 2011, the District received written notification, pursuant to 34 Tex. Admin. Code § 9.1055(e)(2)(A), that the Texas Comptroller of Public Accounts reviewed this Agreement, and reaffirming the recommendation previously made on April 1, 2011, that the Application be approved; and,

WHEREAS, on November 17, 2011, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that the Applicant makes a Qualified Investment in the amount specified in Section 2.6 below, or greater, between the Commencement Date and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2014, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of November 17, 2011, and ending on December 31, 2013, is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). The Applicant shall not be entitled to the Tax Limitation Amount during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2021. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any earned Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a

summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing November 17, 2011)	January 1, 2011	2011-12	2011	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2014	2014-15	2014	\$ 100 million property value limitation.
4	January 1, 2015	2015-16	2015	\$ 100 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2016	2016-17	2016	\$ 100 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2017	2017-18	2017	\$ 100 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2018	2018-19	2018	\$ 100 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2019	2019-20	2019	\$ 100 million property value limitation. Possible tax credit due to Applicant.

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
9	January 1, 2020	2020-21	2020	\$ 100 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2021	2021-22	2021	\$ 100 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“*Act*” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“*Affiliate*” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition, “control” when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or

entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Aggregate Limit*” means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV.

“*Agreement*” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

“*Annual Limit*” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District’s average daily attendance for the applicable school year, as calculated pursuant to Texas Education Code §42.005, times the greater of \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for tax year 2011, which, by virtue of the Commencement Date, is the first year of the Qualifying Time Period under this Agreement.

“*Applicant*” means TXI Operations, LP, *Texas Taxpayer Identification Number 17526470004*, the company listed in the Preamble of this Agreement who, on October 11, 2010, filed the Original Application; and on October 28, 2010, December 2, 2010, and February 8, 2011, filed supplemental Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“*Applicable School Finance Law*” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“*Application*” means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on October 11, 2010 (the “Original Application”), together with the October 28, 2010, December 2, 2010, and February 8, 2011, supplemental application materials, which have been certified by the Comptroller’s office to collectively constitute a complete final Application as of the date of February 25, 2011. The term includes all forms required by the

Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“*Appraised Value*” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“*Appraisal District*” means the Comal County Appraisal District.

“*Board of Trustees*” means the Board of Trustees of the Comal Independent School District.

“*Commencement Date*” means November 17, 2011, the date on which this Agreement was approved by the Board of Trustees.

“*Completed Application Date*” means February 25, 2011, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

“*Comptroller*” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“*Comptroller’s Rules*” means the applicable rules and regulations of the Comptroller set forth at Title 34 of the Texas Administrative Code, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“*County*” means Comal County, Texas.

“*Determination of Breach and Notice of Contract Termination*” shall have the meaning assigned to such term in Section 7.8 of this Agreement

“*District*” or “*School District*” means the Comal Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“*Final Termination Date*” means December 31, 2024.

“*Force Majeure*” means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant’s Qualified Property or the Applicant’s Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant’s Qualified Property or the Applicant’s Qualified

Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver feedstock, raw materials, equipment, parts or material, or inability of the Applicant to ship, or failure of carriers to transport to or from the Applicant's facilities, products (finished or otherwise), feedstock, raw materials, equipment, parts or material; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of this Agreement.

"Maintenance and Operations Revenue" or *"M&O Revenue"* means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"*Market Value*" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"*Net Tax Benefit*" means an amount (but not less than zero) equal to: (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; minus (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Article III of this Agreement.

"*New Jobs*" means the total number of "new jobs," defined by 34 Tex. Admin. Code § 9.1051(14)(C), which the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below. In accordance with the requirements of Texas Tax Code § 313.024(d), eighty percent (80%) of all New Jobs shall also be Qualifying Jobs, as defined below.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"*Qualifying Jobs*" means the number of New Jobs the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and the Applicant's Qualified Property as set forth in Section 2.3 below which meet the requirements of Texas Tax Code 313.021(3).

"*Qualified Property*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"*Qualifying Time Period*" means the period that begins on the Commencement Date (i.e., November 17, 2011) and ends on December 31, 2013.

"*State*" means the State of Texas.

"*Substantive Document*" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Texas Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in

connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under Texas Tax Code, Chapter 313, and any application requesting school tax credits under Texas Tax Code §313.103.

“*Tax Credit*” means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant’s Qualified Property, as computed under the provisions of Subchapter D of the Act and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements imposed on the Applicant under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules relating thereto.

“*Tax Limitation Amount*” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.027. That is, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant’s Qualified Investment for the District’s maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant’s Qualified Investment; or
- (b) One Hundred Million Dollars (\$100,000,000.00).

The Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or § 313.052, as applicable.

“*Tax Year*” shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

“*Taxable Value*” shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

“*Texas Education Agency Rules*” means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, § 61.1019), together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Qualified Property upon which the Applicant's Qualified Investment will be located (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The land described in **EXHIBIT 2** (the "Land") qualifies as Qualified Property, and the Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application during the Qualifying Time Period described in both Section 1.2 above and the definition of Qualifying Time Period set forth in Section 1.3 above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the Land described in **EXHIBIT 2** which: (1) is owned by the Applicant; (2) is first placed in service after February 25, 2011, the Completed Application Date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the

additional property to which the Applicant requests that the Tax Limitation Amount apply;

- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and
- (c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Property located on the Land described in EXHIBIT 2, or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount One Hundred Million Dollars (\$100,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) One Hundred Million Dollars (\$100,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code § 313.023.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii*, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which The Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute;
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment; and
- (c) any other loss of the District's revenues which directly result from, or are reasonably attributable to, any payment made by the Applicant to or on behalf any third party beneficiary of this Agreement.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV, and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which

this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Comal Independent School District Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory

change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of Article IV, the parties agree as follows:

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article IV (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; *provided, however*, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article IV shall not exceed the limit imposed by the provisions of Texas Tax Code § 313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as thirty percent (30%) of the Net Tax Benefit; or
- (b) the Aggregate Limit.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2014), the Applicant's Stipulated Supplemental Payment Amount described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.3;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4 above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT

For each Tax Year during the term of this Agreement beginning with Tax Year three (Tax Year 2014) and continuing thereafter through Tax Year thirteen (Tax Year 2024), the District, or its successor beneficiary should one be designated under Section 4.6 below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of year thirteen (Tax Year 2024) because such payment would exceed the Aggregate Limit will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments

eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.

- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 8.1. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section 4.6 shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4 above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2014 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Sections 3.4 and 3.6, and in the event the sum of

the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and the Comptroller's Rules and/or the Texas Education Agency's rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code § 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the -Comptroller -under

the provisions of Texas Tax Code § 313.032. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence, to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and
- (c) it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2014 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax Year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this

liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 7.6 MATERIAL BREACH OF AGREEMENT

The Applicant shall be in "Material Breach of this Agreement" if it commits one or more of the following acts or omissions:

- (a) The Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13 below.
- (b) The Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) The Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) The Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column C of its Application.

- (e) The Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column E of its Application.
- (f) The Applicant fails to create and maintain at least Eighty Percent (80%) of all such New Jobs as Qualifying Jobs.
- (g) The Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement in excess of the amounts set forth in Articles III and IV above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement are not barred by this provision.
- (h) The Applicant fails to comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules and the Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code § 313.0275, for any full Tax Year which commences after the project has become operational, the Applicant may cure any Material Breaches of this Agreement described in Sections 7.6(d) and 7.6(e) or 7.6(f) above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for any such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code § 313.0275(b) in accordance with the provisions of Texas Tax Code § 313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, such as making a material misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, or failing to make any payment required under this Agreement when due, or that the Applicant has otherwise committed a material breach of this Agreement (a "Material Breach"), the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not satisfied with such response and/or that such Material Breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant,

conduct a hearing called and held for the purpose of determining whether such Material Breach has occurred and, if so, whether such Material Breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach has occurred, the date such Material Breach occurred, if any, and whether or not any such Material Breach has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged Material Breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Comal County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in

this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed as follows:

Dr. Marc Walker, Superintendent
Comal Independent School District
1404 IH 35 N
New Braunfels, Texas 78130
Fax: (830) 221-2001
Phone: (830) 221-2064
Email: marc.walker@comalisd.org

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed as follows:

Mr. Dusty Reynolds
Director of Taxes
Texas Industries
TXI Operations, LP
1341 West Mockingbird Lane
Dallas, Texas 75247
Fax: (972) 647-6775
Phone: (972) 647-7070
Email: dreynolds@txi.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2. EFFECTIVE DATE; TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees.
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of One Hundred Million Dollars (\$100,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2013.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this

Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property or Qualified Investment not specified in EXHIBIT 3, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property or Qualified Investment pursuant to this Section 8.3 shall (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight-year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Comal County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase "but not limited to." Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all material representations, information and facts contained in the Application are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Tex. Admin. Code § 9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish all Substantive Documents, including the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting Tax Credits under Texas Tax Code § 313.103, as follows:

- a. Within seven days of the adoption, submission, or approval of any Substantive Document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.

- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this ___ day of _____ 2011.

TXI OPERATIONS, LP

COMAL INDEPENDENT SCHOOL DISTRICT

By: TXI Operating Trust, its general partner

By: Les Vines
 Name: Les Vines
 Title: VP - Treasurer

det

By:

Frank Baker
FRANK BAKER
 President
 Board of Trustees

By:

ATTEST:
Bill Swint
BILL SWINT
 Secretary
 Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *TXI Reinvestment Zone* was originally created on November 17, 2011 by action of the Comal Independent School District Board of Trustees. A map of the *TXI Reinvestment Zone* is attached as the last pages of this **EXHIBIT 1**.

As a result of the action of the Board of Trustees of the Comal Independent School District, the *TXI Reinvestment Zone* includes real property within Comal County, Texas, more specifically the following property and tracks:

- Comal County, tax parcel number 74144; property account identification number 154685

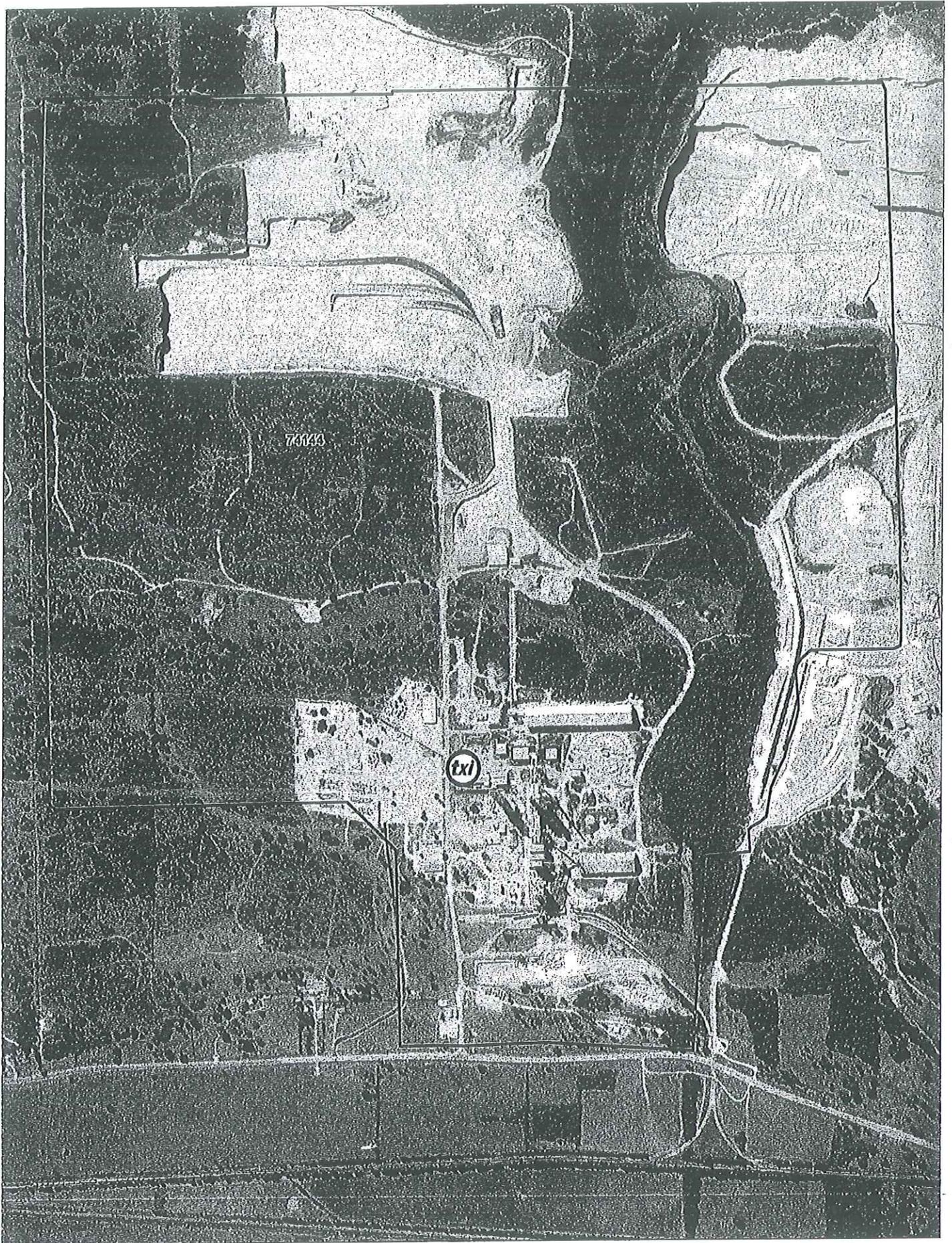


Photo Date: 6-1-2008
Scale: 1" = 1000'

Tax Parcel 74144

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Comal Independent School District and the *TXI Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the following sections of land is included, to wit:

- Comal County, tax parcel number 74144 (see attached parcel map); property account identification number 154685

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The project will complete the construction of the second production line at the Applicant's portland cement manufacturing facilities located in the *TXI Reinvestment Zone*. This project expands the annual capacity of those facilities with an additional approximately 1.4 million short tons of cement.

The project will include a Polysius 5/4 stage preheater/precalciner kiln system, low NOx burners on the kiln and precalciner and selective non catalytic reduction (SNCR) and additional NOx abatement. A new baghouse will be added to the existing kiln system.

Also, the expansion will have process auxiliaries, including but not limited to utilities, raw and finish milling systems, blending/storage systems, conveying systems, cooling systems, dust collection systems, process control systems, water systems, control building, load out systems, road improvements, railroad spurs, and railroad racks.

The Applicant's Qualified Investment/Qualified Property will include, without limitation,:

BUFFER BINS/ADDITIVES TRANSPORT(3C1 3D1)
ROLLER MILL/RAW MATERIAL GRINDING (3F1)
PREHEATER TOWER (4G1)
KILN (4K1)
CLINKER COOLER (4R1)
FINISH MILL/CEMENT GRINDING (5F1)
CEMENT SILOS/TRANSPORT AND STORAGE (5K1)
LOADOUT (TRUCKS) (6C1)
LOADOUT (RAIL CARS) (6C2)
RAW MEAL SILO/9-PACK (3K1)
CLINKER STORAGE/RECLAIM SILOS (4V1)
BUFFER BINS/CEMENT DOSING (5D1)
COAL MILL BUILDING/GRINDING (CR1)
BYPASS SYSTEM/BAGHOUSE (4P1)
MAIN BAGHOUSE AND GAS CONDITIONING (4E1)
COOLER BAGHOUSE/EXHAUST (4S1)
HEAT EXCHANGER (4S1)
LIMESTONE DOME (2E1)
CLINKER TRANSPORT (4T1)
TIRE FEED SYSTEM
NEW MAIN BAGHOUSE

The Parties to this Agreement understand and agree that the project set forth in the Application is being constructed as a new project at the Applicant's existing plant site. It is

further understood and agreed that the Applicant's execution of the project set forth in the Application will require the re-use of, albeit with significant modifications to, existing structures at such plant site. Under the provisions of Chapter 313 of the Texas Tax Code, the Taxable Value of real estate improvements and/ or business personal property which are in existence prior to the approval of the Application are not eligible to be considered as Qualifying Property as defined by law and this Agreement. Only new, post-Application approval construction and/ or business personal property is eligible to be considered as Qualifying Property or Qualified Investment.

Therefore, the Parties make the following agreement with respect to the determination of the Taxable Value of the Applicant's property within the *TXI Reinvestment Zone* described in **EXHIBIT 1** for Tax Years One (2012) through Tax Year Ten (2021) of this Agreement.

1. *Pre-Existing Taxable Values – Pre-Tax Year 2012:* The Parties agree that all of the improvements located in the *TXI Reinvestment Zone* for the Tax Years 2010 and 2011 and included in Comal County Appraisal District Parcel Number 154685 are improvements in the *TXI Reinvestment Zone* which existed prior to the Completed Application Date (the "Pre-Existing Improvements") and, therefore, are not eligible to be considered to be a part of the Application. The Parties further agree that the aggregate Taxable Value of the Pre-Existing Improvements was Eighteen Million Five Hundred Eighty-Seven Thousand Seven Hundred and No/100's Dollars (\$18,587,700.00) prior to the Completed Application Date and without giving effect to the announcement of the Applicant's intent to construct the Applicant's Qualified Investment (the "Pre-Existing Taxable Value"), and that the Appraisal District assigned the Pre-Existing Taxable Value to the Pre-Existing Improvements for 2010 for purposes of ad valorem property taxation for all applicable taxing units prior to any abatements and/or exemptions made available to the Applicant by any individual taxing unit.

2. *Qualifying Time Period Taxable Values - Tax Years 2012 and 2013:* For each of the Tax Year 2012 and the Tax Year 2013, no appraised value limitation is applicable under this Agreement in determining the Appraised Value of any real property, improvements, business personal property, or inventory within the *TXI Reinvestment Zone*.

3. *Tax Limitation Amount Time Period – Tax Years 2014 through 2021 (Tax Years Three through Ten)* – For each of the Tax Years 2014 through 2021, the Applicant and the District agree that the Taxable Value of the Pre-Existing Improvements shall be computed by deducting from the Pre-Existing Taxable Value the cumulative depreciation relating to the Pre-Existing Improvements, which cumulative depreciation shall be determined in the same manner as that generally applied by the Appraisal District to the Applicant's Comal County plant operations, and after the subtraction of such cumulative depreciation, such Taxable Value for such Tax Year shall be added to the Tax Limitation Amount to compute the Applicant's total Taxable Values for such Tax Year under this Agreement. No inventory (other than any inventory included in the Applicant's Qualified Investment and/or the Applicant's Qualified Property, such as spare parts inventory) owned by the Applicant within the *TXI Reinvestment Zone* will be subject to this Agreement.

4. *Post Tax Limitation Amount Time Period – Tax Year 2022 and Beyond:* No appraised value limitation is applicable under this Agreement in determining the Appraised Value of any real property, improvements, business personal property, or inventory within the *TXI Reinvestment Zone*.

Nothing contained in this EXHIBIT 3 shall modify, amend, waive or alter any of the Applicant's rights or entitlements (i) under any tax abatement or other agreement to which the Applicant is a party, or (ii) to any exemption (including, but not limited to, under Texas Tax Code §11.31), special appraisal, or other ad valorem tax benefit available to the Applicant under applicable law.