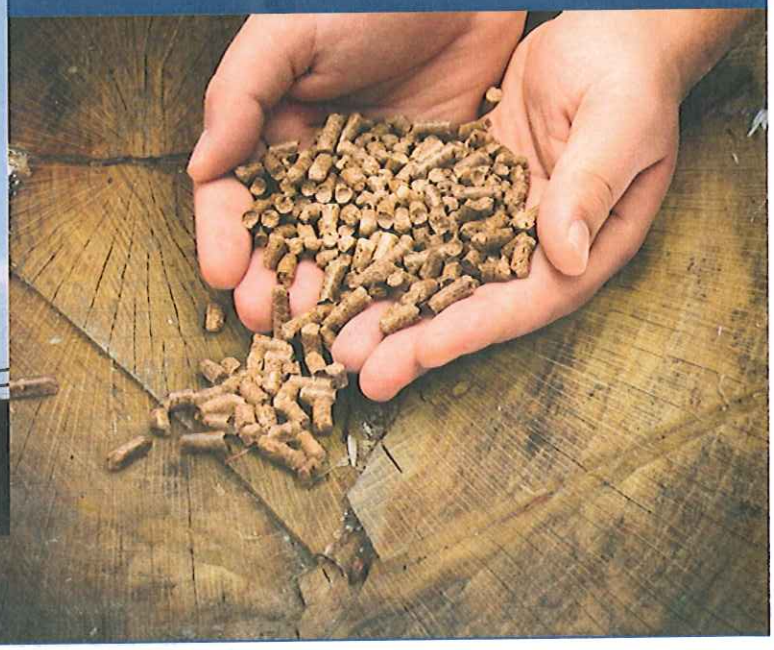
Findings of the Woodville Independent School District Board of Trustees under the Texas Economic Development Act on the Application Submitted by Texas Pellets, Inc.



September, 17, 2012

FINDINGS

OF THE

WOODVILLE INDEPENDENT

SCHOOL DISTRICT BOARD OF TRUSTEES

UNDER THE

TEXAS ECONOMIC DEVELOPMENT ACT

ON THE APPLICATION SUBMITTED BY

TEXAS PELLETS, INC.

SEPTEMBER 17, 2012

FINDINGS OF THE WOODVILLE INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY TEXAS PELLETS, INC.

STATE OF TEXAS §

COUNTY OF TYLER §

On the 17th day of September, 2012, a public meeting of the Board of Trustees of the Woodville 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 Texas Pellets, Inc. (Texas Pellets) 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 Woodville Independent School District makes the following findings with respect to the application of Texas Pellets, and the economic impact of that application:

On April 16, 2012, the Superintendent of Schools of the Woodville Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Texas Pellets 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, Texas Pellets (Texas Taxpayer Id. 32046519750), 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**.

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 Tyler 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 July 13, 2012. 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 Woodville 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 Woodville 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 Texas Pellets, 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. 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 strong 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 following

> 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 Texas Pellets, Inc. 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 Tyler County, Texas is in need of long-term improvement.**

Based on information provided by the Comptroller's Office, Tyler County is the 117th largest in the state in terms of population. Population growth in Tyler County is negative and was the state's 214th among the state's 254 counties from 2009 to 2010. The state population grew by 1.8 percent between 2009 and 2010, while the population of Tyler County decreased by 0.4 percent over the same period.

September 2011 employment for Tyler County was down 2.4 percent from September 2010, below the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Tyler County was 12.0 percent in September 2011, significantly higher

than the state average of 8.5 percent. It is noteworthy that the Tyler County unemployment rate increased from 10.3 percent a year ago to the 12.0 percent level in September 2011.

Tyler County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Tyler County County's $29,623 in 2009 ranked 187th among the 254 counties in Texas, while the Texas average was $38,609 for the same period.

Given these indicators, Tyler County will benefit from economic activity like that associated with the Texas Pellets 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 $35,945 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 requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Texas Pellets indicates that total employment will be approximately ten (10) new jobs, eight (8) of which will be qualifying jobs.**

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

> After construction, the project will create ten new jobs when fully operational. Eight 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 Deep East Texas Council of Governments Region, where Tyler County is located was $32,682 in 2010. The annual average manufacturing wage for 2010-2011 for Tyler County is $39,221. That same year, the county annual average wage for all industries was $27,820. In addition to a salary of $35,945, the applicant or its contractor will pay at least 80% of the cost of medical, dental, and vision insurance for at least 80% of new employees; disability insurance will also be provided.

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 $86.1 million on the basis of the goal of eight (8) new qualifying positions for the entire Texas Pellets project.**

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

The project's total investment is $688.8 million, resulting in a relative level of investment per qualifying job of $86.1 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 Texas Pellets, Inc.'s 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 Texas Pellets, Inc.

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	3	669	672	$80,163	$35,919,838	$36,000,000
2013	10	178	188	$359,450	$12,640,550	$13,000,000
2014	10	32	42	$359,450	$4,640,550	$5,000,000
2015	10	34	44	$359,450	$4,640,550	$5,000,000
2016	10	38	48	$359,450	$4,640,550	$5,000,000
2017	10	37	47	$359,450	$4,640,550	$5,000,000
2018	10	45	55	$359,450	$4,640,550	$5,000,000
2019	10	45	55	$359,450	$4,640,550	$5,000,000
2020	10	43	53	$359,450	$4,640,550	$5,000,000
2021	10	45	55	$359,450	$5,640,550	$6,000,000
2022	10	45	55	$359,450	$5,640,550	$6,000,000
2023	10	51	61	$359,450	$5,640,550	$6,000,000
2024	10	53	63	$359,450	$5,640,550	$6,000,000
2025	10	43	53	$359,450	$5,640,550	$6,000,000
2026	10	37	47	$359,450	$5,640,550	$6,000,000
2027	10	39	49	$359,450	$5,640,550	$6,000,000

Source: CPA, REMI, Texas Pellets, Inc.

The statewide average ad valorem tax base for school districts in Texas was $1.6 billion in 2010. Woodville ISD's ad valorem tax base in 2010 was $1.01 billion. The statewide average wealth per WADA was estimated at $$345,067 for fiscal 2010. During that same year, Woodville ISD's estimated wealth per WADA was $502,102. 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, Tyler County, and Tyler County Hospital District, with all property tax incentives sought being granted using estimated market value from Texas Pellets, Inc. application. Texas Pellets, Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and hospital district. Table 3 illustrates the estimated tax impact of the Texas Pellets, Inc. project on the region if all taxes are assessed.

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		Woodville ISD I&S Levy	Woodville ISD M&O Levy	Woodville ISD M&O and I&S Tax Levies (Before Credit Credited)	Woodville ISD M&O and I&S Tax Levies (After Credit Credited)	Tyler County Tax Levy	Tyler County Hospital District Tax Levy	Southeast Texas Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0800	1.0400			0.6615	0.1369	0.0000	
2013	$180,640,000	$180,640,000		$144,512	$1,878,656	$2,023,168	$2,023,168	$0	$0	$0	$2,023,168
2014	$168,863,000	$168,863,000		$135,090	$1,756,175	$1,891,266	$1,891,266	$0	$0	$0	$1,891,266
2015	$156,844,000	$10,000,000		$125,475	$104,000	$229,475	$229,475	$103,752	$21,472	$0	$354,699
2016	$144,825,000	$10,000,000		$115,860	$104,000	$219,860	$117,171	$191,603	$39,653	$0	$348,428
2017	$132,806,000	$10,000,000		$106,245	$104,000	$210,245	$111,763	$263,554	$54,543	$0	$429,860
2018	$121,787,000	$10,000,000		$97,430	$104,000	$201,430	$106,804	$322,248	$66,691	$0	$495,743
2019	$110,768,000	$10,000,000		$88,614	$104,000	$192,614	$101,846	$366,365	$75,821	$0	$544,031
2020	$99,749,000	$10,000,000		$79,799	$104,000	$183,799	$96,887	$395,904	$81,934	$0	$574,725
2021	$95,277,000	$10,000,000		$76,222	$104,000	$180,222	$94,875	$441,180	$91,304	$0	$627,359
2022	$97,352,000	$10,000,000		$77,882	$104,000	$181,882	$95,808	$515,187	$106,620	$0	$717,615
2023	$100,427,000	$100,427,000		$80,342	$1,044,441	$1,124,782	$10,043	$597,892	$123,736	$0	$731,671
2024	$103,502,000	$103,502,000		$82,802	$1,076,421	$1,159,222	$10,350	$684,666	$141,694	$0	$836,710
2025	$106,577,000	$106,577,000		$85,262	$1,108,401	$1,193,662	$675,341	$705,007	$145,904	$0	$1,526,251
2026	$109,652,000	$109,652,000		$87,722	$1,140,381	$1,228,102	$1,228,102	$725,348	$150,114	$0	$2,103,564
2027	$112,727,000	$112,727,000		$90,182	$1,172,361	$1,262,542	$1,262,542	$745,689	$154,323	$0	$2,162,555
						Total	$8,055,441	$6,058,395	$1,253,809	$0	$15,367,645
Assumes School Value Limitation and Tax Abatements with the County and Hospital District.											

Source: CPA, Texas Pellets, Inc.

[1]Tax 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		Woodville ISD I&S Levy	Woodville ISD M&O Levy		Woodville ISD M&O and I&S Tax Levies	Tyler County Tax Levy	Tyler County Hospital District Tax Levy	Southeast Texas Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0800	1.0400			0.6615	0.1369	0.0000	
2013	$180,640,000	$180,640,000		$144,512	$1,878,656		$2,023,168	$1,194,934	$247,296	$0	$3,465,398
2014	$168,863,000	$168,863,000		$135,090	$1,756,175		$1,891,266	$1,117,029	$231,173	$0	$3,239,468
2015	$156,844,000	$156,844,000		$125,475	$1,631,178		$1,756,653	$1,037,523	$214,719	$0	$3,008,895
2016	$144,825,000	$144,825,000		$115,860	$1,506,180		$1,622,040	$958,017	$198,265	$0	$2,778,323
2017	$132,806,000	$132,806,000		$106,245	$1,381,182		$1,487,427	$878,512	$181,811	$0	$2,547,750
2018	$121,787,000	$121,787,000		$97,430	$1,266,585		$1,364,014	$805,621	$166,726	$0	$2,336,362
2019	$110,768,000	$110,768,000		$88,614	$1,151,987		$1,240,602	$732,730	$151,641	$0	$2,124,973
2020	$99,749,000	$99,749,000		$79,799	$1,037,390		$1,117,189	$659,840	$136,556	$0	$1,913,585
2021	$95,277,000	$95,277,000		$76,222	$990,881		$1,067,102	$630,257	$130,434	$0	$1,827,794
2022	$97,352,000	$97,352,000		$77,882	$1,012,461		$1,090,342	$643,983	$133,275	$0	$1,867,601
2023	$100,427,000	$100,427,000		$80,342	$1,044,441		$1,124,782	$664,325	$137,485	$0	$1,926,592
2024	$103,502,000	$103,502,000		$82,802	$1,076,421		$1,159,222	$684,666	$141,694	$0	$1,985,582
2025	$106,577,000	$106,577,000		$85,262	$1,108,401		$1,193,662	$705,007	$145,904	$0	$2,044,573
2026	$109,652,000	$109,652,000		$87,722	$1,140,381		$1,228,102	$725,348	$150,114	$0	$2,103,564
2027	$112,727,000	$112,727,000		$90,182	$1,172,361		$1,262,542	$745,689	$154,323	$0	$2,162,555
						Total	$20,628,115	$12,183,481	$2,521,419	$0	$35,333,014

Source: CPA, Texas Pellets, Inc.

[1]Tax 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.**

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add $182 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Texas Pellets project remains fully taxable for debt services taxes, with Woodville ISD currently levying a $0.08 per $100 I&S rate. The value of the Texas Pellets project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base.

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 Texas Pellets project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Woodville 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 Texas Pellets, Inc.'s application, "The location of the Applicant's Project depends largely on the proximity to raw wood supply. The Applicant has evaluated prime locations in Mississippi and Louisiana, and most states in the Southeastern United States have sites which would fully support the Project."

Board Finding Number 9.

> **During the past two years, one project in the Deep East Texas 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 Texas Pellets. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.**

Board Finding Number 11.

> **The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Ten Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.054(a).**

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2011 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2011 industrial value for Woodville ISD is $47.35 million. Woodville ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Woodville ISD is classified as a "rural" district based on its population characteristics. Given that the value of industrial property in Woodville ISD is more than $1 million but less than $90 million, it is classified as a Category III district which can offer a minimum value limitation of $10 million.

Board Finding Number 12.

> **The Applicant (Taxpayer Id. 32046519750) 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 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 first and subsequent 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 herby authorized to be executed and delivered by and on behalf of the Woodville 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 Woodville Independent School District.

Dated the 17th day of September 2012.

WOODVILLE INDEPENDENT SCHOOL DISTRICT

By: _____
Trey Allison, President, Board of Trustees

ATTEST:

By: _____
Ted Watts, Secretary, Board of Trustees

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

Authorized School District Representative

Date application received by district: April 16, 2012

First Name	Last Name
Glen	Conner

Title: Superintendent

School District Name: Woodville Independent School District

Street Address: 505 N Charlton Street

Mailing Address: 505 N Charlton Street

City	State	ZIP
Woodville	TX	75979-4504

Phone Number	Fax Number
409-283-3752	409-283-7962

Mobile Number (optional)	E-mail Address
	glen.conner@woodvilleeagles.org

I 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: Bob
Last Name: Popinski
Title: Associate
Firm Name: Moak Casey
Street Address: 400 W. 15th Street, Suite 1410
Mailing Address: 400 W. 15th Street, Suite 1410
City: Austin
State: TX
ZIP: 78701
Phone Number: 512-485-7878
Fax Number: 512-485-7888
Mobile Number (Optional):
E-mail Address: bpopinski@moakcasey.com

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)*: C Alan Conner, Superintendent
Date: 4-16-2012

Has the district determined this application complete? ☑ Yes ☐ No

If yes, date determined complete. 4.26.2012

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	X
2	Certification page signed and dated by authorized school district representative	2 of 16	X
3	Date application deemed complete by ISD	2 of 16	X
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	X
5	Completed company checklist	12 of 16	X
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	will supplement

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name	Last Name
Kai	Becker

Title
Commercial Manager

Organization
German Pellets Texas, LLC

Street Address
Am Torney 2a

Mailing Address
Am Torney 2a

City	State	ZIP
23790 Wismar, Germany		

Phone Number	Fax Number
+49 3841 30 30 65 01	
Mobile Number (optional)	Business e-mail Address
	Kai.Becker@german-pellets.de

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	Last Name

Title

Organization

Street Address

Mailing Address

City	State	ZIP

Phone Number	Fax Number
Mobile Number (optional)	E-mail Address

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

Will consultant be primary contact? ..... ☑ Yes ☐ No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name
Benjamin J.

Last Name
Brooks

Title
Partner

Firm Name
Smith, Gambrell & Russell, LLP

Street Address
1230 Peachtree Street, Suite 3100

Mailing Address

City
Atlanta

State
GA

ZIP
30309

Phone Number
404-815-3705

Fax Number
404-685-7005

Business email Address
bbrooks@sgrlaw.com

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
04-12-2012

GIVEN under my hand and seal of office this _____ day of April, 2012

_____

Notary Public, State of _____

(Notary Seal)

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.

Notorial certificate verifying signature

UR-Nr. 599 / 2012

I, the Notary Public

Dr. Kai Woellert,

with the official residence in Wismar, Mecklenburg-Vorpommern, Germany,
(office: Am Markt 23, D-23966 Wismar)

hereby certify the above signature of:

Kai Becker,
born 1961-09-16,
business address: Am Torney 2a, D-23970 Wismar, Germany,

Issued and signed at Wismar, 2012-04-16

(Notar Dr. Kai Woellert, Notary Public)

DR. KAI WOELLERT
NOTAR IN WISMAR

61052

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

Texas Pellets, Inc.

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

32046519750

NAICS code

321999

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.)*

corporation

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
   If so, please attach documentation of the combined group membership and contact information.

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.)

ELIGIBILTY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? ☑ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

(1) manufacturing ☑ Yes ☐ No

(2) research and development ☐ Yes ☑ No

(3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No

(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No

(5) renewable energy electric generation ☐ Yes ☑ No

(6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No

(7) nuclear electric power generation ☐ Yes ☑ No

(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) ☐ Yes ☑ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No

Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No

Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No

Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No

Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

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)

See Attachment 4

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

See Attachment 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

☑ New Jobs ☑ Construct New Facility ☑ New Business / Start-up ☐ Expand Existing Facility

☐ Relocation from Out-of-State ☐ Expansion ☑ Purchase Machinery & Equipment

☐ Consolidation ☐ Relocation within Texas

PROJECTED TIMELINE

Begin Construction July, 2012

Begin Hiring New Employees November, 2011

Construction Complete October, 2012

Fully Operational April, 2013

Purchase Machinery & Equipment August, 2012

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)? ☑ Yes ☐ No

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? April, 2013

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Total	

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 is in negotiations with Tyler County and the Tyler County Hospital District with regard to property tax reductions.

THE PROPERTY

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

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

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: Tyler County - 100% (Name and percent of project)

City: None (Name and percent of project)

Hospital District: Tyler County Hospital District - 100% (Name and percent of project)

Water District: Southeast Texas Groundwater Conservation District - 100% (Name and percent of project)

Other (describe): Woodville Independent School District - 100% (Name and percent of project)

Other (describe): (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? $10,000,000

What is the amount of appraised value limitation for which you are applying? $10,000,000

What is your total estimated *qualified* investment? $177,770,000

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? June, 2012

What is the anticipated date of the beginning of the qualifying time period? June, 2012

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? $688,774,000

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? N/A

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

Will the project be on leased land? ☑ Yes ☐ No

See Attachment 4 for further explanation.

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? ☑ 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. $5,750,000 (Market Value) 2011 (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ☐ Yes ☑ 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? ☑ 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)? 10

The last complete calendar quarter before application review start date is the:

☑ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2012 (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?
10

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.

Total number of new jobs that will have been created when fully operational 10

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? ☑ 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 ☑ 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? 8

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 $588.50

110% of the county average weekly wage for manufacturing jobs in the county is $829.68

110% of the county average weekly wage for manufacturing jobs in the region is $691.24

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? $35,945

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? $35,945

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? 100% See Attachment 4 for further explanation.

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 Attachment 15

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	
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	
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	✓
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	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

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

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 1 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

See page 4 of the Application for Certification Pages signed and dated by Applicant.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 2 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

Evidence of payment of application fee is attached.

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)

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 3 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

See attached.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 4 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

The Project

Applicant plans to design, acquire, construct and equip certain real and personal property constituting integrated facilities for the production of wood pellets (the "Project") on an approximately 198 acre site (the "Land") located at 164 County Road 1040 in Woodville, Tyler County, Texas. A proposed layout of the Project is attached hereto as Exhibit "A."

Project Components

The Project consists of several distinct sections or divisions, including a greenwood handling and storage section, a wet milling section, a dryer section, a dry milling section, a pelletizing section and a finished product handling section. The greenwood handling section consists of a log yard with a crane to move logs (Project Layout Item 1), de-barker (Project Layout Item 2), truck dump (Project Layout Item 3), chipper (Project Layout Item 4) and stacker-reclaimer (Project Layout Item 6). The wet milling station (Project Layout Item 9) is expected to contain up to seven (7) wet milling machines. The dryer station (Project Layout Item 11) is expected to consist of two separate dying drums. The dry milling section (Project Layout Item 12) will contain dry milling machines. The pelletizing section (Project Layout Item 14) will consist of pelletizing machines capable of applying six different pellet pressures, a conditioner and an air cooler. The finished product handling section consists of storage tanks (Project Layout Item15), bucket elevators, chain conveyor, catwalk system and towers. In addition, the Project includes approximately 11 tractor-trailers used to transport raw material to the site and to transport finished product to Port Arthur.

Pelletizing Process

In the first step of the process, green wood is stripped of bark and milled to grind the wood into chips. The wood chips are then wet milled into finer pieces. The wood is then dried to remove moisture and then dry milled again to further refine it into a sawdust-like product. This material is then fed through a pelletizing machine which adds heat and pressure to the wood and extrudes the final pellet product. Once cooled, the pellets are stored and packaged for shipping.

The majority of the pellets are expected to be exported to Europe for consumer and industrial heating uses.

Existing Buildings and Buildings to be Constructed

The Land purchased by the Applicant includes three (3) existing buildings--one approximately 1,000 square foot building, one approximately 5200 square foot building and one approximately 2,000 square foot building (collectively, the "Existing Buildings"). The Existing Buildings are not part of the Applicant's Application for Appraised Value Limitation. The Applicant will construct new manufacturing buildings and a new office facility (the "New Buildings") on the site consisting of a total of approximately 40,000 square feet.

Explanation of Values in Schedule A

Truck purchase-$26,000

-A$250,000

Construction Schedule

Grading for construction of the New Buildings at the Project is expected to begin in May 2012. Construction of the New Buildings is expected to begin, pending approval of the Applicant's Application for Appraised Value Limitation, in July, 2012, and is to be completed by October, 2012. The Project is expected to be fully completed in the first quarter of 2013. Truck pu

Project Ownership and Operation

The Project will be owned by the Applicant and is expected to leased to German Pellets Texas, LLC, a Texas limited liability company unrelated to the Applicant ("GPT, LLC"), in whole or in part, pursuant to the terms of a lease (the "Lease") to be entered into between GPT, LLC and Applicant.

Ability to Relocate in Another State or Another Region of Texas

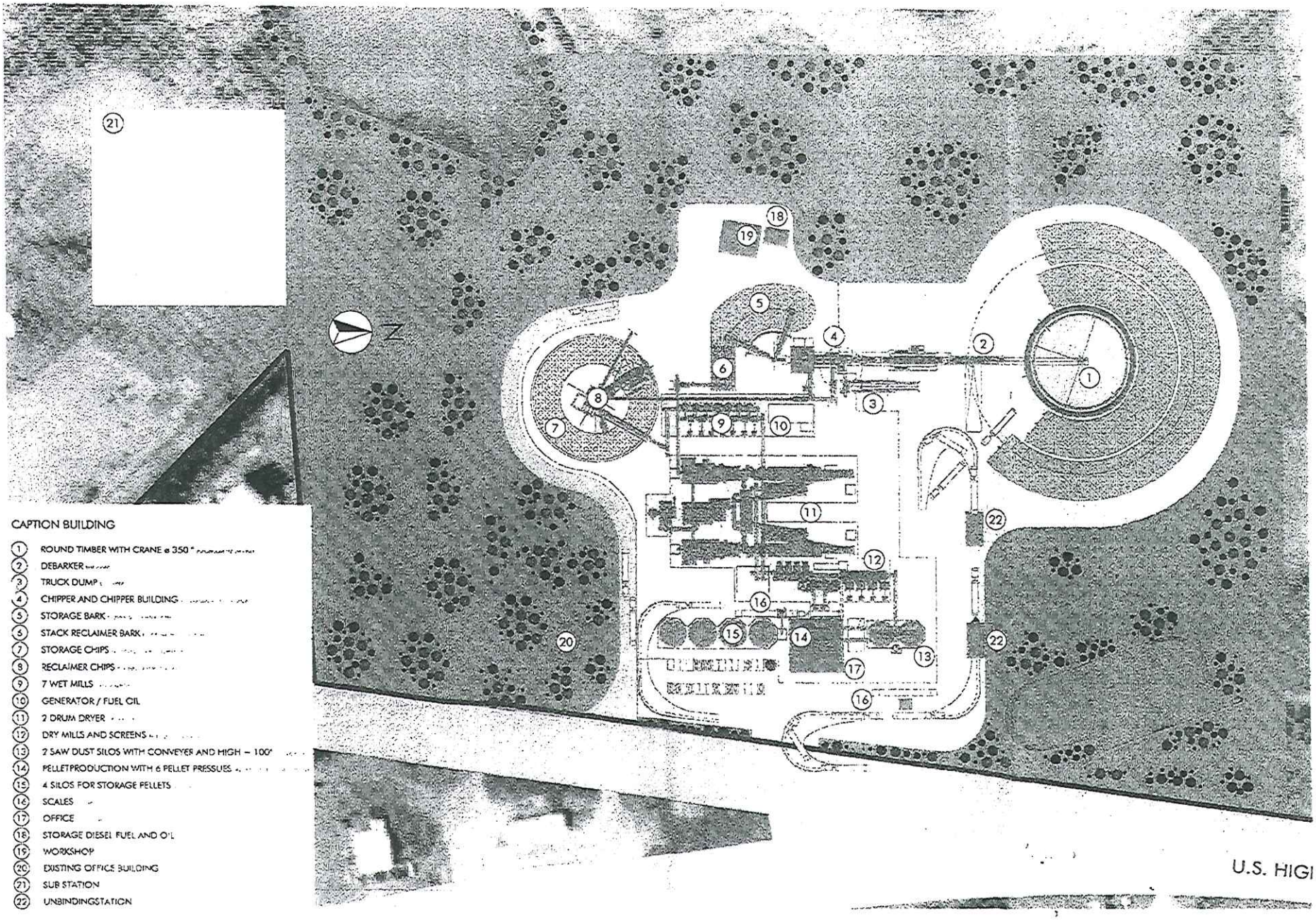
The location of Applicant's Project depends largely on the proximity to raw wood supply. The Applicant has evaluated prime locations in Mississippi and Louisiana, and most states in the Southeastern United States have sites which would fully support the Project.

Job Creation/Benefits to Community

GPT, LLC will serve as a contractor to the Applicant for the purpose of hiring employees to work at the Project. The Applicant expects GPT, LLC to hire at least 10 full-time permanent employees. In addition, the Applicant estimates that the Project will create an additional one hundred and ninety-four (194) indirect jobs consisting of approximately one hundred and fifty (150) full time jobs in logging and other support industries and forty-four (44) full time jobs related to the transportation of the Applicant's finished project to Port Arthur. The Applicant expects significant economic impact to the local timber industry, and expects to spend approximately $20 million on raw timber materials in 2013 and between $25-27 million on raw timber materials in each year between 2014 and 2027.

EXHIBIT "A"

Layout of the Project



CAPTION BUILDING

1. ROUND TIMBER WITH CRANE ø 350 "
2. DEBARKER
3. TRUCK DUMP
4. CHIPPER AND CHIPPER BUILDING
5. STORAGE BARK
6. STACK RECLAIMER BARK
7. STORAGE CHIPS
8. RECLAIMER CHIPS
9. 7 WET MILLS
10. GENERATOR / FUEL OIL
11. 2 DRUM DRYER
12. DRY MILLS AND SCREENS
13. 2 SAW DUST SILOS WITH CONVEYER AND HIGH – 100'
14. PELLETPRODUCTION WITH 6 PELLET PRESSUES
15. 4 SILOS FOR STORAGE PELLETS
16. SCALES
17. OFFICE
18. STORAGE DIESEL FUEL AND OIL
19. WORKSHOP
20. EXISTING OFFICE BUILDING
21. SUB STATION
22. UNBINDINGSTATION

U.S. HIGI

German Pellets Texas, LLC

164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 5 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

Not applicable.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 6 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

The qualified investment will consist of the construction of the buildings and the installation of the equipment for the Project, as described in more detail on Attachment 4.

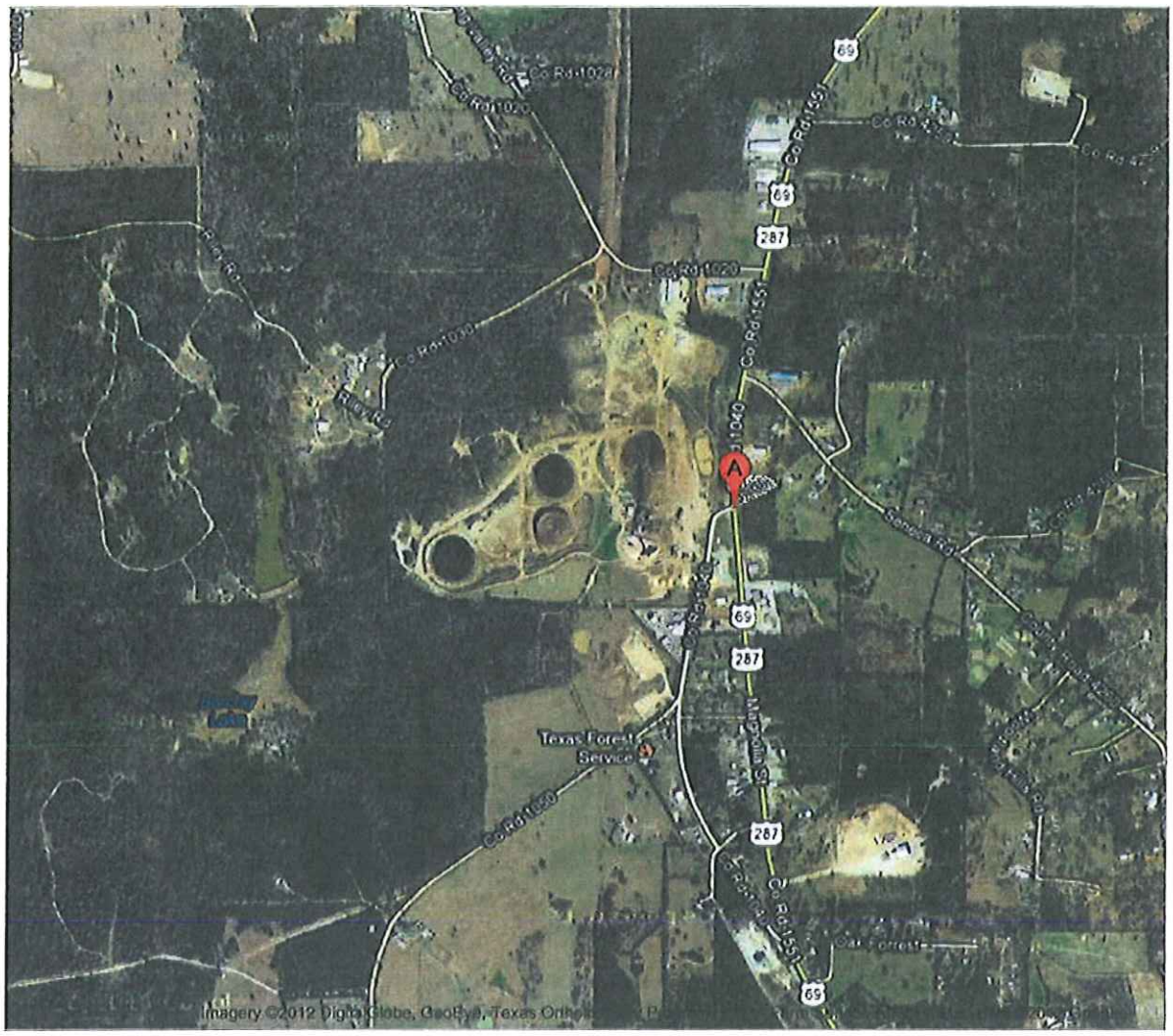
German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 7 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

See attached map of Project and vicinity map.

Google


Co Rd 1040
Co Rd 1551
69
287
Texas Forest Service
Imagery ©2012 DigitalGlobe, GeoEye, Texas Orthoimagery Program

201,463 sqft	CONCRETE SURFACE	[illegible] sqft	POND
537,879 sqft	GRAVELED ROAD	[illegible] sqft	GREEN AREA
1,075,560 sqft	NATURAL GROUND	4,844 sqft	PARKING LOT
13,808 sqft	ROAD		
[illegible]	EXISTING BUILDING	[illegible] sqft	COMPLETE AREA

LEGEND

CAPTION

LEGEND

CAPTION BUILDING

EXTERNAL PLANNING

NOTE

FOR WELDING PLATES, HALFENRAILS, STEELCONSTRUCTIONS, OTHER INSTALLATIONS FOR ATTACHMENT OF THE MACHINES SEE STATICS AND PLANS OF THE RESPECTIVE MECHANICAL ENGINEERING COMPANIES.

STEEL COLUMNS AND BASEMENTS, CROSSBAR, REINFORCEMENTS FOR STEEL HALL ACCORDING TO INSTRUCTIONS OF STATICS AND HALL DESIGNER.

THE INSTALLATIONS MACHINES SHOWN IN GREY WERE TRANSFERRED ONLY FOR INFORMATION PURPOSES INTO OUR PLANS.

IMPLEMENT PLAN DEFINITIONS

PLANNING AND CONSTRUCTION DIMENSIONS, NUMBERS OF ITEMS HAVE TO BE CHECKED BY ALL CRAFTS ON THEIR OWN RESPONSIBILITY RESPECTIVELY HAVE TO BE TAKEN AT THE BUILDING SITE.

DISCREPANCIES HAVE TO BE ANNOUNCED TO THE CONSTRUCTION SUPERVISION AND PLANNING IMMEDIATELY RESPECTIVELY BEFORE THE BEGINNING OF WORK.

BEFORE THE EXECUTION ALL DATA CONCERNING SLOTS AND BREAKTHROUGHS HAVE TO BE CHECKED BY THE MAIN CONSTRUCTOR TOGETHER WITH THE DESIGN ENGINEER.

THE EXECUTION COMPANY HAS TO GUARANTEE FOR OBSERVANCE.

IT GENERALLY APPLIES THAT:

THERMIC PROTECTION, NOISE PROTECTION AND STEAMPROOFING ACCORDING TO DIN 18195.

ALL HEIGHTS REFER TO FINISHED FLOOR LEVEL

ALL DOOR HEIGHTS AS WELL AS PARAPET WALL HEIGHTS REFER TO THE TOP OF FINISHED LEVEL. IF A DOORSTOP IS DESIGNED THE HIGHER LEVEL COUNTS.

THIS PLAN IS ONLY VALID IN CONNECTION WITH THE STATIC COMPUTATIONS AND THE POSITION PLANS.

ALL MATERIAL DATA, SEPARATION AND CONSTRUCTION JOINTS, FOUNDATIONS HAVE TO BE TAKEN FROM THE STATICS.

REVISION OF PLAN

SCHEME

SITEPLAN

IMPLEMENT PLANING

PROJECT: CONSTRUCTION OF A NEW PELLET PLANT, 144 COUNTY ROAD 1040, WOODVILLE, TEXAS, USA

CLIENT: GERMAN PELLETS TEXAS LLC, 144 COUNTY ROAD 1040, WOODVILLE, TEXAS, USA

PLANING: SPITZNER PROJEKT GMBH & CO. KG

REMARKS:

PROJECTNR.: P140	PART OF PROJECT: SITE PLAN
PLANNR.: 00-W07	PLANNING CONTENT: SITEPLAN SURFACE
VERSION: A	SCALE: M 1:2000

SPITZNER PROJEKT

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 8 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

The qualified property will consist of the qualified investment more fully described on Attachment 6 above, together with the real property on which the Project will be developed. The legal description of the Project site is attached at Attachment 10 below.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

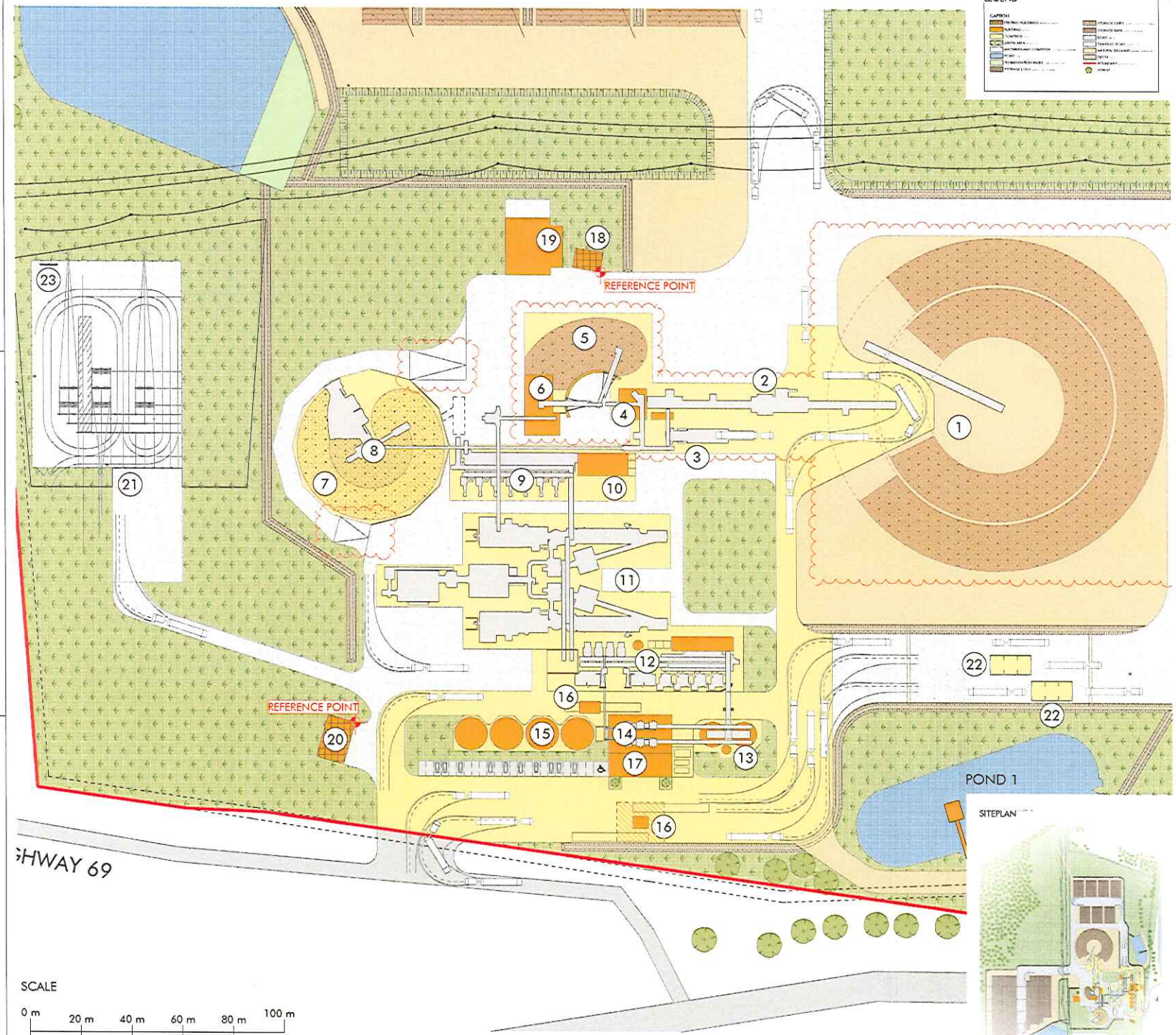
Texas Taxpayer ID:32044557216

ATTACHMENT 9 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

See attached map with vicinity map.

Google

Co Rd 1024
Co Rd 1020
Co Rd 1551
69
287
Co Rd 1020
Co Rd 1551
1040
A
Co Rd 1020
Rio Rd
Rio Rd
Co Rd 1020
Texas Forest Service
Co Rd 1551
Imagery ©2012 DigitalGlobe, GeoEye, Texas Orth



LEGEND

CAPTION

SITEPLAN

LEGEND

CAPTION BUILDING

EXTERNAL PLANNING

NOTE

IMPLEMENT PLAN DEFINITIONS

REVISION OF PLAN

SCHEME

IMPLEMENT PLANING

PROJECT: CONSTRUCTION OF A NEW PELLET PLANT
314 COUNTY ROAD 1160
WOODVILLE, TEXAS 75979
USA

CLIENT: GERMAN PELLETS TEXAS LLC
314 COUNTY ROAD 1160
WOODVILLE, TEXAS 75979
USA

PLANING: SPITZNER PROJECT OWNER GMBH
WOHNSTRASSE 7 GERMANY REGENSBURG
Fax: +49-941-63 973 Mail: Fax: +49-941-63 973 Mail:
www.spitznerprojekt.de e-mail: info@spitzner.de

REMARKS

PROJECTNR	PART OF PROJECT
P140	SITE PLAN
PLAN NR.	PLANING CONTENT
00-W04	SITEPLAN

VERSION	SCALE	DATE	FORMAT
A	as 1:500	09.March.2017	A3 Plan
	FILE NAME		SIZE
	P140-00-W04.dwg		1.190 x 1.14

SPITZNER PROJECT

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 10 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

See attached.

AREA SURVEYING & MAPPING
418 N. PINE
WOODVILLE, TEXAS 75979
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 188.675 ACRE TRACT OF LAND AS SITUATED IN THE WM. CHAMBLISS SURVEY, A-189, THE E.L. JENNINGS SURVEY, A-405, AND THE JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME CERTAIN 262.127 ACRE TRACT AS CONVEYED TO NORTH AMERICAN PROCUREMENT COMPANY, HEREAFTER REFERRED TO AS "NAPCO", BY DEED RECORDED IN VOLUME 878, PAGE 601 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 188.675 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD SET FOR THE MOST WESTERLY SOUTHWEST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE WM. CHAMBLISS SURVEY, A-189, AND THE SOUTHEAST CORNER OF THE G.M. BUCHANAN SURVEY, A-94, LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE NORTH LINE OF THE ALAN BELL ESTATE 114.33 ACRE TRACT RECORDED IN VOLUME 618, PAGE 769 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE N 04°02'37"W 1934.60 FT., WITH THE WEST LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD SET ON THE NORTHWEST RIGHT OF WAY OF COUNTY ROAD 1030 FOR THE NORTHWEST CORNER OF THIS TRACT, SAME BEING THE MOST SOUTHERLY SOUTHWEST CORNER OF THE EAST TEXAS ELECTRIC COOPERATIVE INC. 63.608 ACRE TRACT RECORDED IN VOLUME 973, PAGE 796 OF THE OFFICIAL PUBLIC RECORDS;

THENCE ALONG AND WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD 1030 AND THE SOUTH BOUNDARY OF THE EAST TEXAS ELECTRIC COOPERATIVE 63.608 ACRE TRACT AS FOLLOWS:

1) N 64°49'51"E 391.16 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
2) N 62°33'31"E 407.71 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
3) N 60°34'33"E 368.27 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
4) N 57°17'48"E 151.63 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
5) N 53°27'26"E 410.17 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
6) N 58°15'57"E 90.51 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
7) N 68°03'42"E 76.31 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
8) N 75°28'24"E 92.96 FT. TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF THE ELECTRIC COOPERATIVE 63.608 ACRE TRACT AND THE MOST NORTHERLY CORNER OF THIS TRACT LOCATED AT THE INTERSECTION OF THE NORTH RIGHT OF WAY OF COUNTY ROAD 1030 WITH THE SOUTHWEST RIGHT OF WAY OF COUNTY ROAD 1020;

THENCE ALONG AND WITH THE SOUTHWEST RIGHT OF WAY OF SAID COUNTY ROAD 1020 AS FOLLOWS:

1) S 48°30'09"E 136.33 FT. TO A POINT FOR CORNER;
2) S 69°25'26"E 26.88 FT. TO A 1/2" IRON ROD SET FOR CORNER ON THE EAST LINE OF THE JENNINGS SURVEY AND THE WEST LINE OF THE E.T. NOLIN SURVEY, A-489, AND THE WEST LINE OF THE NORTH AMERICAN PROCUREMENT COMPANY 6.007 ACRE TRACT;

THENCE S 03°10'17"E 49.58 FT., WITH THE EAST LINE OF THE JENNINGS SURVEY AND THE WEST LINE OF THE NOLIN SURVEY AND WEST LINE OF THE NAPCO 6.007 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE SOUTHWEST CORNER OF SAME AND OF THE NOLIN SURVEY AND SOUTHEAST CORNER OF THE JENNINGS SURVEY LOCATED ON THE NORTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF A 0.943 ACRE TRACT, PREVIOUSLY A PART OF THE NAPCO 262.127 ACRE TRACT;

THENCE S 08°10'49"W 102.29 FT., WITH THE WEST RIGHT OF OLD HIGHWAY 69, TO A CONCRETE R.O.W. MARKER FOUND FOR CORNER AT THE BEGINNING OF A CURVE TO THE LEFT IN SAME;

THENCE SOUTHWESTERLY 187.07 FT. ALONG THE ARC OF THE CURVE IN SAID RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 06°03'31", A RADIUS OF 1769.10 FT. AND A CHORD BEARING S 05°07'26"W 186.98 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE NAPCO 262.127 ACRE TRACT AND OF THIS TRACT AND OF THIS TRACT LOCATED AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050;

THENCE ALONG AND WITH THE MEANDERS OF THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050 AS FOLLOWS:

1) S 47°24'08"W 229.27 FT. TO A POINT FOR CORNER;
2) S 50°25'30"W 291.56 FT. TO A POINT FOR CORNER;
3) S 51°22'02"W 415.72 FT. TO A POINT FOR CORNER;
4) S 51°35'40"W 258.87 FT. TO A POINT FOR CORNER;
5) S 51°32'14"W 439.00 FT. TO A POINT FOR CORNER;
6) S 52°38'50"W 267.65 FT. TO A 1/2" IRON ROD SET FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT AND THE SOUTHEAST CORNER OF THE PREVIOUSLY MENTIONED ALAN BELL ESTATE 114.33 ACRE TRACT;

THENCE N 03°28'48"W 1863.49 FT., WITH THE EAST LINE OF THE BELL 114.33 ACRES AND THE WEST LINE OF THE NAPCO 262.127 ACRE TRACT, TO A PINE KNOT STAKE FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND THE NORTHEAST CORNER OF SAID BELL TRACT LOCATED ON THE NORTH LINE OF THE NOWLIN SURVEY AND THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY;

THENCE S 87°04'37"W 739.36 FT., WITH THE NORTH LINE OF THE NORTH LINE OF THE BELL 114.33 ACRES AND SAID NOWLIN SURVEY AND THE SOUTH LINE OF WM. CHAMBLISS SURVEY, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 188.675 ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE BASED AND/OR ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

SURVEYED JUNE 29, 2011

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

STATE OF TEXAS
REGISTERED
LYLE RAINEY
4800
PROFESSIONAL
LAND SURVEYOR

Exhibit "A"
Page 3 of 3 pages

THENCE S 86°24'03"W 71.95 FT., WITH THE SOUTH LINE OF THE JENNINGS SURVEY AND THE NORTH LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF THE 0.943 ACRE TRACT AND AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 04°47'00"E 173.37 FT., WITH THE WEST LINE OF THE 0.943 ACRE TRACT, TO A 1/2" IRON ROD FOUND SOUTHWEST CORNER OF SAME AND ANOTHER INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 69°05'36"E, AT 210.11 FT. PASS THE SOUTHEAST CORNER OF THE 0.943 ACRE TRACT AND THE SOUTHWEST CORNER OF A 2.21 ACRE TRACT, ALSO A PART OF THE NAPCO 262.127 ACRES, AND AT 643.07 FT. PASS THE SOUTHEAST CORNER OF SAME AND THE SOUTHWEST CORNER OF THE E.& R. ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS, IN ALL A TOTAL DISTANCE OF 826.96 FT. TO A 1/2" IRON ROD FOUND FOR THE MOST SOUTHERLY SOUTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE NAPCO 262.127 ACRES AND OF IS TRACT;

THENCE N 08°11'50"E 149.59 FT., WITH A WEST LINE OF THE NAPCO TRACT, TO A 1/2" IRON ROD FOUND FOR A NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE ALLISON 5.016 ACRE TRACT;

THENCE S 81°44'25"E 279.94 FT., WITH A NORTH LINE OF SAID NAPCO 262.127 ACRES TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT AND MOST EASTERLY SOUTHEAST CORNER OF THE ALLISON TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE ALONG AND WITH THE MEANDERS OF THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69 AS FOLLOWS:

1) S 08°08'09"W 148.18 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
2) S 22°12'56"W 60.92 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
3) S 08°07'36"W 259.54 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
4) N 82°30'01"E 15.60 FT. TO A 1/2" IRON ROD SET FOR CORNER;
5) S 08°08'09"W 1506.51 FT., TO A 1/2" IRON ROD SET FOR AN ANGLE CORNER ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 AS FOLLOWS:

1) S 02°25'58"W 100.00 FT. TO A 1/2", IRON ROD SET FOR CORNER;
2) S 08°10'19"W 194.96 FT. TO A 1/2" IRON ROD FOUND AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF THE OLD HIGHWAY WITH THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF THE JOHN NOWLIN SURVEY FOR A SOUTHEAST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT, SAME BEING THE NORTHEAST CORNER OF THE ALAN W. BELL 2.756 ACRE TRACT DESCRIBED IN VOLUME 593, PAGE 960 OF THE OFFICIAL PUBLIC RECORDS;

THENCE S 85°48'12"W 514.74 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND SAID NOWLIN SURVEY AND THE NORTH LINE OF THE BELL 2.756 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE NAPCO TRACT AND OF THIS TRACT;

THENCE S 45°41'17"E 622.62 FT., WITH THE SOUTHWEST LINE OF THE BELL 2.756 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME AND AN EXTERIOR ANGLE CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

Ownership Information	Property Information	R065432
GERMAN PELLETS TEXAS LLC AM TORNEY ZA WISMAR GERMANY	A0189 W. CHAMBLISS ALSO A0405 E L JENNINGS SITUS: 164 CR1040 ACRES: 188.6750	

Undivided Interest: 1.0000000

Identification Information		Value	Juris / Exemptions / Deed / Map Informati	
PCL: R065432	Impr :	$0	Juris	: SA G229 HOS GSP
GEO: R065432	Land :	$603,760	Exmpt	:
EXT:	Mkt :	$603,760	Vol	: 1032
ALT:	PLoss :	$0	Page	: 912
	Cap :	$0	Inst	:
			Xfer	: 11/13/2011 WARRANTY DEED
	Appr :	$603,760	Map	:

Agent

Appraisal	Mass Appraisal
11/28/2011 TEC	

Neighborhood

A0189 W. CHAMBLISS

Notes

Acct Codes: Links: Next Inspct:

PTD	Tbl	HS	Ag/R	Acres	SqFt	FF	Front	Rear	Depth	Meth	CPU	Adj%	CPU Adj	Base Val	Adj%	Adj Val	UDI	Total Val	Class	CPU	Prod Val
F1	C3			188.6750	8,218,683.000					A	3,200.00		3,200.00	603,760		603,760	1.00	603,760			
		Total Acres		188.6750		Eff Acres	188.6750			Loc Fctr	1.00		Totals	603,760		603,760		603,760			

PTD	Bldg Class	Yr Blt	Eff Blt	Main SF	Cpsf Adj	Loc Fctr	Tot Price	w/Features	Value	UDI	Impr Total
N/A											

Ext Wall	Fnd	Roofing	Floor	HVAC	FirePl	Misc	Baths	Wet Bars	Wall Ht	Sprinkler	Spa	Comp Code	Phys Insp Date

Impr	Description	Blt	Eff	Cond	Qual	Cnstr	Floor	Ext	Misc	HS	M	SqFt	Type	Cpsf Adj	Tot Price	w/Features	Amen	Cond	Phys	Func	Econ	Cmp%	Value
																						1.00	

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 11 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

See map and vicinity map at Attachment 9.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 12 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

At present, there are three (3) small buildings on the land (the "Existing Buildings"). They are shown as items 18, 19 and 20 on the Project Layout attached at Attachment 4. The building identified as item 18 is a diesel fuel storage shed. The building identified as item 19 is a maintenance shed and workshop. The final building shown as item 20 is a wooden storage building. The Applicant has the option of demolishing all buildings, but at present plans to refurbish the buildings identified as items 18 and 19 and to include them in the Project. The third building identified as item 20 is expected to be demolished. The Existing Buildings are not part of the Applicant's Application for Appraised Value Limitation.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 13 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

Not applicable.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 14 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

110% of County Weekly Wage for All Jobs

Quarter*	Avg. Weekly Wage
4th Quarter 2010	$550
1st Quarter 2011	$552
2nd Quarter 2011	$512
3rd Quarter 2011	$526

*—Most recent available data.

Average wage for All Jobs over last 4 quarters= $2,140 / 4= $535

110% of County Weekly Wage for All Jobs= $535 x 1.10=$588.50

110% of County Weekly Wage for Manufacturing Jobs

Quarter*	Avg. Weekly Wage
4th Quarter 2010	$765
1st Quarter 2011	$724
2nd Quarter 2011	$743
3rd Quarter 2011	$785

*—Most recent available data.

Average wage for Manufacturing Jobs over last 4 quarters= $3,017 / 4= $754.25

110% of County Weekly Wage for Manufacturing Jobs= $754.25 x 1.10=$829.68

110% of County Weekly Wage for Manufacturing Jobs in Region (Deep East Texas)

$15.71 per hour
x 40 hours per week
$628.40 per week

$628.40 (average weekly salary)
x 1.10
$691.24=110% of average weekly salary in Region

$691.24 per week
x 52 weeks
$35,944.48 = 110% of average annual wage for Manufacturing Jobs in Region

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	4th Qtr	Tyler County	Private	00	0	10	Total, All Industries	$550
2011	1st Qtr	Tyler County	Private	00	0	10	Total, All Industries	$502
2011	2nd Qtr	Tyler County	Private	00	0	10	Total, All Industries	$512
2011	3rd Qtr	Tyler County	Private	00	0	10	Total, All Industries	$526
2011	3rd Qtr	Tyler County	Private	31	2	31-33	Manufacturing	$785
2011	2nd Qtr	Tyler County	Private	31	2	31-33	Manufacturing	$743
2011	1st Qtr	Tyler County	Private	31	2	31-33	Manufacturing	$724
2010	4th Qtr	Tyler County	Private	31	2	31-33	Manufacturing	$765

2010 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages Hourly	Wages Annual
Texas		
1. Panhandle Regional Planning Commission	$18.60	$38,683
2. South Plains Association of Governments	$16.21	$33,717
3. NORTEX Regional Planning Commission	$18.34	$38,153
4. North Central Texas Council of Governments	$23.45	$48,777
5. Ark-Tex Council of Governments	$15.49	$32,224
6. East Texas Council of Governments	$17.63	$36,672
7. West Central Texas Council of Governments	$17.48	$36,352
8. Rio Grande Council of Governments	$15.71	$32,683
9. Permian Basin Regional Planning Commission	$19.90	$41,398
10. Concho Valley Council of Governments	$15.33	$31,891
11. Heart of Texas Council of Governments	$17.91	$37,257
12. Capital Area Council of Governments	$25.37	$52,778
13. Brazos Valley Council of Governments	$15.24	$31,705
14. Deep East Texas Council of Governments	$15.71	$32,682
15. South East Texas Regional Planning Commission	$27.56	$57,333
16. Houston-Galveston Area Council	$24.52	$51,002
17. Golden Crescent Regional Planning Commission	$20.07	$41,738
18. Alamo Area Council of Governments	$17.28	$35,952
19. South Texas Development Council	$13.27	$27,601
20. Coastal Bend Council of Governments	$21.55	$44,822
21. Lower Rio Grande Valley Development Council	$14.35	$29,846
22. Texoma Council of Governments	$18.10	$37,651
23. Central Texas Council of Governments	$17.21	$35,788
24. Middle Rio Grande Development Council	$13.21	$27,471

Source: Texas Occupational Employment and Wages
Data published: June 2011
Data published annually, next update will be June 2012.

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.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 15 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

In addition to wages, Applicant or its contractor will pay approximately 80% of the cost of medical, dental and vision insurance for at least 80% of new employees. Disability insurance will also be provided.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENT 16 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

Not applicable.

German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

Texas Taxpayer ID:32044557216

ATTACHMENTS 17, 18, 19 AND 20 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

Please see items 17 through 20 attached.

Schedule A (Rev. May 2010): Investment

Applicant Name

ISD Name

Form 50-296

PROPERTY INVESTMENT AMOUNTS (Estimated Investment in each year. Do not put cumulative totals.)									
		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)		2012-2013	2012	56,000	250,000		5,750,000	6,056,000
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)				0	0		200,000	200,000
	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)				140,584,000	2,000,000	142,584,000	1,160,000	143,744,000
	Complete tax years of qualifying time period	1	2013-2014	2013	32,000,000	0	32,000,000	35,562,000	67,562,000
		2	2014-2015	2014	2,000,000	29,000	2,029,000	47,886,000	49,915,000
	Value Limitation Period	3	2015-2016	2015	2,000,000	29,000		48,464,000	50,493,000
Tax Credit Period (with 50% cap on credit)		4	2016-2017	2016	2,000,000	29,000		49,116,000	51,145,000
		5	2017-2018	2017	2,000,000	29,000		49,654,000	51,683,000
		6	2018-2019	2018	3,000,000	29,000		50,265,000	53,294,000
		7	2019-2020	2019	3,000,000	29,000		50,889,000	53,918,000
		8	2020-2021	2020	3,000,000	29,000		51,594,000	54,623,000
		9	2021-2022	2021	3,000,000	29,000		52,173,000	55,202,000
		10	2022-2023	2022	3,000,000	29,000		52,833,000	55,862,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-2024	2023	4,000,000	29,000		53,507,000	57,536,000
		12	2024-2025	2024	4,000,000	29,000		54,268,000	58,297,000
		13	2025-2026	2025	4,000,000	29,000		54,895,000	58,924,000
Post- Settle-Up Period		14	2026-2027	2026	4,000,000	29,000		55,100,000	59,129,000
Post- Settle-Up Period		15	2027-2028	2027	4,000,000	29,000		55,100,000	59,129,000

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.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: 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).
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: 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.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

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 OF AUTHORIZED COMPANY REPRESENTATIVE

06/16/2012

DATE

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

Applicant Name

ISD Name

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total 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"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O—after all reductions
		pre- year 1	2012-2013	2012	5,750,000	0	0	0	5,750,000	5,750,000
	Complete tax years of qualifying time period	1	2013-2014	2013	5,750,000	2,250,000	172,640,000	0	182,000,000	182,000,000
		2	2014-2015	2014	5,750,000	2,221,000	160,892,000	0	168,863,000	168,863,000
	Value Limitation Period	3	2015-2016	2015	5,750,000	2,192,000	148,902,000	146,844,000	156,844,000	10,000,000
Tax Credit Period (with 50% cap on credit)		4	2016-2017	2016	5,750,000	2,163,000	136,912,000	134,825,000	144,825,000	10,000,000
		5	2017-2018	2017	5,750,000	2,134,000	124,922,000	122,806,000	132,806,000	10,000,000
		6	2018-2019	2018	5,750,000	2,105,000	113,932,000	111,787,000	121,787,000	10,000,000
		7	2019-2020	2019	5,750,000	2,076,000	102,942,000	100,768,000	110,768,000	10,000,000
		8	2020-2021	2020	5,750,000	2,047,000	91,952,000	89,749,000	99,749,000	10,000,000
		9	2021-2022	2021	5,750,000	2,018,000	87,509,000	85,277,000	95,277,000	10,000,000
		10	2022-2023	2022	5,750,000	1,989,000	89,613,000	87,352,000	97,352,000	10,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-2024	2023	5,750,000	1,960,000	92,717,000	0	100,427,000	100,427,000
		12	2024-2025	2024	5,750,000	1,931,000	95,821,000	0	103,502,000	103,502,000
		13	2025-2026	2025	5,750,000	1,902,000	98,925,000	0	106,577,000	106,577,000
Post- Settle-Up Period		14	2027-2028	2026	5,750,000	1,873,000	102,029,000	0	109,652,000	109,652,000
Post- Settle-Up Period		15	2028-2027	2027	5,750,000	1,844,000	105,133,000	0	112,727,000	112,727,000

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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

04/16/2012

DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man-hours (specify)	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	2012-2013	2012	5,500 man hours	30,316	0	N/A	0	N/A
	Complete tax years of qualifying time period	1	2013-2014	2013	0	N/A	10	35,945	8	35,945
		2	2014-2015	2014	0	N/A	10	35,945	8	35,945
	Value Limitation Period	3	2015-2016	2015	0	N/A	10	35,945	8	35,945
Tax Credit Period (with 50% cap on credit)		4	2016-2017	2016	0	N/A	10	35,945	8	35,945
		5	2017-2018	2017	0	N/A	10	35,945	8	35,945
		6	2018-2019	2018	0	N/A	10	35,945	8	35,945
		7	2019-2020	2019	0	N/A	10	35,945	8	35,945
		8	2020-2021	2020	0	N/A	10	35,945	8	35,945
		9	2021-2022	2021	0	N/A	10	35,945	8	35,945
		10	2022-2023	2022	0	N/A	10	35,945	8	35,945
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-2024	2023	0	N/A	10	35,945	8	35,945
		12	2024-2025	2024	0	N/A	10	35,945	8	35,945
		13	2025-2026	2025	0	N/A	10	35,945	8	35,945
Post- Settle-Up Period		14	2027-2028	2026	0	N/A	10	35,945	8	35,945
Post- Settle-Up Period		15	2026-2027	2027	0	N/A	10	35,945	8	35,945

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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

04/16/2012
DATE

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

Applicant Name

ISD Name

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Sales Tax Information: Sales Taxable Expenditures: Column F: Estimate of total annual expenditures* subject to state sales tax	Sales Tax Information: Sales Taxable Expenditures: Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Franchise Tax: Franchise Tax: Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Other Property Tax Abatements Sought: County: Fill in percentage exemption requested or granted in each year of the Agreement	City: Fill in percentage exemption requested or granted in each year of the Agreement	Hospital: Fill in percentage exemption requested or granted in each year of the Agreement	Other: Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		0	2012-2013	2012	240,000	1,220,000	0	N/A	N/A	N/A	N/A
	Complete tax years of qualifying time period	1	2013-2014	2013	10,304,000	29,943,000	114,000	100%	N/A	100%	N/A
		2	2014-2015	2014	14,006,000	40,239,000	155,000	100%	N/A	100%	N/A
		3	2015-2016	2015	14,432,000	40,616,000	158,000	90%	N/A	90%	N/A
		4	2016-2017	2016	14,727,000	41,035,000	162,000	80%	N/A	80%	N/A
		5	2017-2018	2017	15,040,000	41,389,000	165,000	70%	N/A	70%	N/A
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	6	2018-2019	2018	15,501,000	41,783,000	172,000	60%	N/A	60%	N/A
		7	2019-2020	2019	15,905,000	42,184,000	177,000	50%	N/A	50%	N/A
		8	2020-2021	2020	16,221,000	42,630,000	178,000	40%	N/A	40%	N/A
		9	2021-2022	2021	16,454,000	43,006,000	177,000	30%	N/A	30%	N/A
		10	2022-2023	2022	16,738,000	43,426,000	177,000	20%	N/A	20%	N/A
		11	2023-2024	2023	17,030,000	43,854,000	177,000	10%	N/A	10%	N/A
Credit Settle-Up Period	Continue to Maintain Viable Presence	12	2024-2025	2024	17,378,000	44,327,000	178,000	0%	N/A	0%	N/A
		13	2025-2026	2025	17,637,000	44,729,000	177,000	0%	N/A	0%	N/A
Post- Settle-Up Period		14	2027-2028	2026	17,700,000	45,000,000	180,000	0%	N/A	0%	N/A
Post- Settle-Up Period		15	2026-2027	2027	17,700,000	45,000,000	180,000	0%	N/A	0%	N/A

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

04/16/2012

DATE

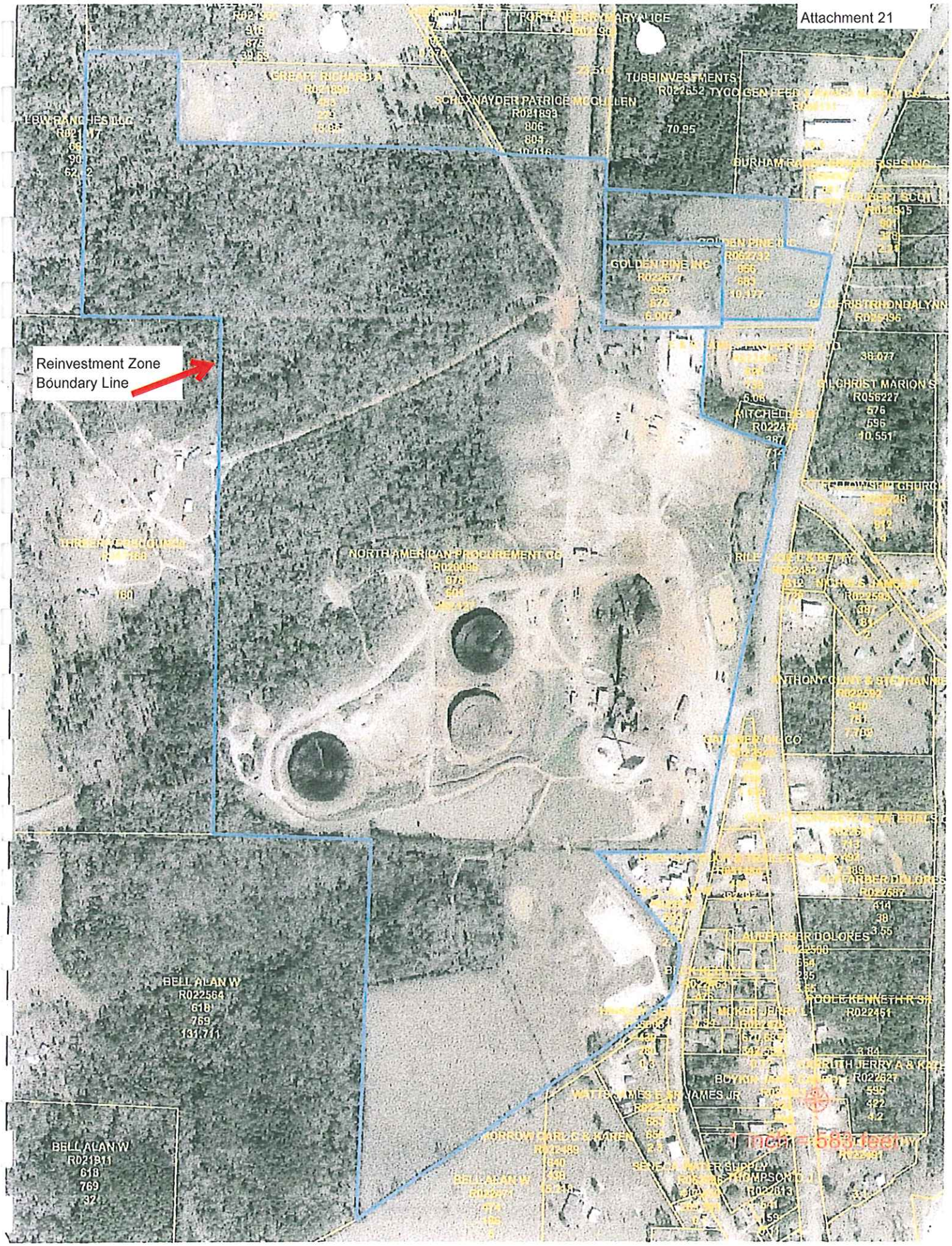
German Pellets Texas, LLC
164 County Road 1040
Woodville, Texas 75979

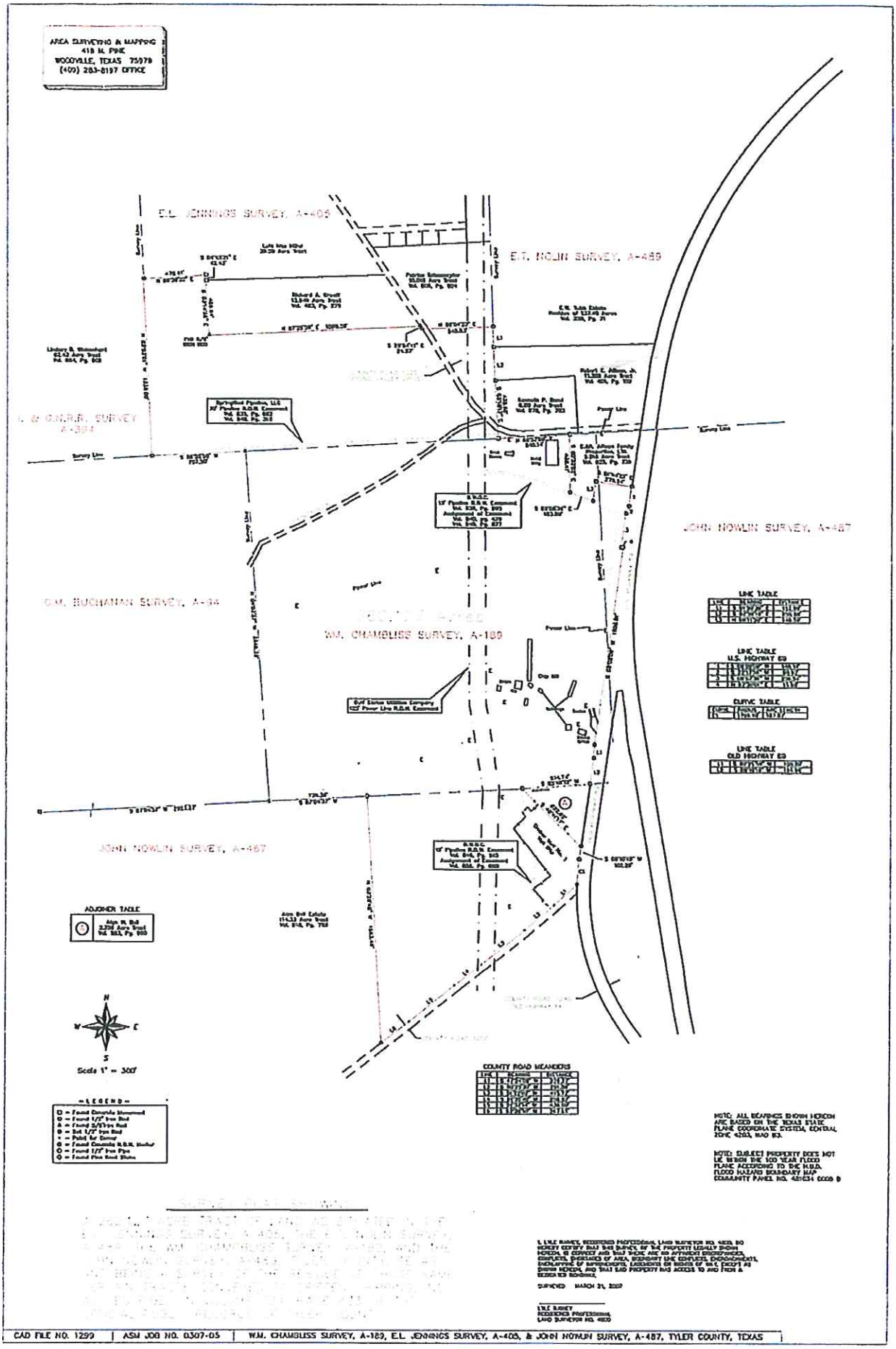
Texas Taxpayer ID:32044557216

ATTACHMENTS 21, 22, 23 AND 24 TO FORM 50-296
Application for Appraised Value Limitation on Qualified Property

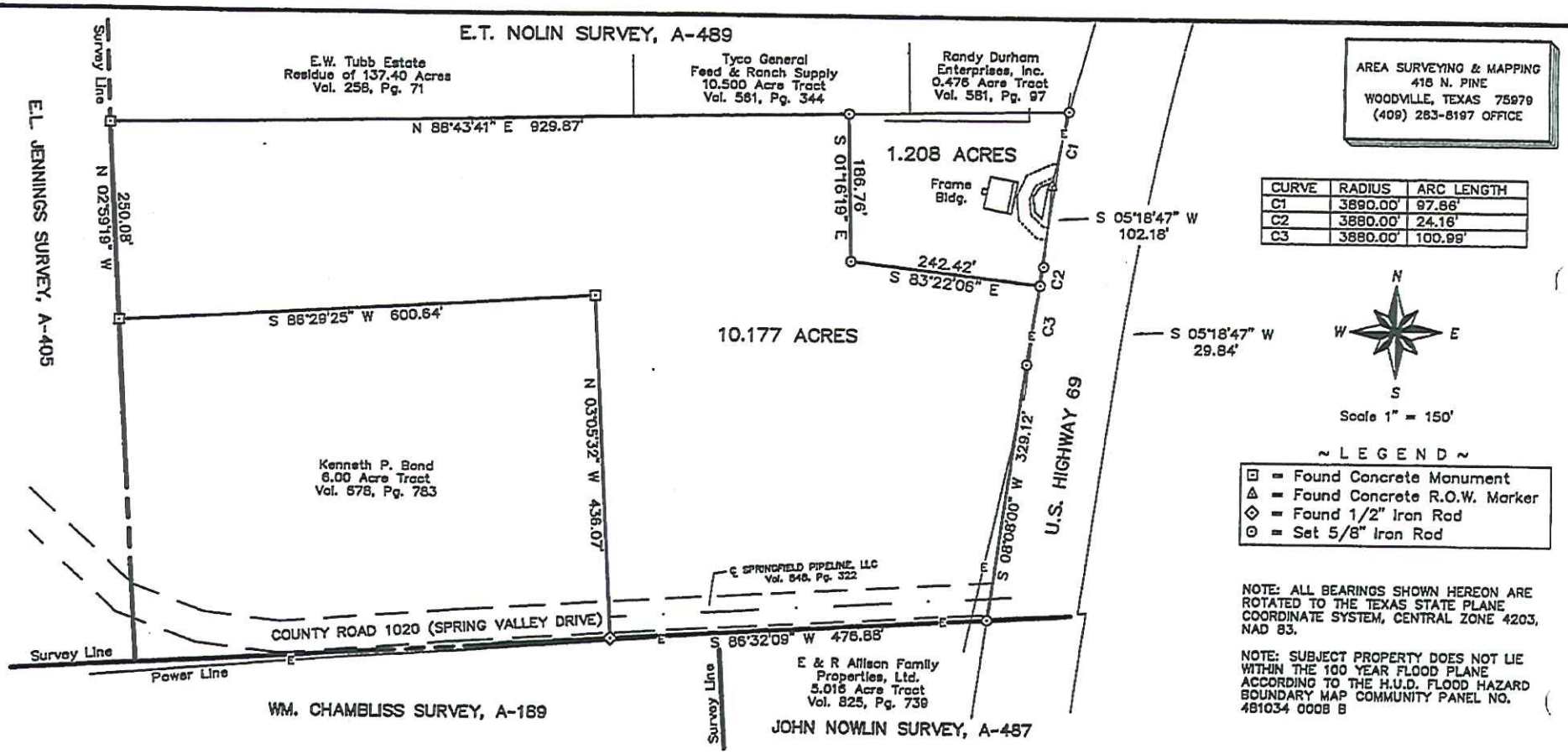
Materials relating to the Reinvestment Zone within which the Project is being developed are attached hereto. These materials include items requested in 21 through 23. Please note that these materials will be supplemented with additional items to be received from the School District with respect to the creation of the Reinvestment Zone. Item 24 will follow from the School District.

Attachment 21





CAD FILE NO. 1299 | ASM JOB NO. 0307-05 | WM. CHAMBLISS SURVEY, A-189, E.L. JENNINGS SURVEY, A-405, & JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS



CURVE	RADIUS	ARC LENGTH
C1	3890.00'	97.86'
C2	3880.00'	24.16'
C3	3880.00'	100.99'

NOTE: ALL BEARINGS SHOWN HEREON ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

NOTE: SUBJECT PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLANE ACCORDING TO THE H.U.D. FLOOD HAZARD BOUNDARY MAP COMMUNITY PANEL NO. 481034 0008 B

SURVEY PLAT SHOWING

A 10.177 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME 11.359 ACRE TRACT CONVEYED TO E & R ALLISON FAMILY PROPERTIES, LTD. BY DEED RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY.

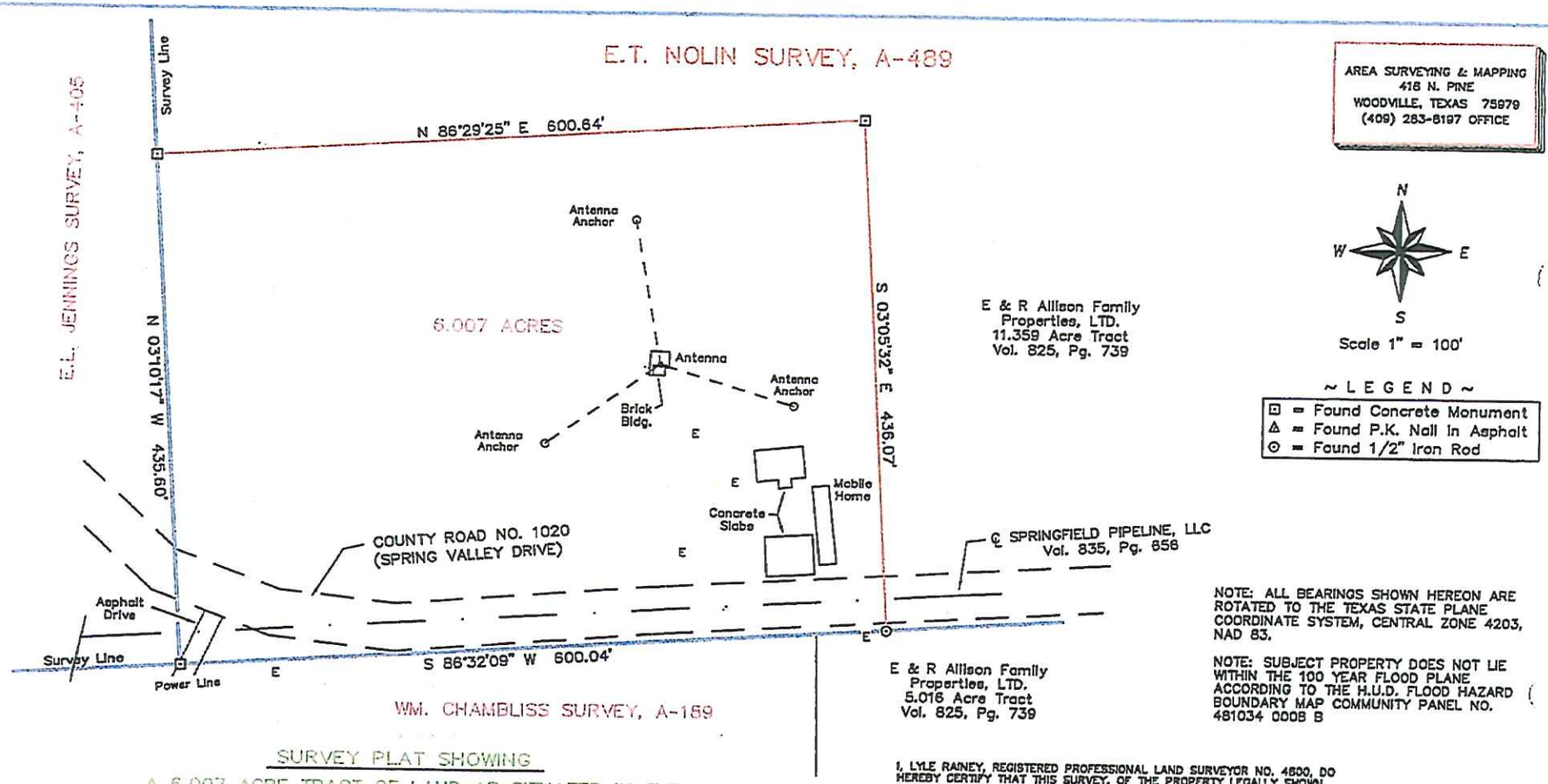
I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4600, DO HEREBY CERTIFY THAT THIS SURVEY, OF THE PROPERTY LEGALLY SHOWN HEREON, IS CORRECT AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, SHORTAGES OF AREA, BOUNDARY LINE CONFLICTS, ENCROACHMENTS, OVERLAPPING OF IMPROVEMENTS, EASEMENTS OR RIGHTS OF WAY, EXCEPT AS SHOWN HEREON, AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY.

SURVEYED FEBRUARY 27, 2008

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4600

CAD FILE NO. 1299	A S M JOB NO. 0208-06	E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS

Attachment 21



AREA SURVEYING & MAPPING
416 N. PINE
WOODVILLE, TEXAS 75979
(409) 283-8197 OFFICE

~ LEGEND ~

- ⊡ = Found Concrete Monument
- △ = Found P.K. Nail In Asphalt
- ⊙ = Found 1/2" Iron Rod

NOTE: ALL BEARINGS SHOWN HEREON ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

NOTE: SUBJECT PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLANE ACCORDING TO THE H.U.D. FLOOD HAZARD BOUNDARY MAP COMMUNITY PANEL NO. 481034 0008 B

SURVEY PLAT SHOWING

A 6.007 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING A RESURVEY OF THAT SAME CALLED 6.00 ACRE TRACT CONVEYED TO KENNETH P. BOND BY DEED RECORDED IN VOLUME 678, PAGE 783 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY.

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THIS SURVEY, OF THE PROPERTY LEGALLY SHOWN HEREON, IS CORRECT AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, SHORTAGES OF AREA, BOUNDARY LINE CONFLICTS, ENCROACHMENTS, OVERLAPPING OF IMPROVEMENTS, EASEMENTS OR RIGHTS OF WAY, EXCEPT AS SHOWN HEREON, AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY.

SURVEYED FEBRUARY 25, 2008

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

CAD FILE NO. 1299	A S M JOB NO. 0208-06	E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS

Attachment 21

ATTACHMENT 22

Woodville Independent School District
Resolution for Designation of Reinvestment Zone

WHEREAS, Section 312.0025 of the Texas Tax Code permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of this state in which the school district is located; and,

WHEREAS, the Woodville Independent School District (the "District") desires to encourage the development of primary employment and to attract major investment in the District that would be a benefit to property in a reinvestment zone created by the District and to the school district and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, the District has received an application for limitation on appraised value of property for school district maintenance and operations taxes (the "Application") by Texas Pellets, Inc.; and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and

WHEREAS, the District published notice of a public hearing to be held on_____ __, 2012, regarding the designation of the area described in the attached **Exhibit A** as a reinvestment zone for the purposes of Chapter 313 of the Texas Tax Code; and

WHEREAS, the improvements set forth in the Application by Texas Pellets, Inc. are feasible and of benefit to the reinvestment zone after expiration of an agreement for limitation on appraised value; and

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the school district in Tyler County as shown on the map attached as **Exhibit B**; and

WHEREAS, all interested members of the public were given an opportunity to make comments at the public hearing.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE WOODVILLE INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Woodville Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on the adoption of *Texas Pellets, Inc. Reinvestment Zone* has been properly called, held and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,

(b) That the boundaries of *Texas Pellets, Inc. Reinvestment Zone* be and, by the adoption of this Resolution, is declared and certified to be, the area as described in the description attached hereto as "**Exhibit A**"; and,

(c) That the map attached hereto as "**Exhibit B"** is declared to be and, by the adoption of this Resolution is certified to accurately depict and show the boundaries of *Texas Pellets, Inc. Reinvestment Zone* which is normatively described in **Exhibit A**; and further certifies that the property described in **Exhibit A** is inside the boundaries shown on **Exhibit B**; and,

(d) That creation of *Texas Pellets, Inc. Reinvestment Zone* with boundaries as described in **Exhibit A** and **Exhibit B** will result in benefits to the Woodville Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,

(e) *Texas Pellets, Inc. Reinvestment Zone* described in **Exhibit A** and **Exhibit B** meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Woodville Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Woodville Independent School District, hereby creates a reinvestment zone under the provisions of Tex. Tax Code § 312.0025, encompassing the area

described by the descriptions in **Exhibit A** and **Exhibit B,** and such reinvestment zone is hereby designated and shall hereafter be referred to as *Texas Pellets, Inc. Reinvestment Zone.*

SECTION 4. That *Texas Pellets, Inc. Reinvestment Zone* shall take effect upon adoption by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Woodville Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Woodville County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this _____ day of June, 2012.

Woodville Independent School District

By: _____
Trey Allison
President
Board of Trustees

ATTEST:_____
Ted Watts
Secretary
Board of Trustees

Attachment 23--
continues to page 96.

07-3075 VOL. 878 PAGE 601

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

R020096

GENERAL WARRANTY DEED

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TYLER §

THAT GRIFFIN CHIPPING, INC., a Texas corporation with an office in Tyler County, Texas, and FAITH FOREST PARTNERS, L.P., a Texas limited partnership also with an office in Tyler County, Texas (hereinafter simply referred to as the "Grantors"), for and in consideration of the sum of TEN AND NO/100 ($10.00) DOLLARS and other good and valuable consideration paid by the Grantee herein named, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY unto NORTH AMERICAN PROCUREMENT COMPANY (herein simply referred to as the "Grantee"), a Texas corporation whose mailing address is P. O. Box 2279, Woodville, Texas 75979, all of the following described real property situated in Tyler County, Texas, to-wit:

> BEING all that certain 262.127 acre tract or parcel of land situated in the Wm. Chambliss Survey, Abstract No. 189, the E. L. Jennings Survey, Abstract No. 405 and the John Nowlin Survey, Abstract No. 487, all in Tyler County, Texas, which said tract or parcel of land is more particularly described on the Exhibit "A" attached hereto, incorporated herein by reference and made a part hereof for all purposes the same as if

GF# 07-3264

copied herein verbatim (sometimes herein referred to as the "Property").

SAVE AND EXCEPT, from the land hereinabove described, and there is reserved unto the Grantors, their successors and assigns, all of the oil, gas and other such liquid or gaseous hydrocarbons in, on, under or that may be produced from the Property.

This conveyance is made and accepted subject to:

(1) Any portion of the Property which lies within the right of way of County Road 1040 (old Highway 69), County Road 1050, County Road 1030, and County Road 1020 (Spring Valley Drive) as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(2) Affidavits to the Public signed by Lester Lowery regarding surface application "on-site wastewater treatment system" dated August 28, 1992, recorded in Volume 532, Page 188, et seq., Official Public Records of Tyler County, Texas and dated September 29, 1992, recorded in Volume 533, Page 513, et seq., Official Public Records of Tyler County, Texas;

(3) Easement granted by instrument dated June 5, 1930, executed by W. C. Hughes, et ux, to Gulf States Utilities Company, recorded in Volume 64, Page 505, et seq., of the Deed Records of Tyler County, Texas;

(4) Easement granted by instrument dated December 1, 1950, executed by Mrs. Ida Parker Hughes, et al, to Gulf States Utilities Company, recorded in Volume 129, Page 151, et seq., of the Deed Records of Tyler County, Texas;

(5) Easement granted by instrument dated September 20, 1960, executed by Mrs. W. C. Hughes to Gulf States Utilities Company and Southwestern Bell

Telephone Company, recorded in Volume 183, Page 613, et seq., of the Deed Records of Tyler County, Texas;

(6) Easement granted by instrument dated July 21, 1961, executed by Mrs. W. C. Hughes to Gulf States Utilities Company and Southwestern Bell Telephone Company, recorded in Volume 196, Page 67, et seq., of the Deed Records of Tyler County, Texas;

(7) Easement granted by instrument dated September 1, 1971, executed by Mrs. Ida P. Hughes, et al, to Seneca Water Supply Corporation, recorded in Volume 291, Page 328, et seq., of the Deed Records of Tyler County, Texas;

(8). Deed dated November 16, 1932, executed by W. C. Hughes to State of Texas, State Highway Department for the sale of gravel, recorded in Volume 72, Page 322, et seq., Deed Records of Tyler County, Texas;

(9) Easement granted by instrument dated March 18, 1939, executed by W. C. Hughes to Gulf State Utilities Company, recorded in Volume 88, Page 473, et seq., of the Deed Records of Tyler County, Texas;

(10) Easement granted by instrument dated June 15, 1938, executed by W. C. Hughes, et ux, to J. C. Clemmons, recorded in Volume 87, Page 295, et seq., of the Deed Records of Tyler County, Texas;

(11) Right of Way Deed granted by instrument dated April 22, 1932, executed by W. C. Hughes, et ux, to the State of Texas, State Highway Commission recorded in Volume 69, Page 373, et seq., of the Deed Records of Tyler County, Texas;

(12) Easement granted by instrument dated September 14, 1960, executed by Roy Fry to Gulf States Utilities Company, recorded in Volume 183, Page 615, et seq., of the Deed Records of Tyler County, Texas;

(13) Easement granted by instrument dated April 20, 1970, executed by Stephens Lumber Company to Seneca Water Supply Corporation, recorded in Volume 291, Page 486, et seq., of the Deed Records of Tyler County, Texas;

(14) Easement granted by instrument dated November 21, 1972, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 306, Page 669, et seq., of the Deed Records of Tyler County, Texas;

(15) Easement granted by instrument dated February 23, 1981, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 402, Page 322, et seq., of the Deed Records of Tyler County, Texas;

(16) Easement granted by instrument dated November 21, 1989, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 487, Page 558, et seq., of the Deed Records of Tyler County, Texas;

(17) Easement granted by instrument dated September 12, 1985, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 448, Page 261, et seq., of the Deed Records of Tyler County, Texas;

(18) Easement granted by instrument dated June 14, 1988, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 473, Page 380, et seq., of the Deed Records of Tyler County, Texas;

(19) Release of Liabilities dated July 23, 1985, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, as same pertains to Easement recorded in Volume 183, Page 615, et seq., Deed Records, of Tyler County, Texas, and said Release of Liabilities being recorded in Volume 447, Page 657, et seq., Deed Records of Tyler County, Texas;

(20) Right of Way granted by instrument dated April 18, 1970, executed by Fannie T. Kline to Seneca Water Supply Corporation, recorded in Volume 291, Page 491, et seq., of the Deed Records of Tyler County, Texas;

(21) Easement granted by instrument dated October 12, 1992, executed by E & L Lumber Company, Inc. to Gulf States Utilities Company, recorded in Volume 536, Page 178, et seq., of the Official Public Records of Tyler County, Texas;

(22) Easement granted by instrument dated November 31, 1995, executed by E & L Chipping Company, Inc. to Gulf States Utilities Company, recorded in Volume 600, Page 21, et seq., of the Official Public Records of Tyler County, Texas;

(23) Easement granted by instrument dated November 10, 1969, executed by H. H. Hays, et ux, Pauline Hays, to Seneca Water Supply Corporation, recorded in Volume 291, Page 488, et seq., of the Deed Records of Tyler County, Texas;

(24) Easement granted by instrument dated December 1, 1977, executed by Jim Collins, et ux, Madeline McCulley Collins, to Southwestern Bell Telephone Company, recorded in Volume 368, Page 760, et seq., of the Deed Records of Tyler County, Texas;

(25) Easement granted by instrument dated September 6, 1938, executed by E. W. Phillips, et ux, Altie Phillips, to Gulf States Utilities Company, recorded in Volume 88, Page 478, et seq., of the Deed Records of Tyler County, Texas;

(26) Easement granted by instrument dated August 30, 1971, executed by E. L. Boykin, Co Administrator, to Seneca Water Supply Corporation, recorded in Volume 291, Page 358, et seq., of the Deed Records of Tyler County, Texas;

(27) Easement granted by instrument dated November 16, 1950, executed by C. E. Roberson, et ux, to Gulf States Utilities Company, recorded in Volume 128, Page 254, et seq., of the Deed Records of Tyler County, Texas;

(28) Easement granted by instrument dated August 20, 1971, executed by E. L. Boykin to Seneca Water Supply Corporation, recorded in Volume 291, Page 360, et seq., of the Deed Records of Tyler County, Texas;

(29) Right of Way Deed granted by instrument dated June 11, 1932, executed by E. W. Tubb, et ux, Tussie Tubb, to the State Highway Commission, recorded in Volume 69, Page 165, et seq., of the Deed Records of Tyler County, Texas;

(30) Easement granted by instrument dated December 18, 1969, executed by C. W. Lawson, et ux, Mary Lawson, to Seneca Water Supply Corporation, recorded in Volume 292, Page 3, et seq., of the Deed Records of Tyler County, Texas;

(31) Easement granted by instrument dated August 1, 1971, executed by J. W. Fain, et ux, to Seneca Water Supply Corporation, recorded in Volume 291, Page 350, et seq., of the Deed Records of Tyler County, Texas;

(32) Easement granted by instrument dated February 22, 1972, executed by C. R, Birdwell to Seneca Water Supply Corporation, recorded in Volume 293, Page 224, et seq., of the Deed Records of Tyler County, Texas;

(33) Subject to the Power Lines and Electric Easements reflected on the plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(34) Reservation of all mineral and/or royalty interest, the bonuses, rentals and all other rights incidental thereto, in a Deed dated January 2, 1925, from C. R. Robinson and wife, Austa Robinson, to C. F. Miller and wife, Lena Miller, and recorded in Volume 53, Page 46, et seq., Deed Records, Tyler County, Texas;

(35) Terms, conditions and stipulations contained in Mineral Lease dated August 5, 2005, between Griffin Chipping, Inc. and B.W.O.C. Inc., and recorded in Volume 831, Page 739, et seq., Official Public Records, Tyler County, Texas;

(36) Pipeline Right of Way and Easement shown in instrument dated December 1, 2005, executed by Griffin

Chipping Company to B.W.O.C. Inc., recorded in Volume 826, Page 585, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(37) Right of Way shown in instrument dated March 2, 2006, executed by Griffin Chipping, Inc. to Springfield Pipeline, LLC, recorded in Volume 835, Page 662, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(38) Assignment of Easements and Right of Ways as shown in instrument dated February 1, 2006, executed by B.W.O.C. Inc. to OGS Pipeline LLC, recorded in Volume 840, Page 429, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(39) Subject to Assignment of Easements and Right of Ways as shown in instrument dated May 9, 2006, executed by OGS Pipeline LLC to Eagle Rock Operating, L.P., recorded in Volume 840, Page 877, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(40) Pipeline Right of Way and Easement shown in instrument dated June 8, 2006, executed by Griffin Chipping, Inc. to B.W.O.C. Inc., recorded in Volume 846, Page 515, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(41) Right of Way Agreement dated March 2, 2006, executed by Griffin Chipping, Inc. to Springfield Pipeline, LLC, recorded in Volume 848, Page 310, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800;

(42) Assignment of Easements, Rights of Way and Pipeline, dated June 12, 2006, executed by B.W.O.C. Inc. to Eagle Rock Energy, recorded in Volume 856, Page 660, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800; and

(43) Designation Unit - Timberwolf "A" 2H dated July 10, 2006, executed by and between B.W.O.C. Inc. and Newfield Exploration Company to Griffin Chipping, Inc., et al, recorded in Volume 848, Page 947, et seq., Official Public Records, Tyler County, Texas, and as reflected on plat dated March 21, 2007, prepared by Area Surveying & Mapping, Lyle Rainey, R.P.L.S. No. 4800.

TO HAVE AND TO HOLD the above described premises, together with all and singular the appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and Grantors do hereby bind themselves, their successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

[SIGNATURE PAGES TO FOLLOW]

EXECUTED this 20 day of April, 2007.

GRIFFIN CHIPPING, INC.,
a Texas corporation

By: Billy J. Griffin
Name: BILLY J. GRIFFIN
Title: PRESIDENT

THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 20 day of April, 2007 by BILLY J. GRIFFIN the PRESIDENT of GRIFFIN CHIPPING, INC., a Texas corporation, on behalf of said corporation.

Notary Public - State of Texas
Printed Name:
Commission Expires:

GLENDA A. CHOATE
Notary Public
STATE OF TEXAS
My Comm. Exp. 4-21-2009

EXECUTED this 20 day of April, 2007.

FAITH FOREST PARTNERS, L.P., a Texas limited partnership

By: Billy J. Griffin
Name: BILLY J. GRIFFIN
Title: PRESIDENT

THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 20 day of April, 2007 by BILLY J. GRIFFIN, the PRESIDENT of FAITH FOREST PARTNERS, L.P., a Texas limited partnership, on behalf of said limited partnership.

Notary Public - State of Texas
Printed Name:
Commission Expires:

GLENDA A. CHOATE
Notary Public
STATE OF TEXAS
My Comm. Exp. 4-21-2009

EXHIBIT "A"

EXHIBIT "A"

AREA SURVEYING & MAPPING
418 N. PINE
WOODVILLE, TEXAS 75979
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 262.127 ACRE TRACT OF LAND AS SITUATED IN THE WM. CHAMBLISS SURVEY, A-189, THE E.L. JENNINGS SURVEY, A-405, AND THE JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS AND BEING OUT OF THE GRIFFIN CHIPPING, INC. TRACTS, BEING ALL OF THAT SAME CALLED 110 ACRE TRACT, MORE OR LESS, DESIGNATED AS "TRACT NO. 1", THE RESIDUE OF THAT SAME CALLED 5 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 2", ALL OF THAT SAME CALLED 50 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 3", THE RESIDUE OF THAT SAME CALLED 12.75 ACRE TRACT DESIGNATED AS "TRACT NO. 4", THE RESIDUE OF THAT CALLED 25.50 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 5", ALL OF THAT CALLED 1.56 ACRE TRACT AND THE RESIDUE OF A 0.54 ACRE TRACT, DESIGNATED AS "TRACT NO. 6", ALL OF A CALLED 0.959 ACRE TRACT, DESIGNATED AS "TRACT NO. 7", THE RESIDUE OF A CALLED 49.52 ACRE TRACT, DESIGNATED AS "TRACT NO. 8", THE RESIDUE OF A CALLED 10 ACRES, MORE OR LESS, DESIGNATED AS "TRACT NO. 9", ALL OF THAT SAME CALLED 0.943 ACRE TRACT, DESIGNATED AS "TRACT NO. 10", ALL OF THAT SAME 0.119 ACRE TRACT, DESIGNATED AS "TRACT NO. 11", ALL OF THAT SAME 2.21 ACRE TRACT, DESIGNATED AS "TRACT NO. 12", AND ALL OF SAME CALLED 1.00 ACRE TRACT, DESIGNATED AS "TRACT NO. 13", AND ALL OF THAT SAME CALLED 5.914 ACRE TRACT, DESIGNATED AS "TRACT NO. 14", AS DESCRIBED IN A DEED OF TRUST RECORDED IN VOLUME 724, PAGE 433 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 262.127 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD SET FOR THE SOUTHWEST CORNER OF THE GRIFFIN CHIPPING, INC. 110 ACRES AND OF SAID WM. CHAMBLISS SURVEY AND A SOUTHWEST CORNER OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF THE G.M. BUCHANAN SURVEY, A-94, LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE NORTH LINE OF THE ALAN BELL ESTATE 114.33 ACRE TRACT RECORDED IN VOLUME 618, PAGE 769 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE N 04°02'37"W 2645.39 FT., WITH THE WEST LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD SET FOR THE NORTHWEST CORNER OF SAME AND THE NORTHWEST CORNER OF THE GRIFFIN CHIPPING 110 ACRES, SAME BEING THE NORTHEAST CORNER OF SAID BUCHANAN SURVEY LOCATED ON THE SOUTH LINE OF THE GRIFFIN CHIPPING 50 ACRE TRACT AND THE SOUTH LINE OF SAID E.L. JENNINGS SURVEY;

THENCE S 86°55'58"W 707.50 FT., WITH THE NORTH LINE OF THE BUCHANAN SURVEY AND THE SOUTH LINE OF SAID E.L. JENNINGS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE SOUTHWEST CORNER OF SAME AND THE MOST WESTERLY SOUTHWEST CORNER OF THIS TRACT AND MOST WESTERLY SOUTHWEST CORNER OF THIS TRACT, SAME BEING THE MOST EASTERLY SOUTHEAST CORNER OF THE I.& G.N.R.R. SURVEY, A-394, AND THE SOUTHEAST CORNER OF THE LINDSEY B. WHISENHANT 62.42 ACRE TRACT RECORDED IN VOLUME 664, PAGE 909 OF THE OFFICIAL PUBLIC RECORDS;

THENCE N 02°53'01"W 1335.00 FT., WITH THE UPPER EAST LINE OF THE I.& G.N.R.R. SURVEY AND THE WEST LINE OF THE E.L. JENNINGS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE LULA MAE MILLER 39.59 ACRE TRACT;

262.127 ACRES

THENCE N 86°39'22"E 470.41 FT., WITH THE NORTH LINE OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF SAID MILLER 39.59 ACRE TRACT;

THENCE S 04°45'21"E 42.43 FT., WITH THE EAST LINE OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE MILLER TRACT AND THE NORTHWEST CORNER OF THE RICHARD A. GREAFF 13.949 ACRE TRACT RECORDED IN VOLUME 463, PAGE 279 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 03°14'36"E 409.64 FT., CONTINUING WITH THE EAST LINE OF THE GRIFFIN CHIPPING 5.914 ACRE TRACT, TO A 5/8" IRON ROD FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND THE SOUTHWEST CORNER OF SAID GREAFF TRACT;

THENCE N 87°25'58"E 1596.56 FT., WITH THE SOUTH LINE OF THE GREAFF 13.949 ACRE TRACT, TO A 5/8" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME AND THE EASTERLY NORTHEAST CORNER OF THE 5.914 ACRE TRACT AND AN EXTERIOR ANGLE CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF COUNTY ROAD NO. 1020, KNOWN AS SPRING VALLEY DRIVE;

THENCE S 29°54'41"E 24.57 FT., WITH THE WEST RIGHT OF WAY OF SAID COUNTY ROAD, TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE 5.914 ACRES LOCATED AT THE INTERSECTION OF THE COUNTY ROAD RIGHT OF WAY WITH THE NORTH LINE OF THE GRIFFIN CHIPPING 50 ACRE TRACT;

THENCE N 88°04'23"E, WITH THE NORTH LINE OF THE 50 ACRES TRACT, AT 23.90 FT. PASS THE CENTER OF SAID COUNTY ROAD, IN ALL A TOTAL DISTANCE OF 540.03 FT. TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND A NORTHEAST CORNER OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF THE PATRICE SCHEXNAYDER 10.016 ACRE TRACT LOCATED ON THE EAST LINE OF SAID E.L. JENNINGS SURVEY AND THE WEST LINE OF THE E.T. NOLIN SURVEY, A-409, AND THE WEST LINE OF THE E.W. TUBB ESTATE TRACT, BEING THE RESIDUE OF A 137.40 ACRE TRACT DESCRIBED IN VOLUME 258, PAGE 71 OF THE DEED RECORDS OF TYLER COUNTY;

THENCE S 01°50'39"E 152.99 FT., WITH THE COMMON LINE BETWEEN THE JENNINGS SURVEY AND THE NOLIN SURVEY AND THE EAST LINE OF THE GRIFFIN CHIPPING 50 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE SOUTHWEST CORNER OF THE TUBB TRACT, SAME BEING THE NORTHWEST CORNER OF THE ROBERT E. ALLISON, JR. 11.359 ACRE TRACT RECORDED IN VOLUME 401, PAGE 159 OF SAID COUNTY DEED RECORDS;

THENCE S 02°59'10"E 250.08 FT., CONTINUING WITH SAID SURVEY LINE AND THE EAST LINE OF THE GRIFFIN 50 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE MOST WESTERLY SOUTHWEST CORNER OF SAID ALLISON 11.359 ACRE TRACT, SAME BEING THE NORTHWEST CORNER OF THE KENNETH P. BOND 6.00 ACRE TRACT DESCRIBED IN VOLUME 678, PAGE 783 OF SAID OFFICIAL PUBLIC RECORDS;

262.127 ACRES

THENCE S 03°10'17"E, CONTINUING WITH SAID SURVEY LINE AND THE EAST LINE OF THE 50 ACRE TRACT, AT 358.70 FT. AGAIN PASS THE CENTER OF SAID COUNTY ROAD NO. 1020 IN ALL A TOTAL DISTANCE OF 435.60 FT. TO A CONCRETE MONUMENT FOUND FOR THE SOUTHEAST CORNER OF SAME AND THE SOUTHEAST CORNER OF SAID JENNINGS SURVEY, SAME BEING THE SOUTHWEST CORNER OF SAID E.T. NOLIN SURVEY LOCATED ON THE NORTH LINE OF SAID WM. CHANDLISS SURVEY;

THENCE N 86°32'09"E 540.14 FT., WITH THE SOUTH LINE OF SAID NOLIN SURVEY AND THE NORTH LINE OF THE WM. CHANDLISS SURVEY, TO A 1/2" IRON PIPE FOUND ON THE SOUTH RIGHT OF WAY OF COUNTY ROAD NO. 1020 FOR THE NORTHEAST CORNER OF THE GRIFFIN CHIPPING 2.21 ACRE TRACT, SAME BEING THE NORTHWEST CORNER OF THE E.& R. ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT AS DESCRIBED IN VOLUME 825, PAGE 739 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 00°33'02"E 439.41 FT., WITH THE EAST LINE OF THE GRIFFIN CHIPPING 2.21 ACRE TRACT, TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE ALLISON 5.016 ACRE TRACT LOCATED ON THE NORTH LINE OF THE GRIFFIN CHIPPING 25.50 ACRE TRACT;

THENCE S 69°05'36"E 103.89 FT., WITH THE NORTH LINE OF SAID 25.50 ACRES AND THE WESTERLY SOUTH LINE OF THE ALLISON 5.016 ACRE TRACT, TO A 1/2" IRON ROD SET FOR THE MOST SOUTHERLY SOUTHEAST CORNER OF SAME AND THE SOUTHWEST CORNER OF THE GRIFFIN CHIPPING 1.00 ACRE TRACT;

THENCE N 00°11'50"E 149.59 FT., WITH THE WEST LINE OF THE GRIFFIN 1.00 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF SAID ALLISON TRACT;

THENCE S 81°44'25"E 279.94 FT., WITH THE NORTH LINE OF SAID GRIFFIN CHIPPING 1.00 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT, SAME BEING THE MOST EASTERLY SOUTHEAST CORNER OF THE ALLISON 5.016 ACRE TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69 AS FOLLOWS:

1) S 08°08'09"W 148.18 FT. TO A R.O.W. MARKER FOUND FOR CORNER;

2) S 22°12'56"W 60.92 FT. TO A R.O.W. MARKER FOUND FOR CORNER;

3) S 08°07'36"W 259.54 FT. TO A R.O.W. MARKER FOUND FOR CORNER;

4) N 82°30'01"E 15.60 FT. TO A 1/2" IRON ROD SET FOR CORNER;

5) S 08°08'09"W 1506.51 FT., TO A 1/2" IRON ROD SET FOR AN ANGLE CORNER ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

262.127 ACRES

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 AS FOLLOWS:

1) S 02°25'58"W 100.00 FT. TO A 1/2", IRON ROD SET FOR CORNER;

2) S 08°10'19"W 194.96 FT. TO A 1/2" IRON ROD AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF SAID HIGHWAY WITH THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF THE JOHN NOWLIN SURVEY FOR THE NORTHEAST CORNER OF THE ALAN W. BELL 2.756 ACRE TRACT AS DESCRIBED IN VOLUME 593, PAGE 960 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 85°48'12"W 514.74 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND SAID NOWLIN SURVEY AND THE NORTH LINE OF THE BELL 2.756 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 45°41'17"E 622.62 FT., WITH THE SOUTHWEST LINE OF THE BELL 2.756 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME LOCATED ON THE WEST RIGHT OF WAY OF SAID OLD HIGHWAY 69;

THENCE S 08°10'49"W 102.29 FT., WITH THE WEST RIGHT OF OLD HIGHWAY 69, TO A CONCRETE R.O.W. MARKER FOUND FOR CORNER AT THE BEGINNING OF A CURVE TO THE LEFT IN SAME;

THENCE SOUTHWESTERLY 187.07 FT. ALONG THE ARC OF THE CURVE IN SAID RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 06°03'31", A RADIUS OF 1769.10 FT. AND A CHORD BEARING S 05°07'26"W 186.98 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE GRIFFIN CHIPPING 49.52 ACRES AND OF THIS TRACT LOCATED AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050;

THENCE ALONG AND WITH THE MEANDERS OF THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050 AS FOLLOWS:

1) S 47°24'08"W 229.27 FT. TO A POINT FOR CORNER;
2) S 50°25'30"W 291.56 FT. TO A POINT FOR CORNER;
3) S 51°22'02"W 415.72 FT. TO A POINT FOR CORNER;
4) S 51°35'40"W 258.87 FT. TO A POINT FOR CORNER;
5) S 51°32'14"W 439.00 FT. TO A POINT FOR CORNER;
6) S 52°38'50"W 267.65 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHWEST CORNER OF THE GRIFFIN CHIPPING 49.52 ACRES AND THE MOST SOUTHERLY SOUTHWEST CORNER OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF THE PREVIOUSLY MENTIONED ALAN BELL ESTATE 114.33 ACRE TRACT;

262.127 ACRES

THENCE N 03°28'48"W 1863.49 FT., WITH THE EAST LINE OF THE BELL 114.33 ACRES AND THE WEST LINE OF THE GRIFFIN CHIPPING 49.52 ACRE TRACT, TO A PINE KNOT STAKE FOUND FOR THE NORTHWEST CORNER OF SAME AND THE NORTHEAST CORNER OF SAID BELL TRACT LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE SOUTH LINE OF SAID WM CHAMBLISS SURVEY AND THE SOUTH LINE OF THE GRIFFIN CHIPPING 110 ACRE TRACT;

THENCE S 87°04'37"W 739.36 FT., WITH THE COMMON LINE BETWEEN SAID SURVEYS AND THE SOUTH LINE OF THE GRIFFIN CHIPPING 110 ACRE TRACT, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 262.127 ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE BASED AND/OR ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

SURVEYED MARCH 21, 2007

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

STATE OF TEXAS REGISTERED LYLE RAINEY 4800 PROFESSIONAL LAND SURVEYOR

THE STATE OF TEXAS
COUNTY OF TYLER

I hereby certify that the foregoing instrument with its certificate of authentication was filed for record in my office on the 26 day of April 2007 at 4:00 o'clock P M. and was this day duly recorded at 9:00 A.M., in Vol. 878 Pages 601 et seq. OFFICIAL PUBLIC RECORDS of said County.

Witness my hand and official seal at the office in Woodville this 23 day of April 2007.

Clerk
County Court, Tyler County, Texas

By Jean Jordan Deputy

878/601 (16) 07-3075 PA

General Warranty Deed

Griffin Chipping, Inc., a Texas Corporation
and Faith Forest Partners, L.P., a Texas
Limited Partnership

To

North American Procurement Company, a
Texas Corporation

Return to:

North American Procurement Company
P.O. Box 2279
Woodville, Texas 75979

Tyler County Title
07-3264 - GC

4:00 pm
76.39

AMT 215956 018

09-2649 VOL. 956 PAGE 683

R062732

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSUMPTION GENERAL WARRANTY DEED

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TYLER §

THAT NORTH AMERICAN PROCUREMENT COMPANY, a Texas corporation with an office in Tyler County, Texas (hereinafter simply referred to as the "Grantor"), for and in consideration of the sum of TEN AND NO/100 ($10.00) DOLLARS and other good and valuable consideration, including Grantee's assumption and agreement to pay, discharge, and indemnify and hold Grantor harmless from the unpaid principal balance, interest and other sums owing and to be owed on that one certain Promissory Note dated April 1, 2008, executed by North American Procurement Company, payable to the order of Citizens State Bank, in the original principal sum of TWO HUNDRED TWENTY-SIX THOUSAND NINETY-FIVE AND 35/100 ($226,095.35) DOLLARS, secured by a Deed of Trust for the benefit of Citizens State Bank which is of record in Volume 917, Page 365, et seq., of the Official Public Records of Tyler County, Texas, the obligations of which are assumed by Grantee's acceptance of this conveyance, to the undersigned paid by the Grantee herein named, the receipt and sufficiency of which are hereby acknowledged, has, subject to

the exceptions and reservations hereinafter provided, GRANTED, SOLD and CONVEYED, and by these presents does, subject to the exceptions and reservations hereinafter provided, GRANT, SELL and CONVEY unto GOLDEN PINE, INC., a Texas corporation also with an office in Tyler County, Texas (herein simply referred to as the "Grantee"), all of the following described real property situated in Tyler County, Texas (the "Property"), to-wit:

> BEING all that certain 10.177 acre tract of land, more or less, situated in the E. T. Nolin Survey, Abstract No. 489 in Tyler County, Texas, which said tract of land is more particularly described on the Exhibit "A" attached hereto, incorporated herein by reference and made a part hereof for all purposes the same as if copied herein verbatim.

This conveyance is made and accepted subject to (i) any and all visible and apparent easements over and across the Property, whether or not of record in Tyler County, Texas, (ii) any and all restrictions, conditions, covenants, easements, and mineral/royalty reservations or mineral/royalty interest conveyances, if any, relating to the Property, to the extent that they are still in force and effect, as shown of record in the Official Public Records of Tyler County, Texas, (iii) any and all discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements, any portion of the subject Property lying within the boundary of any road or roadway, (iv) any and all additional ad valorem taxes imposed after the date of

execution of this Assumption General Warranty Deed as a result of any change in use of any part or portion of the Property, the intent of the parties being that all such additional ad valorem taxes shall be the responsibility of, and borne completely by, the Grantee, its successors and assigns and (v) the above referenced lien for the benefit of Citizens State Bank.

GRANTEE ACKNOWLEDGES AND AGREES THAT GRANTEE IS EXPERIENCED IN THE OWNERSHIP AND OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT GRANTEE HAS INSPECTED THE PROPERTY TO ITS SATISFACTION AND IS QUALIFIED TO MAKE SUCH INSPECTION. GRANTEE ACKNOWLEDGES THAT IT IS FULLY RELYING ON GRANTEE'S (OR GRANTEE'S REPRESENTATIVE'S) INSPECTION OF THE PROPERTY AND NOT UPON ANY STATEMENTS (ORAL OR WRITTEN) WHICH MAY HAVE BEEN MADE OR MAY BE MADE (OR PURPORTEDLY MADE) BY GRANTOR OR ANY OF ITS REPRESENTATIVES. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD (OR GRANTEE'S REPRESENTATIVES HAVE) THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY GRANTEE IN ORDER TO ENABLE GRANTEE TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), AND GRANTEE ACKNOWLEDGES THAT GRANTEE IS RELYING SOLELY UPON ITS OWN (OR ITS REPRESENTATIVE'S) INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS CONVEYANCE, GRANTEE HEREBY ACCEPTS THE

PROPERTY IN ITS "AS IS" - "WHERE IS" CONDITION AND WITH ALL FAULTS, IF ANY, AND WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, EXCEPT ONLY THE TITLE WARRANTIES EXPRESSLY SET FORTH IN THIS DEED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IN CONNECTION WITH THE SALE OF THE PROPERTY TO GRANTEE, GRANTOR AND GRANTOR'S OFFICERS, MEMBERS, AGENTS, DIRECTORS, EMPLOYEES, PARTNERS, ATTORNEYS, CONTRACTORS AND AFFILIATES ("GRANTOR'S RELATED PARTIES") HAVE MADE NO, AND SPECIFICALLY DISCLAIM, AND GRANTEE ACCEPTS THAT GRANTOR AND GRANTOR'S RELATED PARTIES HAVE DISCLAIMED, ANY AND ALL REPRESENTATIONS, GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW (EXCEPT AS TO TITLE AS HEREINABOVE PROVIDED), OF OR RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, OR RELATING TO (A) THE USE, INCOME POTENTIAL, EXPENSES, OPERATION, CHARACTERISTICS OR CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY, TENANTABILITY, DESIGN OR FITNESS FOR ANY SPECIFIC OR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE CONSTRUCTION, (B) THE NATURE, MANNER, CONSTRUCTION, CONDITION, STATE OF REPAIR OR LACK OF REPAIR OF ANY TIMBER OR IMPROVEMENTS LOCATED ON THE PROPERTY, ON THE SURFACE OR SUBSURFACE THEREOF, WHETHER OR NOT OBVIOUS, VISIBLE OR APPARENT, (C) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF THE

PROPERTY, (D) THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OR ABSENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS, OR THE COMPLIANCE OF THE PROPERTY WITH REGULATIONS OR LAWS PERTAINING TO HEALTH OR THE ENVIRONMENT, AND (E) THE SOIL CONDITIONS, DRAINAGE, FLOODING CHARACTERISTICS, UTILITIES OR OTHER CONDITIONS EXISTING WITH RESPECT TO THE PROPERTY. THE GRANTEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT GRANTOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) ON AND AFTER THE DATE OF THIS DEED RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITIONS, LOCATIONS, MAINTENANCE, REPAIR OR OPERATION OF THE PROPERTY. GRANTEE ACKNOWLEDGES THAT ANY CONDITION OF THE PROPERTY WHICH GRANTEE DISCOVERS OR DESIRES TO CORRECT OR IMPROVE PRIOR TO OR AFTER THE DATE HEREOF SHALL BE AT GRANTEE'S SOLE EXPENSE. GRANTEE EXPRESSLY WAIVES (TO THE EXTENT ALLOWED BY APPLICABLE LAW) ANY CLAIMS UNDER FEDERAL LAW, STATE OR OTHER LAW THAT GRANTEE MIGHT OTHERWISE HAVE AGAINST GRANTOR RELATING TO THE USE, CHARACTERISTICS OR CONDITION OF THE PROPERTY.

TO HAVE AND TO HOLD the above described Property, together with all and singular the appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, subject to the exceptions and

reservations hereinabove provided, to WARRANT AND FOREVER DEFEND all and singular the said Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

The 2009 ad valorem taxes on the Property have not been prorated by and between the parties. Rather, by acceptance of this Assumption General Warranty Deed, Grantee agrees to pay the 2009 ad valorem taxes on the Property, Grantee assumes responsibility for paying the 2009 ad valorem taxes on the Property and Grantee further agrees to indemnify and hold harmless Grantor from and against any and all liability or responsibility arising out of, or having to do with, the payment of the 2009 ad valorem taxes on the Property.

[SIGNATURE PAGES ATTACHED]

EXECUTED this 25 day of March, 2009.

Grantees Address:

P.O. Box 2279
Woodville, Texas
75979

NORTH AMERICAN PROCUREMENT COMPANY, a Texas corporation

By: _____
Lonnie Grissom, Jr.,
Its President

THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 25th day of March, 2009 by Lonnie Grissom, Jr., the President of North American Procurement Company, a Texas corporation, on behalf of said corporation.

BOBBIE J. BREAUX
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-13-2013

Bobbie J. Breaux
Notary Public, State of Texas
Printed Name: Bobbie J. Breaux
Commission Expires: 2-13-2013

TERMS AND CONDITIONS accepted this 25 day of March, 2009.

Grantees Address:

P.O. Box 2279
Woodville, Texas
75979

GOLDEN PINE, INC., a Texas corporation

By: Lonnie Grissom, Jr.,
Its President

THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 25th day of March, 2009 by Lonnie Grissom, Jr., the President of Golden Pine, Inc., a Texas corporation, on behalf of said corporation.

BOBBIE J. BREAUX
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-13-2013

Bobbie J. Breaux
Notary Public, State of Texas
Printed Name: Bobbie J Breaux
Commission Expires: 2-13-2013

FILED FOR RECORD
AT 9:15 O'CLOCK A M
ON THE 1 DAY OF May
A.D., 2009
Vol. 956 Page 683
In the OP Records

Donece Gregory
COUNTY CLERK, TYLER COUNTY, TEXAS
BY Deputy

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCIBLE UNDER FEDERAL LAW.

STATE OF TEXAS
COUNTY OF TYLER
OFFICIAL PUBLIC RECORD

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Tyler County, Texas, as stamped hereon by me.

COUNTY CLERK
TYLER COUNTY, TEXAS

AREA SURVEYING & MAPPING
418 N. PINE
WOODVILLE, TEXAS 75979
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 10.177 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME CALLED 11.359 ACRE TRACT, DESIGNATED AS "TRACT 1", AS CONVEYED TO E & R ALLISON FAMILY PROPERTIES, LTD. BY DEED RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 10.177 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A CONCRETE MONUMENT FOUND ON THE EAST LINE OF THE E.L. JENNINGS SURVEY, A-405, AND THE WEST LINE OF SAID E.T. NOLIN SURVEY, A-489, FOR THE NORTHWEST CORNER OF THE ALLISON 11.359 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE E.W. TUBB ESTATE TRACT, BEING THE RESIDUE OF A CALLED 137.40 ACRE TRACT RECORDED IN VOLUME 258, PAGE 71 OF THE DEED RECORDS OF TYLER COUNTY;

THENCE N 88°43'41"E, WITH THE NORTH LINE OF THE ALLISON 11.359 ACRE TRACT, AT 658.27 FT. PASS THE SOUTHEAST CORNER OF THE TUBB ESTATE TRACT AND THE SOUTHWEST CORNER OF THE TYCO GENERAL FEED AND RANCH SUPPLY 10.500 ACRE TRACT RECORDED IN VOLUME 561, PAGE 344 OF SAID OFFICIAL RECORDS, IN ALL A TOTAL DISTANCE OF 929.87 FT. TO A 5/8" IRON ROD SET FOR THE MOST NORTHERLY NORTHEAST CORNER OF THIS TRACT;

THENCE S 01°16'19"E 186.76 FT. TO A 5/8" IRON ROD SET FOR AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 83°22'06"E 242.42 FT. TO A 5/8" IRON ROD SET FOR THE MOST NORTHERLY NORTHEAST CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE SOUTHWESTERLY 100.99 FT. ALONG THE ARC OF THE CURVE IN THE HIGHWAY RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 01°29'29", A RADIUS OF 3880.00 FT. AND A CHORD BEARING S 09°04'36"W 100.98 FT. TO A 5/8" IRON ROD SET FOR CORNER AT THE END OF SAID CURVE;

THENCE S 08°08'00"W, CONTINUING WITH THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69, AT 254.12 FT. PASS A 5/8" IRON ROD SET FOR REFERENCE CORNER ON THE NORTH SIDE OF COUNTY ROAD NO. 1020 AND AT 301.88 FT. PASS THE CENTER OF SAID COUNTY ROAD, IN ALL A TOTAL DISTANCE OF 329.12 FT. TO A POINT ON THE NORTH LINE OF THE JOHN NOWLIN SURVEY, A-487, AND THE SOUTH LINE OF SAID E.T. NOLIN SURVEY FOR THE SOUTHEAST CORNER OF THE ALLISON 11.359 ACRES AND OF THIS TRACT AND THE NORTHEAST CORNER OF THE E & R ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT ALSO DESCRIBED IN VOLUME 825, PAGE 739 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE S 86°32'09"W, WITH THE COMMON SOUTH LINE OF THE ALLISON 11.359 ACRES AND SAID E.T. NOLIN SURVEY, AT APPROXIMATELY 340.00 FT. PASS THE NORTHWEST CORNER OF THE JOHN NOWLIN SURVEY AND THE NORTHEAST CORNER OF THE WM. CHAMBLISS SURVEY, A-189, IN ALL A TOTAL DISTANCE OF 476.88 FT. TO A 1/2" IRON ROD FOUND FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE ALLISON 11.359 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHEAST CORNER OF A 6.00 ACRE TRACT CONVEYED TO KENNETH P. BOND BY DEED RECORDED IN VOLUME 678, PAGE 783 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE N 03°05'32"W, WITH THE LOWER WEST LINE OF THE ALLISON 11.359 ACRE TRACT, AT 26.65 FT. AGAIN PASS THE CENTER OF SAID COUNTY ROAD NO. 1020 AND AT 60.00 FT. PASS A 5/8" IRON ROD SET FOR REFERENCE CORNER, IN ALL A TOTAL DISTANCE OF 436.07 FT. TO A CONCRETE MONUMENT FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND OF THIS TRACT AND THE NORTHEAST CORNER OF THE BOND 6.00 ACRE TRACT;

THENCE S 86°29'25"W 600.64 FT., WITH THE WESTERLY SOUTH LINE OF THE ALLISON 11.359 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE MOST WESTERLY SOUTHWEST CORNER OF SAME AND OF THIS TRACT AND THE NORTHWEST CORNER OF THE BOND 6.00 ACRE TRACT LOCATED ON THE WEST LINE OF THE E.T. NOLIN SURVEY AND THE EAST LINE OF THE PREVIOUSLY MENTIONED E.L. JENNINGS SURVEY;

THENCE N 02°59'19"W 250.08 FT., WITH THE COMMON LINE BETWEEN SAID SURVEYS AND THE UPPER WEST LINE OF THE ALLISON 11.359 ACRE TRACT, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 10.177 OF ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NORTH AMERICAN DATUM, 1983.

SURVEYED FEBRUARY 27, 2008

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

_____

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

09-2648

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

R022677

ASSUMPTION GENERAL WARRANTY DEED

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TYLER §

THAT NORTH AMERICAN PROCUREMENT COMPANY, a Texas corporation with an office in Tyler County, Texas (hereinafter simply referred to as the "Grantor"), for and in consideration of the sum of TEN AND NO/100 ($10.00) DOLLARS and other good and valuable consideration, including Grantee's assumption and agreement to pay, discharge, and indemnify and hold Grantor harmless from the unpaid principal balance, interest and other sums owing and to be owed on that one certain Promissory Note dated March 7, 2008, executed by North American Procurement Company, payable to the order of Citizens State Bank, in the original principal sum of TWENTY-NINE THOUSAND TWO HUNDRED FIFTY AND NO/100 ($29,250.00) DOLLARS, secured by the Vendor's Lien retained in a Warranty Deed with Vendor's Lien from Kenneth P. Bond to the Grantor which is of record in Volume 914, Page 813, et seq., of the Official Public Records of Tyler County, Texas and further secured by a Deed of Trust for the benefit of Citizens State Bank which is of record in Volume 914, Page 816, et seq., of the Official Public Records of Tyler County, Texas,

Texas, the obligations of which are assumed by Grantee's acceptance of this conveyance, to the undersigned paid by the Grantee herein named, the receipt and sufficiency of which are hereby acknowledged, has, subject to the exceptions and reservations hereinafter provided, GRANTED, SOLD and CONVEYED, and by these presents does, subject to the exceptions and reservations hereinafter provided, GRANT, SELL and CONVEY unto GOLDEN PINE, INC., a Texas corporation also with an office in Tyler County, Texas (herein simply referred to as the "Grantee"), all of the following described real property situated in Tyler County, Texas (the "Property"), to-wit:

> BEING all that certain 6.00 acre tract of land, more or less, situated in the E. T. Nolin Survey, Abstract No. 489 in Tyler County, Texas, which said tract of land is more particularly described on the Exhibit "A" attached hereto, incorporated herein by reference and made a part hereof for all purposes the same as if copied herein verbatim.

This conveyance is made and accepted subject to (i) any and all visible and apparent easements over and across the Property, whether or not of record in Tyler County, Texas, (ii) any and all restrictions, conditions, covenants, easements, and mineral/royalty reservations or mineral/royalty interest conveyances, if any, relating to the Property, to the extent that they are still in force and effect, as shown of record in the Official Public Records of Tyler County, Texas, (iii) any and all discrepancies, conflicts, or shortages in area or

boundary lines, or any encroachments or protrusions, or any overlapping of improvements, any portion of the subject Property lying within the boundary of any road or roadway, (iv) any and all additional ad valorem taxes imposed after the date of execution of this Assumption General Warranty Deed as a result of any change in use of any part or portion of the Property, the intent of the parties being that all such additional ad valorem taxes shall be the responsibility of, and borne completely by, the Grantee, its successors and assigns, and (v) the above referenced liens for the benefit of Citizens State Bank.

GRANTEE ACKNOWLEDGES AND AGREES THAT GRANTEE IS EXPERIENCED IN THE OWNERSHIP AND OPERATION OF PROPERTIES SIMILAR TO THE PROPERTY AND THAT GRANTEE HAS INSPECTED THE PROPERTY TO ITS SATISFACTION AND IS QUALIFIED TO MAKE SUCH INSPECTION. GRANTEE ACKNOWLEDGES THAT IT IS FULLY RELYING ON GRANTEE'S (OR GRANTEE'S REPRESENTATIVE'S) INSPECTION OF THE PROPERTY AND NOT UPON ANY STATEMENTS (ORAL OR WRITTEN) WHICH MAY HAVE BEEN MADE OR MAY BE MADE (OR PURPORTEDLY MADE) BY GRANTOR OR ANY OF ITS REPRESENTATIVES. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD (OR GRANTEE'S REPRESENTATIVES HAVE) THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY GRANTEE IN ORDER TO ENABLE GRANTEE TO EVALUATE THE CONDITION OF THE PROPERTY AND ALL OTHER ASPECTS OF THE PROPERTY (INCLUDING, BUT NOT LIMITED TO, THE ENVIRONMENTAL CONDITION OF THE PROPERTY),

AND GRANTEE ACKNOWLEDGES THAT GRANTEE IS RELYING SOLELY UPON ITS OWN (OR ITS REPRESENTATIVE'S) INSPECTION, EXAMINATION AND EVALUATION OF THE PROPERTY. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS CONVEYANCE, GRANTEE HEREBY ACCEPTS THE PROPERTY IN ITS "AS IS" - "WHERE IS" CONDITION AND WITH ALL FAULTS, IF ANY, AND WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, EXCEPT ONLY THE TITLE WARRANTIES EXPRESSLY SET FORTH IN THIS DEED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IN CONNECTION WITH THE SALE OF THE PROPERTY TO GRANTEE, GRANTOR AND GRANTOR'S OFFICERS, MEMBERS, AGENTS, DIRECTORS, EMPLOYEES, PARTNERS, ATTORNEYS, CONTRACTORS AND AFFILIATES ("GRANTOR'S RELATED PARTIES") HAVE MADE NO, AND SPECIFICALLY DISCLAIM, AND GRANTEE ACCEPTS THAT GRANTOR AND GRANTOR'S RELATED PARTIES HAVE DISCLAIMED, ANY AND ALL REPRESENTATIONS, GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW (EXCEPT AS TO TITLE AS HEREINABOVE PROVIDED), OF OR RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, OR RELATING TO (A) THE USE, INCOME POTENTIAL, EXPENSES, OPERATION, CHARACTERISTICS OR CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY, TENANTABILITY, DESIGN OR FITNESS FOR ANY SPECIFIC OR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE CONSTRUCTION, (B) THE NATURE, MANNER, CONSTRUCTION, CONDITION,

STATE OF REPAIR OR LACK OF REPAIR OF ANY TIMBER OR IMPROVEMENTS LOCATED ON THE PROPERTY, ON THE SURFACE OR SUBSURFACE THEREOF, WHETHER OR NOT OBVIOUS, VISIBLE OR APPARENT, (C) THE NATURE OR QUALITY OF CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF THE PROPERTY, (D) THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND THE PRESENCE OR ABSENCE OF OR CONTAMINATION BY HAZARDOUS MATERIALS, OR THE COMPLIANCE OF THE PROPERTY WITH REGULATIONS OR LAWS PERTAINING TO HEALTH OR THE ENVIRONMENT, AND (E) THE SOIL CONDITIONS, DRAINAGE, FLOODING CHARACTERISTICS, UTILITIES OR OTHER CONDITIONS EXISTING WITH RESPECT TO THE PROPERTY. THE GRANTEE HEREBY EXPRESSLY ASSUMES ALL RISKS, LIABILITIES, CLAIMS, DAMAGES, AND COSTS (AND AGREES THAT GRANTOR SHALL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES) ON AND AFTER THE DATE OF THIS DEED RESULTING OR ARISING FROM OR RELATED TO THE OWNERSHIP, USE, CONDITIONS, LOCATIONS, MAINTENANCE, REPAIR OR OPERATION OF THE PROPERTY. GRANTEE ACKNOWLEDGES THAT ANY CONDITION OF THE PROPERTY WHICH GRANTEE DISCOVERS OR DESIRES TO CORRECT OR IMPROVE PRIOR TO OR AFTER THE DATE HEREOF SHALL BE AT GRANTEE'S SOLE EXPENSE. GRANTEE EXPRESSLY WAIVES (TO THE EXTENT ALLOWED BY APPLICABLE LAW) ANY CLAIMS UNDER FEDERAL LAW, STATE OR OTHER LAW THAT GRANTEE MIGHT OTHERWISE HAVE AGAINST GRANTOR RELATING TO THE USE, CHARACTERISTICS OR CONDITION OF THE PROPERTY.

TO HAVE AND TO HOLD the above described Property, together with all and singular the appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns forever; and Grantor does hereby bind itself, its successors and assigns, subject to the exceptions and reservations hereinabove provided, to WARRANT AND FOREVER DEFEND all and singular the said Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

The 2009 ad valorem taxes on the Property have not been prorated by and between the parties. Rather, by acceptance of this Assumption General Warranty Deed, Grantee agrees to pay the 2009 ad valorem taxes on the Property, Grantee assumes responsibility for paying the 2009 ad valorem taxes on the Property and Grantee further agrees to indemnify and hold harmless Grantor from and against any and all liability or responsibility arising out of, or having to do with, the payment of the 2009 ad valorem taxes on the Property.

[SIGNATURE PAGES ATTACHED]

TERMS AND CONDITIONS accepted this 25 day of March, 2009.

GOLDEN PINE, INC., a Texas corporation

Grantees Address:

P.O. Box 2279
Woodville, Texas
75979

By: _____
Lonnie Grissom, Jr.,
Its President

THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 25th day of March, 2009 by Lonnie Grissom, Jr., the President of Golden Pine, Inc., a Texas corporation, on behalf of said corporation.

BOBBIE J. BREAUX
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-13-2013

Bobbie J. Breaux
Notary Public, State of Texas
Printed Name: Bobbie J. Breaux
Commission Expires: 2-13-2013

EXECUTED this 25 day of March, 2009.

Grantees Address:

P.O. Box 2279
Woodville, Texas
75979

NORTH AMERICAN PROCUREMENT COMPANY, a Texas corporation

By: Lonnie Grissom, Jr.,
Its President

THE STATE OF TEXAS §

COUNTY OF TYLER §

This instrument was acknowledged before me on the 25th day of March, 2009 by Lonnie Grissom, Jr., the President of North American Procurement Company, a Texas corporation, on behalf of said corporation.

BOBBIE J. BREAUX
Notary Public
STATE OF TEXAS
My Comm. Exp. 02-13-2013

Bobbie J. Breaux
Notary Public, State of Texas
Printed Name: Bobbie J. Breaux
Commission Expires: 2-13-2013

FILED FOR RECORD
AT 9:15 O'CLOCK A M
ON THE 1 DAY OF May
A.D. 2009.
Vol. 956 Page 675
In the OP Records

Donece Gregory
COUNTY CLERK, TYLER COUNTY, TEXAS
BY DEPUTY

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCIBLE UNDER FEDERAL LAW.

STATE OF TEXAS
COUNTY OF TYLER
OFFICIAL PUBLIC RECORD

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Tyler County, Texas, as stamped hereon by me.

COUNTY CLERK
TYLER COUNTY, TEXAS

pd

09-2648

Rs Golden Pine, Inc
PO Box 2279
Woodville, TX
75979

(09-2648 + 09-2649)

AREA SURVEYING & MAPPING
418 N. PINE
WOODVILLE, TEXAS 75979
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 6.007 ACRE TRACT OF LAND AS SITUATED IN THE E.T. NOLIN SURVEY, A-489, TYLER COUNTY, TEXAS AND BEING A RESURVEY OF THAT SAME CALLED 6.00 ACRE TRACT AS CONVEYED TO KENNETH P. BOND BY DEED RECORDED IN VOLUME 678, PAGE 783 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 6.007 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A CONCRETE MONUMENT FOUND ON THE NORTH LINE OF THE WM. CHAMBLISS SURVEY, A-189, FOR THE SOUTHEAST CORNER OF THE E.L. JENNINGS SURVEY, A-405, AND THE COMMON SOUTHWEST CORNER OF SAID E.T. NOLIN SURVEY AND SAID BOND 6.00 ACRES AND OF THIS TRACT;

THENCE N 03°10'17"W, WITH THE COMMON LINE BETWEEN THE E.L. JENNINGS SURVEY AND THE NOLIN SURVEY AND THE WEST LINE OF THE BOND 6.00 ACRE TRACT, AT 76.90 FT. PASS THE CENTER OF COUNTY ROAD NO. 1020, IN ALL A TOTAL DISTANCE OF 435.60 FT. TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND OF THIS TRACT AND THE WESTERLY SOUTHWEST CORNER OF THE E & R ALLISON FAMILY PROPERTIES, LTD. 11.359 ACRE TRACT AS DESCRIBED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS;

THENCE N 86°29'25"E 600.64 FT., WITH THE NORTH LINE OF THE BOND 6.00 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHEAST CORNER OF SAME AND OF THIS TRACT AN INTERIOR ANGLE CORNER OF SAID ALLISON 11.359 ACRE TRACT;

THENCE S 03°05'32"E 436.07 FT., WITH THE EAST LINE OF THE BOND 6.00 ACRE TRACT, TO A 1/2" IRON ROD FOUND ON THE SOUTH SIDE OF SAID COUNTY ROAD NO. 1020 FOR THE SOUTHEAST CORNER OF THE BOND 6.00 ACRES AND OF THIS TRACT, SAME BEING THE MOST SOUTHERLY SOUTHWEST CORNER OF THE ALLISON 11.359 ACRE TRACT LOCATED ON THE SOUTH LINE OF THE NOLIN SURVEY AND THE NORTH LINE OF THE PREVIOUSLY MENTIONED WM. CHAMBLISS SURVEY;

THENCE S 86°32'09"W 600.04 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND THE NOLIN SURVEY AND THE SOUTH LINE OF THE BOND 6.00 ACRE TRACT, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 6.007 OF ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NORTH AMERICAN DATUM, 1983.

SURVEYED FEBRUARY 25, 2008

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

_____

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

EXHIBIT "B"

LEGAL DESCRIPTION
Exhibit "A"
German Pellets
Volume 1032 Page 918 – Page 921

(Attached)

EXHIBIT "A"

FIELDNOTES TO A 188.675 ACRE TRACT OF LAND AS SITUATED IN THE WM. CHAMBLISS SURVEY, A-189, THE E.L. JENNINGS SURVEY, A-405, AND THE JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME CERTAIN 262.127 ACRE TRACT AS CONVEYED TO NORTH AMERICAN PROCUREMENT COMPANY, HEREAFTER REFERRED TO AS "NAPCO", BY DEED RECORDED IN VOLUME 878, PAGE 601 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 188.675 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD SET FOR THE MOST WESTERLY SOUTHWEST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE WM. CHAMBLISS SURVEY, A-189, AND THE SOUTHEAST CORNER OF THE G.M. BUCHANAN SURVEY, A-94, LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE NORTH LINE OF THE ALAN BELL ESTATE 114.33 ACRE TRACT RECORDED IN VOLUME 618, PAGE 769 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE N 04°02'37"W 1934.60 FT., WITH THE WEST LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD SET ON THE NORTHWEST RIGHT OF WAY OF COUNTY ROAD 1030 FOR THE NORTHWEST CORNER OF THIS TRACT, SAME BEING THE MOST SOUTHERLY SOUTHWEST CORNER OF THE EAST TEXAS ELECTRIC COOPERATIVE INC. 63.608 ACRE TRACT RECORDED IN VOLUME 973, PAGE 796 OF THE OFFICIAL PUBLIC RECORDS;

THENCE ALONG AND WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD 1030 AND THE SOUTH BOUNDARY OF THE EAST TEXAS ELECTRIC COOPERATIVE 63.608 ACRE TRACT AS FOLLOWS:

1) N 64°49'51"E 391.16 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
2) N 62°33'31"E 407.71 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
3) N 60°34'33"E 368.27 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
4) N 57°17'48"E 151.63 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
5) N 53°27'26"E 410.17 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
6) N 58°15'57"E 90.51 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
7) N 68°03'42"E 76.31 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
8) N 75°28'24"E 92.96 FT. TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF THE ELECTRIC COOPERATIVE 63.608 ACRE TRACT AND THE MOST NORTHERLY CORNER OF THIS TRACT LOCATED AT THE INTERSECTION OF THE NORTH RIGHT OF WAY OF COUNTY ROAD 1030 WITH THE SOUTHWEST RIGHT OF WAY OF COUNTY ROAD 1020;

THENCE ALONG AND WITH THE SOUTHWEST RIGHT OF WAY OF SAID COUNTY ROAD 1020 AS FOLLOWS:

1) S 48°30'09"E 136.33 FT. TO A POINT FOR CORNER;
2) S 69°25'26"E 26.88 FT. TO A 1/2" IRON ROD SET FOR CORNER ON THE EAST LINE OF THE JENNINGS SURVEY AND THE WEST LINE OF THE E.T. NOLIN SURVEY, A-489, AND THE WEST LINE OF THE NORTH AMERICAN PROCUREMENT COMPANY 6.007 ACRE TRACT;

THENCE S 03°10'17"E 49.58 FT., WITH THE EAST LINE OF THE JENNINGS SURVEY AND THE WEST LINE OF THE NOLIN SURVEY AND WEST LINE OF THE NAPCO 6.007 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE SOUTHWEST CORNER OF SAME AND OF THE NOLIN SURVEY AND SOUTHEAST CORNER OF THE JENNINGS SURVEY LOCATED ON THE NORTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF A 0.943 ACRE TRACT, PREVIOUSLY A PART OF THE NAPCO 262.127 ACRE TRACT;

THENCE S 86°24'03"W 71.95 FT., WITH THE SOUTH LINE OF THE JENNINGS SURVEY AND THE NORTH LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF THE 0.943 ACRE TRACT AND AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 04°47'00"E 173.37 FT., WITH THE WEST LINE OF THE 0.943 ACRE TRACT, TO A 1/2" IRON ROD FOUND SOUTHWEST CORNER OF SAME AND ANOTHER INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 69°05'36"E, AT 210.11 FT. PASS THE SOUTHEAST CORNER OF THE 0.943 ACRE TRACT AND THE SOUTHWEST CORNER OF A 2.21 ACRE TRACT, ALSO A PART OF THE NAPCO 262.127 ACRES, AND AT 643.07 FT. PASS THE SOUTHEAST CORNER OF SAME AND THE SOUTHWEST CORNER OF THE E.& R. ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS, IN ALL A TOTAL DISTANCE OF 826.96 FT. TO A 1/2" IRON ROD FOUND FOR THE MOST SOUTHERLY SOUTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE NAPCO 262.127 ACRES AND OF IS TRACT;

THENCE N 08°11'50"E 149.59 FT., WITH A WEST LINE OF THE NAPCO TRACT, TO A 1/2" IRON ROD FOUND FOR A NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE ALLISON 5.016 ACRE TRACT;

THENCE S 81°44'25"E 279.94 FT., WITH A NORTH LINE OF SAID NAPCO 262.127 ACRES TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT AND MOST EASTERLY SOUTHEAST CORNER OF THE ALLISON TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE ALONG AND WITH THE MEANDERS OF THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69 AS FOLLOWS:

1) S 08°08'09"W 148.18 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
2) S 22°12'56"W 60.92 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
3) S 08°07'36"W 259.54 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
4) N 82°30'01"E 15.60 FT. TO A 1/2" IRON ROD SET FOR CORNER;
5) S 08°08'09"W 1506.51 FT., TO A 1/2" IRON ROD SET FOR AN ANGLE CORNER ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 AS FOLLOWS:

1) S 02°25'58"W 100.00 FT. TO A 1/2", IRON ROD SET FOR CORNER;
2) S 08°10'19"W 194.96 FT. TO A 1/2" IRON ROD FOUND AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF THE OLD HIGHWAY WITH THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF THE JOHN NOWLIN SURVEY FOR A SOUTHEAST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT, SAME BEING THE NORTHEAST CORNER OF THE ALAN W. BELL 2.756 ACRE TRACT DESCRIBED IN VOLUME 593, PAGE 960 OF THE OFFICIAL PUBLIC RECORDS;

THENCE S 85°48'12"W 514.74 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND SAID NOWLIN SURVEY AND THE NORTH LINE OF THE BELL 2.756 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE NAPCO TRACT AND OF THIS TRACT;

THENCE S 45°41'17"E 622.62 FT., WITH THE SOUTHWEST LINE OF THE BELL 2.756 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME AND AN EXTERIOR ANGLE CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

THENCE S 08°10'49"W 102.29 FT., WITH THE WEST RIGHT OF OLD HIGHWAY 69, TO A CONCRETE R.O.W. MARKER FOUND FOR CORNER AT THE BEGINNING OF A CURVE TO THE LEFT IN SAME;

THENCE SOUTHWESTERLY 187.07 FT. ALONG THE ARC OF THE CURVE IN SAID RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 06°03'31", A RADIUS OF 1769.10 FT. AND A CHORD BEARING S 05°07'26"W 186.98 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE NAPCO 262.127 ACRE TRACT AND OF THIS TRACT AND OF THIS TRACT LOCATED AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050;

THENCE ALONG AND WITH THE MEANDERS OF THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050 AS FOLLOWS:

1) S 47°24'08"W 229.27 FT. TO A POINT FOR CORNER;
2) S 50°25'30"W 291.56 FT. TO A POINT FOR CORNER;
3) S 51°22'02"W 415.72 FT. TO A POINT FOR CORNER;
4) S 51°35'40"W 258.87 FT. TO A POINT FOR CORNER;
5) S 51°32'14"W 439.00 FT. TO A POINT FOR CORNER;
6) S 52°38'50"W 267.65 FT. TO A 1/2" IRON ROD SET FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT AND THE SOUTHEAST CORNER OF THE PREVIOUSLY MENTIONED ALAN BELL ESTATE 114.33 ACRE TRACT;

THENCE N 03°28'48"W 1863.49 FT., WITH THE EAST LINE OF THE BELL 114.33 ACRES AND THE WEST LINE OF THE NAPCO 262.127 ACRE TRACT, TO A PINE KNOT STAKE FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND THE NORTHEAST CORNER OF SAID BELL TRACT LOCATED ON THE NORTH LINE OF THE NOWLIN SURVEY AND THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY;

THENCE S 87°04'37"W 739.36 FT., WITH THE NORTH LINE OF THE NORTH LINE OF THE BELL 114.33 ACRES AND SAID NOWLIN SURVEY AND THE SOUTH LINE OF WM. CHAMBLISS SURVEY, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 188.675 ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE BASED AND/OR ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

SURVEYED JUNE 29, 2011

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

STATE OF TEXAS
REGISTERED
LYLE RAINEY
4800
PROFESSIONAL
LAND SURVEYOR

Attachment B

Certificate of Account Status

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

July 25, 2012

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

TEXAS PELLETS, INC.

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, 2013.

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 25th day of
July 2012 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 32046519750
File number: 0801534201

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

Attachment C

State Comptroller's Recommendation

SUSAN COMBS

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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

July 13, 2012

Glen Conner
Superintendent
Woodville Independent School District
505 N. Charlton Street
Woodville, Texas 75979

Dear Superintendent Conner:

On May 24, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on April 16, 2012 to the Woodville Independent School District (Woodville ISD) by Texas Pellets, Inc. This letter presents the results of the comptroller's review of the application:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and

2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Woodville ISD is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment ($177.8 million) is consistent with the proposed appraised value limitation sought ($10 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. Texas Pellets, Inc., is proposing the construction of a manufacturing facility in Tyler County. Texas Pellets, Inc. is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by Texas Pellets, Inc., the Comptroller's recommendation is that Texas Pellet, Inc.'s application under Tax Code Chapter 313 be approved.

Our review of the application 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. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, 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

[1] All statutory references are to the Texas Tax Code, unless otherwise noted.

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.

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency 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 must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, 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	Texas Pellets, Inc
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Woodville
2010-11 Enrollment in School District	1,276
County	Tyler
Total Investment in District	$688,774,000
Qualified Investment	$177,770,000
Limitation Amount	$10,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	8
Average Weekly Wage of Qualifying Jobs committed to by applicant	$691
Minimum Weekly Wage Required Tax Code, 313.051(b)	$691
Minimum Annual Wage committed to by applicant for qualified jobs	$35,945
Investment per Qualifying Job	$86,096,750
Estimated 15 year M&O levy without any limit or credit:	$19,154,678
Estimated gross 15 year M&O tax benefit	$12,572,674
Estimated 15 year M&O tax benefit (*after* deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	$12,419,516
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	$3,426,831
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	$6,735,163
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	64.8%
Percentage of tax benefit due to the limitation	72.7%
Percentage of tax benefit due to the credit.	27.3%

This presents the Comptroller's economic impact evaluation of Texas Pellets, Inc. (the project) applying to Woodville 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 ten new jobs when fully operational. Eight 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 Deep East Texas Council of Governments Region, where Tyler County is located was $32,682 in 2010. The annual average manufacturing wage for 2010-2011 for Tyler County is $39,221. That same year, the county annual average wage for all industries was $27,820. In addition to a salary of $35,945, the applicant or its contractor will pay at least 80% of the cost of medical, dental, and vision insurance for at least 80% of new employees; disability insurance will also be provided. The project's total investment is $688.8 million, resulting in a relative level of investment per qualifying job of $86.1 million.

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

According to Texas Pellets, Inc.'s application, "The location of the Applicant's Project depends largely on the proximity to raw wood supply. The Applicant has evaluated prime locations in Mississippi and Louisiana, and most states in the Southeastern United States have sites which would fully support the Project."

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

During the past two years, one project in the Deep East Texas 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 Texas Pellets, Inc. 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 Texas Pellets, Inc.'s 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 Texas Pellets, Inc.

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	3	669	672	$80,163	$35,919,838	$36,000,000
2013	10	178	188	$359,450	$12,640,550	$13,000,000
2014	10	32	42	$359,450	$4,640,550	$5,000,000
2015	10	34	44	$359,450	$4,640,550	$5,000,000
2016	10	38	48	$359,450	$4,640,550	$5,000,000
2017	10	37	47	$359,450	$4,640,550	$5,000,000
2018	10	45	55	$359,450	$4,640,550	$5,000,000
2019	10	45	55	$359,450	$4,640,550	$5,000,000
2020	10	43	53	$359,450	$4,640,550	$5,000,000
2021	10	45	55	$359,450	$5,640,550	$6,000,000
2022	10	45	55	$359,450	$5,640,550	$6,000,000
2023	10	51	61	$359,450	$5,640,550	$6,000,000
2024	10	53	63	$359,450	$5,640,550	$6,000,000
2025	10	43	53	$359,450	$5,640,550	$6,000,000
2026	10	37	47	$359,450	$5,640,550	$6,000,000
2027	10	39	49	$359,450	$5,640,550	$6,000,000

Source: CPA, REMI, Texas Pellets, Inc.

The statewide average ad valorem tax base for school districts in Texas was $1.6 billion in 2010. Woodville ISD's ad valorem tax base in 2010 was $1.01 billion. The statewide average wealth per WADA was estimated at $$345,067 for fiscal 2010. During that same year, Woodville ISD's estimated wealth per WADA was $502,102. 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, Tyler County, and Tyler County Hospital District, with all property tax incentives sought being granted using estimated market value from Texas Pellets, Inc. application. Texas Pellets, Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and hospital district. Table 3 illustrates the estimated tax impact of the Texas Pellets, Inc. project on the region if all taxes are assessed.

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		Woodville ISD I&S Levy	Woodville ISD M&O Levy	Woodville ISD M&O and I&S Tax Levies (Before Credit Credited)	Woodville ISD M&O and I&S Tax Levies (After Credit Credited)	Tyler County Tax Levy	Tyler County Hospital District Tax Levy	Southeast Texas Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0800	1.0400			0.6615	0.1369	0.0000	
2013	$180,640,000	$180,640,000		$144,512	$1,878,656	$2,023,168	$2,023,168	$0	$0	$0	$2,023,168
2014	$168,863,000	$168,863,000		$135,090	$1,756,175	$1,891,266	$1,891,266	$0	$0	$0	$1,891,266
2015	$156,844,000	$10,000,000		$125,475	$104,000	$229,475	$229,475	$103,752	$21,472	$0	$354,699
2016	$144,825,000	$10,000,000		$115,860	$104,000	$219,860	$117,171	$191,603	$39,653	$0	$348,428
2017	$132,806,000	$10,000,000		$106,245	$104,000	$210,245	$111,763	$263,554	$54,543	$0	$429,860
2018	$121,787,000	$10,000,000		$97,430	$104,000	$201,430	$106,804	$322,248	$66,691	$0	$495,743
2019	$110,768,000	$10,000,000		$88,614	$104,000	$192,614	$101,846	$366,365	$75,821	$0	$544,031
2020	$99,749,000	$10,000,000		$79,799	$104,000	$183,799	$96,887	$395,904	$81,934	$0	$574,725
2021	$95,277,000	$10,000,000		$76,222	$104,000	$180,222	$94,875	$441,180	$91,304	$0	$627,359
2022	$97,352,000	$10,000,000		$77,882	$104,000	$181,882	$95,808	$515,187	$106,620	$0	$717,615
2023	$100,427,000	$100,427,000		$80,342	$1,044,441	$1,124,782	$10,043	$597,892	$123,736	$0	$731,671
2024	$103,502,000	$103,502,000		$82,802	$1,076,421	$1,159,222	$10,350	$684,666	$141,694	$0	$836,710
2025	$106,577,000	$106,577,000		$85,262	$1,108,401	$1,193,662	$675,341	$705,007	$145,904	$0	$1,526,251
2026	$109,652,000	$109,652,000		$87,722	$1,140,381	$1,228,102	$1,228,102	$725,348	$150,114	$0	$2,103,564
2027	$112,727,000	$112,727,000		$90,182	$1,172,361	$1,262,542	$1,262,542	$745,689	$154,323	$0	$2,162,555
						Total	$8,055,441	$6,058,395	$1,253,809	$0	$15,367,645
Assumes School Value Limitation and Tax Abatements with the County and Hospital District.											

Source: CPA, Texas Pellets, Inc.

[1]Tax 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		Woodville ISD I&S Levy	Woodville ISD M&O Levy		Woodville ISD M&O and I&S Tax Levies	Tyler County Tax Levy	Tyler County Hospital District Tax Levy	Southeast Texas Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0800	1.0400			0.6615	0.1369	0.0000	
2013	$180,640,000	$180,640,000		$144,512	$1,878,656		$2,023,168	$1,194,934	$247,296	$0	$3,465,398
2014	$168,863,000	$168,863,000		$135,090	$1,756,175		$1,891,266	$1,117,029	$231,173	$0	$3,239,468
2015	$156,844,000	$156,844,000		$125,475	$1,631,178		$1,756,653	$1,037,523	$214,719	$0	$3,008,895
2016	$144,825,000	$144,825,000		$115,860	$1,506,180		$1,622,040	$958,017	$198,265	$0	$2,778,323
2017	$132,806,000	$132,806,000		$106,245	$1,381,182		$1,487,427	$878,512	$181,811	$0	$2,547,750
2018	$121,787,000	$121,787,000		$97,430	$1,266,585		$1,364,014	$805,621	$166,726	$0	$2,336,362
2019	$110,768,000	$110,768,000		$88,614	$1,151,987		$1,240,602	$732,730	$151,641	$0	$2,124,973
2020	$99,749,000	$99,749,000		$79,799	$1,037,390		$1,117,189	$659,840	$136,556	$0	$1,913,585
2021	$95,277,000	$95,277,000		$76,222	$990,881		$1,067,102	$630,257	$130,434	$0	$1,827,794
2022	$97,352,000	$97,352,000		$77,882	$1,012,461		$1,090,342	$643,983	$133,275	$0	$1,867,601
2023	$100,427,000	$100,427,000		$80,342	$1,044,441		$1,124,782	$664,325	$137,485	$0	$1,926,592
2024	$103,502,000	$103,502,000		$82,802	$1,076,421		$1,159,222	$684,666	$141,694	$0	$1,985,582
2025	$106,577,000	$106,577,000		$85,262	$1,108,401		$1,193,662	$705,007	$145,904	$0	$2,044,573
2026	$109,652,000	$109,652,000		$87,722	$1,140,381		$1,228,102	$725,348	$150,114	$0	$2,103,564
2027	$112,727,000	$112,727,000		$90,182	$1,172,361		$1,262,542	$745,689	$154,323	$0	$2,162,555
						Total	$20,628,115	$12,183,481	$2,521,419	$0	$35,333,014

Source: CPA, Texas Pellets, Inc.

[1]Tax 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 $19,154,678. The estimated gross 15 year M&O tax benefit, or levy loss, is $12,572,674.

Attachment 3 is an economic overview of Tyler 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.

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

July 2, 2012

Mr. Robert Wood
Director, Economic Development and Analysis
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 Texas Pellets Inc. project for the Woodville Independent School District (WISD). Projections prepared by our Office of School Finance 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 Texas Pellets Inc. project on WISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

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

July 10, 2012

Mr. Robert Wood
Director, Economic Development and Analysis
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 Texas Pellets Inc. project on the number and size of school facilities in Woodville Independent School District (WISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the WISD superintendent, Glen Conner, the TEA has found that the Texas Pellets Inc. project would not have a significant impact on the number or size of school facilities in WISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

Tyler County

Population

- Total county population in 2010 for Tyler County: 20,361 , down 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Tyler County was the state's 117th largest county in population in 2010 and the 214th fastest growing county from 2009 to 2010.
- Tyler County's population in 2009 was 81.3 percent Anglo (above the state average of 46.7 percent), 11.7 percent African-American (above the state average of 11.3 percent) and 5.1 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Tyler County:

Woodville:	2,281	Colmesneil:	629
Chester:	260		

Economy and Income

Employment

- September 2011 total employment in Tyler County: 7,544 , down 2.4 percent from September 2010. State total employment increased 0.9 percent during the same period.

  (October 2011 employment data will be available November 18, 2011).
- September 2011 Tyler County unemployment rate: 12.0 percent, up from 10.3 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(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

- Tyler County's ranking in per capita personal income in 2009: 187th with an average per capita income of $29,623, up 1.5 percent from 2008. Statewide average per capita personal income was $38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Tyler County averaged $54.25 million annually from 2007 to 2010. County total agricultural values in 2010 were up 18.5 percent from 2009. Major agriculture related commodities in Tyler County during 2010 included:
  - Recreation
  - Hunting
  - Other Beef
  - Nursery
  - Timber
- 2011 oil and gas production in Tyler County: 193,475.0 barrels of oil and 13.9 million Mcf of gas. In September 2011, there were 67 producing oil wells and 138 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Tyler County during the fourth quarter 2010: $19.28 million, up 0.1 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Woodville:	$11.76 million, up 1.8 percent from the same quarter in 2009.
Colmesneil:	$415,237.00, down 8.6 percent from the same quarter in 2009.
Chester:	$172,003.00, down 10.4 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Tyler County through the fourth quarter of 2010: $74.55 million, up 7.0 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Woodville:	$44.33 million, down 2.3 percent from the same period in 2009.
Colmesneil:	$1.67 million, down 6.0 percent from the same period in 2009.
Chester:	$680,336.00, down 2.2 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Tyler County during 2010: $74.55 million, up 7.0 percent from 2009.
- Tyler County sent an estimated $4.66 million (or 0.03 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Woodville:	$44.33 million, down 2.3 percent from 2009.
Colmesneil:	$1.67 million, down 6.0 percent from 2009.

Chester:	$680,336.00, down 2.2 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: $505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Tyler County based on the sales activity month of August 2011: $75,260.80, down 4.2 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Woodville:	$71,444.78, down 1.9 percent from August 2010.
Colmesneil:	$2,378.22, down 51.3 percent from August 2010.
Chester:	$1,437.80, up 65.7 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: $6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Tyler County based on sales activity months from September 2010 through August 2011: $1.07 million, up 3.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Woodville:	$1.02 million, up 3.0 percent from fiscal 2010.
Colmesneil:	$43,099.26, up 25.1 percent from fiscal 2010.
Chester:	$12,639.23, up 17.8 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: $3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Tyler County based on sales activity months through August 2011: $692,874.44, up 4.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Woodville:	$663,699.17, up 4.6 percent from the same period in 2010.
Colmesneil:	$20,258.30, down 14.2 percent from the same period in 2010.
Chester:	$8,916.97, up 30.9 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: $6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Tyler County based on sales activity in the 12 months ending in August 2011: $1.07 million, up 3.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Woodville:	$1.02 million, up 3.0 percent from the previous 12-month period.
Colmesneil:	$43,099.26, up 25.1 percent from the previous 12-month period.
Chester:	$12,639.23, up 17.8 percent from the previous 12-month period.

- ***City Calendar Year-To-Date (RJ 2011)***

- Payment to the cities from January 2011 through October 2011:

Woodville:	$846,599.81, up 5.3 percent from the same period in 2010.
Colmesneil:	$26,140.63, down 10.6 percent from the same period in 2010.
Chester:	$10,838.82, up 20.8 percent from the same period in 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 Tyler County based on sales activity months in 2010: $1.04 million, down 4.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Woodville:	$986,752.92, down 6.2 percent from 2009.
Colmesneil:	$46,443.61, up 43.1 percent from 2009.
Chester:	$10,532.06, down 4.0 percent from 2009.

Property Tax

- As of January 2009, property values in Tyler County: $2.11 billion, up 5.1 percent from January 2008 values. The property tax base per person in Tyler County is $102,578, above the statewide average of $85,809. About 37.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Tyler County's ranking in state expenditures by county in fiscal year 2010: 126th. State expenditures in the county for FY2010: $68.71 million, down 0.2 percent from FY2009.
- In Tyler County, 13 state agencies provide a total of 649 jobs and $6.01 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Department of Criminal Justice
  - Attorney General
  - University of Texas Medical Branch
  - Department of Transportation

Higher Education

- Community colleges in Tyler County fall 2010 enrollment:

- Tyler County is in the service area of the following:
  - Angelina College with a fall 2010 enrollment of 5,904 . Counties in the service area include:

    Angelina County
    Cherokee County
    Houston County
    Jasper County
    Nacogdoches County
    Newton County
    Polk County
    Sabine County
    San Augustine County
    San Jacinto County
    Trinity County
    Tyler County
    Walker County
- Institutions of higher education in Tyler County fall 2010 enrollment:

School Districts

- Tyler County had 5 school districts with 15 schools and 3,550 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.)

  - Chester ISD had 183 students in the 2009-10 school year. The average teacher salary was $41,723. The percentage of students meeting the 2010 TAKS passing standard for all tests was 66 percent.
  - Colmesneil ISD had 486 students in the 2009-10 school year. The average teacher salary was $40,791. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
  - Spurger ISD had 359 students in the 2009-10 school year. The average teacher salary was $39,220. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.
  - Warren ISD had 1,219 students in the 2009-10 school year. The average teacher salary was $42,632. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
  - Woodville ISD had 1,303 students in the 2009-10 school year. The average teacher salary was $44,493. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.

Attachment E

Summary of Financial Impact

SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED TEXAS PELLETS, INC. PROJECT ON THE FINANCES OF THE WOODVILLE INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION

May 30, 2012 | **Final Report**

PREPARED BY

MOAK, CASEY & ASSOCIATES

TEXAS SCHOOL FINANCE EXPERTS

Estimated Impact of the Proposed Texas Pellets, Inc. Project on the Finances of the Woodville Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Texas Pellets, Inc. (Texas Pellets) has requested that the Woodville Independent School District (WISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to WISD on April 16, 2012, Texas Pellets proposes to invest $688.8 million over the next 15 years to construct a new wood pellet manufacturing project in WISD, an amount which includes its non-qualifying cost of materials. Wood pellets are used for consumer and industrial heating applications.

The Texas Pellets 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, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production 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.

Under the provisions of Chapter 313, WISD may offer a minimum value limitation of $10 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2013-14 and 2014-15 school years. Beginning in 2015-16, the project would go on the local tax roll at $10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) 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 WISD currently levying a $0.08 per $100 I&S tax rate. The full taxable value of the investment is expected to reach $182 million in 2015-16, with depreciation expected to reduce the taxable value of the project over the course of the value limitation Agreement

In the case of the Texas Pellets 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. WISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-$118,059), with a smaller $35,100 loss expected for the 2022-23 school year.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 Agreement could reach an estimated $12.4 million over the course of the Agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

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 its 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.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the Agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation Agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make $4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 786 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 241 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. This change is expected to result in 624 formula districts for 2012-13, compared with 403 districts still receiving ASATR funding.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

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 Texas Pellets 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 general 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. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year is retained in these estimates until the 2017-18 school year. Consistent with the statement of legislative intent adopted in 2011 to no longer fund target revenue, ASATR funding is no longer shown in these estimates for the 2017-18 school year and thereafter. The projected taxable values of the Texas Pellets project are factored into the base model used here. The impact of the limitation value for the proposed Texas Pellets project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 1,199 students in average daily attendance (ADA) in analyzing the effects of the Texas Pellets project on the finances of WISD, consistent with the Texas Education Agency (TEA) projection for the 2012-13 school year. The District's local tax base reached $825.4 million for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of $1.04 is used throughout this analysis. WISD has estimated state property wealth per weighted ADA or WADA of approximately $418,414 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for WISD under the assumptions outlined above through the 2027-28 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. 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 model is established to make a calculation of the "Baseline Revenue" by adding the taxable value of the proposed Texas Pellets facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Texas Pellets taxable value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 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).

A summary of the differences between these models is shown in Table 4. The model results show approximately $12.0 million a year initially in annual net General Fund revenue, after recapture (if appropriate) and other adjustments have been made. Based on the assumption that ASATR funding is ended for the 2017-18 school year, the General Fund total is reduced to approximately $10 million, in the absence of any replacement funds from the state.

Under these assumptions, WISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-$118,059). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of $118,059 cited above between the base and the limitation models is based on an assumption that Texas Pellets will see about $1.5 million in M&O tax savings when the $10 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, it is anticipated that $1.35 million in additional ASATR funding for the 2015-16 school year will offset most of this reduction in M&O tax revenue.

In general, the ASATR offset poses little financial risk to the school district as a result of the adoption of the value limitation Agreement. A significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the $10 million value limitation takes effect.

The Comptroller's state property value study influences these calculations, as noted previously. 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. The Comptroller's Property Tax Assistance Division will make two value determinations for school districts granting Chapter 313 Agreements, consistent with local practice. A consolidated single state property value had been provided previously.

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 tax rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $9.1 million over the life of the Agreement. In addition, Texas Pellets would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying 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. The tax credits are expected to total approximately $3.4 million over the life of the Agreement, with no unpaid tax credits anticipated and significant credits paid in years 11-13 of the Agreement.. WISD is to be reimbursed by TEA for the cost of these credits.

The key WISD revenue losses are expected to total approximately -$153,159 over the course of the Agreement. The potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total $12.4 million over the life of the Agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the Agreement, there would still be a substantial tax benefit to Texas Pellets under the value limitation Agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Texas Pellets project remains fully taxable for debt services taxes, with WISD currently levying a $0.08 per $100 I&S tax rate. The value of the Texas Pellets project is expected to depreciate over the life of the Agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth. At its peak taxable value, our initial estimate is that the Texas Pellets project should permit WISD to reduce its current I&S tax rate by about one cent ($0.01).

The Texas Pellets project is not expected to affect WISD in terms of enrollment. Continued expansion of the project and related development 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 Texas Pellets wood pellet project enhances the tax base of WISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 Agreement could reach an estimated $12.4 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of WISD in meeting its future debt service obligations.

Table 1 – Base District Information with Texas Pellets 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
Pre-Year 1	2012-13	1,198.50	1,940.07	$1.0400	$0.0800	$831,111,532	$831,111,532	$804,767,175	$804,767,175	$414,814	$414,814
1	2013-14	1,198.50	1,940.07	$1.0400	$0.0700	$1,006,001,532	$1,006,001,532	$810,517,175	$810,517,175	$417,778	$417,778
2	2014-15	1,198.50	1,940.07	$1.0400	$0.0700	$994,224,532	$994,224,532	$985,407,175	$985,407,175	$507,924	$507,924
3	2015-16	1,198.50	1,940.07	$1.0400	$0.0700	$982,205,532	$835,361,532	$973,630,175	$973,630,175	$501,853	$501,853
4	2016-17	1,198.50	1,940.07	$1.0400	$0.0700	$970,186,532	$835,361,532	$961,611,175	$814,767,175	$495,658	$419,968
5	2017-18	1,198.50	1,966.43	$1.0400	$0.0700	$958,167,532	$835,361,532	$949,592,175	$814,767,175	$482,902	$414,339
6	2018-19	1,198.50	1,966.43	$1.0400	$0.0700	$947,148,532	$835,361,532	$937,573,175	$814,767,175	$476,790	$414,339
7	2019-20	1,198.50	1,966.43	$1.0400	$0.0700	$936,129,532	$835,361,532	$926,554,175	$814,767,175	$471,186	$414,339
8	2020-21	1,198.50	1,966.43	$1.0400	$0.0700	$925,110,532	$835,361,532	$915,535,175	$814,767,175	$465,583	$414,339
9	2021-22	1,198.50	1,966.43	$1.0400	$0.0700	$920,638,532	$835,361,532	$904,516,175	$814,767,175	$459,979	$414,339
10	2022-23	1,198.50	1,966.43	$1.0400	$0.0700	$922,713,532	$835,361,532	$900,044,175	$814,767,175	$457,705	$414,339
11	2023-24	1,198.50	1,966.43	$1.0400	$0.0700	$925,788,532	$925,788,532	$902,119,175	$814,767,175	$458,760	$414,339
12	2024-25	1,198.50	1,966.43	$1.0400	$0.0700	$928,863,532	$928,863,532	$905,194,175	$905,194,175	$460,324	$460,324
13	2025-26	1,198.50	1,966.43	$1.0400	$0.0700	$931,938,532	$931,938,532	$908,269,175	$908,269,175	$461,888	$461,888
14	2026-27	1,198.50	1,966.43	$1.0400	$0.0700	$935,013,532	$935,013,532	$911,344,175	$911,344,175	$463,452	$463,452
15	2027-28	1,198.50	1,966.43	$1.0400	$0.0700	$938,088,532	$938,088,532	$914,419,175	$914,419,175	$465,015	$465,015

*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
Pre-Year 1	2012-13	$7,823,651	$1,616,891	$1,750,729	$0	$0	$593,098	$216,428	-$23,469	$11,977,328
1	2013-14	$9,482,828	$1,561,305	$147,139	$0	$0	$718,877	$256,290	-$29,123	$12,137,316
2	2014-15	$9,371,255	$381,605	$1,904,191	$0	-$465,779	$710,419	$105,095	-$45,386	$11,961,399
3	2015-16	$9,285,780	$420,586	$1,845,558	$0	-$360,652	$703,939	$112,367	-$44,050	$11,963,528
4	2016-17	$9,171,914	$504,481	$1,766,659	$0	-$251,783	$695,307	$119,492	-$42,557	$11,963,514
5	2017-18	$9,058,049	$420,586	$0	$0	-$29,078	$686,675	$135,976	-$40,015	$10,232,193
6	2018-19	$8,953,657	$504,481	$0	$0	$0	$678,761	$143,256	-$38,562	$10,241,593
7	2019-20	$8,849,265	$563,499	$0	$0	$0	$670,848	$149,801	-$37,192	$10,196,221
8	2020-21	$8,744,873	$670,021	$0	$0	$0	$662,934	$156,348	-$35,821	$10,198,354
9	2021-22	$8,702,506	$776,543	$0	$0	$0	$659,722	$164,066	-$34,698	$10,268,139
10	2022-23	$8,722,164	$819,775	$0	$0	$0	$661,212	$167,944	-$34,383	$10,336,711
11	2023-24	$8,751,296	$799,716	$0	$0	$0	$663,421	$166,868	-$34,682	$10,346,619
12	2024-25	$8,780,428	$769,989	$0	$0	$0	$665,629	$165,003	-$35,068	$10,345,981
13	2025-26	$8,809,560	$740,263	$0	$0	$0	$667,838	$163,139	-$35,455	$10,345,344
14	2026-27	$8,838,692	$710,536	$0	$0	$0	$670,046	$161,275	-$35,842	$10,344,707
15	2027-28	$8,867,824	$680,810	$0	$0	$0	$672,254	$159,412	-$36,228	$10,344,072

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

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
Pre-Year 1	2012-13	$7,823,651	$1,616,891	$1,750,729	$0	$0	$593,098	$216,428	-$23,469	$11,977,328
1	2013-14	$9,482,828	$1,561,305	$147,139	$0	$0	$718,877	$256,290	-$29,123	$12,137,316
2	2014-15	$9,371,255	$381,605	$1,904,191	$0	-$465,779	$710,419	$105,095	-$45,386	$11,961,399
3	2015-16	$7,866,217	$420,586	$3,196,990	$0	-$292,522	$596,324	$95,189	-$37,316	$11,845,470
4	2016-17	$7,866,217	$1,520,220	$1,804,834	$0	$0	$596,324	$208,943	-$24,568	$11,971,971
5	2017-18	$7,866,217	$1,644,161	$0	$0	$0	$596,324	$218,415	-$23,506	$10,301,611
6	2018-19	$7,866,217	$1,644,161	$0	$0	$0	$596,324	$218,415	-$23,506	$10,301,611
7	2019-20	$7,866,217	$1,644,161	$0	$0	$0	$596,324	$218,415	-$23,506	$10,301,611
8	2020-21	$7,866,217	$1,644,161	$0	$0	$0	$596,324	$218,415	-$23,506	$10,301,611
9	2021-22	$7,866,217	$1,644,161	$0	$0	$0	$596,324	$218,415	-$23,506	$10,301,611
10	2022-23	$7,866,217	$1,644,161	$0	$0	$0	$596,324	$218,415	-$23,506	$10,301,611
11	2023-24	$8,722,905	$1,644,161	$0	$0	$0	$661,268	$242,202	-$26,066	$11,244,470
12	2024-25	$8,752,037	$769,989	$0	$0	$0	$663,477	$164,470	-$34,955	$10,315,018
13	2025-26	$8,781,169	$740,263	$0	$0	$0	$665,685	$162,613	-$35,341	$10,314,390
14	2026-27	$8,810,301	$710,536	$0	$0	$0	$667,894	$160,757	-$35,726	$10,313,762
15	2027-28	$8,839,433	$680,810	$0	$0	$0	$670,102	$158,901	-$36,112	$10,313,135

Table 4 – Value Limit less Project Value with No Limit

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
Pre-Year 1	2012-13	$0	$0	$0	$0	$0	$0	$0	$0	$0
1	2013-14	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	2014-15	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	2015-16	-$1,419,562	$0	$1,351,433	$0	$68,130	-$107,615	-$17,178	$6,734	-$118,059
4	2016-17	-$1,305,697	$1,015,739	$38,175	$0	$251,783	-$98,983	$89,451	$17,989	$8,457
5	2017-18	-$1,191,831	$1,223,575	$0	$0	$29,078	-$90,351	$82,439	$16,509	$69,419
6	2018-19	-$1,087,439	$1,139,680	$0	$0	$0	-$82,437	$75,159	$15,056	$60,019
7	2019-20	-$983,047	$1,080,662	$0	$0	$0	-$74,523	$68,613	$13,686	$105,391
8	2020-21	-$878,655	$974,140	$0	$0	$0	-$66,609	$62,067	$12,315	$103,257
9	2021-22	-$836,289	$867,618	$0	$0	$0	-$63,398	$54,349	$11,192	$33,472
10	2022-23	-$855,947	$824,386	$0	$0	$0	-$64,888	$50,471	$10,877	-$35,100
11	2023-24	-$28,391	$844,445	$0	$0	$0	-$2,152	$75,334	$8,616	$897,852
12	2024-25	-$28,391	$0	$0	$0	$0	-$2,152	-$534	$113	-$30,963
13	2025-26	-$28,391	$0	$0	$0	$0	-$2,152	-$526	$114	-$30,954
14	2026-27	-$28,391	$0	$0	$0	$0	-$2,152	-$518	$115	-$30,946
15	2027-28	-$28,391	$0	$0	$0	$0	-$2,152	-$510	$116	-$30,937

Table 5 - Estimated Financial impact of the Texas Pellets Project Property Value Limitation Request Submitted to WISD 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
Pre-Year 1	2012-13	$5,750,000	$5,750,000	$0	$1.040	$59,800	$59,800	$0	$0	$0	$0	$0
1	2013-14	$180,640,000	$180,640,000	$0	$1.040	$1,878,656	$1,878,656	$0	$0	$0	$0	$0
2	2014-15	$168,863,000	$168,863,000	$0	$1.040	$1,756,175	$1,756,175	$0	$0	$0	$0	$0
3	2015-16	$156,844,000	$10,000,000	$146,844,000	$1.040	$1,631,178	$104,000	$1,527,178	$0	$1,527,178	-$118,059	$1,409,119
4	2016-17	$144,825,000	$10,000,000	$134,825,000	$1.040	$1,506,180	$104,000	$1,402,180	$102,689	$1,504,869	$0	$1,504,869
5	2017-18	$132,806,000	$10,000,000	$122,806,000	$1.040	$1,381,182	$104,000	$1,277,182	$98,482	$1,375,665	$0	$1,375,665
6	2018-19	$121,787,000	$10,000,000	$111,787,000	$1.040	$1,266,585	$104,000	$1,162,585	$94,625	$1,257,210	$0	$1,257,210
7	2019-20	$110,768,000	$10,000,000	$100,768,000	$1.040	$1,151,987	$104,000	$1,047,987	$90,769	$1,138,756	$0	$1,138,756
8	2020-21	$99,749,000	$10,000,000	$89,749,000	$1.040	$1,037,390	$104,000	$933,390	$86,912	$1,020,302	$0	$1,020,302
9	2021-22	$95,277,000	$10,000,000	$85,277,000	$1.040	$990,881	$104,000	$886,881	$85,347	$972,228	$0	$972,228
10	2022-23	$97,352,000	$10,000,000	$87,352,000	$1.040	$1,012,461	$104,000	$908,461	$86,073	$994,534	-$35,100	$959,434
11	2023-24	$100,427,000	$100,427,000	$0	$1.040	$1,044,441	$1,044,441	$0	$1,114,740	$1,114,740	$0	$1,114,740
12	2024-25	$103,502,000	$103,502,000	$0	$1.040	$1,076,421	$1,076,421	$0	$1,148,872	$1,148,872	$0	$1,148,872
13	2025-26	$106,577,000	$106,577,000	$0	$1.040	$1,108,401	$1,108,401	$0	$518,322	$518,322	$0	$518,322
14	2026-27	$109,652,000	$109,652,000	$0	$1.040	$1,140,381	$1,140,381	$0	$0	$0	$0	$0
15	2027-28	$112,727,000	$112,727,000	$0	$1.040	$1,172,361	$1,172,361	$0	$0	$0	$0	$0
					Totals	$19,154,678	$10,008,835	$9,145,843	$3,426,831	$12,572,674	-$153,159	$12,419,516

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	$1,774,656	$1,652,175	$3,426,831
	Credits Earned		$3,426,831
	Credits Paid		$3,426,831
	Excess Credits Unpaid		$0

***Note: School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.**

Attachment F

Taxable Value of Property

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2011 ISD SUMMARY WORKSHEET
121/Jasper
229-903/Woodville ISD

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	225,453	N/A	225,453	225,453
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	81,000	N/A	81,000	81,000
D. RURAL REAL(TAXABLE)	0	N/A	0	0
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	0	N/A	0	0
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	306,453		306,453	306,453
LESS TOTAL DEDUCTIONS	73,790		73,790	73,790
TOTAL TAXABLE VALUE	232,663		232,663	232,663 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	0	N/A	0
PROD VALUE QUALIFIED ACRES	0	N/A	0
TAXABLE VALUE	0		0

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

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND OPERATIONS (M&O) TAX PURPOSES AND FOR INTEREST AND SINKING FUND (I&S) TAX PURPOSES. FOR DISTRICTS THAT HAVE NOT ENTERED INTO VALUE LIMITATION AGREEMENTS, T1 THROUGH T6 WILL BE THE SAME AS T7 THROUGH T12.

VALUE TAXABLE FOR M&O PURPOSES

T1	T2	T3	T4	T5	T6
271,453	232,663	271,453	232,663	232,663	232,663

LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION	50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
38,790	0

T1 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T2 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES 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

VALUE TAXABLE FOR I&S PURPOSES

T7	T8	T9	T10	T11	T12
271,453	232,663	271,453	232,663	232,663	232,663

T7 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T8 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES AFTER THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
T9 = T7 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T10 = T8 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T11 = T8 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
T12 = T11 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

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2011 ISD SUMMARY WORKSHEET
187/Polk
229-903/Woodville ISD

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	1,508,369	N/A	1,508,369	1,508,369
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	78,155	N/A	78,155	78,155
D. RURAL REAL(TAXABLE)	3,249,168	N/A	3,249,168	3,249,168
F1. COMMERCIAL REAL	160,626	N/A	160,626	160,626
F2. INDUSTRIAL REAL	0	N/A	0	0
G. OIL,GAS,MINERALS	4,377,802	N/A	4,377,802	4,377,802
J. UTILITIES	109,418	N/A	109,418	109,418
L1. COMMERCIAL PERSONAL	82,667	N/A	82,667	82,667
L2. INDUSTRIAL PERSONAL	142,832	N/A	142,832	142,832
M. MOBILE HOMES	78,080	N/A	78,080	78,080
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	9,787,117		9,787,117	9,787,117
LESS TOTAL DEDUCTIONS	415,268		415,268	415,268
TOTAL TAXABLE VALUE	9,371,849		9,371,849	9,371,849 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	743,714	N/A	743,714
PROD VALUE QUALIFIED ACRES	2,505,454	N/A	2,505,454
TAXABLE VALUE	3,249,168		3,249,168

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

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND OPERATIONS (M&O) TAX PURPOSES AND FOR INTEREST AND SINKING FUND (I&S) TAX PURPOSES. FOR DISTRICTS THAT HAVE NOT ENTERED INTO VALUE LIMITATION AGREEMENTS, T1 THROUGH T6 WILL BE THE SAME AS T7 THROUGH T12.

VALUE TAXABLE FOR M&O PURPOSES

T1	T2	T3	T4	T5	T6
9,441,849	9,371,849	9,441,849	9,371,849	9,386,849	9,386,849

LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION	50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
70,000	0

T1 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T2 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES 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

VALUE TAXABLE FOR I&S PURPOSES

T7	T8	T9	T10	T11	T12
9,441,849	9,371,849	9,441,849	9,371,849	9,386,849	9,386,849

T7 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T8 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES AFTER THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
T9 = T7 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T10 = T8 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T11 = T8 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
T12 = T11 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

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2011 ISD SUMMARY WORKSHEET
229/Tyler
229-903/Woodville ISD

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	176,136,901	.9157	192,352,191	176,136,901
B. MULTIFAMILY RESIDENCES	3,263,012	N/A	3,263,012	3,263,012
C. VACANT LOTS	10,534,836	N/A	10,534,836	10,534,836
D. RURAL REAL(TAXABLE)	81,128,990	.9100	89,156,894	81,128,990
F1. COMMERCIAL REAL	42,839,125	N/A	42,839,125	42,839,125
F2. INDUSTRIAL REAL	9,373,075	N/A	9,373,075	9,373,075
G. OIL,GAS,MINERALS	408,985,198	1.0174	401,990,562	408,985,198
J. UTILITIES	68,479,429	1.0437	65,612,177	68,479,429
L1. COMMERCIAL PERSONAL	14,999,118	N/A	14,999,118	14,999,118
L2. INDUSTRIAL PERSONAL	37,834,583	N/A	37,834,583	37,834,583
M. MOBILE HOMES	4,259,755	N/A	4,259,755	4,259,755
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	99,000	N/A	99,000	99,000
S. SPECIAL INVENTORY	6,451,918	N/A	6,451,918	6,451,918
SUBTOTAL	864,384,940		878,766,246	864,384,940
LESS TOTAL DEDUCTIONS	69,222,277		76,424,189	69,222,277
TOTAL TAXABLE VALUE	795,162,663		802,342,057	795,162,663 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	54,775,712	.8582	63,826,278
PROD VALUE QUALIFIED ACRES	26,353,278	1.0404	25,330,616
TAXABLE VALUE	81,128,990		89,156,894

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

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND OPERATIONS (M&O) TAX PURPOSES AND FOR INTEREST AND SINKING FUND (I&S) TAX PURPOSES. FOR DISTRICTS THAT HAVE NOT ENTERED INTO VALUE LIMITATION AGREEMENTS, T1 THROUGH T6 WILL BE THE SAME AS T7 THROUGH T12.

VALUE TAXABLE FOR M&O PURPOSES

T1	T2	T3	T4	T5	T6
818,119,503	795,162,663	818,119,503	795,162,663	799,859,627	799,859,627

LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION	50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
22,956,840	0

T1 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T2 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES 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

VALUE TAXABLE FOR I&S PURPOSES

T7	T8	T9	T10	T11	T12
818,119,503	795,162,663	818,119,503	795,162,663	799,859,627	799,859,627

T7 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T8 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES AFTER THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
T9 = T7 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T10 = T8 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T11 = T8 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
T12 = T11 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

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2011 ISD SUMMARY WORKSHEET
229-903/Woodville ISD
SCHOOL DISTRICT TOTALS

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	177,870,723	.9165	194,086,013	177,870,723
B. MULTIFAMILY RESIDENCES	3,263,012	N/A	3,263,012	3,263,012
C. VACANT LOTS	10,693,991	N/A	10,693,991	10,693,991
D. RURAL REAL(TAXABLE)	84,378,158	.9131	92,406,062	84,378,158
F1. COMMERCIAL REAL	42,999,751	N/A	42,999,751	42,999,751
F2. INDUSTRIAL REAL	9,373,075	N/A	9,373,075	9,373,075
G. OIL,GAS,MINERALS	413,363,000	1.0172	406,368,364	413,363,000
J. UTILITIES	68,588,847	1.0436	65,721,595	68,588,847
L1. COMMERCIAL PERSONAL	15,081,785	N/A	15,081,785	15,081,785
L2. INDUSTRIAL PERSONAL	37,977,415	N/A	37,977,415	37,977,415
M. MOBILE HOMES	4,337,835	N/A	4,337,835	4,337,835
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	99,000	N/A	99,000	99,000
S. SPECIAL INVENTORY	6,451,918	N/A	6,451,918	6,451,918
SUBTOTAL	874,478,510		888,859,816	874,478,510
LESS TOTAL DEDUCTIONS	69,711,335		76,913,247	69,711,335
TOTAL TAXABLE VALUE	804,767,175		811,946,569	804,767,175 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED			
ACRES & FARM/RANCH IMP	55,519,426	.8598	64,569,992
PROD VALUE QUALIFIED ACRES	28,858,732	1.0367	27,836,070
TAXABLE VALUE	84,378,158		92,406,062

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

WOODVILLE INDEPENDENT SCHOOL DISTRICT

and

TEXAS PELLETS, INC.
(Texas Taxpayer ID # 32046519750)

TEXAS COMPTROLLER APPLICATION NO. 226

Dated

September 17, 2012

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

STATE OF TEXAS §

COUNTY OF TYLER §

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 the**WOODVILLE 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 **TEXAS PELLETS, INC.,** (*Texas Taxpayer ID #32046519750)*, hereinafter referred to as the "Applicant." The Applicant and the District are 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 April 16, 2012, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Woodville Independent School District, 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 April 16, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Texas Pellets, Inc., and on April 30, 2012, 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 May 24, 2012, the Board of Trustees received from the Applicant amended application materials, and the Superintendent determined the Application complete as of May 24, 2012; and,

WHEREAS, the Application were delivered to the office of the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller, via letter, has established May 24, 2012 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the TylerCounty Appraisal District established in Tyler County, Texas (the "Appraisal District"), pursuant to Texas Tax Code §6.01; and,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on July 13, 2012 the Comptroller, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a 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 Comptroller's positive recommendation for the project; and,

WHEREAS, on September 7, 2012, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on July 13, 2012 that the Application be approved; and,

WHEREAS, on September 17, 2012, 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 September 17, 2012, 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 September 17, 2012, 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 Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on September 17, 2012, 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 defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022. 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, 2015, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of Septeember 17, 2012 and ending on December 31, 2014 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to a tax limitation 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, 2022. 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 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, so long as the right to such payment survives said 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 Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year Commencing on date of Board approval (9/17/12)	January 1, 2012	2012-13	2012	Start of Qualifying Time Period beginning with Commencement Date (9/17/12). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
2	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
3	January 1, 2015	2015-16	2015	$ 10 million property value limitation.
4	January 1, 2016	2016-17	2016	$ 10 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2017	2017-18	2017	$ 10 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2018	2018-19	2018	$ 10 million property value limitation. Possible Tax Credit due to Applicant.
7	January 1, 2019	2019-20	2019	$ 10 million property value limitation. Possible Tax Credit due to Applicant.
8	January 1, 2020	2020-21	2020	$ 10 million property value limitation. Possible Tax Credit due to Applicant.
9	January 1, 2021	2021-22	2021	$ 10 million property value limitation. Possible Tax Credit due to Applicant.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
10	January 1, 2022	2022-23	2022	$ 10 million property value limitation. Possible Tax Credit due to Applicant.
11	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.
12	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.
13	January 1, 2025	2025-26	2025	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.

"*Affiliated Group*" means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

"*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 7.3.

"*Applicant*" means Texas Pellets, Inc., *Texas Taxpayer Identification Number 32046519750*, the company listed in the Preamble of this Agreement who, on March 19, 2012, filed the Original Application 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 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 March 19, 2012, together with the application materials submitted on April 27, 2012, which has been certified by the Comptroller's office to constitute a complete final Application as of the date of May 24, 2012. 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 Tyler County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Woodville Independent School District.

"*Commencement Date*" means September17, 2012, the date upon which this Agreement was approved by the District's Board of Trustees.

"*Completed Application Date*" means May 24, 2012, 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 (Texas 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 D, together with any court or administrative decisions interpreting same.

"*County*" means Tyler County, Texas.

"*Determination of Breach and Notice of Contract Termination*" shall have the meaning assigned to such term in Section 6.8 of the Agreement.

"*District*" or "*School District*" means the Woodville 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, 2025. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"*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 equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; 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 leastten (10) New Jobs, from the time they are created until the Final Termination Date and (iii) the maintenance of at least eight (8) Qualifying Jobs as 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 equal to(but not less than zero): (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 10 (ten) "new jobs," defined by 34 Texas Administrative 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 eight (8) New Jobs which meet the requirements of Texas Tax Code 313.021(3). At least eighty percent (80%) of all New Jobs must be Qualifying Jobs.

"*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, 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, after a deferral period as permitted by Texas Tax Code §313.027(h), the period that begins on the Commencement Date of September 17, 2012 and ends on December 31, 2014.

"*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 the 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 this subchapter, 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 §313.054. That is, for each of the eight (8) Tax

Years 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, 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) Ten Million Dollars ($10,000,000.00).

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 311 or 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 ("Land"). 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 Section 1.2, above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, which (1) is owned by the Applicant; (2) is first placed in service after March 7, 2012, 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.

Notwithstanding the foregoing, any replacement property shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

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

At the end of the Qualifying Time Period; 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 reasonably specific and detailed description of the material tangible personal property, buildings, or

permanent, non-removable 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 Parties agree that the Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(5) as a manufacturing facility.

Section 2.6. Limitation on Appraised ValuE

So long as the Applicant makes a Qualified Investment in the amount of Ten Million Dollars ($10,000,000.00), 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 2015, 2016, 2017, 2018,2019, 2020, 2021, and 2022, 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) Ten Million Dollars ($10,000,000.00).

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, §313.022(b) or §313.052.

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 certain losses 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. Subject 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 toenter into this Agreementwill be borne by the Applicant and not by the District.

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

Subject to the provisions of Sections 4.1 and 4.2, 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 and 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 Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax at the District-adopted tax rate for the applicable year.

ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District actually received under the Applicable School Finance Law for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

Based on the information provided by the Company in the Application and under the current Applicable School Finance Law, the Parties estimate that the Company will owe the District approximately $118,059 under this Section 3.2 for the 2015 tax year, as set forth on **EXHIBIT 4** hereto. This figure is non-binding and for informational purposes only.

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, and no compensation shall be required.

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 is not eligible to 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.

(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 of 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 a mutually agreed upon mediator selected in accordance with Section 6.9 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, and/or Section ~~5.1~~4.1 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, which fee shall be the sole responsibility of the District, subject to the limit of Section 3.7. 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 three (3) 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.

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 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 following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) 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 a mutually agreed upon mediator selected in accordance with Section 6.9 of this Agreement. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, within thirty (30) days of the final determination of certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, at law or in equity.

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 Investment, 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 Investment 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 4.1, 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 reasonably determines that it will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, solely 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 4.1, that are necessary to offset any direct and actual 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. Such payment shall be made no later than thirty (30) days following notice from the District of such determination.

ARTICLE IV

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 4.1. 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 2015 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 Article III 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 Article III shall be reduced until such excess is eliminated.

Section 4.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 4.1 above, then the Applicant shall have the option to terminate this Agreement without penalty. 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 4.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 4.2 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 4.2, 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 V

TAX CREDITS

Section 5.1. 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 5.2. 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 its 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 either the Comptroller's Rules and/or Texas Education Agency rules.

Section 5.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 5.1, 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. 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 5.3, 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 VI

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 6.1. 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 Section 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 ten (10 days 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 or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

Section 6.2. 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 as a result of this Agreement, 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 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Form 50-772 and 50-773 respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

Section 6.3. 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) if it does not cancel the Agreement prior to the end of the Qualifying Time Period under Section 5.2 of this Agreement, 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 2015 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 6.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event of a Material Breach (hereinafter defined), except as provided in Section 4.2, after the notice and cure period provided by Section 6.8, then the District shall be entitled, as its sole and exclusive remedy, to the recapture of all ad valorem tax revenue lost as a result of this Agreement for the tax year in which the Applicant failed to comply together with the payment of penalty and interest, as calculated in accordance with Section 6.5, 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.

(b) Notwithstanding Section 6.4(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 during which the failure occurred 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 6.5. 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. 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. 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 6.5. 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 6.4 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 6.4 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.

Section 6.6. MATERIAL BREACH OF AGREEMENT

The Applicant shall be in Material Breach of this Agreement (herein so called) if it commits one or more of the following acts or omissions:

(a.) 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 7.13, below.

(b.) Subject to Section 4.2, Applicant fails to Maintain Viable Presence in the District, as required by Section 6.3 of this Agreement, through the Final Termination Date of this Agreement.

(c.) Applicant fails to make any payment required under Article III of this Agreement on or before its due date.

(d.) Subject to Section 4.2, Applicant fails to create and maintain at least ten (10) New Jobs.

(e.) Subject to Section 4.2, Applicant fails to create and maintain at least Eighty Percent (80%) of all such New Jobs on the project as Qualifying Jobs.

(f.) 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 or in consideration for this Agreement are not barred by this provision.

(g.) Applicant fails to materially comply in any material respect with any other material term of this Agreement, or the Applicant fails to meet its material obligations under the applicable Comptroller's Rules, and under the Act.

Section 6.7. 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 6.6(d) and 6.6(e) or 6.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 6.6(d) and 6.6(e) or 6.6(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 6.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 6.4 or Section 6.6 that the Applicant is in Material Breach of this Agreement, 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 reasonably satisfied with such response and/or that such Material Breach has been or is being cured, then the Board of Trustees shall, after reasonable written 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 6.7, in the event that the Board of Trustees determines that such a Material Breach has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 6.4 (net of all credits under Section 6.4), and the amount of any penalty and/or interest under Section 6.5 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 6.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 6.8, 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 6.8, 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 presiding in Tyler 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 6.8 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 reasonable 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 the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

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 6.9, 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. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of reasonable attorney's fees to the attorneys representing the District . In the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

Section 6.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, the District's damages for any default shall under no circumstances exceed the greater of either any amounts calculated under Sections 6.4 and 6.5 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 6.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 6.11. 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 VII

MISCELLANEOUS PROVISIONS

Section 7.1. 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;(ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, or by e-mail, with confirmation of receipt, 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:

Glen Conner, Superintendent
WOODVILLE INDEPENDENT SCHOOL DISTRICT
505 N. Charlton Street
Woodville, TX 75979-4504
Phone: (409) 283-3752
Fax: (409) 283-7962
E-mail: glen.conner@woodvilleeagles.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:

TEXAS PELLETS, INC.
c/o German Pellets GmbH
Kai Becker
Am Torney 2a
23970 Wismar
Germany
Fax: +49 3841 30 30 69 500

With a copy to:

Benjamin J Brooks
SMITH, GAMBRELL & RUSSELL, LLP
Attorneys at Law
Promenade, Suite 3100
1230 Peachtree Street, N.E.
Atlanta, Georgia 30309-3592
Fax: (404 685-7005
E-mail: bbrooks@sgrlaw.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 7.2. 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) Subject to Section 4.2, 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 the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars ($10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2014.

Section 7.3. 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 7.3 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 7.4. 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 contact 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 7.5. 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 7.6. 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 7.7. 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 Tyler County, Texas.

Section 7.8. 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 7.9. 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 7.10. 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 (with the exception of mediation under the first paragraph of Section 6.9), shall he 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 7.11. 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 7.12. 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 7.13. 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 to the best of Applicant's knowledge all material representations, material information, and material facts contained in the Application are true and correct in all material respects. 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; provided, however, to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 6.8 and 6.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, material information, or material fact, then the Board of Trustees shall notify Applicant in writing of such determination and the Applicant shall have the time periods permitted by Section 6.8 or any other section of this Agreement; if any such material representation, information or fact item remains uncured after the written notice and cure periods specified herein, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative Code §9.1053(f)(2)(K).

Section 7.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish 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 (7) days of such 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 7.14 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 17th day of September, 2012.

TEXAS PELLETS, INC.

BY:_____
ANNA KATHRIN LEIBOLD
President & CEO

WOODVILLE INDEPENDENT SCHOOL DISTRICT

BY:_____
TREY ALLISON
President
Board of Trustees

BY:_____
BRENDA MALOY
Vice President
Board of Trustees

c. This Section 7.14 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 17th day of September 2012.

TEXAS PELLETS, INC.

BY: _____
ANNA KATHRIN LEIBOLD
President and CEO

WOODVILLE INDEPENDENT SCHOOL DISTRICT

BY: _____
TREY ALLISON
President
Board of Trustees

BY: _____
TED WATTS
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Texas Pellets, Inc. Reinvestment Zone* was originally created on September 17, 2012 by action of the Woodville Independent School District. As a result, all of the following real property within Tyler County, Texas is located within the boundaries of the *Texas Pellets, Inc. Reinvestment Zone.* The legal description of the zone as described in the 188.675 acre field note description surveyed on June 29, 2011, by Lyle Rainey of Area Surveying & Mapping is attached hereto as the next following three (3) pages of this **EXHIBIT 1.** A map of the *Texas Pellets, Inc. Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

AREA SURVEYING & MAPPING
418 N. PINE
WOODVILLE, TEXAS 75979
(409) 283-8197

FIELDNOTE DESCRIPTION

FIELDNOTES TO A 188.675 ACRE TRACT OF LAND AS SITUATED IN THE WM. CHAMBLISS SURVEY, A-189, THE E.L. JENNINGS SURVEY, A-405, AND THE JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME CERTAIN 262.127 ACRE TRACT AS CONVEYED TO NORTH AMERICAN PROCUREMENT COMPANY, HEREAFTER REFERRED TO AS "NAPCO", BY DEED RECORDED IN VOLUME 878, PAGE 601 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY. SAID 188.675 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD SET FOR THE MOST WESTERLY SOUTHWEST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT, SAME BEING THE SOUTHWEST CORNER OF THE WM. CHAMBLISS SURVEY, A-189, AND THE SOUTHEAST CORNER OF THE G.M. BUCHANAN SURVEY, A-94, LOCATED ON THE NORTH LINE OF SAID JOHN NOWLIN SURVEY AND THE NORTH LINE OF THE ALAN BELL ESTATE 114.33 ACRE TRACT RECORDED IN VOLUME 618, PAGE 769 OF SAID OFFICIAL PUBLIC RECORDS;

THENCE N 04°02'37"W 1934.60 FT., WITH THE WEST LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD SET ON THE NORTHWEST RIGHT OF WAY OF COUNTY ROAD 1030 FOR THE NORTHWEST CORNER OF THIS TRACT, SAME BEING THE MOST SOUTHERLY SOUTHWEST CORNER OF THE EAST TEXAS ELECTRIC COOPERATIVE INC. 63.608 ACRE TRACT RECORDED IN VOLUME 973, PAGE 796 OF THE OFFICIAL PUBLIC RECORDS;

THENCE ALONG AND WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD 1030 AND THE SOUTH BOUNDARY OF THE EAST TEXAS ELECTRIC COOPERATIVE 63.608 ACRE TRACT AS FOLLOWS:

1) N 64°49'51"E 391.16 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
2) N 62°33'31"E 407.71 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
3) N 60°34'33"E 368.27 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
4) N 57°17'48"E 151.63 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
5) N 53°27'26"E 410.17 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
6) N 58°15'57"E 90.51 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
7) N 68°03'42"E 76.31 FT. TO A 1/2" IRON ROD FOUND FOR CORNER;
8) N 75°28'24"E 92.96 FT. TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF THE ELECTRIC COOPERATIVE 63.608 ACRE TRACT AND THE MOST NORTHERLY CORNER OF THIS TRACT LOCATED AT THE INTERSECTION OF THE NORTH RIGHT OF WAY OF COUNTY ROAD 1030 WITH THE SOUTHWEST RIGHT OF WAY OF COUNTY ROAD 1020;

THENCE ALONG AND WITH THE SOUTHWEST RIGHT OF WAY OF SAID COUNTY ROAD 1020 AS FOLLOWS:

1) S 48°30'09"E 136.33 FT. TO A POINT FOR CORNER;
2) S 69°25'26"E 26.88 FT. TO A 1/2" IRON ROD SET FOR CORNER ON THE EAST LINE OF THE JENNINGS SURVEY AND THE WEST LINE OF THE E.T. NOLIN SURVEY, A-489, AND THE WEST LINE OF THE NORTH AMERICAN PROCUREMENT COMPANY 6.007 ACRE TRACT;

THENCE S 03°10'17"E 49.58 FT., WITH THE EAST LINE OF THE JENNINGS SURVEY AND THE WEST LINE OF THE NOLIN SURVEY AND WEST LINE OF THE NAPCO 6.007 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE SOUTHWEST CORNER OF SAME AND OF THE NOLIN SURVEY AND SOUTHEAST CORNER OF THE JENNINGS SURVEY LOCATED ON THE NORTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF A 0.943 ACRE TRACT, PREVIOUSLY A PART OF THE NAPCO 262.127 ACRE TRACT;

THENCE S 08°10'49"W 102.29 FT., WITH THE WEST RIGHT OF OLD HIGHWAY 69, TO A CONCRETE R.O.W. MARKER FOUND FOR CORNER AT THE BEGINNING OF A CURVE TO THE LEFT IN SAME;

THENCE SOUTHWESTERLY 187.07 FT. ALONG THE ARC OF THE CURVE IN SAID RIGHT OF WAY, HAVING A CENTRAL ANGLE OF 06°03'31", A RADIUS OF 1769.10 FT. AND A CHORD BEARING S 05°07'26"W 186.98 FT. TO A 1/2" IRON ROD SET FOR THE SOUTHEAST CORNER OF THE NAPCO 262.127 ACRE TRACT AND OF THIS TRACT AND OF THIS TRACT LOCATED AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 WITH THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050;

THENCE ALONG AND WITH THE MEANDERS OF THE NORTH RIGHT OF WAY OF COUNTY ROAD NO. 1050 AS FOLLOWS:

1) S 47°24'08"W 229.27 FT. TO A POINT FOR CORNER;
2) S 50°25'30"W 291.56 FT. TO A POINT FOR CORNER;
3) S 51°22'02"W 415.72 FT. TO A POINT FOR CORNER;
4) S 51°35'40"W 258.87 FT. TO A POINT FOR CORNER;
5) S 51°32'14"W 439.00 FT. TO A POINT FOR CORNER;
6) S 52°38'50"W 267.65 FT. TO A 1/2" IRON ROD SET FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT AND THE SOUTHEAST CORNER OF THE PREVIOUSLY MENTIONED ALAN BELL ESTATE 114.33 ACRE TRACT;

THENCE N 03°28'48"W 1863.49 FT., WITH THE EAST LINE OF THE BELL 114.33 ACRES AND THE WEST LINE OF THE NAPCO 262.127 ACRE TRACT, TO A PINE KNOT STAKE FOUND FOR AN INTERIOR ANGLE CORNER OF SAME AND THE NORTHEAST CORNER OF SAID BELL TRACT LOCATED ON THE NORTH LINE OF THE NOWLIN SURVEY AND THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY;

THENCE S 87°04'37"W 739.36 FT., WITH THE NORTH LINE OF THE NORTH LINE OF THE BELL 114.33 ACRES AND SAID NOWLIN SURVEY AND THE SOUTH LINE OF WM. CHAMBLISS SURVEY, TO THE PLACE OF BEGINNING AND CONTAINING WITHIN THESE BOUNDS 188.675 ACRES OF LAND.

THE BEARINGS RECITED HEREIN ARE BASED AND/OR ROTATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

SURVEYED JUNE 29, 2011

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THE FIELDNOTE DESCRIPTION OF THE ABOVE DESCRIBED TRACT WAS PREPARED FROM AN ACTUAL AND ACCURATE ON THE GROUND SURVEY AND THAT SAME IS TRUE AND CORRECT.

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

STATE OF TEXAS
REGISTERED
LYLE RAINEY
4800
PROFESSIONAL
LAND SURVEYOR

Exhibit "A"
Page 3 of 3 pages

THENCE S 86°24'03"W 71.95 FT., WITH THE SOUTH LINE OF THE JENNINGS SURVEY AND THE NORTH LINE OF THE CHAMBLISS SURVEY, TO A 1/2" IRON ROD FOUND FOR THE NORTHWEST CORNER OF THE 0.943 ACRE TRACT AND AN INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 04°47'00"E 173.37 FT., WITH THE WEST LINE OF THE 0.943 ACRE TRACT, TO A 1/2" IRON ROD FOUND SOUTHWEST CORNER OF SAME AND ANOTHER INTERIOR ANGLE CORNER OF THIS TRACT;

THENCE S 69°05'36"E, AT 210.11 FT. PASS THE SOUTHEAST CORNER OF THE 0.943 ACRE TRACT AND THE SOUTHWEST CORNER OF A 2.21 ACRE TRACT, ALSO A PART OF THE NAPCO 262.127 ACRES, AND AT 643.07 FT. PASS THE SOUTHEAST CORNER OF SAME AND THE SOUTHWEST CORNER OF THE E.& R. ALLISON FAMILY PROPERTIES, LTD. 5.016 ACRE TRACT RECORDED IN VOLUME 825, PAGE 739 OF THE OFFICIAL PUBLIC RECORDS, IN ALL A TOTAL DISTANCE OF 826.96 FT. TO A 1/2" IRON ROD FOUND FOR THE MOST SOUTHERLY SOUTHEAST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE NAPCO 262.127 ACRES AND OF IS TRACT;

THENCE N 08°11'50"E 149.59 FT., WITH A WEST LINE OF THE NAPCO TRACT, TO A 1/2" IRON ROD FOUND FOR A NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE ALLISON 5.016 ACRE TRACT;

THENCE S 81°44'25"E 279.94 FT., WITH A NORTH LINE OF SAID NAPCO 262.127 ACRES TRACT, TO A 1/2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAME AND THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT AND MOST EASTERLY SOUTHEAST CORNER OF THE ALLISON TRACT LOCATED ON THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69;

THENCE ALONG AND WITH THE MEANDERS OF THE WEST RIGHT OF WAY OF U.S. HIGHWAY 69 AS FOLLOWS:

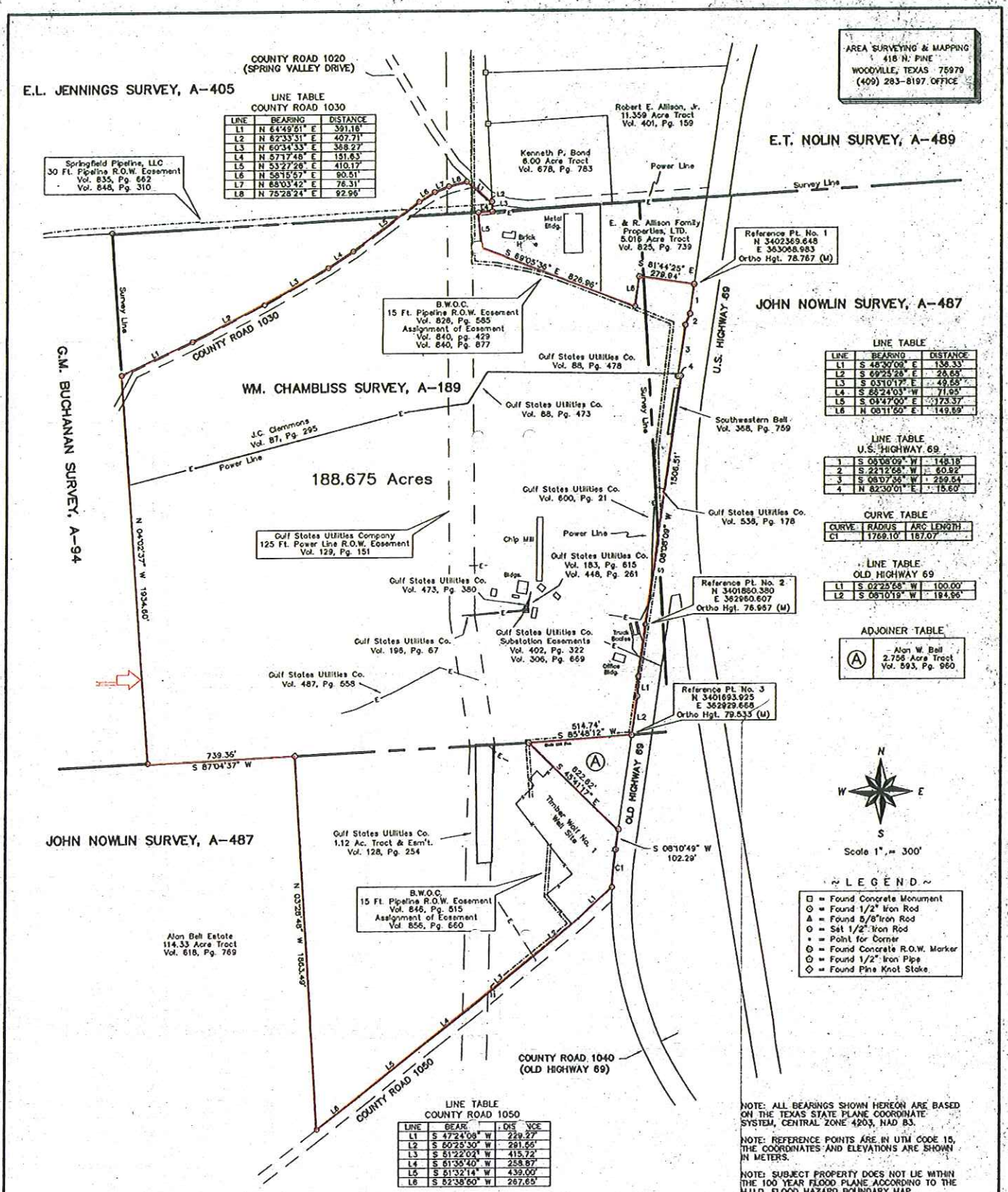
1) S 08°08'09"W 148.18 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
2) S 22°12'56"W 60.92 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
3) S 08°07'36"W 259.54 FT. TO A R.O.W. MARKER FOUND FOR CORNER;
4) N 82°30'01"E 15.60 FT. TO A 1/2" IRON ROD SET FOR CORNER;
5) S 08°08'09"W 1506.51 FT., TO A 1/2" IRON ROD SET FOR AN ANGLE CORNER ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;

THENCE ALONG AND WITH THE WEST RIGHT OF WAY OF OLD HIGHWAY 69 AS FOLLOWS:

1) S 02°25'58"W 100.00 FT. TO A 1/2", IRON ROD SET FOR CORNER;
2) S 08°10'19"W 194.96 FT. TO A 1/2" IRON ROD FOUND AT THE INTERSECTION OF THE WEST RIGHT OF WAY OF THE OLD HIGHWAY WITH THE SOUTH LINE OF THE WM. CHAMBLISS SURVEY AND THE NORTH LINE OF THE JOHN NOWLIN SURVEY FOR A SOUTHEAST CORNER OF THE NAPCO 262.127 ACRES AND OF THIS TRACT, SAME BEING THE NORTHEAST CORNER OF THE ALAN W. BELL 2.756 ACRE TRACT DESCRIBED IN VOLUME 593, PAGE 960 OF THE OFFICIAL PUBLIC RECORDS;

THENCE S 85°48'12"W 514.74 FT., WITH THE COMMON LINE BETWEEN THE CHAMBLISS SURVEY AND SAID NOWLIN SURVEY AND THE NORTH LINE OF THE BELL 2.756 ACRE TRACT, TO A CONCRETE MONUMENT FOUND FOR THE NORTHWEST CORNER OF SAME AND AN INTERIOR ANGLE CORNER OF THE NAPCO TRACT AND OF THIS TRACT;

THENCE S 45°41'17"E 622.62 FT., WITH THE SOUTHWEST LINE OF THE BELL 2.756 ACRE TRACT, TO A 1/2" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF SAME AND AN EXTERIOR ANGLE CORNER OF THIS TRACT LOCATED ON THE WEST RIGHT OF WAY OF OLD HIGHWAY 69;



LINE TABLE
COUNTY ROAD 1030

LINE	BEARING	DISTANCE
L1	N 64°49'51" E	391.18'
L2	N 62°33'31" E	407.71'
L3	N 60°34'33" E	368.27'
L4	N 57°17'48" E	151.83'
L5	N 53°27'26" E	410.17'
L6	N 58°15'57" E	90.51'
L7	N 68°03'42" E	76.31'
L8	N 75°28'24" E	92.96'

LINE TABLE

LINE	BEARING	DISTANCE
L1	S 48°30'09" E	136.33'
L2	S 69°25'28" E	26.83'
L3	S 03°10'17" E	49.68'
L4	S 68°24'03" W	71.95'
L5	S 04°47'00" E	173.37'
L6	N 08°11'50" E	149.69'

LINE TABLE
U.S. HIGHWAY 69

1	S 08°08'09" W	148.18'
2	S 22°12'68" W	60.92'
3	S 08°07'36" W	259.54'
4	N 82°30'01" E	15.60'

CURVE TABLE

CURVE	RADIUS	ARC LENGTH
C1	1769.10'	187.07'

LINE TABLE
OLD HIGHWAY 69

L1	S 02°23'58" W	100.00'
L2	S 08°10'19" W	194.96'

ADJOINER TABLE

(A)	Alan W. Bell 2.756 Acre Tract Vol. 593, Pg. 960

~ LEGEND ~

- □ = Found Concrete Monument
- ⊙ = Found 1/2" Iron Rod
- ▲ = Found 5/8" Iron Rod
- ⊙ = Set 1/2" Iron Rod
- • = Point for Corner
- ⊙ = Found Concrete R.O.W. Marker
- ⊙ = Found 1/2" Iron Pipe
- ◇ = Found Pine Knot Stake

LINE TABLE
COUNTY ROAD 1050

LINE	BEARING	DISTANCE
L1	S 47°24'06" W	229.27'
L2	S 50°25'30" W	291.55'
L3	S 51°22'02" W	415.72'
L4	S 51°35'40" W	258.87'
L5	S 51°32'14" W	439.00'
L6	S 52°38'50" W	267.65'

NOTE: ALL BEARINGS SHOWN HEREON ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83.

NOTE: REFERENCE POINTS ARE IN UTM CODE 15, THE COORDINATES AND ELEVATIONS ARE SHOWN IN METERS.

NOTE: SUBJECT PROPERTY DOES NOT LIE WITHIN THE 100 YEAR FLOOD PLANE ACCORDING TO THE H.U.D. FLOOD HAZARD BOUNDARY MAP COMMUNITY PANEL NO. 481034 0008 B

SURVEY PLAT SHOWING

A 188.675 ACRE TRACT OF LAND AS SITUATED IN THE E.L. JENNINGS SURVEY, A-405, THE WM. CHAMPBLISS SURVEY, A-189, AND THE JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT SAME 262.127 ACRE TRACT AS CONVEYED BY DEED TO NORTH AMERICAN CHIP RESOURCES, INC. BY DEED RECORDED IN VOLUME 992, PAGE 56 OF THE OFFICIAL PUBLIC RECORDS OF TYLER COUNTY.

I, LYLE RAINEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4800, DO HEREBY CERTIFY THAT THIS SURVEY, OF THE PROPERTY LEGALLY SHOWN HEREON, IS CORRECT AND THAT THERE ARE NO APPARENT DISCREPANCIES, CONFLICTS, SHORTAGES OF AREA, BOUNDARY LINE CONFLICTS, ENCROACHMENTS, OVERLAPPING OF IMPROVEMENTS, EASEMENTS OR RIGHTS OF WAY, EXCEPT AS SHOWN HEREON, AND THAT SAID PROPERTY HAS ACCESS TO AND FROM A DEDICATED ROADWAY.

SURVEYED JUNE 28, 2011

LYLE RAINEY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 4800

STATE OF TEXAS
REGISTERED
LYLE RAINEY
4800
PROFESSIONAL
LAND SURVEYOR

CAD FILE NO. 1299	JOB NO. 0611-09	WM. CHAMBLISS SURVEY, A-189, E.L. JENNINGS SURVEY, A-405, JOHN NOWLIN SURVEY, A-487, TYLER COUNTY, TEXAS

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Woodville Independent School District and the *Texas Pellets, Inc. Reinvestment Zone* will be included in and subject to this Agreement

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The Qualified Investment/Qualified Property will consist of the equipment for several distinct sections or divisions, including a greenwood handling and storage section, a wet milling section, a dryer section, a dry milling section, a pelletizing section and a finished project handling section. The greenwood handling section consists of a log yard with a crane to move logs, debarker, truck dump, chipper and stacker-reclaimer. The wet milling station is expected to contain up to seven wet milling machines. The dryer station is expected to consist of two separate drying drums. The dry milling section will contain dry milling machines. The pelletizing section will consist of pelletizing machines capable of applying six different pellet pressures, a conditioner and an air cooler. The finished project handling section consists of storage tanks, bucket elevators, chain conveyor, catwalk system and towers.

EXHIBIT 4

ESTIMATE OF THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

TABLE 1. Estimated Financial impact of the Texas Pellet Project Property Value Limitation Request Submitted to Woodville Isd at $1.04 M&O 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
Pre-Year 1	2012-13	$5,750,000	$5,750,000	$0	$1.040	$59,800	$59,800	$0	$0	$0	$0	$0
1	2013-14	$180,640,000	$180,640,000	$0	$1.040	$1,878,656	$1,878,656	$0	$0	$0	$0	$0
2	2014-15	$168,863,000	$168,863,000	$0	$1.040	$1,756,175	$1,756,175	$0	$0	$0	$0	$0
3	2015-16	$156,844,000	$10,000,000	$146,844,000	$1.040	$1,631,178	$104,000	$1,527,178	$0	$1,527,178	-$118,059	$1,409,119
4	2016-17	$144,825,000	$10,000,000	$134,825,000	$1.040	$1,506,180	$104,000	$1,402,180	$102,689	$1,504,869	$0	$1,504,869
5	2017-18	$132,806,000	$10,000,000	$122,806,000	$1.040	$1,381,182	$104,000	$1,277,182	$98,482	$1,375,665	$0	$1,375,665
6	2018-19	$121,787,000	$10,000,000	$111,787,000	$1.040	$1,266,585	$104,000	$1,162,585	$94,625	$1,257,210	$0	$1,257,210
7	2019-20	$110,768,000	$10,000,000	$100,768,000	$1.040	$1,151,987	$104,000	$1,047,987	$90,769	$1,138,756	$0	$1,138,756
8	2020-21	$99,749,000	$10,000,000	$89,749,000	$1.040	$1,037,390	$104,000	$933,390	$86,912	$1,020,302	$0	$1,020,302
9	2021-22	$95,277,000	$10,000,000	$85,277,000	$1.040	$990,881	$104,000	$886,881	$85,347	$972,228	$0	$972,228
10	2022-23	$97,352,000	$10,000,000	$87,352,000	$1.040	$1,012,461	$104,000	$908,461	$86,073	$994,534	-$35,100	$959,434
11	2023-24	$100,427,000	$100,427,000	$0	$1.040	$1,044,441	$1,044,441	$0	$1,114,740	$1,114,740	$0	$1,114,740
12	2024-25	$103,502,000	$103,502,000	$0	$1.040	$1,076,421	$1,076,421	$0	$1,148,872	$1,148,872	$0	$1,148,872
13	2025-26	$106,577,000	$106,577,000	$0	$1.040	$1,108,401	$1,108,401	$0	$518,322	$518,322	$0	$518,322
14	2026-27	$109,652,000	$109,652,000	$0	$1.040	$1,140,381	$1,140,381	$0	$0	$0	$0	$0
15	2027-28	$112,727,000	$112,727,000	$0	$1.040	$1,172,361	$1,172,361	$0	$0	$0	$0	$0
						$19,154,678	$10,008,835	$9,145,843	$3,426,831	$12,572,674	-$153,159	$12,419,516

Tax Credit for Value Over Limit in First 2 Years

Year 1	Year 2	Max Credits
$1,774,656	$1,652,175	$3,426,831
Credits Earned		$3,426,831
Credits Paid		$3,426,831
Excess Credits Unpaid		$0