

AMENDMENT NO. 1

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

Bay City Independent School District ("District") and Oxea Corporation ("Company") agree to this Amendment No. 1 ("Amendment") to the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes ("Agreement") dated October 19, 2015, according to the terms and conditions set forth below.

WHEREAS, under Section 6.2(C) of the Agreement, the Company agreed that the amount of the Annual Limit for supplemental pay shall be the greater of \$344,130 based upon the District's 2014-2015 Average Daily Attendance of 3,441.3, rounded to the whole number or \$50,000.00;

WHEREAS, the Company has requested an amendment to the Agreement to change its supplementary payment obligation to an amount equal to 40% of the Average Daily Attendance set forth in Section 6.2 of the Agreement with a total change in supplemental payments from approximately \$5.5M to \$2.4M;

WHEREAS, no Supplemental Payments have been made to the District by the Company, which were scheduled to begin in the 2015-2016 school year;

WHEREAS, an Estimated Financial Impact of the Proposed Amendment is attached as **Exhibit 1** and shows –

1. past due supplemental pay owed by the Company and due to the District from 2015-2016 through 2018-2019 is \$1,376,520;
2. the Company is responsible for an estimated revenue protection payment of \$511,840 to the District in 2019-2020, with the remaining balance of the supplemental payment for 2019-2020 due and added to the payments owed for 2020-2021; and
3. total supplemental payments owed to the District by the Company under the Amendment will be \$2,477,736;

WHEREAS, the District, subject to final approval of the amendment by the Board of Trustees, is amenable to the requested Amendment in accordance with **Exhibit 1**; and

WHEREAS, the District and Company acknowledge that the Amendment is contingent upon the prior approval by the Texas Comptroller of Public Accounts.

NOW THEREFORE, the District and Company agree to this Amendment, in consideration of the terms, conditions and covenants contained herein, as follows:

1. After approval of the Amendment by the Comptroller's Office, the Company will issue a check in the amount of \$1,376,520 for past due supplemental

payments made out to the Bay City Independent School District and will deliver the check to the Board President or Superintendent on the day of and immediately following the Board of Trustees' vote to approve this Amendment;

2. The Company will pay remaining supplemental payments in accordance with **Exhibit 1**;
3. The Company recognizes that future revenue protection payments may accrue that cannot be forecasted at this time;
4. In consideration for the issuance of payment in accordance with paragraph 1 above, the District will amend the supplemental pay schedule found at Section 6.2(C) of the Agreement as follows, "For purposes of this Amendment, supplemental payments shall be paid from 2019-2020 and for future years as set forth in the attached **Exhibit 1**."
5. Other than the modification expressly addressed in paragraph 4, no other changes or modifications to the Agreement are made by virtue of this Amendment, including any changes to future revenue protection payments.
6. This Amendment is not valid or enforceable until approved by the Board of Trustees and executed by both Parties.
7. Upon receipt of the consideration set forth in Paragraph 1, the Parties mutually agree to release, acquit and discharge any claims related to or arising from supplemental pay up and until the tax year 2018 under the Agreement.
8. This Amendment:
 - a. has been drafted by the Parties so that the rule of construing ambiguities against the drafter shall have no force or effect;
 - b. contains terms and conditions that are contractual in nature and not mere recitals;
 - c. binds and inures to the benefit of the Parties hereto, their heirs, successors, and assigns;
 - d. is severable, and if one or more of the provisions contained in this amendment is determined to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any of the remaining provisions, and this Amendment shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein;
 - e. is governed by, enforced in accordance with, and subject to the laws of the State of Texas. Venue for any disputes shall be in Matagorda County, Texas;
 - f. may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes; and

- g. is signed by individuals who represent and warrant that he/she has full authority to enter into this Amendment and to bind the Parties, their successors, heirs, assigns, and agents.

OXEA CORPORATION

**BAY CITY INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES**



Signature: W. H.

Signature: [Signature]
Bob Kerpac, President

Printed Name: Wolfgang Hackenberg

Date: 6-27-19

Title: VP - Treasurer

Signature: [Signature]
Jerry Manning, Secretary

Date: June 27, 2019

Date: 6-27-19

CTT
Trent Tinnin



Estimated Financial Impact of PROPOSED AMENDMENT for #1028 - Oxea Corporation Chapter 313 Property Value Limitation Request Submitted to BAY CITY ISD, if Payments Had Been Made per Agreement

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
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	School District Revenue Protection Payments	Estimated Net Tax Benefits	School District Tax Benefit - with Amendments, if Payments had been Made per Agreement	Company Tax Benefit
QTP0	2015-16	\$0	\$0	\$0	\$1,14730	\$0	\$0	\$0	\$0	\$0	\$344,130	-\$344,130
QTP1	2016-17	\$0	\$0	\$0	\$1,14730	\$0	\$0	\$0	\$0	\$0	\$344,130	-\$344,130
QTP2	2017-18	\$18,957,270	\$18,957,270	\$0	\$1,14733	\$217,602	\$217,602	\$0	\$0	\$0	\$344,130	-\$344,130
VL1	2018-19	\$32,653,050	\$32,653,050	\$0	\$1,14733	\$374,638	\$374,638	\$0	\$0	\$0	\$344,130	-\$344,130
VL2	2019-20	\$85,930,150	\$30,000,000	\$55,930,150	\$1,05365	\$905,405	\$316,096	\$589,309	-\$611,640	\$77,469	\$77,469	\$0
VL3	2020-21	\$84,185,768	\$30,000,000	\$54,185,768	\$1,04015	\$875,659	\$312,045	\$563,614	\$0	\$63,814	\$197,835	\$366,779
VL4	2021-22	\$83,266,315	\$30,000,000	\$53,266,315	\$1,04015	\$866,095	\$312,045	\$554,050	\$0	\$54,050	\$137,652	\$416,398
VL5	2022-23	\$81,427,410	\$30,000,000	\$51,427,410	\$1,04015	\$846,968	\$312,045	\$534,922	\$0	\$54,922	\$137,652	\$397,270
VL6	2023-24	\$79,536,947	\$30,000,000	\$49,536,947	\$1,04015	\$827,304	\$312,045	\$515,259	\$0	\$51,259	\$137,652	\$377,607
VL7	2024-25	\$77,594,925	\$30,000,000	\$47,594,925	\$1,04015	\$807,104	\$312,045	\$495,059	\$0	\$49,059	\$137,652	\$357,407
VL8	2025-26	\$75,601,346	\$30,000,000	\$45,601,346	\$1,04015	\$786,368	\$312,045	\$474,323	\$0	\$47,323	\$137,652	\$336,671
VL9	2026-27	\$73,556,208	\$30,000,000	\$43,556,208	\$1,04015	\$765,095	\$312,045	\$453,050	\$0	\$45,050	\$137,652	\$315,398
VL10	2027-28	\$71,459,513	\$30,000,000	\$41,459,513	\$1,04015	\$743,288	\$312,045	\$431,241	\$0	\$43,241	\$0	\$431,241
VP1	2028-29	\$69,311,259	\$69,311,259	\$0	\$1,04015	\$720,941	\$720,941	\$0	\$0	\$0	\$0	\$0
VP2	2029-30	\$67,111,447	\$67,111,447	\$0	\$1,04015	\$698,060	\$698,060	\$0	\$0	\$0	\$0	\$0
VP3	2030-31	\$64,860,077	\$64,860,077	\$0	\$1,04015	\$674,642	\$674,642	\$0	\$0	\$0	\$0	\$0
VP4	2031-32	\$62,557,149	\$62,557,149	\$0	\$1,04015	\$650,888	\$650,888	\$0	\$0	\$0	\$0	\$0
VP5	2032-33	\$60,335,989	\$60,335,989	\$0	\$1,04015	\$627,585	\$627,585	\$0	\$0	\$0	\$0	\$0
						\$11,387,342	\$6,776,515	\$4,610,827	-\$511,840	\$4,098,987	\$2,477,736	\$1,621,251

QTP= Qualifying Time Period
 VL= Value Limitation
 VP= Viable Presence

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this table.

Total Amount Owed 2015-16 through 2018-19 **\$1,376,520**
 2019-20 is a Preliminary Estimate of the Revenue Protection Payment.
 Official calculation will be done in November and based on new HB3 school finance law.