Biennial Progress Report for Texas Economic Development Act

Form 50-773
(May 2010)

Instructions:

- This form must be filled out by each applicant that is party to a limitation agreement.
- If the original application was made by a group of two or more companies, each company must complete this form.
- If the original applicant split into two or more applicants after the original agreement, all current agreement holders must complete this form.
- Applicants should only complete the information for their years as an agreement holder, noting what year they were formed after the original agreement was approved.
- Each agreement holder should respond as a current applicant on Line 9 below.
- Applicants should report their proportionate share of required employment and investment information.
- If the original applicant is still the only agreement holder, please do not complete Lines 31 and 32 below.

In addition to the Biennial Progress Report required from each applicant that is a party to an agreement, a separate Biennial Progress Report summarizing the combined applicant's data for the entire agreement must be completed.

- If one of the applicants cannot provide this information, a summarization report must be completed by the school district.
- Projects spanning more than one school district must complete forms for each school district.
- Please return signed hard copy forms and electronic spreadsheets to the school district before May 15 of each even-numbered year.

Note:

- The school district that is a party to the Chapter 313 agreement is collecting the data required by Chapter 313.008 on this form for the Comptroller of Public Accounts (CPA).
- The CPA requests companies complete the electronic spreadsheet version of the form. Please submit both an *unsigned electronic version* **and** *a signed hard copy version* of the spreadsheet (with any attachments) to the district. Please contact CPA if you have questions about the form. The spreadsheet version of this form can be downloaded at: **www.window.state.tx.us/taxinfo/proptax/hb1200/index.html**.
- After ensuring that all forms are complete, the school district will forward that data to the CPA for inclusion in a statutorily required report to the Texas Legislature.

1. Name of school district: KLEIN ISD

2. Name of CAD appraising the qualified property in this school district: HARRIS COUNTY

3. Name of project on original application (or short description of facility): CUTTEN - Houston Data Center

4. Name of applicant on original application: HEWLETT-PACKARD COMPANY

5. Date original application filed with school district: MAY 15, 2006

6. Name of company entering into original agreement with district: HEWLETT-PACKARD COMPANY

7. Date original limitation agreement approved by school district: November 14, 2006

8. Date of final signing of agreement (if different from board approval date):

9. Name of current agreement holder(s): HEWLETT-PACKARD COMPANY

10. Complete mailing address of current agreement holder:

5400 LEGACY DRIVE H1-4A-66 PLANO, TX 75024

11. Name of company contact person for agreement holder: JAMES A. BAKER

12. Title of company contact person: U.S. Property TAX MANAGER

13. Phone number of company contact person: 972-605-1190

14. E-mail address of company contact person: jim-tax.baker@HP.COM

15. Texas franchise tax ID number of current agreement holder: 19410814362

16. If the current agreement holder does not report under the franchise tax law, please include name and tax ID of reporting entity.

N/A

17. NAICS Code of current agreement holder (6 Digit): 541712

18. Name of authorized company representative (if different from above):

19. Title of authorized company representative (if different from above):

20. Phone of authorized company representative (if different from above):

21. E-mail of authorized company representative (if different from above):

22. Complete mailing address of authorized company representative (if different from above):

23. First (complete) year of Qualifying Time Period – after the date the application is approved. See Tax Code §313.021[4]: 2007

24. First year of property value limitation (generally the third complete year of the agreement): 2009

25. Original Limitation Amount (for entire agreement): $80,000,000

26. Amount of qualified investment during the qualifying time period the recipient committed to spend or allocate for this project on application (Not Total Investment): 429,800,000

27. Date of construction commencement (estimate if in the future): 2006

28. Date construction completed (actual or estimate if in the future): August 2007

29. Has the description of the qualified property changed from that in the application? If so, please describe on an attachment how the actual qualified property — for which you are providing actual and estimated market values on subsequent pages — differs from that property described in the agreement. Include only property located in this school district.

NO

30. What was the number of permanent existing jobs at this facility prior to application? 150

31. If you are one of two or more companies originally applying for a limitation, list all other applicants here and describe their relationships. (Use attachments if necessary.)

N/A

32. If you are a current agreement holder who was not an original applicant, please list all other current agreement holders. Please describe the chain of ownership from the original applicant to the new entities. (Use attachments if necessary.)

N/A

33. If the agreement includes a definition of "new job" other than TAC §9.1051(14)(C), please provide the definition of "new job" as used in the agreement. (Use attachments if needed.)

See Attached "Employment Positions"

District Name KLEIN ISD **Project Name** Cullen - Houston Data Center

Company Name HEWLETT-PACKARD COMPANY **1st Yr. of Qualifying Time Period** 2007

Note: Excel spreadsheet version is available for download at URL listed below.

		Pre-Qualifying Time Period	Qualifying Time Period		
			From application approval date to Jan. 1 of next tax year[1]	Year 1 (First Complete Tax Year)	Year 2
	Please enter tax years (YYYY) here (starting in "Year 1"). ➡			2007	2008
34.	Number of qualifying jobs[2] applicant committed to create on application (cumulative)**			Ø	20
35.	Number of qualifying jobs[2] applicant actually created (cumulative)**			140	172
36.	Number of new jobs[3] created (cumulative)**			176	216
37.	Number of new jobs[3] created that provide health benefits for employees (cumulative)**			176	216
38.	Median annual wage of new jobs each applicant created**				$ 76,199
39.	Average annual wage of new jobs each applicant created**				$ 83,037
40.	Total investment for this project (per year or time period, not cumulative)[4]***		225,427,097	187,341,557	44,710,352
41.	Amount of qualified investment applicant actually spent or allocated for this project[5] (per year or time period, not cumulative)** (See also Note #1.)		225,427,097	187,341,557	44,710,352
42.	Market value of qualified property on January 1 before any exemptions[6]***			88,444,937	156,750,954
43.	Market value of qualified property (amount shown in #42) less any exemptions, but before the limitation on value authorized by Tax Code 313**			88,444,937	156,750,954
44.	Limitation amount in each of years 1-10.[7]**			Ø	Ø
45.	Taxable value of qualified property certified by the county appraisal district for the purpose of school M&O taxes**			88,444,937	156,750,954
46.	School District M&O tax rate (per hundred dollars of value)*			$ 1.04	~~$ 1.0790~~ $1.04
47.	School district I&S tax rate (per hundred dollars of value)*			$ 0.22	$ 0.27
48.	Total school district ad valorem tax levy (M&O and I&S) on qualified property*			$ 1,114,406	$ 2,053,438

*Actual data only. **Actual and projected data. Use actual data for prior years. Estimates are required for current and future years.

Notes:

1. Only projects with agreements executed after June 19, 2009 may have any qualified investment between the time of application approval and Jan. 1 of subsequent tax year.
2. Jobs meeting all of the requirements of Tax Code §313.021(3). Each qualifying job is a new job that meets the wage standard for that school district, and is covered by a group health benefits plan for which the employer offers to pay at least 80 percent of the employee-only premium. Do not include construction jobs in counts of qualifying jobs.
3. For new job definition see TAC §9.1051(14).
4. Total Investment is all investment at original cost, including land acquired after filing of application. Investments made in one year should be reflected in the subsequent year's market value.
5. The investment made during the qualifying time period meeting the requirements of Tax Code §313.021(1). Fill in amounts for the time between the application approval and Jan. 1 of first tax year, Year 1 and Year 2 only. (See also Note #1)
6. For all values, use those from CAD as available. For future years, use market value that the entity estimates will approximate the market value for ad volorem tax purposes in that year.
7. This amount may vary annually for agreements with multiple agreement-holders. Subentities should enter their share of original limitation amount. Limitation amounts of all subentities should sum to that of the original limitation amount originally approved by the school district.

(continued on next page)

	Limitation Period							
	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Please enter tax years (YYYY) here. ⇒	2009	2010	2011	2012	2013	2014	2015	2016
34. Number of qualifying jobs[2] applicant committed to create on application (cumulative)**	20							
35. Number of qualifying jobs[2] applicant actually created (cumulative)**	210							
36. Number of new jobs[3] created (cumulative)**	263							
37. Number of new jobs[3] created that provide health benefits for employees (cumulative)**	263							
38. Median annual wage of new jobs each applicant created**	72,366							
39. Average annual wage of new jobs each applicant created**	84,329							
40. Total investment for this project (per year or time period, not cumulative)[4]**	1,927,971	Ø						
41. Amount of qualified investment applicant actually spent or allocated for this project[5] (per year or time period, not cumulative)** (See also Note #1.)								
42. Market value of qualified property on January 1 before any exemptions[6]**	198,168,189							
43. Market value of qualified property (amount shown in #42) less any exemptions, but before the limitation on value authorized by Tax Code 313**	198,168,189							
44. Limitation amount in each of years 1-10.[7]**	$80M							
45. Taxable value of qualified property certified by the county appraisal district for the purpose of school M&O taxes**	80,000,000							
46. School District M&O tax rate (per hundred dollars of value)*	~~[illegible]~~	1.04						
47. School district I&S tax rate (per hundred dollars of value)*	0.32							
48. Total school district ad valorem tax levy (M&O and I&S) on qualified property*	1,466,138							

*Actual data only. **Actual and projected data. Use actual data for prior years. Estimates are required for current and future years.

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The CPA requests companies complete the electronic spreadsheet version of the form. Please submit both an unsigned electronic version and a signed hard copy version of the spreadsheet (with any attachments) to the district.

By signing below, I, JAMES A BAKER **, certify that I am the authorized representative of** HEWLETT-PACKARD COMPANY **, a current agreement holder of a limitation on appraised value, and the contents of this form and the attached documentation are true and correct to the best of my knowledge and belief.**

sign here ▶	Authorized Official: James A Baker	Date: July 15, 2010
	Print Name/Title: JAMES A. BAKER - US Property Tax Manager	Phone (Area Code and Number): 972-605-1190

"*Comptroller's Rules*" means the applicable rules and regulations of the Comptroller set forth at 34 Texas Administrative Code § 9.107 together with any court or administrative decisions interpreting same.

"*County*" means Harris County, Texas.

"*County Appraisal District*" means the Harris County Appraisal District.

"*District*" or "*School District*" means the Klein Independent School District, being a duly incorporated and operating independent school district in the State of Texas, having the power to levy, assess, and collect ad valorem taxes within its boundaries.

"*Employment Positions*" shall mean non-temporary full time employment positions of the Applicant, its permitted assigns and affiliates at, or otherwise located in Harris County, Texas in support of, the facility to which this tax limitation agreement applies, including employees of contractors assigned to the facility to which this tax limitation agreement applies as shown on Applicant's internal contingent labor management systems. Two (2) or more part time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.

"*H-P Goods and Services*" means products or services that Applicant markets and sells under its brand name to its other customers; provided that H-P Goods and Services shall not include any products or services of Applicant which at the time of the order thereof by District is covered under an existing purchase order, existing sales contract or other pre-existing contractual arrangement between the District and Applicant.

"*Maintain Viable Presence*" means the operation over the life of this Agreement of the facility or facilities for which the tax limitation agreement is granted and the retention over the entire term of this Agreement, as defined in Section 1.2 above, of not fewer than the number of Qualifying Jobs required, by Texas Tax Code, Chapter 313. Applicant shall be deemed to have maintained a viable presence in the event of a temporary interruption in operations due to strike, judicial decision, weather, or other act of God. In the event a fire, flood, windstorm or other disaster shuts down facility operations, Applicant will be deemed to have maintained a viable presence so long as it commences repairs and/or reconstruction of the damaged within one hundred eighty (180) days after the catastrophic event. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

"*Maintenance and Operations Revenue*" means 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. The term also includes 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