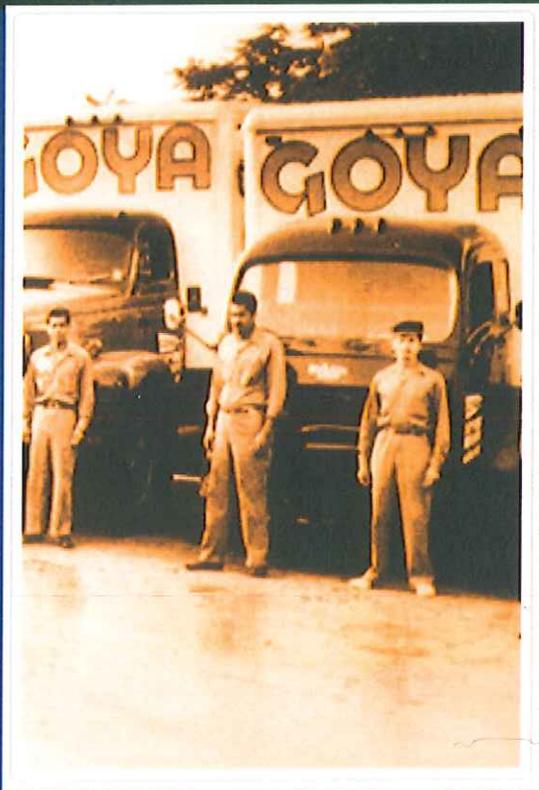


FINDINGS OF THE ROYAL
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
GOYA FOODS INC.



December 10, 2012

**FINDINGS
OF THE
ROYAL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
GOYA FOODS INC.**

DECEMBER 10, 2012

Board Findings of the Royal Independent School District

FINDINGS OF THE ROYAL INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
GOYA FOODS INC.

STATE OF TEXAS §

COUNTY OF WALLER §

On the 10th day of December, 2012, a public meeting of the Board of Trustees of the Royal 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 Goya Foods Inc. (Goya Foods) 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 Royal Independent School District makes the following findings with respect to the application of Goya Foods, and the economic impact of that application:

On May 3, 2012, the Superintendent of Schools of the Royal Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Goya Foods 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, Goya Foods, Inc. (Texas Taxpayer Id. 11119836663), (hereinafter "Goya Foods" 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.

Board Findings of the Royal Independent School District

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 Waller 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 August 10, 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 Royal 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 Royal 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 Goya Foods, 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**.

Board Findings of the Royal Independent School District

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.

With regard to Finding No. 1, the Comptroller's economic impact evaluation included the following information:

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 Goya Foods 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 Waller County, Texas is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Waller County is the 79th largest in the state in terms of population. Population growth in Waller County is positive and was the state's 34th fastest growing county from 2009 to 2010. The state population grew by 1.8 percent between 2009 and 2010, while the population of Waller County increased by 2.0 percent over the same period.

September 2011 employment for Waller County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Waller County was 9.3 percent in September 2011, higher than the

Board Findings of the Royal Independent School District

state average of 8.5 percent. It is noteworthy that the Waller County unemployment rate increased from 8.7 percent in the prior year to the 9.3 percent level in September 2011.

Waller County continues to have a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Waller County County's \$33,798 in 2009 ranked 107th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While some of these indicators are positive, the local economy in Waller County will benefit from economic activity like that associated with the Goya Foods 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 \$56,102 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.

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

After construction, the Application projects that 25 new jobs will be created by Applicant, when the food processing operation is fully operational. Twenty (20) of the new jobs are projected by the Application to 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 Houston-Galveston Area Council Region, where Waller County is located was \$51,002 in 2010. The annual average manufacturing wage for 2011 for Waller County is \$56,654. That same year, the county annual average wage for all industries was \$43,875. In addition to a salary of \$56,102, each qualifying position will receive the

Board Findings of the Royal Independent School District

following benefits: medical, dental, vision, 401k savings plan, life insurance, short-term disability, paid vacation & sick leave.

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 \$1.5 million on the basis of the projection of twenty (20) new qualifying positions for the entire Goya Foods, Inc. project.

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

The project's total investment is \$30 million, resulting in a relative level of investment per qualifying job of \$1.5 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 Goya Foods'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.

This economic impact estimate does not include deductions for the movement of activity from the existing Harris County facility to the new Waller County facility. The company has stated that the future use of the Harris County facility is unknown. While it is possible that the future economic impact of the existing facility may be reduced, the net impact on the state should remain positive, even if the impact of the existing facility is reduced or eliminated.

Board Findings of the Royal Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Goya Foods

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	40	36	76	\$2,090,975	\$1,909,025	\$4,000,000
2013	65	68	133	\$3,415,975	\$4,584,025	\$8,000,000
2014	25	35	60	\$1,325,000	\$2,675,000	\$4,000,000
2015	25	32	57	\$1,364,750	\$2,635,250	\$4,000,000
2016	25	37	62	\$1,405,700	\$3,594,300	\$5,000,000
2017	25	32	57	\$1,447,875	\$3,552,125	\$5,000,000
2018	25	36	61	\$1,491,300	\$3,508,700	\$5,000,000
2019	25	34	59	\$1,536,050	\$3,463,950	\$5,000,000
2020	25	34	59	\$1,582,125	\$4,417,875	\$6,000,000
2021	25	34	59	\$1,629,575	\$4,370,425	\$6,000,000
2022	25	38	63	\$1,678,475	\$5,321,525	\$7,000,000
2023	25	38	63	\$1,728,825	\$5,271,175	\$7,000,000
2024	25	41	66	\$1,780,700	\$5,219,300	\$7,000,000
2025	25	38	63	\$1,834,100	\$5,165,900	\$7,000,000
2026	25	38	63	\$1,889,125	\$5,110,875	\$7,000,000
2027	25	41	66	\$1,945,800	\$6,054,200	\$8,000,000

Source: CPA, REMI, Goya Foods

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Royal ISD's ad valorem tax base in 2010 was \$666 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Royal ISD's estimated wealth per WADA was \$242,385. 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, Waller County, Brookshire-Katy Drainage District, and Waller-Harris Emergency Services District, with all property tax incentives sought being granted using estimated market value from Goya Foods' application. Goya Foods has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Goya Foods project on the region if all taxes are assessed.

Board Findings of the Royal Independent School District

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Royal ISD I&S Levy	Royal ISD M&O Levy	Royal ISD M&O and I&S Tax Levies (Before Credit Credited)	Royal ISD M&O and I&S Tax Levies (After Credit Credited)	Waller County	Brookshire-Katy Drainage District	Waller-Harris Emergency Services District	Estimated Total Property Taxes
			0.5450	1.0400				0.6958	0.0934	0.0944	
2013	\$4,800,000	\$4,800,000		\$26,160	\$49,920	\$76,080	\$76,080	\$0	\$4,481	\$4,531	\$85,092
2014	\$30,000,000	\$30,000,000		\$163,500	\$312,000	\$475,500	\$475,500	\$0	\$28,005	\$28,320	\$531,825
2015	\$29,396,000	\$20,000,000		\$160,208	\$208,000	\$368,208	\$368,208	\$0	\$27,441	\$27,750	\$423,399
2016	\$28,368,161	\$20,000,000		\$154,606	\$208,000	\$362,606	\$347,749	\$0	\$26,482	\$26,780	\$401,011
2017	\$27,635,982	\$20,000,000		\$150,616	\$208,000	\$358,616	\$343,759	\$0	\$25,798	\$26,088	\$395,646
2018	\$26,648,399	\$20,000,000		\$145,234	\$208,000	\$353,234	\$338,377	\$0	\$24,876	\$25,156	\$388,409
2019	\$25,533,696	\$20,000,000		\$139,159	\$208,000	\$347,159	\$332,302	\$0	\$23,836	\$24,104	\$380,241
2020	\$24,479,872	\$20,000,000		\$133,415	\$208,000	\$341,415	\$326,558	\$0	\$22,852	\$23,109	\$372,519
2021	\$23,485,080	\$20,000,000		\$127,994	\$208,000	\$335,994	\$321,137	\$0	\$21,923	\$22,170	\$365,230
2022	\$22,537,578	\$20,000,000		\$122,830	\$208,000	\$330,830	\$315,973	\$0	\$21,039	\$21,275	\$358,287
2023	\$21,635,723	\$21,635,723		\$117,915	\$225,012	\$342,926	\$342,926	\$150,547	\$20,197	\$20,424	\$534,094
2024	\$20,787,978	\$20,787,978		\$113,294	\$216,195	\$329,489	\$329,489	\$144,648	\$19,406	\$19,624	\$513,167
2025	\$19,982,901	\$19,982,901		\$108,907	\$207,822	\$316,729	\$316,729	\$139,046	\$18,654	\$18,864	\$493,293
2026	\$19,219,128	\$19,219,128		\$104,744	\$199,879	\$304,623	\$304,623	\$133,731	\$17,941	\$18,143	\$474,439
2027	\$18,495,383	\$18,495,383		\$100,800	\$192,352	\$293,152	\$293,152	\$128,695	\$17,265	\$17,460	\$456,572
						Total	\$4,832,562	\$696,668	\$320,196	\$323,798	\$6,173,223

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Goya Foods

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Royal ISD I&S Levy	Royal ISD M&O Levy	Royal ISD M&O and I&S Tax Levies	Waller County	Brookshire-Katy Drainage District	Waller-Harris Emergency Services District	Estimated Total Property Taxes	
			0.5450	1.0400			0.6958	0.0934	0.0944		
2013	\$4,800,000	\$4,800,000		\$26,160	\$49,920	\$76,080	\$33,400	\$4,481	\$4,531	\$118,492	
2014	\$30,000,000	\$30,000,000		\$163,500	\$312,000	\$475,500	\$208,748	\$28,005	\$28,320	\$740,573	
2015	\$29,396,000	\$29,396,000		\$160,208	\$305,718	\$465,927	\$204,545	\$27,441	\$27,750	\$725,662	
2016	\$28,368,161	\$28,368,161		\$154,606	\$295,029	\$449,635	\$197,393	\$26,482	\$26,780	\$700,289	
2017	\$27,635,982	\$27,635,982		\$150,616	\$287,414	\$438,030	\$192,298	\$25,798	\$26,088	\$682,215	
2018	\$26,648,399	\$26,648,399		\$145,234	\$277,143	\$422,377	\$185,426	\$24,876	\$25,156	\$657,836	
2019	\$25,533,696	\$25,533,696		\$139,159	\$265,550	\$404,709	\$177,670	\$23,836	\$24,104	\$630,318	
2020	\$24,479,872	\$24,479,872		\$133,415	\$254,591	\$388,006	\$170,337	\$22,852	\$23,109	\$604,304	
2021	\$23,485,080	\$23,485,080		\$127,994	\$244,245	\$372,239	\$163,415	\$21,923	\$22,170	\$579,747	
2022	\$22,537,578	\$22,537,578		\$122,830	\$234,391	\$357,221	\$156,822	\$21,039	\$21,275	\$556,357	
2023	\$21,635,723	\$21,635,723		\$117,915	\$225,012	\$342,926	\$150,547	\$20,197	\$20,424	\$534,094	
2024	\$20,787,978	\$20,787,978		\$113,294	\$216,195	\$329,489	\$144,648	\$19,406	\$19,624	\$513,167	
2025	\$19,982,901	\$19,982,901		\$108,907	\$207,822	\$316,729	\$139,046	\$18,654	\$18,864	\$493,293	
2026	\$19,219,128	\$19,219,128		\$104,744	\$199,879	\$304,623	\$133,731	\$17,941	\$18,143	\$474,439	
2027	\$18,495,383	\$18,495,383		\$100,800	\$192,352	\$293,152	\$128,695	\$17,265	\$17,460	\$456,572	
						Total	\$5,436,643	\$2,386,721	\$320,196	\$323,798	\$8,467,357

Source: CPA, Goya Foods

¹Tax Rate per \$100 Valuation

Board Findings of the Royal Independent School District

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 \$30 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Goya Foods project remains fully taxable for debt services taxes, with Royal ISD currently levying a \$0.5264 per \$100 I&S rate. The value of the Goya Foods 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 Goya Foods 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 Royal 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 Goya Foods' application, "Goya Foods, Inc. is an international company with distribution and manufacturing sites throughout the United States, Puerto Rico, Dominican Republic and Spain. Goya Foods is based in New Jersey and has the ability to build manufacturing facilities in the world as well as different regions of the country. Goya Foods has the ability to

Board Findings of the Royal Independent School District

expand its canning operations at its existing facilities in Angola, New York or Bayamon, Puerto Rico; New York could offer Goya Foods tax incentives as well. However, Goya Foods would like to build its manufacturing facility in Waller County and make a substantial investment in Waller County, Texas of over \$30 million in just building and improvements.”

Board Finding Number 9.

During the past two years, 13 projects in the Houston-Galveston Area Council 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 Goya Foods. 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 Twenty 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 Royal ISD is \$175.2 million. Royal 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. Royal ISD is classified as a “rural” district based on its classification as having territory in a strategic investment area. Given that the value of industrial property in Royal ISD is more than \$90 million but less than \$200 million, it is classified as a Category II district which can offer a minimum value limitation of \$20 million.

Board Findings of the Royal Independent School District

Board Finding Number 12.

The Applicant (Taxpayer Id. 11119836663) 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 year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

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

It is therefore ORDERED that the Agreement attached hereto as Attachment G is approved and hereby authorized to be executed and delivered by and on behalf of the Royal 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 Royal Independent School District.

Board Findings of the Royal Independent School District

Dated the 10th day of December 2012.

ROYAL INDEPENDENT SCHOOL DISTRICT

By: Emily Hillsman
Emily Hillsman, President, Board of Trustees

ATTEST:

By: Elton R. R. Foster
Elton R. R. Foster, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

August 22, 2012

President and Members
Board of Trustees
Royal Independent School District
3714 FM 359
Pattison, Texas 77466

Re: Recommendations and Findings of the firm Concerning Application of Goya Foods Inc. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Hillsman and Members of the Board of Trustees:

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

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

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

Sincerely,

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

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878

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

Fax 512-485-7888

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

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

JUSTIN DEMERATH

August 21, 2012

President and Members
Of the Board of Trustees
Royal Independent School District
3714 FM 359
Pattison, Texas 77466

Re: Recommendations and Findings of the Firm Concerning Application of Goya Foods Inc. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2013

Dear President Hillsman and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Royal Independent School District, with respect to the pending Application of Goya Foods Inc. for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2013. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Goya Foods Inc. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

Letter to Royal ISD
August 21, 2012
Page 2 of 2

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written over a faint, illegible printed name.

Kevin O'Hanlon
For the Firm

Attachment A

Application

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

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



Application for Appraised Value Limitation on Qualified Property (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
First Name	Last Name	
Title		
School District Name		
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



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

Form fields for Authorized School District Consultant including First Name, Last Name, Title, Firm Name, Street Address, Mailing Address, City, State, ZIP, Phone Number, Fax Number, Mobile Number (Optional), and E-mail Address.

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) and Date fields.

Has the district determined this application complete? ... Yes No

If yes, date determined complete. _____

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Antonio		Last Name Diaz	
Title Controller			
Organization Goya Foods Inc.			
Street Address 100 Seaview			
Mailing Address			
City Secaucus		State New Jersey	ZIP 07094
Phone Number (201) 553-4890		Fax Number (201) 553-4891	
Mobile Number (optional)		Business e-mail Address tony.diaz@goya.com	

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

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

First Name Evelio		Last Name Fernandez	
Title Vice President			
Organization Goya Foods of Texas			
Street Address 5750 Brittmore Road			
Mailing Address			
City Houston		State Texas	ZIP 77041
Phone Number (713) 266-9834		Fax Number (713) 953-0965	
Mobile Number (optional)		E-mail Address evelio.fernandez@goya.com	

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

Will consultant be primary contact? Yes No



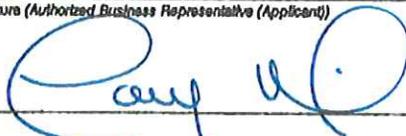
APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (if Applicable)

First Name Stephen	Last Name Robinson	
Title Partner		
Firm Name Allen Boone Humphries Robinson LLP		
Street Address 3200 Southwest Freeway, Suite 2600		
Mailing Address		
City Houston	State Texas	ZIP 77027
Phone Number 713-860-6408	Fax Number 713-860-6608	
Business email Address srobinson@abhr.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 5/3/12
---	-----------------------

GIVEN under my hand and seal of office this 3rd day of May, 2012


 Notary Public, State of New Jersey
 Gloria E. Rosas

(Notary Seal)

My commission expires 3/2/17

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

FEES AND PAYMENTS

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

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

Please answer only either A OR B:

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

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Goya Foods, Inc.

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

11119836663

NAICS code

311421

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.

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.)

S 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
See attached Texas Franchise Tax Extension Affiliate List (See Tab 3)

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? NA Yes No
If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? [X] 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 [X] Yes [] No
(2) research and development [] Yes [X] No
(3) a clean coal project... [] Yes [X] No
(4) an advanced clean energy project... [] Yes [X] No
(5) renewable energy electric generation [] Yes [X] No
(6) electric power generation using integrated gasification combined cycle technology [] Yes [X] No
(7) nuclear electric power generation [] Yes [X] 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 [X] No

Are you requesting that any of the land be classified as qualified investment? [] Yes [X] No
Will any of the proposed qualified investment be leased under a capitalized lease? [] Yes [X] No
Will any of the proposed qualified investment be leased under an operating lease? [] Yes [X] No
Are you including property that is owned by a person other than the applicant? [] Yes [X] 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 [X] 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 Exhibit A behind Tab 4

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

See Exhibit A behind Tab 4.

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- [X] New Jobs [X] Construct New Facility [] New Business / Start-up [] Expand Existing Facility
[] Relocation from Out-of-State [] Expansion [X] Purchase Machinery & Equipment
[] Consolidation [] Relocation within Texas

PROJECTED TIMELINE

Begin Construction June 2012 Begin Hiring New Employees Third Quarter 2013
Construction Complete Third Quarter 2013 Fully Operational Third Quarter 2013
Purchase Machinery & Equipment Third Quarter 2013

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)? [X] 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? Third Quarter 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.)

Chapter 312 - Texas Tax Code, Tax Abatement by Waller County
100% abatement of equipment and building for 10 years

THE PROPERTY

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

Central Appraisal District (CAD) that will be responsible for appraising the property Waller 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: Waller - 100% City: None
(Name and percent of project) (Name and percent of project)

Hospital District: None Water District: Brookside Katy Drainage District
(Name and percent of project) (Name and percent of project)

Other (describe): Waller-Harris Emergency Services District Other (describe): _____
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

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



INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? \$20 million

What is the amount of appraised value limitation for which you are applying? \$20 million

What is your total estimated qualified investment? \$30,000,000

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? August 2012

What is the anticipated date of the beginning of the qualifying time period? August 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? \$30,000,000

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

Attach the following items to this application: See Exhibits A (Tab 4) and B (Tab 7)

- (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: The qualified property also includes a 130 acre tract described in the attached Exhibit C behind Tab 8

- (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 See Exhibit C behind Tab 9

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?

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

1. Legal description of the land **See Exhibit C behind Tab 10**
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 **See Exhibit D (Tax Certificate) behind Tab 10**
3. Owner **Currently Hlavinka Terrance Cattle Co.**
4. The current taxable value of the land. Attach estimate if land is part of larger parcel. **\$3,997,580 (but currently subject to agricultural exemptions)**
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) **See attached Order Designating Reinvestment Zone and Guidelines for Creating the Zone behind Tab 22.**

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. _____ (Market Value) _____ (Tax Year)

Not applicable

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)? 0

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? **Goya Foods, Inc. has 0 jobs reported.**

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 25

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? 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). Not applicable**

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>) **Yes**

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). See Exhibit E behind Tab 14.

110% of the county average weekly wage for all jobs (all industries) in the county is \$871.75

110% of the county average weekly wage for manufacturing jobs in the county is \$1,206.70

110% of the county average weekly wage for manufacturing jobs in the region is \$1,078.88

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? \$56,102

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? \$56,102

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? _____

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.)

Medical, Dental, Vision, 401k savings plan, Life insurance, short-term disability, paid vacation & sick leave

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.

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

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of 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 improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O-after all reductions
	pre- year 1	2012-2013	2012	4,800,000				4,800,000	4,800,000
Complete tax years of qualifying time period	1	2013-2014	2013	4,800,000	6,000,000			4,800,000	4,800,000
	2	2014-2015	2014	4,800,000	#####	15,200,000		30,000,000	30,000,000
	3	2015-2016	2015	4,800,000	9,700,000	14,896,000		29,396,000	20,000,000
	4	2016-2017	2016	4,800,000	9,308,161	14,260,000		28,368,161	20,000,000
	5	2017-2018	2017	4,800,000	8,935,982	13,900,000		27,635,982	20,000,000
Tax Credit Period (with 50% cap on credit)	6	2018-2019	2018	4,800,000	8,578,399	13,270,000		26,648,399	20,000,000
	7	2019-2020	2019	4,800,000	8,063,696	12,670,000		25,533,696	20,000,000
	8	2020-2021	2020	4,800,000	7,579,872	12,100,000		24,479,872	20,000,000
	9	2021-2022	2021	4,800,000	7,125,080	11,560,000		23,485,080	20,000,000
	10	2022-2023	2022	4,800,000	6,697,578	11,040,000		22,537,578	20,000,000
Credit Settle-Up Period	11	2023-2024	2023	4,800,000	6,295,723	10,540,000		21,635,723	21,635,723
	12	2024-2025	2024	4,800,000	5,917,978	10,070,000		20,787,978	20,787,978
	13	2025-2026	2025	4,800,000	5,562,901	9,620,000		19,982,901	19,982,901
Post-Settle-Up Period	14	2026-2027	2026	4,800,000	5,229,128	9,190,000		19,219,128	19,219,128
	15	2027-2028	2027	4,800,000	4,915,383	8,780,000		18,495,383	18,495,383

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]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

5/3/12

DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

Goya Foods Inc.
Royal ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				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	83,639	\$ 52,000		\$ -		\$ -
	1	2013-2014	2013	83,639	52,000	25	53,000	20	56,102
	2	2014-2015	2014			25	53,000	20	56,102
	3	2015-2016	2015			25	54,590	20	56,102
	4	2016-2017	2016			25	56,228	20	56,102
	5	2017-2018	2017			25	57,915	20	56,102
	6	2018-2019	2018			25	59,652	20	56,102
	7	2019-2020	2019			25	61,442	20	56,102
	8	2019-2021	2020			25	63,285	20	56,102
	9	2021-2022	2021			25	65,183	20	56,102
	10	2022-2023	2022			25	67,139	20	56,102
	11	2023-2024	2023			25	69,153	20	56,102
	12	2024-2025	2024			25	71,228	20	56,102
	13	2025-2026	2025			25	73,364	20	56,102
	14	2026-2027	2026			25	75,565	20	56,102
	15	2027-2028	2027			25	77,832	20	56,102

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

7-24-2012
DATE

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

Form 50-296

Applicant Name

Goya Foods, Inc.

Royal ISD

Applicant Name		Goya Foods, Inc.		Sales Tax Information		Franchise Tax		Other Property Tax Abatements Sought			
				Sales Taxable Expenditures		Franchise Tax		County	City	Hospital	Other
	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	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)		2012-2013	2012								
	1	2013-2014	2013	100,000	17,000,000	25,000	100%		N/A	N/A	N/A
	2	2014-2015	2014			25,000	100%				
	3	2015-2016	2015			25,000	100%				
	4	2016-2017	2016			25,000	100%				
	5	2017-2018	2017			25,000	100%				
	6	2018-2019	2018			25,000	100%				
	7	2019-2020	2019			25,000	100%				
	8	2020-2021	2020			25,000	100%				
	9	2021-2022	2021			25,000	100%				
	10	2022-2023	2022			25,000	100%				
	11	2023-2024	2023			25,000	100%				
	12	2024-2025	2024			25,000	100%				
	13	2025-2026	2025			25,000	100%				
	14	2026-2027	2026			25,000	100%				
	15	2027-2028	2027			25,000	100%				

*For planning, construction and operation of the facility.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

5/3/12

DATE

3

TX2011
Ver 20
05-165
(9-09/2)
Tcode 13298

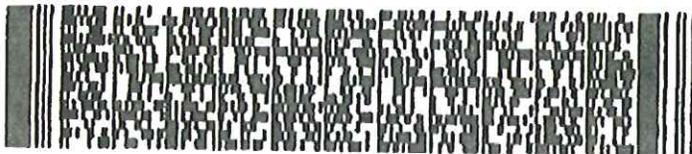
**TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST**

Reporting entity taxpayer number 111983666	Report year 2011	Reporting entity taxpayer name Goya Foods, Inc.
--	----------------------------	---

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER <small>(If none, enter FEI number)</small>	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. Goya Foods of California, Inc.	954088560	<input checked="" type="checkbox"/>
2. Cardet Wholesale, Inc.	760030442	<input type="checkbox"/>
3.		<input type="checkbox"/>
4.		<input type="checkbox"/>
5.		<input type="checkbox"/>
6.		<input type="checkbox"/>
7.		<input type="checkbox"/>
8.		<input type="checkbox"/>
9.		<input type="checkbox"/>
10.		<input type="checkbox"/>
11.		<input type="checkbox"/>
12.		<input type="checkbox"/>
13.		<input type="checkbox"/>
14.		<input type="checkbox"/>
15.		<input type="checkbox"/>
16.		<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05 164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
-------	--------------------------	----	--------------------------



4

Exhibit A

Project Description (Page 6 of Application)

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)

The project consists of the design and construction of a new 300,000 square foot building and installation of bean processing and canning machinery and equipment on a 130 acre tract of land that is currently vacant. The proposed improvements include the building, the hydrostatic cooker, tanks and pumps, soaking and blanching system, palletizer and conveying system. The plant has the capacity to produce 3,000,000 cases. The start date is projected to be mid-2012 with an end date of Third Quarter 2013.

Type & Value of Proposed Improvements

Building	\$ 13,000,000
Cooler and Freezer	2,000,000
Hydrostatic Cooker	7,680,000
Platform, specialty tanks and sanitary tanks and other Equipment	3,429,000
Soaking and blanching system	1,595,000
Palletizer, conveying system and depalletizer	900,000
Fillers	766,000
Shrink Wrapper	630,000
	<u>\$ 30,000,000</u>

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

Goya Foods, Inc. is an international company with distribution and manufacturing sites throughout the United States, Puerto Rico, Dominican Republic and Spain. Goya Foods is based in New Jersey and has the ability to build manufacturing facilities in the world as well as different regions of the country. Goya Foods has the ability to expand its canning operations at its existing facilities in Angola, New York or Bayamon, Puerto Rico; New York could offer Goya Foods tax incentives as well. However, Goya Foods would like to in build its manufacturing facility in Waller County and make a substantial investment in Waller County, Texas of over \$30 million in just building and improvements.

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Exhibit A

Project Description (Page 6 of Application)

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)

The project consists of the design and construction of a new 300,000 square foot building and installation of bean processing and canning machinery and equipment on a 130 acre tract of land that is currently vacant. The proposed improvements include the building, the hydrostatic cooker, tanks and pumps, soaking and blanching system, palletizer and conveying system. The plant has the capacity to produce 3,000,000 cases. The start date is projected to be mid-2012 with an end date of Third Quarter 2013.

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Fillers	766,000
Shrink Wrapper	<u>630,000</u>
	<u>\$ 30,000,000</u>

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

Goya Foods, Inc. is an international company with distribution and manufacturing sites throughout the United States, Puerto Rico, Dominican Republic and Spain. Goya Foods is based in New Jersey and has the ability to build manufacturing facilities in the world as well as different regions of the country. Goya Foods has the ability to expand its canning operations at its existing facilities in Angola, New York or Bayamon, Puerto Rico; New York could offer Goya Foods tax incentives as well. However, Goya Foods would like to in build its manufacturing facility in Waller County and make a substantial investment in Waller County, Texas of over \$30 million in just building and improvements.

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EXHIBIT C

TRACT I

FIELD NOTES FOR A 125.103 ACRE TRACT OF LAND, BEING 119.907 ACRES OUT OF THE SOUTHEAST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 196, AND 5.518 ACRES OUT OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 160, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set on the North line of a 30 foot wide road along the North side of the H. & T. Railroad Right-Of-Way and on the West line of a 60 foot wide road bearing North 00 degrees 19 minutes 23 seconds West, said point being located South 00 degrees 19 minutes 23 seconds East 117 feet from the Southeast corner of the H. & T. C. R.R. Company Survey Section 77, said point being the Southeast corner and Place of Beginning of the herein described 125.103 Acre Tract;

THENCE North 00 degrees 19 minutes 23 seconds West, at 117 feet passed the Southeast corner of the aforementioned H. & T. C. R.R. Company Survey Section 77, and continuing for a total distance of 934.08 feet to a 1/2-inch Iron Pipe set on said line for corner;

THENCE South 89 degrees 28 minutes 28 seconds West, at 5.82 feet passed the Southeast corner of the Phillips Petroleum Company 20 Acre Tract, and continuing for a total distance of 669.33 feet to 3/4-inch Iron Rod found at the Southwest corner of the aforementioned 20 Acre Tract, same being a re-entry corner to the herein described 125.103 Acre Tract;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 20 Acre Tract, 1120 feet to 1/2-inch Iron Pipe set on said line for corner, said point being the Southeast corner of the Phillips Petroleum Company 0.92 Acre Tract as recorded in Volume 137, Page 326, Waller County Deed Records;

THENCE South 89 degrees 28 minutes 28 seconds West along the South line of said 0.92 Acre Tract, 200 feet to a 1/2-inch Iron Pipe set for corner;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 0.92 Acre Tract, 200 feet to 1/2-inch Iron Pipe set for corner;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.92 Acre Tract, 172.85 feet to a 1/2-inch Iron Pipe set on said line at the Southwest corner of a certain 0.32 Acre Tract as described in Volume 137, Page 195, Waller County Deed Records;

THENCE North 00 degrees 38 minutes 08 seconds West, 20 feet to a 1/2-inch Iron Pipe set on said line at the Northwest corner of said 0.32 Acre Tract;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.32 Acre Tract, 700 feet to a 1/2-inch Iron Pipe set on the East line of the aforementioned H. & T. C. R.R. Company Survey Section 77 for corner;

THENCE North 00 degrees 19 minutes 23 seconds West along the East line of said Section 77, 436.89 feet to a Rail Road Spike set on said line for the Northeast corner of the herein described 125.103 Acre Tract;

THENCE West along the North line of the Southeast 1/4 of said Section 77, same being the South line of the Northeast 1/4 of said Section 77, at 30.00 feet passed a 1/2-inch Iron Pipe set on said line, and continuing for a total distance of 2334.79 feet to a 1/2-inch Iron Pipe set on said line for the Northwest corner of the herein described 125.103 Acre Tract;

THENCE South, at 2634.52 feet passed the South line of said Section 77, same being the North line of the H. & T. C. R.R. Company Survey 101, and continuing for a total distance of 2722.12 feet to 1/2-inch Iron Pipe set on the North line of the aforementioned 30 foot wide road along the North side of the H. & T. Railroad Right-Of-Way;

THENCE South 89 degrees 47 minutes 07 seconds East along the North line of said road, 2350.21 feet to the Place of BEGINNING and containing 125.103 acres of land, of which 5.518 acres are in the H. & T. C. R.R. Company Survey Section 101.

EXHIBIT "A"

TRACT II

FIELD NOTES FOR A 160.0437 ACRE TRACT OF LAND OF WHICH 136.7677 ACRES ARE IN THE SOUTHWEST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 156, 19.371 ACRES ARE IN THE SOUTHEAST 1/4 SAID SECTION 77, 0.629 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 168, AND 3.276 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 330, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set at the Northwest corner of the Southwest 1/4 of said Section 77 for the Northwest corner and Place of Beginning of the herein described 160.0437 Acre Tract of land;

THENCE East along the North line of said Southwest 1/4 of Section 77, being the South line of the Northwest 1/4 of said Section 77, at 2649.47 feet passed the common corner of the the Northwest 1/4, the Northeast 1/4, Southwest 1/4 and the Southeast 1/4 of Section 77, and continuing for a total distance of 2969.39 feet to 1/2-inch Iron Pipe set on said line for the Northeast corner of the herein described tract, same being the Northwest corner of an adjoining 125.1050 Acre Tract, being in the Southeast 1/4 of said Section 77;

THENCE South along the common line of the herein described tract and the aforementioned adjoining 125.1050 Acre Tract, 2722.12 feet to 1/2-inch Iron Pipe set on said line at it's point of intersection, the North line of McAlester Road for the Southeast most corner of the herein described tract, same being the Southwest corner of the aforementioned adjoining 125.1050 Acre Tract;

THENCE North 89 degrees 47 minutes 07 seconds West along the Northline of said McAlester Road, being the South line of the herein described tract 1864.44 feet to 1-inch Iron Pipe found on said line for corner, said point being the Southeast corner of the Mid-Way Rice Dryer Call 2.0 Acre Tract, Recorded in Volume 136, Page 16, Waller County, Deed Records;

THENCE North 28 degrees 16 minutes 52 seconds West along the common line of the herein described tract and the aforementioned adjoining Mid-Way Rice Dryer tract, 193.5 feet to 1/2 inch Iron Pipe set for corner;

THENCE North 00 degrees 45 minutes 00 seconds East 303.9 feet to 1/2-inch Iron Pipe set for the Northeast corner of said Mid-Way Rice Dryer tract, being a re-entry corner to the herein described tract;

THENCE North 88 degrees 30 minutes 00 seconds West, along the North line of said Mid-Way Rice Dryer tract, 170.00 feet to a 3/4-inch Iron Pipe found at it's Northwest corner, same being in the East line of an adjoining 23.4113 Acre Tract, being a part of the aforementioned Southwest 1/4 of said Section 77;

THENCE North 00 degrees 12 minutes 22 seconds East along the East line of said 23.411 Acre Tract, 717.11 feet to 1/2-inch Iron Pipe set at it's Northeast corner for a re-entry corner to the herein described tract;

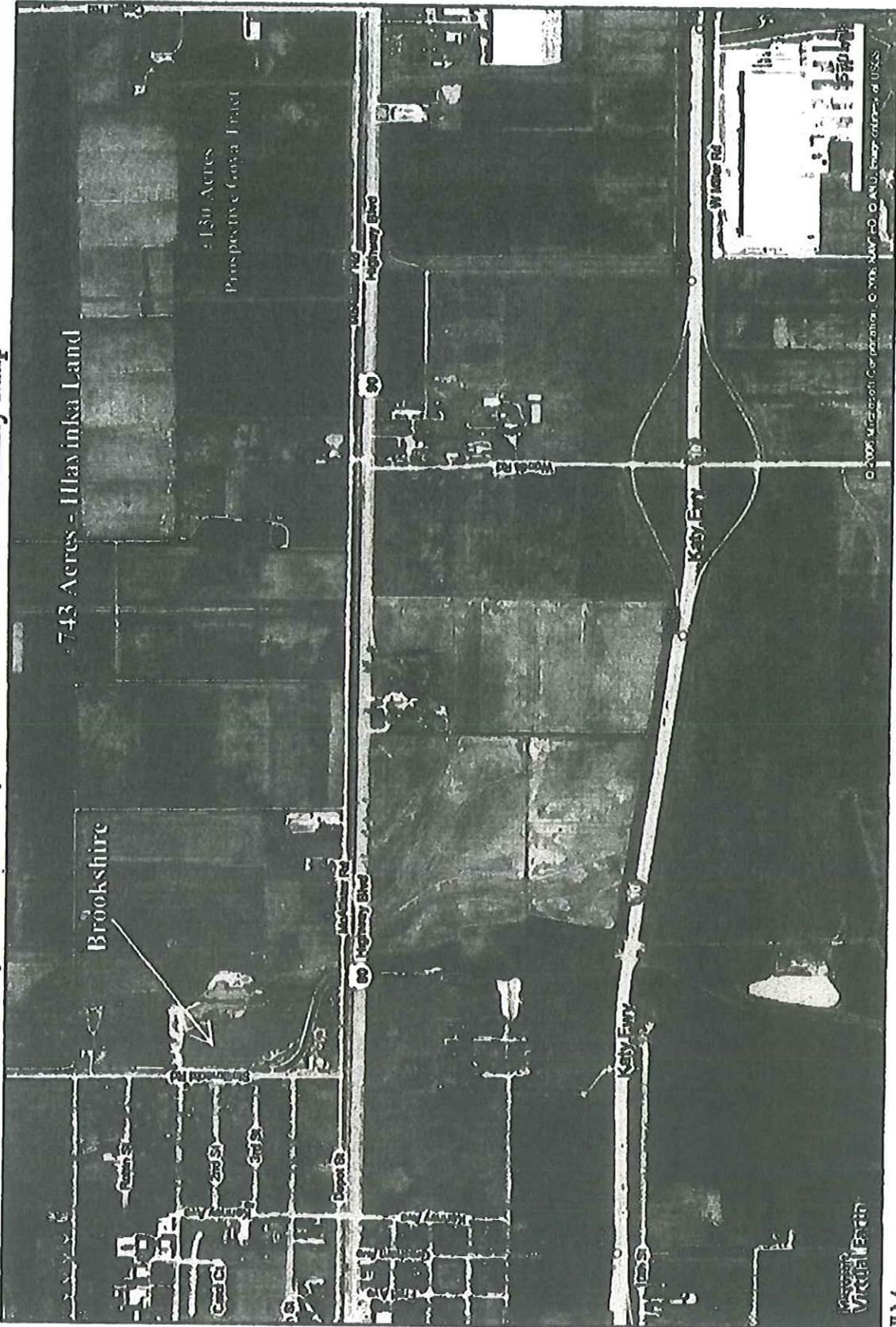
THENCE West along the North line of said 23.4113 Acre Tract 855.54 feet to a point set on the West line of said Section 77, being located in a reservoir for the upper Southwest corner of the herein described 160.0437 Acre Tract;

THENCE North 00 degrees 12 minutes 22 seconds East along the West line of said Section 77, same being the East line of Section 72, 1519.32 feet to Place of BEGINNING and containing 160.0437 acres of land, more or less.

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EXHIBIT B

Goya Foods, Inc. | 130 ACRE TRACT - Vicinity Map



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JLM Commercial Advisors, Inc.



GOYA FOODS, INC
130 ACRES

Subject

BETZ / Fuller
533 acres

BBVA
804 acres

Parkside Capital
486 acres

Silvestri
1,400 acres/new single family

Harrison
297ac

Shelton
550ac

Jefferson Development
1,400 acres
Firethorne

484ac
+/- 869 acres

176 acres
2.00 sf
Play Development

157 acres
Protera

170 acres
3.25 sf no utilites

Troy Max
174

Tsaki's
125 acres

Woods Rd

FM 359

Pavestone

I-10

Pelanson Rd

I-90 Rd

Tsaki's

Jordan Farms

7.8 acres
Hawkins

ed Pine Parkway

Woods

Joel Trimm

Military Tract
362 acres

Brodsmire Mud

BBVA
128 acres

290 acres
A lot of small tracts. Very broken up

BBVA
804 acres

Parkside Capital
486 acres

1,163 Acres
Franz

Value
20 ac

Harrison
297ac

Shelton
550ac

Jefferson Development
1,400 acres
Firethorne

484ac
+/- 869 acres

Caichif
207ac
182ac

1 inch = 227.5 ft. 25364 TEX 65600 JF

10

EXHIBIT C

TRACT I

FIELD NOTES FOR A 125.103 ACRE TRACT OF LAND, BEING 119.987 ACRES OUT OF THE SOUTHEAST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 196, AND 5.518 ACRES OUT OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 160, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set on the North line of a 50 foot wide road along the North side of the H. K. & T. Railroad Right-Of-Way and on the West line of a 60 foot wide road bearing North 00 degrees 19 minutes 23 seconds West, said point being located South 00 degrees 19 minutes 23 seconds East 117 feet from the Southeast corner of the H. & T. C. R.R. Company Survey Section 77, said point being the Southeast corner and Place of Beginning of the herein described 125.103 Acre Tract;

THENCE North 00 degrees 19 minutes 23 seconds West, at 117 feet passed the Southeast corner of the aforementioned H. & T. C. R.R. Company Survey Section 77, and continuing for a total distance of 954.08 feet to a 1/2-inch Iron Pipe set on said line for corner;

THENCE South 89 degrees 28 minutes 28 seconds West, at 5.82 feet passed the Southeast corner of the Phillips Petroleum Company 20 Acre Tract, and continuing for a total distance of 669.35 feet to 3/4-inch Iron Rod found at the Southwest corner of the aforementioned 20 Acre Tract, same being a re-entry corner to the herein described 125.103 Acre Tract;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 20 Acre Tract, 1120 feet to 1/2-inch Iron Pipe set on said line for corner, said point being the Southeast corner of the Phillips Petroleum Company 0.92 Acre Tract as recorded in Volume 137, Page 326, Waller County Deed Records;

THENCE South 89 degrees 28 minutes 28 seconds West along the South line of said 0.92 Acre Tract, 200 feet to a 1/2-inch Iron Pipe set for corner;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 0.92 Acre Tract, 200 feet to 1/2-inch Iron Pipe set for corner;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.92 Acre Tract, 172.85 feet to a 1/2-inch Iron Pipe set on said line at the Southwest corner of a certain 0.32 Acre Tract as described in Volume 137, Page 195, Waller County Deed Records;

THENCE North 00 degrees 38 minutes 08 seconds West, 20 feet to a 1/2-inch Iron Pipe set on said line at the Northwest corner of said 0.32 Acre Tract;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.32 Acre Tract, 700 feet to a 1/2-inch Iron Pipe set on the East line of the aforementioned H. & T. C. R.R. Company Survey Section 77 for corner;

THENCE North 00 degrees 19 minutes 23 seconds West along the East line of said Section 77, 436.89 feet to a Rail Road Spike set on said line for the Northeast corner of the herein described 125.103 Acre Tract;

THENCE West along the North line of the Southeast 1/4 of said Section 77, same being the South line of the Northeast 1/4 of said Section 77, at 50.00 feet passed a 1/2-inch Iron Pipe set on said line, and continuing for a total distance of 2334.79 feet to a 1/2-inch Iron Pipe set on said line for the Northwest corner of the herein described 125.103 Acre Tract;

THENCE South, at 2634.52 feet passed the South line of said Section 77, same being the North line of the H. & T. C. R.R. Company Survey 101, and continuing for a total distance of 2722.12 feet to 1/2-inch Iron Pipe set on the North line of the aforementioned 50 foot wide road along the North side of the H. K. & T. Railroad Right-Of-Way;

THENCE South 89 degrees 47 minutes 07 seconds East along the North line of said road, 2350.21 feet to the Place of BEGINNING and containing 125.103 acres of land, of which 5.518 acres are in the H. & T. C. R.R. Company Survey Section 101.

EXHIBIT "A"

TRACT II

FIELD NOTES FOR A 160.0437 ACRE TRACT OF LAND OF WHICH 136.7677 ACRES ARE IN THE SOUTHWEST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 156, 19.371 ACRES ARE IN THE SOUTHEAST 1/4 SAID SECTION 77, 0.629 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 169, AND 3.276 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 330, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set at the Northwest corner of the Southwest 1/4 of said Section 77 for the Northwest corner and Place of Beginning of the herein described 160.0437 Acre Tract of land;

THENCE East along the North line of said Southwest 1/4 of Section 77, being the South line of the Northwest 1/4 of said Section 77, at 2649.47 feet passed the common corner of the the Northwest 1/4, the Northeast 1/4, Southwest 1/4 and the Southeast 1/4 of Section 77, and continuing for a total distance of 2969.59 feet to 1/2-inch Iron Pipe set on said line for the Northeast corner of the herein described tract, same being the Northwest corner of an adjoining 125.1050 Acre Tract, being in the Southeast 1/4 of said Section 77;

THENCE South along the common line of the herein described tract and the aforementioned adjoining 125.1050 Acre Tract, 2722.12 feet to 1/2-inch Iron Pipe set on said line at it's point of intersection, the North line of McAlester Road for the Southeast most corner of the herein described tract, same being the Southwest corner of the aforementioned adjoining 125.1050 Acre Tract;

THENCE North 89 degrees 47 minutes 07 seconds West along the Northline of said McAlester Road, being the South line of the herein described tract 1864.44 feet to 1-inch Iron Pipe found on said line for corner, said point being the Southeast corner of the Mid-Way Rice Dryer Call 2.0 Acre Tract, Recorded in Volume 136, Page 16, Waller County, Deed Records;

THENCE North 28 degrees 16 minutes 52 seconds West along the common line of the herein described tract and the aforementioned adjoining Mid-Way Rice Dryer tract, 193.5 feet to 1/2-inch Iron Pipe set for corner;

THENCE North 00 degrees 45 minutes 00 seconds East 303.9 feet to 1/2-inch Iron Pipe set for the Northeast corner of said Mid-Way Rice Dryer tract, being a re-entry corner to the herein described tract;

THENCE North 88 degrees 30 minutes 00 seconds West, along the North line of said Mid-Way Rice Dryer tract, 170.00 feet to a 3/4-inch Iron Pipe found at it's Northwest corner, same being in the East line of an adjoining 23.4113 Acre Tract, being a part of the aforementioned Southwest 1/4 of said Section 77;

THENCE North 00 degrees 12 minutes 22 seconds East along the East line of said 23.411 Acre Tract, 717.11 feet to 1/2-inch Iron Pipe set at it's Northeast corner for a re-entry corner to the herein described tract;

THENCE West along the North line of said 23.4113 Acre Tract 855.54 feet to a point set on the West line of said Section 77, being located in a reservoir for the upper Southwest corner of the herein described 160.0437 Acre Tract;

THENCE North 00 degrees 12 minutes 22 seconds East along the West line of said Section 77, same being the East line of Section 72, 1519.32 feet to Place of BEGINNING and containing 160.0437 acres of land, more or less.

EXHIBIT D

FEE \$70.36				
TAX CERTIFICATE				
PROFESSIONAL RE TAX SERVICE				
4700 W. SAM HOUSTON PKWY N., SUITE 100				
HOUSTON, TX 77041				
713-232-4350 713-625-8558(FAX)				
CUST: PROFESSIONAL RE TAX SERVICE		BRANCH: 17 KIRBY-SWH		
ORDER: 1147330697	CLOSER: SR	ORDER TYPE: A	SUBTYPE: R	DATE: 10/12/2011

CAD ACCOUNT NUMBER SUMMARY			
315600-003-000-100	315600-005-000-100	315600-007-000-100	333000-005-000-100

SUMMARY OF ALL ACCOUNT(S)				
	SUMMARY OF CURRENT YEAR		SUMMARY OF ALL TAXES DUE	
	TAX YEAR	BASE TAX	DUE 10/11	DUE 11/11
WALLER COUNTY	2010	1,174.52	0.00	0.00
ISD - ROYAL (COLLECTED B	2010	2,807.03	0.00	0.00
BROOKSIDE KATY DRAINAGE	2010	160.76	0.00	0.00
WALLER-HARRIS ESD 200 CO	2010	162.57	0.00	0.00
TOTAL TAX		4,304.88	0.00	0.00

***** COMMENTS ***** CAUTION ***** READ BEFORE CLOSING *****	
COMMENT	- REQUESTED 125.105 AC & 160.043 AC - REPORTED 119.597 AC & 5.786 AC & 156.767 AC & 2.647 AC
WALLER COUNTY	- EXMP: 065 20,000; DIS 20,000; H/S 5,000 OR 20% (WHICHEVER IS GREATER) COUNTY RATE INCLUDES (CO. 0 659798 & FM 0 038027)
ISD - ROYAL (COLLECTED BY	- PLEASE MAKE CHECKS PAYABLE TO WALLER COUNTY TAX OFFICE. HS:20000; 065:30000; DIS 10000
BROOKSIDE KATY DRAINAGE DI	- EXMP: HM O, 065 20,000, DIS 20,000
WALLER-HARRIS ESD 200 COLL	- HS: -0-; 065 & DIS 50,000 (2004 RATE CHANGED PER DISTRICT AFTER BILLS SENT FROM 0 10 TO 0 0975 ON 10-18-04 PER TAX OFFICE)

CAD#	315600-003-000-100	DBK ESD GWA SRL
DESC	ABS A315600 A-156 H & T C R R CO,TRACT 3,ACRES 156.7677,P/O 743.4811 A CRES P/O 743.4811 ACRES ABST/SUB ID A315600	TR3/VSA
ACREAGE	156.767	
SITUS	MCALLISTER RD	DEED 475 502
MAIL	P O BOX 1188 EAST BERNARD TX 77435-7435	
ASSESSED OWNER(S)	HLAVINKA TERRANCE CATTLE CO	2011 ASSESSED VALUES
		LAND 3,997,580
		IMPROVEMENT 0
		MARKET VALUE 3,997,580
		DEFERRED VALUE 3,952,110
AG EXEMPT - SUBJECT TO ROLLBACK TAXES		SPECIAL VALUE 45,470

TAX CERTIFICATE				
PROFESSIONAL RE TAX SERVICE				
4700 W. SAM HOUSTON PKWY N., SUITE 100				
HOUSTON, TX 77041				
713-232-4350 713-625-8558(FAX)				
CUST: PROFESSIONAL RE TAX SERVICE		BRANCH: 17 KIRBY-SWH		
ORDER: 1147330697	CLOSER: SR	ORDER TYPE: A	SUBTYPE: R	DATE: 10/12/2011

TAX ENTITY INFORMATION

WALLER COUNTY	PAYMENTS AS OF	09/02/2011
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730 NINTH ST HEMPSTEAD, TX 77445	11 TAX RATE	0.6958250
PHONE 979-826-7620	W/O EXEMPT	27,816.16
EXEMPTIONS NONE	YR	BASE TAX
	10	294.09
		0.00
	SUBTOTAL	294.09
		0.00
	DUE 10/11	0.00
		DUE 11/11
		*** PAID 12/21/10 ***

ISD - ROYAL (COLLECTED BY WALLER CO)	PAYMENTS AS OF	09/02/2011
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COLLECTED BY COUNTY	11 TAX RATE	1.5850000
PHONE 979-826-7620	W/O EXEMPT	63,361.64
EXEMPTIONS NONE	YR	BASE TAX
	10	702.86
		0.00
	SUBTOTAL	702.86
		0.00
	DUE 10/11	0.00
		DUE 11/11
		*** PAID 12/21/10 ***

BROOKSIDE KATY DRAINAGE DIST	PAYMENTS AS OF	09/02/2011
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COLLECTED BY COUNTY	11 TAX RATE	0.0933550
PHONE 979-826-3357	W/O EXEMPT	3,731.94
EXEMPTIONS NONE	YR	BASE TAX
	10	40.25
		0.00
	SUBTOTAL	40.25
		0.00
	DUE 10/11	0.00
		DUE 11/11
		*** PAID 12/21/10 ***

WALLER-HARRIS ESD 200 COLL BY WALLER CO	PAYMENTS AS OF	09/02/2011
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COLLECTED BY COUNTY	11 TAX RATE	0.0944000
PHONE 979-826-7620	W/O EXEMPT	3,773.72
EXEMPTIONS NONE	YR	BASE TAX
	10	40.71
		0.00
	SUBTOTAL	40.71
		0.00
	DUE 10/11	0.00
		DUE 11/11
		*** PAID 12/21/10 ***

SUMMARY OF ACCOUNT 315800-003-000-100				
	TAX YEAR	BASE TAX	DUE 10/11	DUE 11/11
WALLER COUNTY	2010	294.09	0.00	0.00
ISD - ROYAL (COLLECTED B	2010	702.86	0.00	0.00
BROOKSIDE KATY DRAINAGE	2010	40.25	0.00	0.00
WALLER-HARRIS ESD 200 CO	2010	40.71	0.00	0.00
TOTAL TAX		1,077.91	0.00	0.00

TAX CERTIFICATE
PROFESSIONAL RE TAX SERVICE
 4700 W. SAM HOUSTON PKWY N., SUITE 100
 HOUSTON, TX 77041
 713-232-4350 713-625-8558(FAX)

CUST: PROFESSIONAL RE TAX SERVICE BRANCH: 17 KIRBY-SWH
 ORDER: 1147330697 CLOSER: SR ORDER TYPE: A SUBTYPE: R DATE: 10/12/2011

CAD#	315600-005-000-100		DBK ESD GWA SRL
			TR3/VSA
DESC	ABS A315600 A-156 H & T C R R CO,TRACT 5,ACRES 119.587,P/O 743.4811 AC RES P/O 743.4811 ACRES ABST/SUB ID A315600		
ACREAGE	119.587		
SITUS	MCALLISTER RD	DEED	475 502
MAIL	P O BOX 1188 EAST BERNARD TX 77435-7435		
ASSESSED OWNER(S)	2011 ASSESSED VALUES		
	HLAVINKA TERRANCE CATTLE CO	LAND	3,049,470
		IMPROVEMENT	0
		MARKET VALUE	3,049,470
		DEFERRED VALUE	3,014,790
		SPECIAL VALUE	34,680

AG EXEMPT - SUBJECT TO ROLLBACK TAXES

TAX ENTITY INFORMATION

WALLER COUNTY	PAYMENTS AS OF	09/02/2011
730 NINTH ST HEMPSTEAD, TX 77445	11 TAX RATE	0.6958250
PHONE 979-826-7620	W/O EXEMPT	21,218.97

EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	224.32	0.00		*** PAID 12/20/10 ***
	SUBTOTAL	224.32	0.00	0.00	0.00

ISD - ROYAL (COLLECTED BY WALLER CO)	PAYMENTS AS OF	09/02/2011
COLLECTED BY COUNTY	11 TAX RATE	1.5850000
PHONE 979-826-7620	W/O EXEMPT	48,334.10

EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	536.11	0.00		*** PAID 12/20/10 ***
	SUBTOTAL	536.11	0.00	0.00	0.00

BROOKSIDE KATY DRAINAGE DIST	PAYMENTS AS OF	09/02/2011
COLLECTED BY COUNTY	11 TAX RATE	0.0933550
PHONE 979-826-3357	W/O EXEMPT	2,846.83

EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	30.70	0.00		*** PAID 12/20/10 ***
	SUBTOTAL	30.70	0.00	0.00	0.00

WALLER-HARRIS ESD 200 COLL BY WALLER CO	PAYMENTS AS OF	09/02/2011
COLLECTED BY COUNTY	11 TAX RATE	0.0944000
PHONE 979-826-7620	W/O EXEMPT	2,878.70

EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	31.05	0.00		*** PAID 12/20/10 ***
	SUBTOTAL	31.05	0.00	0.00	0.00

TAX CERTIFICATE
PROFESSIONAL RE TAX SERVICE
 4700 W. SAM HOUSTON PKWY N., SUITE 100
 HOUSTON, TX 77041
 713-232-4350 713-625-8556(FAX)

CUST: PROFESSIONAL RE TAX SERVICE **BRANCH: 17 KIRBY-SWH**
ORDER: 1147330697 **CLOSER: SR** **ORDER TYPE: A** **SUBTYPE: R** **DATE: 10/12/2011**

SUMMARY OF ACCOUNT 315600-005-000-100				
	TAX YEAR	BASE TAX	DUE 10/11	DUE 11/11
WALLER COUNTY	2010	224.32	0.00	0.00
ISD - ROYAL (COLLECTED B	2010	536.11	0.00	0.00
BROOKSIDE KATY DRAINAGE	2010	30.70	0.00	0.00
WALLER-HARRIS ESD 200 CO	2010	31.05	0.00	0.00
TOTAL TAX		822.18	0.00	0.00

CAD# 315600-007-000-100 DBK ESD GWA SRL
 DESC ABS A315600 A-156 H & T C R R CO,TRACT 7,ACRES 5.786,UND INT IN 5.786 TR3/VSA
 AC TR UND INT IN 5.786 AC TR ABST/SUB ID A315600
 ACREAGE 5.786
 SITUS **CARDIFF RD** DEED 809 92
 MAIL 6550 CINDY LANE HOUSTON TX 77008-7008
 ASSESSED OWNER(S) 2011 ASSESSED VALUES
 LOVE DEBORAH STAMPS LAND 95,470
 IMPROVEMENT 0
 TOTAL VALUE 95,470
ASSESSED AS LAND ONLY

TAX ENTITY INFORMATION

WALLER COUNTY		PAYMENTS AS OF		09/02/2011	
730 NINTH ST HEMPSTEAD, TX 77445		11 TAX RATE		0.6958250	
PHONE 979-826-7620		W/O EXEMPT		664.30	
EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	651.13	0.00		*** PAID 01/14/11 ***
	SUBTOTAL	651.13	0.00	0.00	0.00

ISD - ROYAL (COLLECTED BY WALLER CO)		PAYMENTS AS OF		09/02/2011	
COLLECTED BY COUNTY		11 TAX RATE		1.5850000	
PHONE 979-826-7620		W/O EXEMPT		1,513.20	
EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	1,556.16	0.00		*** PAID 01/14/11 ***
	SUBTOTAL	1,556.16	0.00	0.00	0.00

BROOKSIDE KATY DRAINAGE DIST		PAYMENTS AS OF		09/02/2011	
COLLECTED BY COUNTY		11 TAX RATE		0.0933550	
PHONE 979-826-3357		W/O EXEMPT		89.13	
EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	89.13	0.00		*** PAID 01/14/11 ***
	SUBTOTAL	89.13	0.00	0.00	0.00

TAX CERTIFICATE
PROFESSIONAL RE TAX SERVICE
 4700 W. SAM HOUSTON PKWY N., SUITE 100
 HOUSTON, TX 77041
 713-232-4350 713-625-8556(FAX)

CUST: PROFESSIONAL RE TAX SERVICE BRANCH: 17 KIRBY-SWH
 ORDER: 1147330697 CLOSER: SR ORDER TYPE: A SUBTYPE: R DATE: 10/12/2011

WALLER-HARRIS ESD 200 COLL BY WALLER CO		PAYMENTS AS OF	09/02/2011
COLLECTED BY COUNTY		11 TAX RATE	0.0944000
PHONE 979-826-7620		W/O EXEMPT	90.12
EXEMPTIONS NONE			
	YR	BASE TAX	BASE DUE
	10	90.12	0.00
			*** PAID 01/14/11 ***
	SUBTOTAL	90.12	0.00

SUMMARY OF ACCOUNT 315800-007-000-100				
	TAX YEAR	BASE TAX	DUE 10/11	DUE 11/11
WALLER COUNTY	2010	651.13	0.00	0.00
ISD - ROYAL (COLLECTED B	2010	1,556.16	0.00	0.00
BROOKSIDE KATY DRAINAGE	2010	89.13	0.00	0.00
WALLER-HARRIS ESD 200 CO	2010	90.12	0.00	0.00
TOTAL TAX		2,386.54	0.00	0.00

CAD# 333000-005-000-100	DBK ESD GWA SRL
DESC ABS A333000 A-330 T S REESE, TRACT 5, ACRES 2.647, P/O 743.4811 ACRES P/O 743.4811 ACRES ABST/SUB ID A333000	TR3/VSA
ACREAGE 2.647	
SITUS MCALLISTER RD	DEED 475 502
MAIL P O BOX 1188 EAST BERNARD TX 77435-7435	
ASSESSED OWNER(S) HLAVINKA TERRANCE CATTLE CO	2011 ASSESSED VALUES
	LAND 67,500
	IMPROVEMENT 0
	MARKET VALUE 67,500
	DEFERRED VALUE 66,730
AG EXEMPT - SUBJECT TO ROLLBACK TAXES	SPECIAL VALUE 770

TAX ENTITY INFORMATION

WALLER COUNTY		PAYMENTS AS OF	09/02/2011
730 NINTH ST HEMPSTEAD, TX 77445		11 TAX RATE	0.6958250
PHONE 979-826-7620		W/O EXEMPT	469.68
EXEMPTIONS NONE			
	YR	BASE TAX	BASE DUE
	10	4.98	0.00
			*** PAID 12/21/10 ***
	SUBTOTAL	4.98	0.00

ISD - ROYAL (COLLECTED BY WALLER CO)		PAYMENTS AS OF	09/02/2011
COLLECTED BY COUNTY		11 TAX RATE	1.5850000
PHONE 979-826-7620		W/O EXEMPT	1,069.88
EXEMPTIONS NONE			
	YR	BASE TAX	BASE DUE
	10	11.90	0.00
			*** PAID 12/21/10 ***
	SUBTOTAL	11.90	0.00

TAX CERTIFICATE

PROFESSIONAL RE TAX SERVICE
 4700 W. SAM HOUSTON PKWY N., SUITE 100
 HOUSTON, TX 77041
 713-232-4350 713-625-8558(FAX)

CUST: PROFESSIONAL RE TAX SERVICE **BRANCH: 17 KIRBY-SWH**
ORDER: 1147330697 **CLOSER: SR** **ORDER TYPE: A** **SUBTYPE: R** **DATE: 10/12/2011**

BROOKSIDE KATY DRAINAGE DIST		PAYMENTS AS OF		09/02/2011	
COLLECTED BY COUNTY		11 TAX RATE		0.0933550	
PHONE 979-826-3357		W/O EXEMPT		63.01	
EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	0.68	0.00	*** PAID 12/21/10 ***	
	SUBTOTAL	0.68	0.00	0.00	0.00

WALLER-HARRIS ESD 200 COLL BY WALLER CO		PAYMENTS AS OF		09/02/2011	
COLLECTED BY COUNTY		11 TAX RATE		0.0944000	
PHONE 979-826-7620		W/O EXEMPT		63.72	
EXEMPTIONS NONE	YR	BASE TAX	BASE DUE	DUE 10/11	DUE 11/11
	10	0.69	0.00	*** PAID 12/21/10 ***	
	SUBTOTAL	0.69	0.00	0.00	0.00

SUMMARY OF ACCOUNT 333000-005-000-100					
	TAX YEAR	BASE TAX	DUE 10/11	DUE 11/11	
WALLER COUNTY	2010	4.98	0.00	0.00	
ISD - ROYAL (COLLECTED B	2010	11.90	0.00	0.00	
BROOKSIDE KATY DRAINAGE	2010	0.68	0.00	0.00	
WALLER-HARRIS ESD 200 CO	2010	0.69	0.00	0.00	
TOTAL TAX		18.25	0.00	0.00	

CERTIFICATION, CONDITIONS AND EXCLUSIONS

THIS CERTIFIES THAT ALL AD VALOREM TAXES APPLICABLE TO THE ABOVE REFERENCED PROPERTY HAVE BEEN CHECKED AND FOUND TO HAVE THE STATUS INDICATED

(1) THIS CERTIFICATION DOES NOT COVER ANY CHANGES MADE TO THE TAX ROLL OR RECORDS AFTER THE "PAYMENT AS OF" DATES LISTED ABOVE (2) THIS DOCUMENT DOES NOT CONSTITUTE A REPORT ON OR CERTIFICATION OF MINERAL (PRODUCTIVE AND NON PRODUCTIVE) TAXES LEASES, PERSONAL PROPERTY TAXES OR OTHER NON AD VALOREM TAXES (SUCH AS PAVING LIENS, STAND-BY CHARGES OR MAINTENANCE ASSESSMENTS) THESE ITEMS MAY BE INCLUDED FOR CONVENIENCE PURPOSES ONLY. (3) THIS CERTIFICATE IS NOT TRANSFERRABLE AND IS ENFORCEABLE ONLY BY THE PARTY TO WHICH IT HAS BEEN ISSUED

PRINTED BY SWH/WAM

HOA CERTIFICATE**PROFESSIONAL RE TAX SERVICE**

4700 W. SAM HOUSTON PKWY N., SUITE 100

HOUSTON, TX 77041

713-232-4350 713-625-8556(FAX)

CUST: PROFESSIONAL RE TAX SERVICE**BRANCH: 17 KIRBY-SWH****ORDER: 1147330697****CLOSER: SR****ORDER TYPE: A****SUBTYPE: R****DATE: 10/12/2011****SELLER** HLAVINKA TERRANCE CATTLE**BUYER** GOYA FOODS, INC**COUNTY** WALLER**SUBD NAME / BLK A0156 H & TC RR CO****NO HOA FOUND FOR A0156 H & TC RR CO**

*** OUR RESEARCH DOES NOT INDICATE THE EXISTENCE OF AN ***

*** HOA. PLEASE VERIFY WITH YOUR TITLE REPORT. IF AN ***

*** HOA IS KNOWN, PLEASE CONTACT DATA TRACE ***

SUMMARY OF ACCOUNT 315600-003-000-100

DESC ABS A315600 A-156 H & T C R R CO,TRACT 3,ACRES 156.7677,P/O 743.4811 A
SITUS MCALLISTER RD

SUMMARY OF ACCOUNT 315600-005-000-100

DESC ABS A315600 A-156 H & T C R R CO,TRACT 5,ACRES 119.587,P/O 743.4811 AC
SITUS MCALLISTER RD

SUMMARY OF ACCOUNT 315600-007-000-100

DESC ABS A315600 A-156 H & T C R R CO,TRACT 7,ACRES 5.786,UND INT IN 5 786
SITUS CARDIFF RD

SUBD NAME / BLK A0333 T.S. REESE**NO HOA FOUND FOR A0333 T.S. REESE**

*** OUR RESEARCH DOES NOT INDICATE THE EXISTENCE OF AN ***

*** HOA. PLEASE VERIFY WITH YOUR TITLE REPORT. IF AN ***

*** HOA IS KNOWN, PLEASE CONTACT DATA TRACE ***

SUMMARY OF ACCOUNT 333000-005-000-100

DESC ABS A333000 A-330 T S REESE,TRACT 5,ACRES 2 647,P/O 743.4811 ACRES P/O
SITUS MCALLISTER RD

14

EXHIBIT E

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

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

**Average Weekly Wages
Quarterly Census of Employment and Wages**

	Waller County	Gulf Coast Region ¹
NAICS 424	\$479.80	\$1,356.75
NAICS 4249	\$423.54	\$1,155.66
NAICS 424410	na ²	\$1,007.49
NAICS 424410 110%	na ²	\$1,108.24
Manufacturing	\$1,070.79	\$1,471.14
Manufacturing 110%	\$1,177.87	\$1,618.26
Total All Private	\$800.43	\$1,136.70
Total All Private 110%	\$880.47	\$1,250.37
Total Public/Private	\$766.04	\$1,103.14
Total Public/Private 110%	\$842.64	\$1,213.46

1. The Gulf Coast Region includes the following counties: Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton.

2. When one employer comprises 80% or more of the employment for an industry group in a county, or there are fewer than three employers for an industry group in a county, the data is suppressed so as not to reveal information on individual establishments.

Source: Texas Workforce Commission LMCI Dept. Data extracted using LMCI Tracer 10-31-2011

**Average Weekly Wages
Quarterly Census of Employment and Wages**

	3rd Qtr 2010	4th Qtr 2010	1st Qtr 2011	2nd Qtr 2011	Average Weekly Wage Last 4 Quarters
Waller County					
MACS 424	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
MACS 424	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
MACS 424	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
MACS 42410	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
MACS 42410 1106	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
Manufacturing	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
Manufacturing 1106	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
Total All Private	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
Total All Private 1106	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
Total Public/Private	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09
Total Public/Private 1106	\$1,838.29	\$1,818.09	\$1,871.48	\$1,838.09	\$1,838.09

1. The Gulf Coast Region includes the following counties: Amelia, Brantley, Charlton, Chatham, Colleton, Port Royal, Columbia, North, Oconee, McIntosh, Montgomery, Wilkes, Wilcox, and Yamacraw.

2. When one employer employs 500 or more of the employees for an industry group in a county, or there are fewer than three employers for an industry group in a county, the data is suppressed to avoid disclosure on individual establishments.

Source: Texas Workforce Commission (TWC) Data extracted using BLSIC Year 20-11-2011

Waller County	3rd Qtr 2010	4th Qtr 2010	1st Qtr 2011	2nd Qtr 2011	Average Weekly Wage Last 4 Quarters
Total Wages	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
MACS 424	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
MACS 424	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Emp Employment	424	424	424	424	424
MACS 424	424	424	424	424	424
MACS 424	424	424	424	424	424
Manufacturing Wages	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Manufacturing 1106	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Total Wages Private	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Total Emp Private	424	424	424	424	424
Total Wages Public/Private	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Total Emp Public/Private	424	424	424	424	424

Gulf Coast Region	3rd Qtr 2010	4th Qtr 2010	1st Qtr 2011	2nd Qtr 2011	Average Weekly Wage Last 4 Quarters
Total Wages	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
MACS 424	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
MACS 424	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Emp Employment	424	424	424	424	424
MACS 424	424	424	424	424	424
MACS 424	424	424	424	424	424
Manufacturing Wages	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Manufacturing 1106	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Total Wages Private	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Total Emp Private	424	424	424	424	424
Total Wages Public/Private	\$1,838,290	\$1,818,090	\$1,871,480	\$1,838,090	\$1,838,090
Total Emp Public/Private	424	424	424	424	424

21

STATE OF TEXAS
COUNTY OF WALLER

IN THE COMMISSIONERS COURT
OF WALLER COUNTY, TEXAS

**ORDER DESIGNATING A REINVESTMENT ZONE
PURSUANT TO SECTIONS 312.401 AND 312.201 OF THE TAX CODE
(THE PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT)**

BE IT REMEMBERED at a meeting of Commissioners Court of Waller County, Texas, held on the 28th day of March, 2012, on motion made by Frank Pokluda, Commissioner of Precinct No 2, and seconded by Sylvia Cedillo, Commissioner of Precinct No 3, the following Order was adopted:

WHEREAS, the Commissioners Court of Waller County, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in the county and to provide employment to residents of the area; and,

WHEREAS, it is in the best interest of the county to designate the Goya Foods Manufacturing facility near Brookshire Texas, a reinvestment zone, pursuant to Sections 312.401 and 312.201 of the Tax Code (The Property Redevelopment and Tax Abatement Act)

IT IS THEREFORE ORDERED BY THE COMMISSIONERS COURT OF WALLER COUNTY, TEXAS

- Section 1.** That the Commissioners Court hereby designates the Goya Foods[®] Inc. property, 100 Seaview Drive, Secaucus, New Jersey 07094 (mailing purposes only), Waller County, Texas, further described in the legal description attached hereto as Exhibit "A", and made apart hereof for all purposes, as a Reinvestment Zone (the "Zone");
- Section 2** That the Commissioners Court finds that the Zone area meets the qualifications of the Texas Redevelopment and Tax Abatement Act;
- Section 3.** That the Commissioners Court has heretofore adopted Tax Abatement and Incentives Policy Guidelines & Criteria for Waller County;
- Section 4** That the Commissioners Court held a public hearing to consider this Order on the 28th day of March, 2012
- Section 5.** The Commissioners Court finds that such improvements are feasible and will benefit the Zone after the expiration of the agreement

Section 6. The Commissioners Court finds that creation of the Zone is likely to contribute to the retention or expansion of primary employment in the area and/or would contribute to attract major investments that would be a benefit to the property and that would contribute to the economic development of the community

Section 7. That this Order shall take effect from and after its passage as the law in such cases provides.

Signed this 28th day of March 2012.



GLENN BECKENDORFF
County Judge



COMMISSIONER ODIS STYERS
Precinct No. 1



COMMISSIONER SYLVIA CEDILLO
Precinct No. 3



COMMISSIONER FRANK POKLUDA
Precinct No. 2



COMMISSIONER STAN KITZMAN
Precinct No. 4

Exhibit A

Support documentation for reinvestment zone

Attach copy of plat and legal description (generally available from Title Company at closing) and a site plan showing the approximate location of real property and improvements (buildings, driveways and fences, etc.). Drawing doesn't have to be an engineered drawing, but must show all proposed improvements in the reinvestment zone.

EXHIBIT A

CHARLIE KALKOMEY SURVEYING, INC.

A JONES & CARTER COMPANY

6415 READING ROAD
ROSENBERG, TEXAS 77471
281 342-2033

FIELD NOTES FOR A 130.57 ACRE TRACT OF LAND IN THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 77, ABSTRACT 156, THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 101, ABSTRACT 168, AND THE T. S. REESE SURVEY, ABSTRACT 330, WALLER COUNTY, TEXAS, BEING OUT OF AND A PART OF THAT CERTAIN CALLED 125.105 ACRE TRACT (TRACT 3) AND THAT CERTAIN CALLED 160.0437 ACRE TRACT (TRACT 4) RECORDED IN VOLUME 475, PAGE 502, DEED RECORDS, WALLER COUNTY, TEXAS, WITH ALL BEARINGS BASED UPON THE EAST LINE OF SAID SECTION 77 AS BEING NORTH 01 DEGREES 59 MINUTES 55 SECONDS WEST (ADJOINER CALLED NORTH 01 DEGREES 59 MINUTES 55 SECONDS WEST).

COMMENCING at a ½ inch iron pipe found at the intersection of the apparent occupied west right-of-way line of Shell Plant Road (also called Cardiff Road (width varies)) and the apparent occupied north right-of-way line of McAllister Road (50-foot wide) for the southeast corner of said called 125.105 acre tract, said point being in the west line of an adjoining called 671.451 acre tract (Tract 4) recorded in Volume 0882, Page 441, Official Records, Waller County, Texas, from which point a 2-inch iron pipe found for the southeast corner of said Section 77 bears North 02 degrees 32 minutes 48 seconds West, 114.43 feet (adjoiner called North 02 degrees 32 minutes 48 seconds West, 114.43 feet);

THENCE South 88 degrees 44 minutes 46 seconds West (called South 89 degrees 47 minutes 07 seconds West) along the south line of said called 125.105 acre tract, same being the apparent occupied north right-of-way line of McAllister Road, 660.67 feet to a ½ inch iron pipe with cap marked "Kalkomey Surveying" set on said line for the lower southeast corner and **Place of Beginning** of the herein described tract;

THENCE South 88 degrees 44 minutes 46 seconds West (called North 89 degrees 47 minutes 07 seconds West) along the south line of the herein described tract and the south line of said called 125.105 acre tract, same being the apparent occupied north right-of-way line of McAllister Road, at 1,689.71 feet pass a ½ inch iron pipe found on said line for the southwest corner of said called 125.105 acre tract, same being the southeast corner of the aforementioned called 160.0437 acre tract, and continuing for a total distance of 2,009.83 feet to a ½ inch iron pipe found for the southwest corner of the herein described tract;

THENCE North 01 degree 27 minutes 59 seconds West (called North) establishing the west line of the herein described tract, severing said called 160.0437 acre tract, 2,721.52 feet (called 2,720.92 feet) to a ½ inch iron pipe found for the northwest corner of the herein described tract, same being the southeast corner of an adjoining called 160.104 acre tract (Tract 1) recorded in Volume 475, Page 502, Deed Records, Waller County, Texas, and the southwest corner of an adjoining tract being called the Northeast Quarter of Section 77 recorded in Volume 442, Page 928, Deed Records, Waller County, Texas, from which point a found 1-½ inch bent iron pipe bears South 60 degrees 06 minutes 35 seconds West, 9.44 feet;

CHARLIE KALKOMEY
REGISTERED PROFESSIONAL LAND SURVEYOR

CHARLES A. KALKOMEY
REGISTERED PROFESSIONAL LAND SURVEYOR

CHRIS D. KALKOMEY
REGISTERED PROFESSIONAL LAND SURVEYOR

THENCE North 88 degrees 32 minutes 30 seconds East along the north line of the herein described tract and the north line of said called 160.0437 acre tract, same being the south line of said adjoining called Northeast Quarter of Section 77 tract, at 320.18 feet pass the northeast corner of said called 160.0437 acre tract, same being the northwest corner of the aforementioned called 125.105 acre tract, at 2,604.66 feet pass a ½ inch iron pipe found on said line for reference, and continuing for a total distance of 2,644.01 feet to a ½ inch iron pipe with cap marked "Kalkomey Surveying" set for the northeast corner of the herein described tract, same being the southeast corner of said adjoining called Northeast Quarter of Section 77 tract, said point being in the east line of said Section 77, same being the west line of the aforementioned adjoining called 671.451 acre tract, and the west line of the adjoining J. G. Bennett Survey, Abstract 291, and being located within Shell Plant Road, from which point a found ½ inch iron rod bears North 03 degrees 13 minutes 51 seconds West, 14.83 feet;

THENCE South 01 degree 59 minutes 55 seconds East (called South 00 degrees 19 minutes 23 seconds East, adjoiner called South 01 degree 59 minutes 55 seconds East) along the upper east line of the herein described tract and the east line of said Section 77, same being the west line of said adjoining J. G. Bennett Survey, Abstract 291, as located in Shell Plant Road, 436.96 feet (called 436.89 feet) to a ½ inch iron pipe with cap marked "Kalkomey Surveying" set for the upper southeast corner of the herein described tract, same being the northeast corner of an adjoining called 0.32 acre tract recorded in Volume 0626, Page 717, Official Records, Waller County, Texas, described in Volume 137, Page 195, Deed Records, Waller County, Texas;

THENCE South 88 degrees 00 minutes 17 seconds West (called South 89 degrees 28 minutes 28 seconds West) along the common line of the herein described tract and said adjoining called 0.32 acre tract, 690.95 feet (called 700 feet) to a ½ inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 125.105 acre tract, same being the northwest corner of said adjoining 0.32 acre tract;

THENCE South 02 degrees 20 minutes 18 seconds East (called South 00 degrees 38 minutes 08 seconds East) continuing along said common line, 20.00 feet (called 20 feet) to a ½ inch iron pipe found for corner, said point being the southwest corner of said adjoining called 0.32 acre tract, and being in the north line of an adjoining called 0.92 acre tract recorded in Volume 0626, Page 717, Official Records, Waller County, Texas, described in Volume 137, Page 326, Deed Records, Waller County, Texas;

THENCE South 88 degrees 00 minutes 36 seconds West (called South 89 degrees 28 minutes 28 seconds West) along the common line of the herein described tract and said adjoining called 0.92 acre tract, 172.76 feet (called 172.85 feet) to a ½ inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 125.105 acre tract, same being the northwest corner of said adjoining called 0.92 acre tract;

THENCE South 02 degrees 05 minutes 46 seconds East (called South 00 degrees 38 minutes 08 seconds East) continuing along said common line, 200.13 feet (called 200 feet) to a ½ inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 125.105 acre tract, same being the southwest corner of said adjoining called 0.92 acre tract;

THENCE North 87 degrees 58 minutes 03 seconds East (called North 89 degrees 28 minutes 28 seconds East) continuing along said line, 200.13 feet (called 200 feet) to ½ inch iron pipe found for corner, said point being the southeast corner of said adjoining called 0.92 acre tract, and being in the west line of the adjoining residue of a called 20 acre tract recorded in Volume 0626, Page 717, Official Records, Waller County, Texas, described in Volume 146, Page 181, Deed Records, Waller County, Texas;

THENCE South 02 degrees 05 minutes 55 seconds East (called South 00 degrees 38 minutes 08 seconds East) along the lower east line of the herein described tract and an interior line of said called 125.105 acre tract, same being the west line of said adjoining residue of a called 20 acre tract, and along the west line of an adjoining called 10.807 acre tract recorded in Volume 0807, Page 634, Official Records, Waller County, Texas, at 270.06 feet pass a ½ inch iron pipe found 1.93 feet left of said line, at 1,120.00 feet (called 1,120.00 feet) pass a ¼ inch iron rod found for a reentry corner to said called 125.105 acre tract, same being the southwest corner of said adjoining called 10.807 acre tract, and continuing for a total distance of 2,065.69 feet to the Place of Beginning and containing 130.57 acres of land, more or less.

For reference and further description see Survey Plat No. R8006-093-00 prepared by the undersigned on same date.




Chris D. Kalkomey, R.P.L.S.
Texas Registration Number 5869
October 20, 2011

Job Number R8006-093-00

Exhibit A-1

SECTION 2: PROJECT DESCRIPTION & PROPOSED IMPROVEMENTS

The project consists of the design and construction of a new 300,000 square foot building to serve as a distribution center and manufacturing facility of food and beverage products on a 130 acre tract of land that is currently vacant. The project also includes the installation of bean processing and canning machinery and equipment. The proposed improvements include land, building, hydrostatic cooker, tanks and pumps, soaking and blanching system, palletizer and conveying system. The plant has the capacity to produce 3,000,000 cases. The start date is projected to be mid-2012 with an end date of December 2013.

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**TAX ABATEMENT POLICY
GUIDELINES & CRITERIA
FOR WALLER COUNTY**

Whereas, the creation and retention of job opportunities that bring new wealth into Waller County is a high priority; and

Whereas, new jobs and investments will benefit the area economy, provide needed opportunities, strengthen the real estate market, and generate tax revenue to support local services; and

Whereas, the communities within Waller County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects; and

Whereas, any tax incentives offered in Waller County would be strictly limited in application to those new and existing industries that bring new wealth to the community; and

Whereas, the abatement of property taxes, when offered to attract primary jobs in industries which bring in revenue from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

Whereas, effective September 1, 1987, Texas law, pursuant to Chapter 312 of the Texas Tax Code, requires any eligible taxing jurisdiction to establish guidelines and criteria as to eligibility for tax abatement agreements prior to granting of any future tax abatement, said guidelines and criteria to be unchanged for a two year period unless amended by a three-quarters vote of Commissioners' Court; and

Whereas, these guidelines and criteria shall not be construed as implying or suggesting that Waller County is under an obligation to provide tax abatement or other incentive to any applicant; and all applicants shall be considered on a case-by-case basis;

Now, therefore, be it resolved, that Waller County Commissioners' Court does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in Waller County, Texas.

DEFINITIONS - Section I

- a. **"Abatement"** means the full or partial exemption from ad valorem taxes of certain real and personal property in a reinvestment zone designated by Waller County for economic development purposes.
- b. **"Affected jurisdiction"** means Waller County and any municipality or school district, the majority of which is located in Waller County that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone

designated by Waller County.

- c. **“Agreement”** means a contractual agreement between a property owner and/or lessee and Waller County for the purposes of tax abatement.
- d. **“Base year value”** means the assessed value of eligible property January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1, but before the execution of the agreement.
- e. **“Deferred maintenance”** means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- f. **“Distribution Center Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points outside of any part of Waller County.
- g. **“Expansion”** means the addition of buildings, structures, fixed machinery or equipment for purposes of increasing production capacity.
- h. **“Facility”** means property improvements completed or in the process of construction which together comprise an integral whole.
- i. **“Hospital”** as defined in Texas Health & Safety Code Section 241.003.
- j. **“Manufacturing Facility”** means products, buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- k. **“Modernization”** means a complete or partial demolition of facilities and the completion of partial reconstruction or installation of a facility or facilities of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery or equipment. Modernization shall include improvements for the purpose of increasing productivity or updating the technology of machinery and equipment, or both.
- l. **“New Facility”** means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- m. **“Other Basic Industry”** means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services, which serve a market primarily outside of Waller County, resulting in the creation of new permanent jobs bringing in new wealth.

- n. **“Productive Life”** means the number of years a property improvement is expected to be in service in a facility.
- o. **“Regional Entertainment/Tourism Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside outside any part of Waller County.
- p. **“Research Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- q. **“Regional Service Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate outside any part of Waller County.
- r. **“Spec Building”** means the new building construction to create an enclosed area of a commercial facility that would normally qualify for abatements built without an occupying tenant at the time the construction is complete.
- s. **“Urgent Care Facility”** a facility dedicated to the delivery of unscheduled, walk-in diagnosis and treatment of acute, but non-life threatening injuries and illnesses, outside of a hospital emergency department or doctor's office.

ABATEMENT AUTHORIZED - Section II

- a. **Authorized Facility.** A facility may be eligible for abatement if it is a Manufacturing Facility, Research Facility, Distribution Center, Regional Service Facility, Regional Entertainment Facility, Spec Building, Hospital, Urgent Care Facility or Other Basic Industry.
- b. **Creation of New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Waller County and the property owner and/or lessee, subject to such limitations as Waller County Commissioners' Court may require.
- c. **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- d. **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements and related fixed improvements

necessary to the operation and administration of the facility.

- e. **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotels accommodations; retail facilities; deferred maintenance investments; property to be rented or leased except as provided in Section II (f); improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the facility; property which has a productive life of less than 10 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.
- f. **Owned/Leased Facilities.** If a leased facility is granted abatement the agreement shall be executed with the lessor and the lessee.
- g. **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. The value of new eligible properties shall be abated according to the approved agreement between applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement. The table in the attached Exhibit "A", incorporated herein by reference, shall be the maximum abatement available.

The abatement may be extended through an initial agreement and a subsequent agreement as may be required to comply with state law regarding the term of the reinvestment zone.
- h. **Construction in Progress.** If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the tax payer may apply for a one year extension of the term of abatement. Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.
- i. **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement the planned improvements:
 1. Must be expected to have an increased appraised ad valorem tax value of at least \$500,000 for existing qualifying facilities or \$1,000,000 for new qualifying facilities based upon the Waller County Appraisal District's assessment of the eligible property.
 2. Must be expected to retain or create employment on a permanent basis in Waller County.
 3. Must not be expected to solely or primarily have the effect of transferring employment from one part of Waller County to another.
 4. Must be necessary because capacity cannot be provided efficiently utilizing

existing improved property when reasonable allowance is made for necessary improvements.

5. Must have no serious adverse effect on jurisdictions.
6. Must be in an area outside of the taxing jurisdiction of an incorporated city or town, unless the city or town has granted a tax abatement for the planned improvements, and ninety (90) days have not passed since the granting of such abatement.
7. Must have a significantly positive result from the economic impact analysis performed as part of the application process.

j. **Standards for Tax Abatement.** The following factors, among others, shall be considered in determining whether to grant Tax Abatement:

1. The value of land and existing improvement, if any.
2. The type and value of the proposed improvements.
3. The expected economic life of the proposed improvements.
4. The number and quality of existing, permanent jobs to be retained by the proposed improvements.
5. The number of new permanent jobs to be created by the proposed improvements.
6. The amount of local payroll to be created or enhanced.
7. Whether the new jobs to be created will be filled by persons residing or projected to reside in the County.
8. The amount of property tax base valuation will be increased during the term of Abatement and after Abatement.
9. The costs to be incurred by the County to provide facilities or services directly resulting from the new improvements.
10. The amount of ad valorem taxes to be paid the County during the Abatement period - considering (a) existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period.
11. The population growth of the County that might occur as a direct result of new improvements.
12. The types and values of public improvements, if any, to be made by applicant seeking Abatement.
13. The impact on the business opportunities of existing businesses.
14. The attraction of other new businesses to the area.
15. Whether the project is environmentally compatible with the community.
16. The company profile - when established - including business references, principal bank, audited financial statement and Business Plan.

Each application shall be reviewed on its merit, utilizing the factors provided above. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

- k. **Denial of Abatement.** No Abatement Agreement shall be authorized if it is determined that:
1. There would be substantial adverse affect on the tax base or costs associated with the providing of government services.
 2. The applicant has insufficient financial capacity, which reasonably could be expected to jeopardize the success of the undertaking.
 3. The planned or potential use of the property would constitute a hazard to public safety, health or morals.
 4. The area considered for abatement lies within the taxing jurisdiction of an incorporated city or town, unless the city or town has already granted abatement to the concerned entity and ninety (90) days have not passed since the granting of such abatement.
 5. Granting abatement might lead to the violation of other codes or laws.
 6. For any other reason deemed appropriate by Commissioners' Court.
- k. **Taxability.** From the execution of the abatement to the end of the agreement period taxes shall be payable as follows:
1. The value of ineligible property as provided in Section II (e) shall be fully taxable;
 2. The base year value of existing eligible property as determined each year shall be fully taxable; and
 3. The additional value of new eligible property shall be taxable in the manner described in Section II (h).

APPLICATION - Section III

- a. Any present or potential owner of taxable property in Waller County may request the creation of a reinvestment zone and tax abatement by filing a written request, along with application processing fee, with the County Judge of Waller County.
- b. The application shall consist of a completed application form accompanied by:
1. A copy of the executive overview from a completed economic impact analysis.
 2. A general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken.
 3. A descriptive list of the improvements which will be a part of the facility;
 4. A site map and property description;
 5. A time schedule for undertaking and completing the planned improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the County deems appropriate for evaluating the financial capacity and other factors of the applicant.
 6. Disclosure of any environmental permits required or additional environmental

impacts.

- c. Upon receipt of a completed application and prior to acting on the application, the County Judge shall (1) notify in writing the presiding officer of the legislative body of each taxing unit in which the property to be subject to the agreement is located not later than the seventh day before the public hearing and (2) publish in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon the application, Waller County shall through public hearing afford the applicant and the designated representative of any affected jurisdiction, and any other interested person, opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on Commissioners' Court agenda to be posted at least seven (7) days prior to the hearing.

- d. Waller County, not more than 60 days after receipt of the application, shall by order either approve or disapprove the application for tax abatement at a regularly scheduled meeting by a majority vote. The county judge shall notify the applicant of approval or disapproval. If disapproved, a Commissioner may request a second review, in which case a new application and hearing shall be required.

- e. Waller County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or construction of new facility.

- f. **Variance.** Requests for variance from the provisions of Section II may be made in written form to the Commissioners' Court. Such request shall include all the items listed in Section III (b), together with a complete description of the circumstances which prompt the applicant to request a variance. The approval process for a variance request requires a three-fourths (3/4) vote of the governing body and shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the Commissioners' Court.

- g. **Confidentiality Required.** Information that is provided to the County in connection with an application or request for Tax Abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which Tax Abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. That information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.

PUBLIC HEARING - Section IV

- a. Should any affected jurisdiction be able to show cause in the public hearing why the granting of abatement will have a substantial adverse affect on its bonds, tax revenue, service capacity or the provision of service, that showing shall be reason for the Commissioners' Court to deny any designation of the reinvestment zone, the granting of abatement, or both.
- b. Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
 - 1. There would be a substantial adverse affect on the provision of government service or tax base;
 - 2. The applicant has insufficient financial capacity;
 - 3. Planned or potential use of the property would constitute a hazard to public safety, health or morals; or,
 - 4. Planned or potential use of the property violates other codes or laws.
 - 5. Use of the property as planned does not comply with the overall developmental goals of the county.
- c. Following the public hearing, the Commissioners' Court must make affirmative findings in the minutes of the Court that:
 - 1. Designation of the reinvestment zone would contribute to the retention or expansion of primary employment.
 - 2. Designation of the zone would attract major investment in the zone that would benefit the property within the zone.
 - 3. Designation of the zone would contribute to the economic development of the county.

AGREEMENT - Section V

- a. **Notice to Jurisdictions.** Not later than the seventh day before the date on which Waller County enters into the Abatement Agreement, the County shall deliver to the presiding officer of the governing body of each other taxing unit in which the property is located a written notice that the County intends to enter into the Agreement, along with a copy of the proposed agreement.
- b. After approval, Waller County shall formally pass an order and execute an agreement with the owner of the facility and lessee as required which shall include:
 - 1. Estimated value to be abated and the base year value;
 - 2. Percent of value to be abated each year as provided in Section II (h);
 - 3. The commencement date and the termination date of abatement;
 - 4. The proposed use of the facility; nature of construction, time schedule, map,

- property description and improvements list as provided in the abatement application.
5. Contractual obligations in the event of default, violations of terms or conditions, delinquent taxes, recapture, administration and assignment as provided herein and other provisions that may be required for uniformity or by State law and;
 6. Size of investment and average number of jobs involved for the period of Abatement.
- c. Such agreement shall be executed within sixty (60) days after the later of the date applicant has forwarded all necessary information and documentation to Waller County or the date of the approval of the application.
- d. **Mandatory contract provisions.** Any tax abatement entered into by the County must:
1. Include a list of the kind, number, and location of all proposed improvements to the property.
 2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement.
 3. Limit the use of the property consistent with the taxing unit's development goals.
 4. Provide for recapturing property tax revenues that are lost if the owner fails to make the improvements or create the jobs as provided by the application/agreement.
 5. Include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the agreement to each taxing unit.
 6. Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement.

RECAPTURE - Section VI

- a. In the event that the facility is completed and begins producing products or services, but subsequently discontinues producing products or services for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of one year during the abatement period, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.
- b. Should the County determine that the company or individual is in default according to the terms and conditions of its agreement, the County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

- c. In the event that the company or individual (1) allows its ad valorem taxes owed the County or affected jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

ADMINISTRATION - Section VII

- a. The Chief Appraiser of Waller County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement, including the number of new or retained employees associated with the facility. Once value has been established, the Chief Appraiser shall notify the affected jurisdictions which levy taxes of the amount of the assessment.
- b. The agreement shall stipulate that employees and/or designated representatives of Waller County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours notice and will only be conducted in a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.
- c. Upon completion of construction Waller County shall annually evaluate each facility receiving abatement to insure compliance with the agreement and report possible violations of the contract and agreement to the Commissioner's Court.
- d. **Timely Filing.** The County shall timely file with the State Comptroller's Office all information required by the Tax Code.

ASSIGNMENT - Section VIII

- a. Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of Waller County Commissioners' Court subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with the County.
- b. The contractual agreement with the new owner or lessee shall not exceed the termination date of the abatement agreement with the original owner and/or lessee.

- c. No assignment or transfer shall be approved if the parties to existing agreement, the new owner, or new lessee are liable to Waller County or any affected jurisdiction for outstanding taxes or other obligations.
- d. Approval shall not be unreasonably withheld.

SUNSET PROVISION - Section IX

- a. These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, unless amended by three-quarters (3/4) vote of the Commissioners' Court of Waller County as so provided for in the Tax Code, at which time all Reinvestment Zones and Tax Abatement Agreements, created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated.
- b. This policy is mutually exclusive of existing Industrial District Contract and owners of real property in areas deserving of special attention as agreed by the affected jurisdictions.
- c. This policy is effective this 12th Day of February, 2008, and supersedes any previous policy on Tax Abatement. It will remain in effect until changed by court order.

DISCRETION OF THE COUNTY - Section X

The adoption of these guidelines and criteria by Waller County does not:

- 1. Limit the discretion of the Commissioners' Court to decide whether to enter into a specific Tax Abatement Agreement.
- 2. Limit the discretion of the Commissioners' Court to delegate to its employees the authority to determine whether or not the Commissioners' Court should consider a particular application or request for Tax Abatement.
- 3. Create any property, contract, or other legal right in any person, partnership, corporation or other entity to have the Commissioners' Court consider or grant a specific application or request for Tax Abatement.

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 27, 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

GOYA FOODS 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 27th day of
November 2012 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 11119836663

File number: 0000136380

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

Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 10, 2012

Nathaniel Richardson
Superintendent
Royal Independent School District
3714 FM 359
Pattison, Texas 77466

Dear Superintendent Richardson:

On May 31, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in May, 2012 to the Royal Independent School District (Royal ISD) by Goya Foods Inc. (Goya). 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.

Royal ISD is currently classified as a rural school district in Category 2 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 (\$30,000,000) is consistent with the proposed appraised value limitation sought (\$20 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. Goya is proposing the construction of a manufacturing facility in Waller County. Goya 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 Goya, the Comptroller's recommendation is that Goya'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 TaxCode, 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.

Note that any new building or other improvement existing as of the application review start date of May 31, 2012, or any tangible personal property placed in service prior to that date may not be considered "Qualified Property" as defined by 313.021(2).

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	Goya Foods, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Royal ISD
2010-11 Enrollment in School District	2,034
County	Waller
Total Investment in District	\$30,000,000
Qualified Investment	\$30,000,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	25
Number of qualifying jobs committed to by applicant	20
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,079
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,079
Minimum Annual Wage committed to by applicant for qualified jobs	\$56,102
Investment per Qualifying Job	\$1,500,000
Estimated 15 year M&O levy without any limit or credit:	\$3,567,261
Estimated gross 15 year M&O tax benefit	\$604,082
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$504,262
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$104,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,063,000
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	14.1%
Percentage of tax benefit due to the limitation	82.8%
Percentage of tax benefit due to the credit	17.2%

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

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

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

After construction, the project will create 25 new jobs when fully operational. 20 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 Houston-Galveston Area Council Region, where Waller County is located was \$51,002 in 2010. The annual average manufacturing wage for 2011 for Waller County is \$56,654. That same year, the county annual average wage for all industries was \$43,875. In addition to a salary of \$56,102, each qualifying position will receive the following benefits: medical, dental, vision, 401k savings plan, life insurance, short-term disability, paid vacation & sick leave. The project's total investment is \$30 million, resulting in a relative level of investment per qualifying job of \$1.5 million.

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

According to Goya Foods's application, "Goya Foods, Inc. is an international company with distribution and manufacturing sites throughout the United States, Puerto Rico, Dominican Republic and Spain. Goya Foods is based in New Jersey and has the ability to build manufacturing facilities in the world as well as different regions of the country. Goya Foods has the ability to expand its canning operations at its existing facilities in Angola, New York or Bayamon, Puerto Rico; New York could offer Goya Foods tax incentives as well. However, Goya Foods would like to build its manufacturing facility in Waller County and make a substantial investment in Waller County, Texas of over \$30 million in just building and improvements."

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

During the past two years, 13 projects in the Houston-Galveston Area Council 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 Goya Foods 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 Goya Foods'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.

This economic impact estimate does not include deductions for the movement of activity from the existing Harris County facility to the new Waller County facility. The company has stated that the future use of the Harris County facility is unknown. While it is possible that the future economic impact of the existing facility may be reduced, the net impact on the state should remain positive, even if the impact of the existing facility is reduced or eliminated.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Goya Foods

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	40	36	76	\$2,090,975	\$1,909,025	\$4,000,000
2013	65	68	133	\$3,415,975	\$4,584,025	\$8,000,000
2014	25	35	60	\$1,325,000	\$2,675,000	\$4,000,000
2015	25	32	57	\$1,364,750	\$2,635,250	\$4,000,000
2016	25	37	62	\$1,405,700	\$3,594,300	\$5,000,000
2017	25	32	57	\$1,447,875	\$3,552,125	\$5,000,000
2018	25	36	61	\$1,491,300	\$3,508,700	\$5,000,000
2019	25	34	59	\$1,536,050	\$3,463,950	\$5,000,000
2020	25	34	59	\$1,582,125	\$4,417,875	\$6,000,000
2021	25	34	59	\$1,629,575	\$4,370,425	\$6,000,000
2022	25	38	63	\$1,678,475	\$5,321,525	\$7,000,000
2023	25	38	63	\$1,728,825	\$5,271,175	\$7,000,000
2024	25	41	66	\$1,780,700	\$5,219,300	\$7,000,000
2025	25	38	63	\$1,834,100	\$5,165,900	\$7,000,000
2026	25	38	63	\$1,889,125	\$5,110,875	\$7,000,000
2027	25	41	66	\$1,945,800	\$6,054,200	\$8,000,000

Source: CPA, REMI, Goya Foods

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Royal ISD's ad valorem tax base in 2010 was \$666 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Royal ISD's estimated wealth per WADA was \$242,385. 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, Waller County, Brookshire-Katy Drainage District, and Waller-Harris Emergency Services District, with all property tax incentives sought being granted using estimated market value from Goya Foods' application. Goya Foods has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Goya Foods project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Royal ISD I&S Levy	Royal ISD M&O Levy	Royal ISD M&O and I&S Tax Levies (Before Credit Credited)	Royal ISD M&O and I&S Tax Levies (After Credit Credited)	Waller County	Brookshire-Katy Drainage District	Waller-Harris Emergency Services District	Estimated Total Property Taxes
			0.5450	1.0400				0.6958	0.0934	0.0944	
2013	\$4,800,000	\$4,800,000		\$26.160	\$49,920	\$76,080	\$76,080	\$0	\$4,481	\$4,531	\$85,092
2014	\$30,000,000	\$30,000,000		\$163,500	\$312,000	\$475,500	\$475,500	\$0	\$28,005	\$28,320	\$531,825
2015	\$29,396,000	\$20,000,000		\$160,208	\$208,000	\$368,208	\$368,208	\$0	\$27,441	\$27,750	\$423,399
2016	\$28,368,161	\$20,000,000		\$154,606	\$208,000	\$362,606	\$347,749	\$0	\$26,482	\$26,780	\$401,011
2017	\$27,635,982	\$20,000,000		\$150,616	\$208,000	\$358,616	\$343,759	\$0	\$25,798	\$26,088	\$395,646
2018	\$26,648,399	\$20,000,000		\$145,234	\$208,000	\$353,234	\$338,377	\$0	\$24,876	\$25,156	\$388,409
2019	\$25,533,696	\$20,000,000		\$139,159	\$208,000	\$347,159	\$332,302	\$0	\$23,836	\$24,104	\$380,241
2020	\$24,479,872	\$20,000,000		\$133,415	\$208,000	\$341,415	\$326,558	\$0	\$22,852	\$23,109	\$372,519
2021	\$23,485,080	\$20,000,000		\$127,994	\$208,000	\$335,994	\$321,137	\$0	\$21,923	\$22,170	\$365,230
2022	\$22,537,578	\$20,000,000		\$122,830	\$208,000	\$330,830	\$315,973	\$0	\$21,039	\$21,275	\$358,287
2023	\$21,635,723	\$21,635,723		\$117,915	\$225,012	\$342,926	\$342,926	\$150,547	\$20,197	\$20,424	\$534,094
2024	\$20,787,978	\$20,787,978		\$113,294	\$216,195	\$329,489	\$329,489	\$144,648	\$19,406	\$19,624	\$513,167
2025	\$19,982,901	\$19,982,901		\$108,907	\$207,822	\$316,729	\$316,729	\$139,046	\$18,654	\$18,864	\$493,293
2026	\$19,219,128	\$19,219,128		\$104,744	\$199,879	\$304,623	\$304,623	\$133,731	\$17,941	\$18,143	\$474,439
2027	\$18,495,383	\$18,495,383		\$100,800	\$192,352	\$293,152	\$293,152	\$128,695	\$17,265	\$17,460	\$456,572
						Total	\$4,832,562	\$696,668	\$320,196	\$323,798	\$6,173,223

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Goya Foods

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Royal ISD I&S Levy	Royal ISD M&O Levy	Royal ISD M&O and I&S Tax Levies	Waller County	Brookshire-Katy Drainage District	Waller-Harris Emergency Services District	Estimated Total Property Taxes	
			0.5450	1.0400			0.6958	0.0934	0.0944		
2013	\$4,800,000	\$4,800,000		\$26.160	\$49,920	\$76,080	\$33,400	\$4,481	\$4,531	\$118,492	
2014	\$30,000,000	\$30,000,000		\$163,500	\$312,000	\$475,500	\$208,748	\$28,005	\$28,320	\$740,573	
2015	\$29,396,000	\$29,396,000		\$160,208	\$305,718	\$465,927	\$204,545	\$27,441	\$27,750	\$725,662	
2016	\$28,368,161	\$28,368,161		\$154,606	\$295,029	\$449,635	\$197,393	\$26,482	\$26,780	\$700,289	
2017	\$27,635,982	\$27,635,982		\$150,616	\$287,414	\$438,030	\$192,298	\$25,798	\$26,088	\$682,215	
2018	\$26,648,399	\$26,648,399		\$145,234	\$277,143	\$422,377	\$185,426	\$24,876	\$25,156	\$657,836	
2019	\$25,533,696	\$25,533,696		\$139,159	\$265,550	\$404,709	\$177,670	\$23,836	\$24,104	\$630,318	
2020	\$24,479,872	\$24,479,872		\$133,415	\$254,591	\$388,006	\$170,337	\$22,852	\$23,109	\$604,304	
2021	\$23,485,080	\$23,485,080		\$127,994	\$244,245	\$372,239	\$163,415	\$21,923	\$22,170	\$579,747	
2022	\$22,537,578	\$22,537,578		\$122,830	\$234,391	\$357,221	\$156,822	\$21,039	\$21,275	\$556,357	
2023	\$21,635,723	\$21,635,723		\$117,915	\$225,012	\$342,926	\$150,547	\$20,197	\$20,424	\$534,094	
2024	\$20,787,978	\$20,787,978		\$113,294	\$216,195	\$329,489	\$144,648	\$19,406	\$19,624	\$513,167	
2025	\$19,982,901	\$19,982,901		\$108,907	\$207,822	\$316,729	\$139,046	\$18,654	\$18,864	\$493,293	
2026	\$19,219,128	\$19,219,128		\$104,744	\$199,879	\$304,623	\$133,731	\$17,941	\$18,143	\$474,439	
2027	\$18,495,383	\$18,495,383		\$100,800	\$192,352	\$293,152	\$128,695	\$17,265	\$17,460	\$456,572	
						Total	\$5,436,643	\$2,386,721	\$320,196	\$323,798	\$8,467,357

Source: CPA, Goya Foods

¹Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$3,567,261. The estimated gross 15 year M&O tax benefit, or levy loss, is \$604,082.

Attachment 3 is an economic overview of Waller County.

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



TEXAS EDUCATION AGENCY

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

August 7, 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 Goya Foods Inc. project for the Royal Independent School District (RISD). 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 Goya Foods Inc. project on RISD 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,

A handwritten signature in black ink that reads '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

August 7, 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 Goya Foods Inc. project on the number and size of school facilities in Royal Independent School District (RISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the RISD superintendent, Tom Tasma, the TEA has found that the Goya Foods Inc. project would not have a significant impact on the number or size of school facilities in RISD.

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,

A handwritten signature in black ink that reads 'Belinda Dyer'.

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

Waller County

Population

- Total county population in 2010 for Waller County: 37,431 , up 2.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Waller County was the state's 79th largest county in population in 2010 and the 34th fastest growing county from 2009 to 2010.
- Waller County's population in 2009 was 47.2 percent Anglo (above the state average of 46.7 percent), 25.5 percent African-American (above the state average of 11.3 percent) and 25.7 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Waller County:

Hempstead:	7,639	Prairie View:	4,514
Brookshire:	3,967	Waller:	2,218
Pine Island:	859	Pattison:	487

Economy and Income

Employment

- September 2011 total employment in Waller County: 15,480 , up 1.8 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 Waller County unemployment rate: 9.3 percent, up from 8.7 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

- Waller County's ranking in per capita personal income in 2009: 107th with an average per capita income of \$33,798, down 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 Waller County averaged \$71.04 million annually from 2007 to 2010. County total agricultural values in 2010 were down 11.9 percent from 2009. Major agriculture related commodities in Waller County during 2010 included:
 - Hay
 - Rice
 - Horses
 - Nursery
 - Other Beef
- 2011 oil and gas production in Waller County: 257,770.0 barrels of oil and 2.9 million Mcf of gas. In September 2011, there were 191 producing oil wells and 53 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 Waller County during the fourth quarter 2010: \$62.92 million, up 29.1 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Hempstead:	\$13.29 million, up 1.9 percent from the same quarter in 2009.
Prairie View:	\$1.07 million, down 28.2 percent from the same quarter in 2009.
Brookshire:	\$6.31 million, up 11.3 percent from the same quarter in 2009.
Waller:	\$9.00 million, up 6.0 percent from the same quarter in 2009.
Pattison:	\$272,552.00, up 102.3 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 Waller County through the fourth quarter of 2010: \$236.13 million, up 15.5 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Hempstead:	\$50.71 million, down 2.0 percent from the same period in 2009.
Prairie View:	\$6.02 million, down 29.2 percent from the same period in 2009.
Brookshire:	\$24.43 million, down 11.8 percent from the same period in 2009.
Waller:	\$35.07 million, down 2.1 percent from the same period in 2009.
Pattison:	\$998,860.00, up 72.1 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Waller County during 2010: \$236.13 million, up 15.5 percent from 2009.

- Waller County sent an estimated \$14.76 million (or 0.09 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Hempstead:	\$50.71 million, down 2.0 percent from 2009.
Prairie View:	\$6.02 million, down 29.2 percent from 2009.
Brookshire:	\$24.43 million, down 11.8 percent from 2009.
Waller:	\$35.07 million, down 2.1 percent from 2009.
Pattison:	\$998,860.00, up 72.1 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 Waller County based on the sales activity month of August 2011: \$275,065.68, up 6.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Hempstead:	\$89,523.84, down 3.9 percent from August 2010.
Prairie View*:	\$22,026.33, up 48.0 percent from August 2010.
Brookshire:	\$72,477.51, up 7.7 percent from August 2010.
Waller:	\$88,277.01, up 9.8 percent from August 2010.
Pattison:	\$2,760.99, up 44.5 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 Waller County based on sales activity months from September 2010 through August 2011: \$3.47 million, up 3.8 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Hempstead:	\$1.20 million, up 4.4 percent from fiscal 2010.
Prairie View*:	\$307,445.86, up 1.5 percent from fiscal 2010.
Brookshire:	\$875,259.48, down 3.5 percent from fiscal 2010.
Waller:	\$1.06 million, up 10.2 percent from fiscal 2010.
Pattison:	\$26,479.07, up 19.0 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 Waller County based on sales activity months through August 2011: \$2.22 million, up 2.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Hempstead:	\$764,505.79, up 2.6 percent from the same period in 2010.
Prairie View*:	\$168,644.22, down 3.5 percent from the same period in 2010.
Brookshire:	\$583,424.87, down 0.4 percent from the same period in 2010.
Waller:	\$683,512.48, up 6.4 percent from the same period in 2010.
Pattison:	\$17,532.31, up 22.7 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 Waller County based on sales activity in the 12 months ending in August 2011: \$3.47 million, up 3.8 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Hempstead:	\$1.20 million, up 4.4 percent from the previous 12-month period.
Prairie View*:	\$307,445.86, up 1.5 percent from the previous 12-month period.
Brookshire:	\$875,259.48, down 3.5 percent from the previous 12-month period.
Waller:	\$1.06 million, up 10.2 percent from the previous 12-month period.
Pattison:	\$26,479.07, up 19.0 percent from the previous 12-month period.

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

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

Hempstead:	\$988,247.08, up 3.8 percent from the same period in 2010.
Prairie View*:	\$188,609.11, down 9.2 percent from the same period in 2010.
Brookshire:	\$726,028.74, down 6.5 percent from the same period in 2010.
Waller:	\$886,533.25, up 9.0 percent from the same period in 2010.
Pattison:	\$21,810.60, up 16.4 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 Waller County based on sales activity months in 2010: \$3.41 million, down 1.1 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Hempstead:	\$1.18 million, up 1.7 percent from 2009.
Prairie View*:	\$313,474.61, up 10.1 percent from 2009.
Brookshire:	\$877,696.58, down 8.0 percent from 2009.
Waller:	\$1.02 million, down 1.0 percent from 2009.
Pattison:	\$23,230.01, up 3.7 percent from 2009.

*On 10/1/2009, the city of Prairie View's local sales tax rate increased by 0.00 from 1.750 percent to 1.750 percent.

Property Tax

- As of January 2009, property values in Waller County: \$4.36 billion, up 10.0 percent from January 2008 values. The property tax base per person in Waller County is \$119,423, above the statewide average of \$85,809. About 3.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Waller County's ranking in state expenditures by county in fiscal year 2010: 79th. State expenditures in the county for FY2010: \$144.82 million, up 0.2 percent from FY2009.
- In Waller County, 17 state agencies provide a total of 2,375 jobs and \$19.03 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Prairie View A&M University
 - Department of Transportation
 - Engineering Experiment Station
 - Department of Public Safety

Higher Education

- Community colleges in Waller County fall 2010 enrollment:
 - None.

- Waller County is in the service area of the following:

- Blinn College with a fall 2010 enrollment of 17,755 . Counties in the service area include:
 - Austin County
 - Bastrop County
 - Brazos County
 - Burleson County
 - Fayette County
 - Grimes County
 - Lee County
 - Madison County
 - Milam County
 - Montgomery County
 - Robertson County
 - Walker County
 - Waller County
 - Washington County
 - Williamson County
- Houston Community College with a fall 2010 enrollment of 49,717 . Counties in the service area include:
 - Fort Bend County
 - Harris County
 - Waller County

- Institutions of higher education in Waller County fall 2010 enrollment:

- Prairie View A&M University, a Public University (part of Texas A&M University System), had 8,781 students.

School Districts

- Waller County had 3 school districts with 17 schools and 8,932 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.)

- Hempstead ISD had 1,500 students in the 2009-10 school year. The average teacher salary was \$47,153. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.
- Royal ISD had 2,055 students in the 2009-10 school year. The average teacher salary was \$44,787. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.
- Waller ISD had 5,377 students in the 2009-10 school year. The average teacher salary was \$47,409. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED GOYA
FOODS, INC. PROJECT ON THE FINANCES OF THE ROYAL
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

November 27, 2012

REVISED Final Report

PREPARED BY



Estimated Impact of the Proposed Goya Foods, Inc. Project on the Finances of the Royal Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Goya Foods, Inc. (Goya) has requested that the Royal Independent School District (RISD) 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 RISD on May 9, 2012, Goya proposes to invest \$30 million to construct a new bean processing and canning facility project to be located in RISD.

The Goya 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, RISD may offer a minimum value limitation of \$20 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 the 2015-16 school, the project would go on the local tax roll at \$20 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 RISD currently levying a \$0.5264 per \$100 I&S tax rate. The full value of the investment is expected to reach \$30 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Goya 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. RISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$101,857).

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$502,225 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 of the agreement 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.

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 is expected to result in 403 districts receiving ASATR funds, with 624 districts funded on state formulas. Based on the revenue estimates presented in this report, RISD will become a formula district beginning in the 2012-13 school and remain so, with or without the value limitation being approved.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The last 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 Goya 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. ASATR funding does not appear to be a factor in these estimates. The projected taxable values of the Goya project are added to the base model used here. The impact of the limitation value for the proposed Goya project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 1,894 students in average daily attendance (ADA) in analyzing the effects of the Goya project on the finances of RISD. The District's local tax base reached \$786.4 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. RISD has estimated state property wealth per weighted ADA or WADA of approximately \$278,292 for the 2011-12 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 RISD 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 value of the proposed Goya 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 Goya 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 \$15.3 million a year in annual net General Fund revenue.

Under these assumptions, RISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$101,857). 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, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. As noted previously, ASATR funding does not appear to be a factor in any of the estimates presented here.

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 rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$502,225 over the life of the agreement. In addition, Goya 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 \$104,000 over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key RISD revenue losses are expected to total approximately -\$101,857 in the first year the value limitation takes effect, the 2015-16 school year. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$502,225 over the life of the agreement.

Facilities Funding Impact

The Goya project remains fully taxable for debt services taxes, with RISD currently levying a \$0.5264 per \$100 I&S rate. The value of the Goya project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to provide a benefit for RISD, since its current wealth per ADA exceeds the \$350,000 per ADA guarantee provided by the state's facility funding programs. At its peak taxable value, the project is expected to result in minimal change to the RISD I&S tax rate.

The Goya project is not expected to affect RISD 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 Goya bean processing and canning facility project enhances the tax base of RISD. 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 \$502,225. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of RISD in meeting its future debt service obligations

Table 1 – Base District Information with Goya 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	1,894.36	2,782.73	\$1.0400	\$0.5264	\$786,426,934	\$786,426,934	\$774,410,503	\$774,410,503	\$278,292	\$278,292
1	2013-14	1,894.36	2,780.50	\$1.0400	\$0.5264	\$791,226,934	\$791,226,934	\$774,410,503	\$774,410,503	\$278,515	\$278,515
2	2014-15	1,894.36	2,780.50	\$1.0400	\$0.5264	\$816,426,934	\$816,426,934	\$779,210,503	\$779,210,503	\$280,241	\$280,241
3	2015-16	1,894.36	2,820.27	\$1.0400	\$0.5264	\$815,822,934	\$806,426,934	\$804,410,503	\$804,410,503	\$285,225	\$285,225
4	2016-17	1,894.36	2,820.27	\$1.0400	\$0.5264	\$814,795,095	\$806,426,934	\$803,806,503	\$794,410,503	\$285,011	\$281,679
5	2017-18	1,894.36	2,820.27	\$1.0400	\$0.5264	\$814,062,916	\$806,426,934	\$802,778,664	\$794,410,503	\$284,646	\$281,679
6	2018-19	1,894.36	2,820.27	\$1.0400	\$0.5264	\$813,075,333	\$806,426,934	\$802,046,485	\$794,410,503	\$284,387	\$281,679
7	2019-20	1,894.36	2,820.27	\$1.0400	\$0.5264	\$811,960,630	\$806,426,934	\$801,058,902	\$794,410,503	\$284,037	\$281,679
8	2020-21	1,894.36	2,820.27	\$1.0400	\$0.5264	\$810,906,806	\$806,426,934	\$799,944,199	\$794,410,503	\$283,641	\$281,679
9	2021-22	1,894.36	2,820.27	\$1.0400	\$0.5264	\$809,912,014	\$806,426,934	\$798,890,375	\$794,410,503	\$283,268	\$281,679
10	2022-23	1,894.36	2,820.27	\$1.0400	\$0.5264	\$808,964,512	\$806,426,934	\$797,895,583	\$794,410,503	\$282,915	\$281,679
11	2023-24	1,894.36	2,820.27	\$1.0400	\$0.5264	\$808,062,657	\$808,062,657	\$796,948,081	\$794,410,503	\$282,579	\$281,679
12	2024-25	1,894.36	2,820.27	\$1.0400	\$0.5264	\$807,214,912	\$807,214,912	\$796,046,226	\$796,046,226	\$282,259	\$282,259
13	2025-26	1,894.36	2,820.27	\$1.0400	\$0.5264	\$806,409,835	\$806,409,835	\$795,198,481	\$795,198,481	\$281,959	\$281,959
14	2026-27	1,894.36	2,820.27	\$1.0400	\$0.5264	\$805,646,062	\$805,646,062	\$794,393,404	\$794,393,404	\$281,673	\$281,673
15	2027-28	1,894.36	2,820.27	\$1.0400	\$0.5264	\$804,922,317	\$804,922,317	\$793,629,631	\$793,629,631	\$281,402	\$281,402

*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	\$7,846,955	\$6,542,577	\$0	\$0	\$0	\$313,470	\$362,037	\$0	\$15,065,040
1	2013-14	\$7,893,998	\$6,531,443	\$0	\$0	\$0	\$315,349	\$363,664	\$0	\$15,104,454
2	2014-15	\$8,140,970	\$6,483,440	\$0	\$0	\$0	\$325,215	\$370,728	\$0	\$15,320,353
3	2015-16	\$8,136,930	\$6,430,273	\$0	\$0	\$0	\$325,054	\$358,389	\$0	\$15,250,646
4	2016-17	\$8,126,651	\$6,436,313	\$0	\$0	\$0	\$324,643	\$358,449	\$0	\$15,246,057
5	2017-18	\$8,119,329	\$6,446,592	\$0	\$0	\$0	\$324,351	\$359,000	\$0	\$15,249,272
6	2018-19	\$8,109,453	\$6,453,914	\$0	\$0	\$0	\$323,956	\$359,186	\$0	\$15,246,510
7	2019-20	\$8,098,305	\$6,463,790	\$0	\$0	\$0	\$323,511	\$359,533	\$0	\$15,245,140
8	2020-21	\$8,087,765	\$6,474,938	\$0	\$0	\$0	\$323,090	\$360,016	\$0	\$15,245,810
9	2021-22	\$8,077,818	\$6,485,477	\$0	\$0	\$0	\$322,693	\$360,473	\$0	\$15,246,461
10	2022-23	\$8,068,343	\$6,495,425	\$0	\$0	\$0	\$322,314	\$360,901	\$0	\$15,246,983
11	2023-24	\$8,058,996	\$6,504,901	\$0	\$0	\$0	\$321,941	\$361,294	\$0	\$15,247,133
12	2024-25	\$8,050,688	\$6,513,920	\$0	\$0	\$0	\$321,609	\$361,695	\$0	\$15,247,912
13	2025-26	\$8,042,798	\$6,522,398	\$0	\$0	\$0	\$321,294	\$362,068	\$0	\$15,248,558
14	2026-27	\$8,035,312	\$6,530,449	\$0	\$0	\$0	\$320,995	\$362,423	\$0	\$15,249,180
15	2027-28	\$8,028,219	\$6,538,087	\$0	\$0	\$0	\$320,711	\$362,761	\$0	\$15,249,778

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	\$7,846,955	\$6,542,577	\$0	\$0	\$0	\$313,470	\$362,037	\$0	\$15,065,040
1	2013-14	\$7,893,998	\$6,531,443	\$0	\$0	\$0	\$315,349	\$363,664	\$0	\$15,104,454
2	2014-15	\$8,140,970	\$6,483,440	\$0	\$0	\$0	\$325,215	\$370,728	\$0	\$15,320,353
3	2015-16	\$8,042,965	\$6,430,273	\$0	\$0	\$0	\$321,300	\$354,250	\$0	\$15,148,789
4	2016-17	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
5	2017-18	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
6	2018-19	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
7	2019-20	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
8	2020-21	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
9	2021-22	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
10	2022-23	\$8,042,965	\$6,530,278	\$0	\$0	\$0	\$321,300	\$362,754	\$0	\$15,257,298
11	2023-24	\$8,058,996	\$6,530,278	\$0	\$0	\$0	\$321,941	\$363,477	\$0	\$15,274,692
12	2024-25	\$8,050,688	\$6,513,920	\$0	\$0	\$0	\$321,609	\$361,695	\$0	\$15,247,912
13	2025-26	\$8,042,798	\$6,522,398	\$0	\$0	\$0	\$321,294	\$362,068	\$0	\$15,248,558
14	2026-27	\$8,035,312	\$6,530,449	\$0	\$0	\$0	\$320,995	\$362,423	\$0	\$15,249,180
15	2027-28	\$8,028,219	\$6,538,087	\$0	\$0	\$0	\$320,711	\$362,761	\$0	\$15,249,778

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	-\$93,964	\$0	\$0	\$0	\$0	-\$3,754	-\$4,139	\$0	-\$101,857
4	2016-17	-\$83,686	\$93,965	\$0	\$0	\$0	-\$3,343	\$4,305	\$0	\$11,241
5	2017-18	-\$76,363	\$83,686	\$0	\$0	\$0	-\$3,051	\$3,754	\$0	\$8,026
6	2018-19	-\$66,487	\$76,364	\$0	\$0	\$0	-\$2,656	\$3,568	\$0	\$10,788
7	2019-20	-\$55,340	\$66,488	\$0	\$0	\$0	-\$2,211	\$3,220	\$0	\$12,158
8	2020-21	-\$44,800	\$55,340	\$0	\$0	\$0	-\$1,790	\$2,738	\$0	\$11,488
9	2021-22	-\$34,853	\$44,801	\$0	\$0	\$0	-\$1,392	\$2,281	\$0	\$10,837
10	2022-23	-\$25,377	\$34,853	\$0	\$0	\$0	-\$1,014	\$1,853	\$0	\$10,315
11	2023-24	\$0	\$25,377	\$0	\$0	\$0	\$0	\$2,182	\$0	\$27,559
12	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Goya Project Property Value Limitation Request Submitted to RISD 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	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$4,800,000	\$4,800,000	\$0	\$1.040	\$49,920	\$49,920	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$30,000,000	\$30,000,000	\$0	\$1.040	\$312,000	\$312,000	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$29,396,000	\$20,000,000	\$9,396,000	\$1.040	\$305,718	\$208,000	\$97,718	\$0	\$97,718	-\$101,857	-\$4,138
4	2016-17	\$28,368,161	\$20,000,000	\$8,368,161	\$1.040	\$295,029	\$208,000	\$87,029	\$14,857	\$101,886	\$0	\$101,886
5	2017-18	\$27,635,982	\$20,000,000	\$7,635,982	\$1.040	\$287,414	\$208,000	\$79,414	\$14,857	\$94,271	\$0	\$94,271
6	2018-19	\$26,648,399	\$20,000,000	\$6,648,399	\$1.040	\$277,143	\$208,000	\$69,143	\$14,857	\$84,000	\$0	\$84,000
7	2019-20	\$25,533,696	\$20,000,000	\$5,533,696	\$1.040	\$265,550	\$208,000	\$57,550	\$14,857	\$72,408	\$0	\$72,408
8	2020-21	\$24,479,872	\$20,000,000	\$4,479,872	\$1.040	\$254,591	\$208,000	\$46,591	\$14,857	\$61,448	\$0	\$61,448
9	2021-22	\$23,485,080	\$20,000,000	\$3,485,080	\$1.040	\$244,245	\$208,000	\$36,245	\$14,857	\$51,102	\$0	\$51,102
10	2022-23	\$22,537,578	\$20,000,000	\$2,537,578	\$1.040	\$234,391	\$208,000	\$26,391	\$14,857	\$41,248	\$0	\$41,248
11	2023-24	\$21,635,723	\$21,635,723	\$0	\$1.040	\$225,012	\$225,012	\$0	\$0	\$0	\$0	\$0
12	2024-25	\$20,787,978	\$20,787,978	\$0	\$1.040	\$216,195	\$216,195	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$19,982,901	\$19,982,901	\$0	\$1.040	\$207,822	\$207,822	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$19,219,128	\$19,219,128	\$0	\$1.040	\$199,879	\$199,879	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$18,495,383	\$18,495,383	\$0	\$1.040	\$192,352	\$192,352	\$0	\$0	\$0	\$0	\$0
Totals						\$3,567,261	\$3,067,180	\$500,082	\$104,000	\$604,082	-\$101,857	\$502,225
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$0	\$104,000	\$104,000		
								Credits Earned		\$104,000		
								Credits Paid		<u>\$104,000</u>		
								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

DATE: 06/26/2012
 TIME: 10:51:26

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2011 ISD SUMMARY WORKSHEET
 237-Wallier
 237-905/Royal ISD

PAGE: 001
 REPT: PTS265
 VRSN: F

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	169,588,653	N/A	169,588,653	169,588,653
B. MULTIFAMILY RESIDENCES	8,605,960	N/A	8,605,960	8,605,960
C. VACANT LOTS	26,731,329	N/A	26,731,329	26,731,329
D. RURAL REAL(TAXABLE)	150,486,056	N/A	150,486,056	150,486,056
F1. COMMERCIAL REAL	98,043,177	N/A	98,043,177	98,043,177
F2. INDUSTRIAL REAL	85,577,840	N/A	85,577,840	85,577,840
G. OIL,GAS,MINERALS	36,983,272	N/A	36,983,272	36,983,272
J. UTILITIES	41,450,270	N/A	41,450,270	41,450,270
L1. COMMERCIAL PERSONAL	98,618,980	N/A	98,618,980	98,618,980
L2. INDUSTRIAL PERSONAL	89,595,250	N/A	89,595,250	89,595,250
M. MOBILE HOMES	9,441,530	N/A	9,441,530	9,441,530
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	163,100	N/A	163,100	163,100
SUBTOTAL	815,285,417		815,285,417	815,285,417
LESS TOTAL DEDUCTIONS	50,564,375		50,564,375	50,564,375
TOTAL TAXABLE VALUE	764,721,042		764,721,042	764,721,042 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	136,834,917	N/A	136,834,917
PROD VALUE QUALIFIED ACRES	13,651,139	N/A	13,651,139
TAXABLE VALUE	150,486,056		150,486,056

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

DATE: 06/26/2012
 TIME: 10:51:26

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2011 FINAL VALUES WORKSHEET
 237/Waller
 237-905/Royal ISD

PAGE: 002
 REPT: PFS265
 VRSN: F

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
780,644,934	764,721,042	776,979,372	761,055,480	771,276,815	767,611,253
	LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION		50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION		
	<u>15,923,892</u>		<u>3,665,562</u>		

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
780,644,934	764,721,042	776,979,372	761,055,480	771,276,815	767,611,253

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

**** 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

ROYAL INDEPENDENT SCHOOL DISTRICT

and

GOYA FOODS, INC.

(Texas Taxpayer ID # 11119836663)

TEXAS COMPTROLLER NUMBER 230

Dated

December 10, 2012

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

STATE OF TEXAS §

COUNTY OF WALLER §

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 **ROYAL 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 **GOYA FOODS, INC.**, (*Texas Taxpayer ID # 11119836663*), 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 May 11, 2012, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Royal 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 May 14, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Goya Foods, Inc., and on May 15, 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, 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 31, 2012 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Royal Appraisal District established in Waller 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 August 10, 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 December 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 August 10, 2012 that the Application be approved; and,

WHEREAS, on December 10, 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 December 10, 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, pursuant to Texas Tax Code to §313.051(b), the Applicant has committed to create and maintain at least the number of New Jobs required by statute when the project becomes fully operational, eighty percent (80%) of which will be Qualifying Jobs, until the Final Termination Date; and,

WHEREAS, on December 10, 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, § 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 10, 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 December 10, 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(12/10/12)	January 1, 2012	2012-13	2012	Start of Qualifying Time Period beginning with Commencement Date (12/10/12). 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	\$ 20 million property value limitation.
4	January 1, 2016	2016-17	2016	\$ 20 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2017	2017-18	2017	\$ 20 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2018	2018-19	2018	\$ 20 million property value limitation. Possible Tax Credit due to Applicant.
7	January 1, 2019	2019-20	2019	\$20 million property value limitation. Possible Tax Credit due to Applicant.
8	January 1, 2020	2020-21	2020	\$ 20 million property value limitation. Possible Tax Credit due to Applicant.
9	January 1, 2021	2021-22	2021	\$20 million property value limitation. Possible Tax Credit due to Applicant.
10	January 1, 2022	2022-23	2022	\$20 million property value limitation. Possible Tax Credit

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				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.

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

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

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code §42.005, by multiplying the District’s 2012-13 average daily attendance of no less than 1921.00, times \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2012, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Goya Foods, Inc., Texas Taxpayer Identification Number 11119836663, the company listed in the Preamble of this Agreement who, on May 11, 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 May 11, 2012 along with supplemental materials which have collectively been certified by the Comptroller's office to constitute a complete final Application as of the date of May 31, 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 Waller County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Royal Independent School District.

"Commencement Date" means December 10, 2012, the date upon which this Agreement was approved by the District's Board of Trustees.

"Completed Application Date" means May 31, 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 Waller County, Texas.

"Determination of Breach and Notice of Contract Termination" shall have the meaning assigned to such term in Section 7.8 of the Agreement.

"District" or "School District" means the Royal 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 least the number of New Jobs required by any statute or regulation that existed on the Commencement Date, from the time such jobs 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 the employment positions that meet the definition of 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 number of) 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 December 10, 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) Twenty Million Dollars (\$20,000,000.00).

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 including the land, described in **EXHIBITS 2** and **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 May 31, 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 EXHIBITS 2 or 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 EXHIBITS 2 or 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, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

The 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)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount of Twenty Million Dollars (\$20,000,000.00), 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) Twenty Million Dollars (\$20,000,000.00).

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, as applicable.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code, §§313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article IV. 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 to enter into this Agreement will 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 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

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

Where:

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

In making the calculations required by this Section 3.2:

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

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

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

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable Tax Credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment.
- (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 the mediator provided in Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

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

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV, and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its

invoice for fees for services rendered to the Parties, if any fees are being claimed, 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party 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 the lesser of actual expenses to the District or 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 the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees 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 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District 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, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any 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

SUPPLEMENTAL PAYMENTS

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

(a) Amounts Exclusive of Indemnity Amounts

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

Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

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

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

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

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as ten percent (10%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above, as a result of this Agreement; or,
- (b) the Aggregate Limit, as the term is defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2015) the Applicant's Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax

purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

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

Plus,

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

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.1;

Minus,

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

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

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

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2015) and continuing thereafter through Tax Year thirteen (Tax Year 2025), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

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

Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 Tax Laws, higher or lower payments that first became due prior to the effective date of any statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of year thirteen (Tax Year 2025) because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, including but not limited to: the calculation of the Applicant's Stipulated Supplemental Payment Amount; the determination of both the Annual Limit and the Aggregate Limit; the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article IV shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that the Applicant's payment under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 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 Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Sections 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

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

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

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

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

The District shall timely comply and shall cause the District's collector of taxes to timely comply with 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 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

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

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property

and/or business records, in accordance with Texas Tax Code 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 forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any financial, 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 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation 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 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) 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 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event of a Material Breach (hereinafter defined), except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, 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 together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax Year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

Section 7.6. 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 8.13, below.
- (b.) Subject to Section 5.2, Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c.) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d.) Subject to Section 5.2, Applicant fails to create and maintain at least the number of New Jobs required by statute or regulation which existed on the Commencement Date..
- (e.) Subject to Section 5.2, 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 term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7. LIMITED STATUTORY CURE OF MATERIAL BREACH

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

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, 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 cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such Material Breach has occurred and, if so, whether such Material Breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach has occurred, the date such Material Breach occurred, if any, and whether or not any such Material Breach has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a Material Breach has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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

Section 7.9. DISPUTE RESOLUTION

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

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of 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 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

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

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

Section 7.11. BINDING ON SUCCESSORS

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

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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

Notices to the District shall be addressed as follows:

Superintendent
ROYAL INDEPENDENT SCHOOL DISTRICT
3714 FM 359
Pattison, TX 77466
Fax: (281) 934-3154
E-mail: dhein@royal-isd.net

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:

Antonio Diaz
GOYA FOODS, INC.
100 Seaview
Secaucus, NJ 07094
Fax: (201) 553-4891
Email: tony.diaz@goya.com

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,

- (b) Subject to Section 5.2, 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 Twenty Million Dollars (\$20,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2014.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

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

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to 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 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence,

and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

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

Section 8.7. GOVERNING LAW

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

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

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

Section 8.9. SEVERABILITY

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

Section 8.10. PAYMENT OF EXPENSES

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

Section 8.11. INTERPRETATION

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

Section 8.12. EXECUTION OF COUNTERPARTS

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

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that 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 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, 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 7.8 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 8.14. 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 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 10th day of December 2012.

GOYA FOODS, INC.

By: 
Management Representative

ROYAL INDEPENDENT SCHOOL DISTRICT

By: 
EMILY HILLSMAN
President
Board of Trustees

ATTEST:

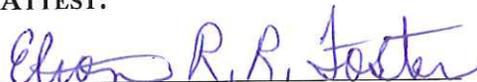

ELTON R.R. FOSTER
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Reinvestment Zone* was originally created on March 28, 2012 by action of the Waller County Commissioner's Court. As a result of the action of the Waller County Commissioner's Court, all the following real property within Waller County, Texas is located within the boundaries of the *Reinvestment Zone*. A map of the *Reinvestment Zone* is attached as the next page of this **EXHIBIT 1**.

EXHIBIT C

TRACT I

FIELD NOTES FOR A 125.105 ACRE TRACT OF LAND, BEING 119.587 ACRES OUT OF THE SOUTHEAST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 136, AND 5.518 ACRES OUT OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 160, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set on the North line of a 50 foot wide road along the North side of the H. K. & T. Railroad Right-Of-Way and on the West line of a 60 foot wide road bearing North 00 degrees 19 minutes 23 seconds West, said point being located South 00 degrees 19 minutes 23 seconds East 117 feet from the Southeast corner of the H. & T. C. R.R. Company Survey Section 77, said point being the Southeast corner and Place of Beginning of the herein described 125.105 Acre Tract;

THENCE North 00 degrees 19 minutes 23 seconds West, at 117 feet passed the Southeast corner of the aforementioned H. & T. C. R.R. Company Survey Section 77, and continuing for a total distance of 954.08 feet to a 1/2-inch Iron Pipe set on said line for corner;

THENCE South 89 degrees 28 minutes 28 seconds West, at 5.82 feet passed the Southeast corner of the Phillips Petroleum Company 20 Acre Tract, and continuing for a total distance of 665.35 feet to 3/4-inch Iron Rod found at the Southwest corner of the aforementioned 20 Acre Tract, same being a re-entry corner to the herein described 125.105 Acre Tract;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 20 Acre Tract, 1120 feet to 1/2-inch Iron Pipe set on said line for corner, said point being the Southeast corner of the Phillips Petroleum Company 0.92 Acre Tract as recorded in Volume 137, Page 326, Waller County Deed Records;

THENCE South 89 degrees 28 minutes 28 seconds West along the South line of said 0.92 Acre Tract, 200 feet to a 1/2-inch Iron Pipe set for corner;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 0.92 Acre Tract, 200 feet to 1/2-inch Iron Pipe set for corner;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.92 Acre Tract, 172.85 feet to a 1/2-inch Iron Pipe set on said line at the Southwest corner of a certain 0.32 Acre Tract as described in Volume 137, Page 195, Waller County Deed Records;

THENCE North 00 degrees 38 minutes 08 seconds West, 20 feet to a 1/2-inch Iron Pipe set on said line at the Northwest corner of said 0.32 Acre Tract;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.32 Acre Tract, 700 feet to a 1/2-inch Iron Pipe set on the East line of the aforementioned H. & T. C. R.R. Company Survey Section 77 for corner;

THENCE North 00 degrees 19 minutes 23 seconds West along the East line of said Section 77, 436.89 feet to a Rail Road Spike set on said line for the Northeast corner of the herein described 125.105 Acre Tract;

THENCE West along the North line of the Southeast 1/4 of said Section 77, same being the South line of the Northeast 1/4 of said Section 77, at 50.00 feet passed a 1/2-inch Iron Pipe set on said line, and continuing for a total distance of 2334.79 feet to a 1/2-inch Iron Pipe set on said line for the Northwest corner of the herein described 125.109 Acre Tract;

THENCE South, at 2634.52 feet passed the South line of said Section 77, same being the North line of the H. & T. C. R.R. Company Survey 101, and continuing for a total distance of 2722.12 feet to 1/2-inch Iron Pipe set on the North line of the aforementioned 50 foot wide road along the North side of the H. K. & T. Railroad Right-Of-Way;

THENCE South 89 degrees 47 minutes 07 seconds East along the North line of said road, 2350.21 feet to the Place of BEGINNING and containing 125.105 acres of land, of which 5.518 acres are in the H. & T. C. R.R. Company Survey Section 101.

EXHIBIT "A"

TRACT II

FIELD NOTES FOR A 160.0437 ACRE TRACT OF LAND OF WHICH 136.7677 ACRES ARE IN THE SOUTHWEST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 156, 19.371 ACRES ARE IN THE SOUTHEAST 1/4 SAID SECTION 77, 0.629 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 168, AND 3.276 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 330, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set at the Northwest corner of the Southwest 1/4 of said Section 77 for the Northwest corner and Place of Beginning of the herein described 160.0437 Acre Tract of land;

THENCE East along the North line of said Southwest 1/4 of Section 77, being the South line of the Northwest 1/4 of said Section 77, at 2649.47 feet passed the common corner of the Northwest 1/4, the Northeast 1/4, Southwest 1/4 and the Southeast 1/4 of Section 77, and continuing for a total distance of 2969.59 feet to 1/2-inch Iron Pipe set on said line for the Northeast corner of the herein described tract, same being the Northwest corner of an adjoining 125,1050 Acre Tract, being in the Southeast 1/4 of said Section 77;

THENCE South along the common line of the herein described tract and the aforementioned adjoining 125,1050 Acre Tract, 2722.12 feet to 1/2-inch Iron Pipe set on said line at it's point of intersection, the North line of McAlester Road for the Southeast most corner of the herein described tract, same being the Southwest corner of the aforementioned adjoining 125,1050 Acre Tract;

THENCE North 89 degrees 47 minutes 07 seconds West along the Northline of said McAlester Road, being the South line of the herein described tract 1864.44 feet to 1-inch Iron Pipe found on said line for corner, said point being the Southeast corner of the Mid-Way Rice Dryer Call 2.0 Acre Tract, Recorded in Volume 136, Page 16, Waller County, Deed Records;

THENCE North 28 degrees 16 minutes 52 seconds West along the common line of the herein described tract and the aforementioned adjoining Mid-Way Rice Dryer tract, 193.5 feet to 1/2 inch Iron Pipe set for corner;

THENCE North 00 degrees 45 minutes 00 seconds East 303.9 feet to 1/2-inch Iron Pipe set for the Northeast corner of said Mid-Way Rice Dryer tract, being a re-entry corner to the herein described tract;

THENCE North 88 degrees 30 minutes 00 seconds West, along the North line of said Mid-Way Rice Dryer tract, 170.00 feet to a 3/4-inch Iron Pipe found at it's Northwest corner, same being in the East line of an adjoining 23,4113 Acre Tract, being a part of the aforementioned Southwest 1/4 of said Section 77;

THENCE North 00 degrees 12 minutes 22 seconds East along the East line of said 23,411 Acre Tract, 717.11 feet to 1/2-inch Iron Pipe set at it's Northeast corner for a re-entry corner to the herein described tract;

THENCE West along the North line of said 23,4113 Acre Tract 855.54 feet to a point set on the West line of said Section 77, being located in a reservoir for the upper Southwest corner of the herein described 160.0437 Acre Tract;

THENCE North 00 degrees 12 minutes 22 seconds East along the West line of said Section 77, same being the East line of Section 72, 1519.32 feet to Place of BEGINNING and containing 160,0437 acres of land, more or less.

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

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

EXHIBIT C

TRACT I

FIELD NOTES FOR A 125.105 ACRE TRACT OF LAND, BEING 119.587 ACRES OUT OF THE SOUTHEAST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 156, AND 5.518 ACRES OUT OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 169, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set on the North line of a 50 foot wide road along the North side of the H. K. & T. Railroad Right-Of-Way and on the West line of a 60 foot wide road bearing North 00 degrees 19 minutes 23 seconds West, said point being located South 00 degrees 19 minutes 23 seconds East 117 feet from the Southeast corner of the H. & T. C. R.R. Company Survey Section 77, said point being the Southeast corner and Place of Beginning of the herein described 125.105 Acre Tract;

THENCE North 00 degrees 19 minutes 23 seconds West, at 117 feet passed the Southeast corner of the aforementioned H. & T. C. R.R. Company Survey Section 77, and continuing for a total distance of 954.08 feet to a 1/2-inch Iron Pipe set on said line for corner;

THENCE South 89 degrees 28 minutes 28 seconds West, at 5.82 feet passed the Southeast corner of the Phillips Petroleum Company 20 Acre Tract, and continuing for a total distance of 665.35 feet to 3/4-inch Iron Rod found at the Southwest corner of the aforementioned 20 Acre Tract, same being a re-entry corner to the herein described 125.105 Acre Tract;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 20 Acre Tract, 1120 feet to 1/2-inch Iron Pipe set on said line for corner, said point being the Southeast corner of the Phillips Petroleum Company 0.92 Acre Tract as recorded in Volume 137, Page 326, Waller County Deed Records;

THENCE South 89 degrees 28 minutes 28 seconds West along the South line of said 0.92 Acre Tract, 200 feet to a 1/2-inch Iron Pipe set for corner;

THENCE North 00 degrees 38 minutes 08 seconds West along the West line of said 0.92 Acre Tract, 200 feet to 1/2-inch Iron Pipe set for corner;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.92 Acre Tract, 172.85 feet to a 1/2-inch Iron Pipe set on said line at the Southwest corner of a certain 0.32 Acre Tract as described in Volume 137, Page 195, Waller County Deed Records;

THENCE North 00 degrees 38 minutes 08 seconds West, 20 feet to a 1/2-inch Iron Pipe set on said line at the Northwest corner of said 0.32 Acre Tract;

THENCE North 89 degrees 28 minutes 28 seconds East along the North line of said 0.32 Acre Tract, 700 feet to a 1/2-inch Iron Pipe set on the East line of the aforementioned H. & T. C. R.R. Company Survey Section 77 for corner;

THENCE North 00 degrees 19 minutes 23 seconds West along the East line of said Section 77, 436.89 feet to a Rail Road Spike set on said line for the Northeast corner of the herein described 125.105 Acre Tract;

THENCE West along the North line of the Southeast 1/4 of said Section 77, same being the South line of the Northeast 1/4 of said Section 77, at 50.00 feet passed a 1/2-inch Iron Pipe set on said line, and continuing for a total distance of 2334.79 feet to a 1/2-inch Iron Pipe set on said line for the Northwest corner of the herein described 125.105 Acre Tract;

THENCE South, at 2634.52 feet passed the South line of said Section 77, same being the North line of the H. & T. C. R.R. Company Survey 101, and continuing for a total distance of 2722.12 feet to 1/2-inch Iron Pipe set on the North line of the aforementioned 50 foot wide road along the North side of the H. K. & T. Railroad Right-Of-Way;

THENCE South 89 degrees 47 minutes 07 seconds East along the North line of said road, 2350.21 feet to the Place of BEGINNING and containing 125.105 acres of land, of which 5.518 acres are in the H. & T. C. R.R. Company Survey Section 101.

EXHIBIT "A"

TRACT II

FIELD NOTES FOR A 160.0437 ACRE TRACT OF LAND OF WHICH 136.7677 ACRES ARE IN THE SOUTHWEST 1/4 OF THE H. & T. C. R.R. COMPANY SURVEY SECTION 77, ABSTRACT 156, 19.371 ACRES ARE IN THE SOUTHEAST 1/4 SAID SECTION 77, 0.629 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 169, AND 3.276 ACRES ARE IN THE H. & T. C. R.R. COMPANY SURVEY SECTION 101, ABSTRACT 330, WALLER COUNTY, TEXAS.

BEGINNING at a 1/2-inch Iron Pipe set at the Northwest corner of the Southwest 1/4 of said Section 77 for the Northwest corner and Place of Beginning of the herein described 160.0437 Acre Tract of land;

THENCE East along the North line of said Southwest 1/4 of Section 77, being the South line of the Northwest 1/4 of said Section 77, at 2649.47 feet passed the common corner of the Northwest 1/4, the Northeast 1/4, Southwest 1/4 and the Southeast 1/4 of Section 77, and continuing for a total distance of 2969.59 feet to 1/2-inch Iron Pipe set on said line for the Northeast corner of the herein described tract, same being the Northwest corner of an adjoining 125.1050 Acre Tract, being in the Southeast 1/4 of said Section 77;

THENCE South along the common line of the herein described tract and the aforementioned adjoining 125.1050 Acre Tract, 2722.12 feet to 1/2-inch Iron Pipe set on said line at it's point of intersection, the North line of McAlester Road for the Southeast most corner of the herein described tract, same being the Southwest corner of the aforementioned adjoining 125.1050 Acre Tract;

THENCE North 89 degrees 47 minutes 07 seconds West along the Northline of said McAlester Road, being the South line of the herein described tract 1864.44 feet to 1-inch Iron Pipe found on said line for corner, said point being the Southeast corner of the Mid-Way Rice Dryer Call 2.0 Acre Tract, Recorded in Volume 136, Page 16, Waller County, Deed Records;

THENCE North 28 degrees 16 minutes 52 seconds West along the common line of the herein described tract and the aforementioned adjoining Mid-Way Rice Dryer tract, 193.5 feet to 1/2 inch Iron Pipe set for corner;

THENCE North 00 degrees 45 minutes 00 seconds East 303.9 feet to 1/2-inch Iron Pipe set for the Northeast corner of said Mid-Way Rice Dryer tract, being a re-entry corner to the herein described tract;

THENCE North 88 degrees 30 minutes 00 seconds West, along the North line of said Mid-Way Rice Dryer tract, 170.00 feet to a 3/4-inch Iron Pipe found at it's Northwest corner, same being in the East line of an adjoining 23.4113 Acre Tract, being a part of the aforementioned Southwest 1/4 of said Section 77;

THENCE North 00 degrees 12 minutes 22 seconds East along the East line of said 23.411 Acre Tract, 717.11 feet to 1/2-inch Iron Pipe set at it's Northeast corner for a re-entry corner to the herein described tract;

THENCE West along the North line of said 23.4113 Acre Tract 855.54 feet to a point set on the West line of said Section 77, being located in a reservoir for the upper Southwest corner of the herein described 160.0437 Acre Tract;

THENCE North 00 degrees 12 minutes 22 seconds East along the West line of said Section 77, same being the East line of Section 72, 1519.32 feet to Place of BEGINNING and containing 160.0437 acres of land, more or less.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a Manufacturing Plant with the following:

The project consists of the design and construction of a new 300,000 square foot building and installation of bean processing and canning machinery and equipment on a 130 acre tract of land that is currently vacant. The proposed improvements include the building, the hydrostatic cooker, tanks and pumps, soaking and blanching system, palletizer and conveying system. The plant has the capacity to produce 3,000,000 cases. The start date is projected to be mid-2012 with an end date of Third Quarter 2013.

Improvements:

- Building and appurtenant facilities, including but not limited to:
 - 300,000 square foot building
 - Waste Water Treatment Plant
 - Potable Water Treatment Plant
 - Well
 - Rail Spur
 - Racks
 - Scales

- Cooler and Freezer

- Product Cookers

- Platform, specialty tanks and sanitary tanks and other equipment, including but not limited to:
 - Labelers
 - Seamers
 - Pumps, batching tanks, bin pumping system
 - Boiler
 - Kettles
 - Air compressors
 - Product cooling table
 - Cooling tower

- Soaking and blanching system, including but not limited to:
 - Washing and Destoning equipment
 - Sorters

- Palletizer, conveying system and depalletizer, including but not limited to:
 - Tray packers
 - Metal detectors
 - X-ray equipment
 - Metering and distribution conveyors
 - Labelers and printers
 - Man lift equipment

- Fillers

- Shrink Wrapper

All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require the use of some amount of personal property.