

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 21, 2014

John Duane Hyde
Superintendent
Highland Independent School District
6625 FM 608
Roscoe, Texas 79545-9801

Dear Superintendent Hyde:

On July 11, 2014, the Comptroller issued written notice that Lone Star Industries dba Buzzi Unicem USA (the applicant) submitted a completed application (Application #1002) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in March 2014 to the Highland Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 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 issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

- Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2) Not applicable to Application #1002.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

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

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Certificate decision required by 313.025(d)

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of July 11, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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 A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Lone Star Industries (the project) applying to Highland Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Lone Star Industries.

Applicant	Lone Star Industries
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Highland ISD
2012-2013 Enrollment in School District	245
County	Nolan
Proposed Total Investment in District	\$235,189,800
Proposed Qualified Investment	\$235,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$808
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$808
Minimum annual wage committed to by applicant for qualified jobs	\$42,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$23,518,980
Estimated M&O levy without any limit (15 years)	\$27,474,194
Estimated M&O levy with Limitation (15 years)	\$10,296,521
Estimated gross M&O tax benefit (15 years)	\$17,177,674
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of Lone Star Industries (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	\$0	\$0	\$0
2015	228	267	495	\$10,260,000	\$18,740,000	\$29,000,000
2016	339	407	746	\$15,249,000	\$31,751,000	\$47,000,000
2017	161	247	408	\$7,230,000	\$22,770,000	\$30,000,000
2018	7	71	78	\$294,000	\$9,706,000	\$10,000,000
2019	10	51	61	\$420,000	\$7,580,000	\$8,000,000
2020	10	31	41	\$420,000	\$5,580,000	\$6,000,000
2021	10	27	37	\$420,000	\$4,580,000	\$5,000,000
2022	10	19	29	\$420,000	\$3,580,000	\$4,000,000
2023	10	21	31	\$420,000	\$3,580,000	\$4,000,000
2024	10	23	33	\$420,000	\$3,580,000	\$4,000,000
2025	10	25	35	\$420,000	\$3,580,000	\$4,000,000
2026	10	31	41	\$420,000	\$4,580,000	\$5,000,000
2027	10	21	31	\$420,000	\$3,580,000	\$4,000,000
2028	10	21	31	\$420,000	\$3,580,000	\$4,000,000
2029	10	17	27	\$420,000	\$3,580,000	\$4,000,000

Source: CPA, REMI, Lone Star Industries

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Highland ISD I&S Tax Levy	Highland ISD M&O Tax Levy	Highland ISD M&O and I&S Tax Levies	Nolan County Tax Levy	Nolan County Hospital District Levy	West TX Groundwater District Tax Levy	Estimated Total Property Taxes	
			0.1227	1.1000		0.507552	0.25237	0.0050			
2014	\$8,975,000	\$8,975,000		\$11,012	\$98,725	\$109,737	\$45,553	\$22,650	\$449	\$178,389	
2015	\$55,975,000	\$55,975,000		\$68,681	\$615,725	\$684,406	\$284,102	\$141,264	\$2,799	\$1,112,571	
2016	\$212,700,000	\$212,700,000		\$260,983	\$2,339,700	\$2,600,683	\$1,079,563	\$536,791	\$10,635	\$4,227,672	
2017	\$178,000,000	\$30,000,000		\$218,406	\$330,000	\$548,406	\$361,377	\$179,687	\$8,900	\$1,098,370	
2018	\$209,231,504	\$30,000,000		\$256,727	\$330,000	\$586,727	\$424,783	\$211,215	\$10,462	\$1,233,187	
2019	\$207,585,824	\$30,000,000		\$254,708	\$330,000	\$584,708	\$421,442	\$209,554	\$10,379	\$1,226,083	
2020	\$202,581,010	\$30,000,000		\$248,567	\$330,000	\$578,567	\$411,282	\$204,501	\$10,129	\$1,204,479	
2021	\$196,806,312	\$30,000,000		\$241,481	\$330,000	\$571,481	\$399,558	\$198,672	\$9,840	\$1,179,551	
2022	\$167,995,860	\$30,000,000		\$206,131	\$330,000	\$536,131	\$511,600	\$169,588	\$8,400	\$1,225,719	
2023	\$161,810,190	\$30,000,000		\$198,541	\$330,000	\$528,541	\$492,763	\$163,344	\$8,091	\$1,192,738	
2024	\$179,198,667	\$30,000,000		\$219,877	\$330,000	\$549,877	\$545,716	\$180,897	\$8,960	\$1,285,450	
2025	\$179,198,667	\$30,000,000		\$219,877	\$330,000	\$549,877	\$545,716	\$180,897	\$8,960	\$1,285,450	
2026	\$179,198,667	\$30,000,000		\$219,877	\$330,000	\$549,877	\$545,716	\$180,897	\$8,960	\$1,285,450	
2027	\$179,198,667	\$179,198,667		\$219,877	\$1,971,185	\$2,191,062	\$909,526	\$452,244	\$8,960	\$3,561,792	
2028	\$179,198,667	\$179,198,667		\$219,877	\$1,971,185	\$2,191,062	\$909,526	\$452,244	\$8,960	\$3,561,792	
						Total	\$13,361,142	\$7,888,223	\$3,484,447	\$124,883	\$24,858,695
						Diff	\$17,177,674	\$4,788,670	\$2,818,882	\$0	\$24,785,226

Assumes School Value Limitation and Tax Abatements with Nolan County and the Nolan County Hospital District.

Source: CPA, Lone Star Industries

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Nolan County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Highland ISD I&S Tax Levy	Highland ISD M&O Tax Levy	Highland ISD M&O and I&S Tax Levies	Nolan County Tax Levy	Nolan County Hospital District Levy	West TX Groundwater District Tax Levy	Estimated Total Property Taxes	
				0.1227	1.1000		0.507552	0.25237	0.0050		
2014	\$8,975,000	\$8,975,000		\$11,012	\$98,725	\$109,737	\$45,553	\$22,650	\$449	\$178,389	
2015	\$55,975,000	\$55,975,000		\$68,681	\$615,725	\$684,406	\$284,102	\$141,264	\$2,799	\$1,112,571	
2016	\$212,700,000	\$212,700,000		\$260,983	\$2,339,700	\$2,600,683	\$1,079,563	\$536,791	\$10,635	\$4,227,672	
2017	\$178,000,000	\$30,000,000		\$218,406	\$330,000	\$548,406	\$361,377	\$179,687	\$8,900	\$1,098,370	
2018	\$209,231,504	\$30,000,000		\$256,727	\$330,000	\$586,727	\$424,783	\$211,215	\$10,462	\$1,233,187	
2019	\$207,585,824	\$30,000,000		\$254,708	\$330,000	\$584,708	\$421,442	\$209,554	\$10,379	\$1,226,083	
2020	\$202,581,010	\$30,000,000		\$248,567	\$330,000	\$578,567	\$411,282	\$204,501	\$10,129	\$1,204,479	
2021	\$196,806,312	\$30,000,000		\$241,481	\$330,000	\$571,481	\$399,558	\$198,672	\$9,840	\$1,179,551	
2022	\$167,995,860	\$30,000,000		\$206,131	\$330,000	\$536,131	\$511,600	\$169,588	\$8,400	\$1,225,719	
2023	\$161,810,190	\$30,000,000		\$198,541	\$330,000	\$528,541	\$492,763	\$163,344	\$8,091	\$1,192,738	
2024	\$179,198,667	\$30,000,000		\$219,877	\$330,000	\$549,877	\$545,716	\$180,897	\$8,960	\$1,285,450	
2025	\$179,198,667	\$30,000,000		\$219,877	\$330,000	\$549,877	\$545,716	\$180,897	\$8,960	\$1,285,450	
2026	\$179,198,667	\$30,000,000		\$219,877	\$330,000	\$549,877	\$545,716	\$180,897	\$8,960	\$1,285,450	
2027	\$179,198,667	\$179,198,667		\$219,877	\$1,971,185	\$2,191,062	\$909,526	\$452,244	\$8,960	\$3,561,792	
2028	\$179,198,667	\$179,198,667		\$219,877	\$1,971,185	\$2,191,062	\$909,526	\$452,244	\$8,960	\$3,561,792	
						Total	\$13,361,142	\$7,888,223	\$3,484,447	\$124,883	\$24,858,695
						Diff	\$17,177,674	\$4,788,670	\$2,818,882	\$0	\$24,785,226
Assumes School Value Limitation and Tax Abatements with Nolan County and the Nolan County Hospital District.											

Source: CPA, Lone Star Industries

¹Tax Rate per \$100 Valuation

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.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that Lone Star Industries (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$98,725	\$98,725	\$0	\$0
	2015	\$615,725	\$714,450	\$0	\$0
	2016	\$2,339,700	\$3,054,150	\$0	\$0
Limitation Period (10 Years)	2017	\$330,000	\$3,384,150	\$1,628,000	\$1,628,000
	2018	\$330,000	\$3,714,150	\$1,971,547	\$3,599,547
	2019	\$330,000	\$4,044,150	\$1,953,444	\$5,552,991
	2020	\$330,000	\$4,374,150	\$1,898,391	\$7,451,382
	2021	\$330,000	\$4,704,150	\$1,834,869	\$9,286,251
	2022	\$330,000	\$5,034,150	\$1,517,954	\$10,804,206
	2023	\$330,000	\$5,364,150	\$1,449,912	\$12,254,118
	2024	\$330,000	\$5,694,150	\$1,641,185	\$13,895,303
	2025	\$330,000	\$6,024,150	\$1,641,185	\$15,536,488
	2026	\$330,000	\$6,354,150	\$1,641,185	\$17,177,674
Maintain Viable Presence (5 Years)	2027	\$1,971,185	\$8,325,335	\$0	\$17,177,674
	2028	\$1,971,185	\$10,296,521	\$0	\$17,177,674
	2029	\$1,971,185	\$12,267,706	\$0	\$17,177,674
	2030	\$1,971,185	\$14,238,891	\$0	\$17,177,674
	2031	\$1,971,185	\$16,210,077	\$0	\$17,177,674
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$1,971,185	\$18,181,262	\$0	\$17,177,674
	2033	\$1,971,185	\$20,152,447	\$0	\$17,177,674
	2034	\$1,971,185	\$22,123,633	\$0	\$17,177,674
	2035	\$1,971,185	\$24,094,818	\$0	\$17,177,674
	2036	\$1,971,185	\$26,066,003	\$0	\$17,177,674
	2037	\$1,971,185	\$28,037,189	\$0	\$17,177,674
	2038	\$1,971,185	\$30,008,374	\$0	\$17,177,674
	2039	\$1,971,185	\$31,979,559	\$0	\$17,177,674
	2040	\$1,971,185	\$33,950,745	\$0	\$17,177,674
	2041	\$1,971,185	\$35,921,930	\$0	\$17,177,674

\$35,921,930

is greater than

\$17,177,674

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, Lone Star Industries

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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in Buzzi Unicem’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company, without approval of the appraised value limitation application this project is in jeopardy; and, likely leads to the company ceasing production at the outdated plant resulting in the loss of approximately 100 jobs.
- Per the company, without the property tax savings the other proposed location has a lower operating cost by approximately \$2.1 million annually.
- Per the applicant, the company permanently closed two manufacturing facilities in 2008, Independence, Kansas and New Orleans, Louisiana.
- Per the applicant’s application, in November 2013 they announced plans of a modernization and expansion of the Maryneal, Texas facility.
- Per the application upgrades to the plant were installed in June and July 2013.
- Per news reports in April 2009 the applicant’s plans for a \$300M modernization and expansion of the the Maryneal, Texas facility were put on hold as a result of the recession. They also withdrew their application for a \$300M tax abatement; but continued to make some upgrades to the plant. As part of that process, plans were being drawn to incorporate the future goal of the plants \$300M modernization and expansion.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:

<input type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input checked="" type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? Yes No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 5
Section 8 – Limitation as Determining Factor

- 1) See Exhibit I in Tab 5 for listing of current land which is owned by the facility.
- 2) N/A
- 3) As discussed in Tab 4, Lone Star Industries, Inc. d/b/a Buzzi Unicem USA (“the Company”) currently has a cement plant located in Nolan County at the site of the new project. The existing plant is capable of producing over 500,000 tons/year of cement, mainly Type I and oil well cement. The new facility would be constructed on property which is already owned by the Company and mainly within the general footprint of the existing plant.
- 4) Please see Exhibit II in Tab 5 for a copy of a press release for the proposed project at the Maryneal facility. The Company released this announcement only after receiving approval of tax abatements by the boards of the various Nolan County taxing districts. The Company received approval from the Nolan County and FM-KT tax districts on September 23, 2013, from the Nolan County Hospital taxing district on September 23, 2013, and from the Highland Independent School District board on October 14, 2013.
- 5) The Company filed a General Application for an Air Preconstruction Permit and received an Air Quality Permit from the Texas Commission on Environmental Quality (TCEQ) in 2009 when the Company was first considering an expansion project. TCEQ has informed the Company that amendments to this original application will be required since the location of the proposed project has changed. The TCEQ has indicated that the permit amendment process must be completed before a new kiln line would commence operation. The Company has begun preliminary work on the amendments to the permit application. However, this process cannot be completed until the proposed project design specifications would be finalized.
- 6) The Company has received property tax abatement for 10 years from the Nolan County Hospital District, Nolan County Appraisal District and FM-KT Road. Please see Exhibit III for copies of the applicable documents which approve the abatement.
- 7) ****CONFIDENTIAL**

- 8) Over the last year, the Company has considered opportunities to modernize several of its facilities. In order to determine where the Company's limited capital resources would best be spent, the Company evaluated modernizing either its Pryor, Oklahoma or Maryneal, Texas cement plants. When presenting the options to the Board of Directors for approval of a modernization project, the Maryneal Texas project had a stronger financial justification due to the Highland Independent School District appraised value limitation and tax abatements granted by other Nolan County taxing districts.
- 9) ****CONFIDENTIAL**
- 10) The increased capacity at the Maryneal facility will allow the Company to distribute additional cement to its other Texas distribution terminals via rail along with additional direct sales to customers from the Maryneal plant. In addition, should the Company proceed with the proposed project, it would plan to build a new distribution terminal in Texas which would receive all product from the Maryneal facility via rail.

EXHIBIT I

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 5 - Existing Appraisal District Information
Section 8 - Limitation as Determining Factor

<u>Account Number</u>	<u>Legal Description</u>	<u>Type of Property</u>	<u>Acres</u>	<u>Assessed Value</u>
N0134-0002-00	0134 Abst 193 H&TC BLK/TRACT 1A	Land	311.21	10,891
N0276-0018-00	0276 Abst 043 T&P BLK/TRACT 22	Land	6.447	6,447
N1428-0007-00	1428 ABST 044 S/RR T&P BLK/TRACT 22	Land	18.759	18,759
N1428-0007-20	1428 ABST 044 S/RR T&P BLK/TRACT 22	Land	17.534	17,534
N1589-0001-00	1589 ABST 192 E/2 H&TC BLK/TRACT 1A	Land	408	8,622
N1836-0001-00	1836 ABST 192 W/2 H&TC BLK/TRACT 1A	Land	221	50,940
M.99000100.0705326	Limestone Quarry	Quarry		2,800,000
M.99000040.0057601	Land Improvements	Land Improvements		12,020
M.99000050.0057601	Buildings	Buildings		1,531,100
M.99000370.0057601	Machinery & Equipment	Tangible Personal Property		20,631,220
M.99000450.0057601	Furniture & Fixtures/ Data Processing	Tangible Personal Property		86,300
M.99000500.0057601	Automotive	Tangible Personal Property		160,740
M.99000530.0057601	M Machinery & Equipment	Tangible Personal Property		1,220,400
M.99000550.0057601	Inventory	Tangible Personal Property		6,770,040
M.99000380.0057601	Pollution Control Equipment	Tangible Personal Property		0
Total Assessed Value				33,325,013



FOR IMMEDIATE RELEASE

Buzzi Unicem USA Announces Major Expansion of the Maryneal, Texas Cement Plant

Bethlehem, PA and Maryneal, TX 26 November 2013 –

Buzzi Unicem USA announced today that it plans to modernize and expand its cement production facility located at Maryneal, Texas. The project will reduce the plant's environmental footprint while more than doubling capacity to serve the increasing demand for cement for the construction and oil and gas industries. With the expansion, cement production capacity at the Maryneal, Texas plant will be increased from 550,000 short tons per year to 1.2 million short tons per year. Buzzi Unicem USA also will install state-of-the-art pollution control equipment that will significantly reduce the plant's emissions of NOx and allow for compliance with other stringent environmental limits.

"As an industry leader in quality and service, Buzzi Unicem USA is committed to sustainable, environmentally responsible manufacturing at all of its plants," said David Nepereny, the Company's President and Chief Executive Officer. "The Maryneal plant expansion will result in a world-class facility that has the latest pyroprocessing, environmental and safety equipment."

The major components of the proposed expansion include a new Raw Mill, a new Preheater/Precalciner Kiln and Cooler System, a new 4500KW Finish Mill, and continued use of the newly commissioned Fives FCB Horomill® Finish Mill. A new solid fuel grinding and feed system will also be added as part of the project.

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About Buzzi Unicem USA

Headquartered in Bethlehem, Pennsylvania, Buzzi Unicem USA is one of the leading cement manufacturing companies in the US. The Company operates 7 cement manufacturing plants and 30 distribution terminals in the United States. Buzzi Unicem USA, with approximately 1,400 valued employees, supplies cement and masonry cement to over 3,800 ready-mix concrete, highway and airport paving firms, concrete block companies and concrete product firms.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

\$20M project OK'd for Maryneal plant

Staff Reports

Wednesday, April 8, 2009



Buzzi Unicem postpones \$300M modernization

By Kimberly Gray

Special to the Reporter-News



Buzzi Unicem USA, known locally as Lonestar Industries, recently announced that its planned \$300 million Maryneal cement plant modernization would be put on hold as a result of the recession.

However, the company plans to spend \$20 million to replace the plant's existing finish mills with a new state-of-the-art finish mill, according to a Sweetwater Enterprise for Economic Development news release.

The news was announced during a meeting of Nolan County commissioners.

Local officials, including Nolan County Judge Tim Fambrough and Highland Independent School District Superintendent Guy Nelson, expressed disappointment about the delay in constructing the new plant but said they were pleased that Buzzi Unicem would be investing \$20 million into the community.

The Maryneal plant is in the Highland school district, a Class A 6-man rural school with about 200 students located eight miles south of Roscoe. Maryneal is several more miles south of Highland school.

"Generally, I thought this was good news," Nelson said. "It's still \$20 million, and the planned expansion shows a commitment to the Maryneal plant."

Nolan County and Highland ISD still stand to benefit from added property values with the \$20 million expansion.

Nelson said the news that the company is putting a hold on big projects worldwide was not unexpected, given the state of the economy.

Fambrough said the plant has been a significant employer in Nolan County for 57 years and "we are pleased that Buzzi Unicem is taking steps to continue that relationship for another 50 years."

Buzzi Unicem plans to begin as early as 2010 with the \$20 million project to replace the plant's existing finish mills, which are out of date.

According to Robert Sagmeister, the engineering process for the finish mill installation

is nearing completion, and as part of that process, plans are being drawn to incorporate the new finish mill into the ultimate goal of a \$300 million plant modernization and production expansion project.

Nelson said it also was good news that the company still plans to go through with the \$300 million reconstruction project after the economy improves.

Ken Becker, executive director of SEED, added, "We are proud of the relationship between our community and the Maryneal plant. Fifty years is a significant history."

The news release also noted that during the Nolan County commissioners meeting, commissioners unanimously approved Buzzi Unicem's request to withdraw its application for tax abatement for the \$300 million project.

Sweetwater Mayor Greg Wortham noted that it was good to hear that the company would consider investing \$20 million into the community in this "economic environment" without a tax abatement.

Buzzi Unicem USA employs more than 100 people full time at the Maryneal plant and produces more than 500,000 tons of cement a year.



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County, hospital vote on tax abatement for Buzzi Unicem

September 25, 2013

BYBELINDA SERRANO

editor@sweetwaterreporter.com



A proposal for a modernization project for the Buzzi Unicem plant in Maryneal was presented to two groups on Monday—the Nolan County Commissioners and the board of directors of the Nolan County Hospital District (NCHD).

The presentation offered a recap of the previous project in Maryneal, an update on the industry as a whole, a group overview of Buzzi Unicem USA, the current status of the plant, and the proposed project.

In 2008, Buzzi Unicem USA approached the taxing entities in Nolan County for a tax abatement related to a \$300 million plant modernization project. 940 acres were declared as a reinvestment zone.

However, in March 2009 the company withdrew applications for a property tax abatement. While major projects were stopped, the Maryneal facility continued with a \$40 million project for a new finish mill without a tax abatement. But due to improvements to the overall economic environment and continuous problems of cost competitiveness at the Maryneal plant, Buzzi Unicem USA is reconsidering the modernization and upgrade of the local plant's production capacity.

Since 2008, the U.S. cement industry saw 18 plants close either on a temporary or permanent basis. Among them were two Buzzi Unicem USA plants located in Kansas and Illinois.

Although the economic recovery varies by region, the housing recovery and the energy exploration/generation are the main driving factors for the upturn.

Buzzi Unicem USA has seven cement plants with over 8 million metric tons of cement capacity. With 30 distribution terminals in 15 states, the company has approximately 1,300 full-time employees.

The company is committed to being a leader in the industry by being cost-competitive, through efficient operations, being environmentally responsible and offering a safe workplace. Along with the \$40 million project in Maryneal, another project was completed in Festus, Missouri.

Presently, Buzzi Unicem USA is working toward environmental compliance, in which \$16 million will be spent in Maryneal between 2013 through 2015. And beyond the plant expansion in Maryneal—a plant that has been around since 1951 (most cement companies typically last only 50 years in business), two other plants are potentially being considered for investment opportunities to replace or expand the old capacity.

The existing Maryneal facility began with 2 kilns, in which a third kiln was added two years after its inception.

Currently, the plant operates with 3 raw mills, 3 coal mills, 3 kilns and 6 finish mills.

Although the \$40 million finish mill project was commissioned in June 2013, all of the remaining equipment is technically outdated, resulting in Maryneal being the highest cost plant in the Buzzi Unicem USA group. Annually, the facility has a maintenance cost between \$8 and \$9 million.

However, the plant currently employs over 100 full-time workers, with over 80% of them living in Nolan County—a benefit to the area. The company accounts for nearly \$7 million in annual revenue to the county and its residents, which is expected to increase during and after the proposed project.

The proposed project, at the minimum of a \$225 million capital investment, would essentially double the plant's size by building a brand-new production line with state-of-the-art equipment, including a new kiln system, related material receiving and processing systems, and additional finish grinding capacity. It would yield a new capacity of 1.2 million tons/year of cement; create a more productive, efficient and cost-effective plant; and retain and secure jobs.

Its impact on the community would be evident, as the project is estimated to create over 150 full-time jobs during the 24-30 month construction period. Additionally, the "environmental footprint" of the plant would be reduced and the long-term continuation and success of the Maryneal plant would be ensured.

The advantages and disadvantages of the projects were noted, as the quantity and quality of quarry reserves and its proximity to the oil well business is beneficial. However, high shipping costs for materials, high dependency on railroads and high property taxes would result as well.

The board of directors for Buzzi Unicem will make a final decision later this year. Should the board give approval, construction could begin by the end of 2014 with commissioning in 2017.

Buzzi Unicem USA wants to continue its business in the area, in which they believe that expanding the plant's production capacity will help achieve this goal. Thus, they presented and requested a property tax abatement for the new constructed plant, pursuant to Chapter 312 of the Texas Tax Code.

At the Nolan County Commissioners' meeting held on Monday morning, a public hearing was held on the application for tax abatement for the company. However, no input was heard, and the commissioners approved the re-



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investment zone for the Buzzi Unicem plant expansion.

Additionally, during the Monday night meeting of the NCHD board of directors held at Rolling Plains Memorial Hospital, the tax abatement application for Buzzi Unicem was reviewed and unanimously approved.

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By editor

Created 11/29/2013 - 13:42

editor@sweetwaterreporter.com [1]

 [buzzi unicem header.jpg](#) [2]

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Bethlehem, PA and Maryneal, TX 3 December 2013 –

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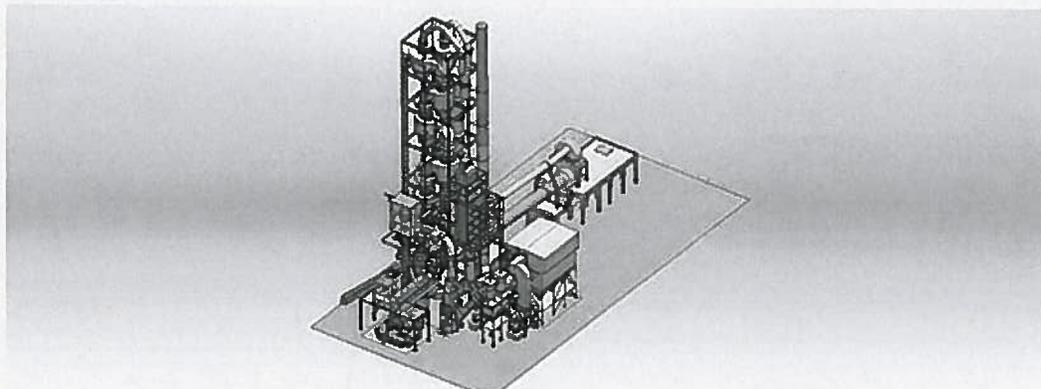
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Major plant expansion in the United States



Buzzi Unicem has approved a capital plan to modernize and expand its cement production facility located at Maryneal, Texas. The project will reduce the plant's environmental footprint while more than doubling capacity to serve the increasing demand for cement for the construction and oil and gas industries.

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Buzzi Unicem to Expand Texas Cement Plant

Published: Thursday, 16 January 2014 15:01

Written by Cement Americas News

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