

**FINDINGS**  
of the  
***LITTLEFIELD INDEPENDENT***  
***SCHOOL DISTRICT***  
***BOARD OF TRUSTEES***

**Under Chapter 313 of the**  
**Texas Tax Code**

**ON THE APPLICATION FOR**  
**APPRAISED VALUE LIMITATION**  
**ON QUALIFIED PROPERTY**

**SUBMITTED BY**

***CONTINENTAL DAIRY FACILITIES***  
***SOUTHWEST, LLC***

***Comptroller Application Number 1137***

**RESOLUTION AND FINDINGS OF FACT**  
**of the**  
**LITTLEFIELD INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES**  
**UNDER CHAPTER 313 OF THE TEXAS TAX CODE**  
**ON THE APPLICATION FOR APPRAISED VALUE LIMITATION**  
**ON QUALIFIED PROPERTY**  
**SUBMITTED BY CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC**

STATE OF TEXAS           §  
  §  
COUNTY OF LAMB       §

**PREAMBLE**

On the 1<sup>st</sup> day of December, 2016, a public meeting of the Board of Trustees of the Littlefield Independent School District (the “Board”) was held to solicit input from interested parties on the application by Continental Dairy Facilities Southwest, LLC (“Continental Dairy Facilities” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. 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 considered the application by Continental Dairy Facilities for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026 and 34 T.A.C. §9.1054, the Board of Trustees of the Littlefield Independent School District makes the following Findings regarding the Application:

On or about the 27<sup>th</sup> day of April, 2016, the Board of Trustees for the Littlefield Independent School District received an Application for Appraised Value Limitation on Qualified Property from Continental Dairy Facilities, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for manufacturing, and specifically a state of the art dairy processing facility that will manufacture whole milk powder, non-fat dried milk, cream, condensed milk and butter (the “Property”). See Application, Tab 4, attached hereto as Attachment A and Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about May 5, 2016. Thereafter, on behalf of Applicant, the District submitted a reinvestment zone resolution as Supplement No. 1 on or about June 24, 2016. On or about July 13, 2016, the District, on behalf of the Applicant, submitted an Amendment No. 01 (revised Tab 5), and on or about August 3, 2016, submitted Amendment No. 02 (revised wage data). The Comptroller issued its notice of completeness and determined the Application complete as of August 4, 2016, the Application Review Start Date. The Application, Supplement No. 1, and Amendment Nos. 01 and 02 are hereafter collectively referred to as the “Application.” A copy of the

Application and Comptroller's completeness letter of August 4, 2016 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Continental Dairy Facilities Southwest, LLC is 32057539804. Continental Dairy Facilities is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Lamb County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on September 16, 2016 that the Application be approved (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Littlefield Independent School District. A copy of a report prepared by McDowell & Brown, LLC and dated October 14, 2016 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Continental Dairy Facilities Application in the Littlefield Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within a rural school district, Category 3 of §313.054 of the Texas Tax Code at the time the Certificate Decision was issued. *See* "2015 Property Value Study Report," attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Continental Dairy Facilities regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of

the Agreement (as defined by 34. Tex. Admin. Code §9.1015) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). *See* copy of November 30, 2016, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Continental Dairy Facilities’ Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

**Board Finding Number 1.**

*Based on the Applicant’s statement in Tab 4 of the Application that the proposed project consists of a state of the art dairy processing facility that will manufacture whole milk powder, non-fat dried milk, cream, condensed milk and butter, and the Comptroller’s Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(1) as a manufacturing project.*

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

**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.

\* \* \*

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.

*See* Attachment C. *See also* Application, Attachment A (Tab 4); *and see* Attachment D.

**Board Finding Number 2.**

*The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District’s maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period.*

In support of Finding Number 2, the Certificate Decision states:

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 C.*

Also in support of Finding Number 2, the Comptroller's Economic Impact Analysis states:

**Attachment B - Tax Revenue over 25 Years**

This [table] represents the Comptroller's determination that Continental Dairy Facilities LLC (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 direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

*[see table on next page]*

	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	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$260,000	\$260,000	\$1,071,200	\$1,071,200
	2018	\$260,000	\$520,000	\$1,004,640	\$2,075,840
	2019	\$260,000	\$780,000	\$938,080	\$3,013,920
	2020	\$260,000	\$1,040,000	\$871,520	\$3,885,440
	2021	\$260,000	\$1,300,000	\$804,960	\$4,690,400
	2022	\$260,000	\$1,560,000	\$738,400	\$5,428,800
	2023	\$260,000	\$1,820,000	\$671,840	\$6,100,640
	2024	\$260,000	\$2,080,000	\$605,280	\$6,705,920
	2025	\$260,000	\$2,340,000	\$538,720	\$7,244,640
	2026	\$260,000	\$2,600,000	\$472,160	\$7,716,800
Maintain Viable Presence (5 Years)	2027	\$665,600	\$3,265,600	\$0	\$7,716,800
	2028	\$599,040	\$3,864,640	\$0	\$7,716,800
	2029	\$532,480	\$4,397,120	\$0	\$7,716,800
	2030	\$465,920	\$4,863,040	\$0	\$7,716,800
	2031	\$399,360	\$5,262,400	\$0	\$7,716,800
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$399,360	\$5,661,760	\$0	\$7,716,800
	2033	\$399,360	\$6,061,120	\$0	\$7,716,800
	2034	\$399,360	\$6,460,480	\$0	\$7,716,800
	2035	\$399,360	\$6,859,840	\$0	\$7,716,800
	2036	\$399,360	\$7,259,200	\$0	\$7,716,800
	2037	\$399,360	\$7,658,560	\$0	\$7,716,800
	2038	\$399,360	\$8,057,920	\$0	\$7,716,800
	2039	\$399,360	\$8,457,280	\$0	\$7,716,800
	2040	\$399,360	\$8,856,640	\$0	\$7,716,800
	2041	\$399,360	\$9,256,000	\$0	\$7,716,800
		<b>\$9,256,000</b>	is greater than	<b>\$7,716,800</b>	
<b>Analysis Summary</b>					
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, CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC

**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.

See Attachment D.

### Board Finding Number 3.

*The Applicant will create ten (10) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) an annual wage of \$40,050 (\$770 per week), an amount equal to at least 110% of the average weekly wage for*

*manufacturing jobs in the County; (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.*

See Attachments A, D and J.

#### **Board Finding Number 4.**

*The Applicant will create ninety (90) new non-qualifying jobs, and affirms it will pay at least an annual wage of \$36,985 (\$711 per week) for all non-qualifying jobs, which is the county average wage for jobs in the County, in compliance with Texas Tax Code § 313.024(d).*

See Attachments A and D.

#### **Board Finding Number 5.**

*The ability of the Applicant to locate the proposed manufacturing facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Littlefield ISD.*

See Attachment C.

In support of Finding Number 5, the Comptroller's Certificate states, "[t]he Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construction the project in this state." See Attachment C. The Economic Impact Analysis states:

The Comptroller has determined that the limitation on appraised value is a determining factor in the Continental Dairy Facilities Southwest, LLC 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:

- Per Continental Dairy Facilities Southwest, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. The site selection process for the potential planned dairy processing facility began in 2014. Multiple sites in west Texas, Oklahoma, Kansas and eastern New Mexico were visited.
  - B. Littlefield was ultimately focused on as the proposed plant location, the land was acquired in October 2015 and preliminary engineering and site planning began shortly thereafter.

- C. To avoid potential rumors and discord, which happened in Coopersville, the applicant decided the best approach is to inform the public of the intended project. This led to media coverage that made the project sound like a certainty.
- D. Currently, the project does not have financing and does not have a final budget and incentives will play a critical role in allowing the project to be successful.
- E. If the applicant does not get funding for the facility it will sit empty and will be utilized as storage for the farming equipment similar to what the cooperative did for two years in Coopersville.

See Attachment D.

### **Board Finding Number 6.**

*The proposed limitation on appraised value for the qualified property is \$20,000,000.*

The Comptroller's Minimum School District Limitation Values Report, updated in October 2015, using School and Appraisal District Property Value Study 2015 Final Findings, provides that the District is a Subchapter C, Category 3 District, with a minimum limitation of \$20,000,000. See Attachments A and D.

### **Board Finding Number 7.**

*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, McDowell & Brown, LLC estimate in the District's Financial Impact Report, based on Continental Dairy Facilities' Application, that the project would add \$152,798,000 to the tax base at the peak investment level for tax year 2019. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. See Table I of Attachment E. See also Schedule B of Attachment A, and Table 4 of Attachment D. In addition, the potential revenue gains from Supplemental Payments as provided for in the proposed Agreement are estimated to be \$1,984,545. See Attachment H at Section 6.2.A and Table VI of Attachment E.

### **Board Finding Number 8.**

*The effect of the Applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Littlefield ISD can easily accommodate the projected student growth anticipated from Applicant's project with its existing*

*facilities. However, possible increases in and/or changes to class size and personnel could cause the District to incur extraordinary education related expenses.*

See Table VII of Attachment E. See also TEA’s Facilities Impact Review Letter at Attachment F.

**Board Finding Number 9.**

*The projected dollar amount of the maintenance and operations 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, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column labeled “Taxes w/o Agreement”), and is further based on the assumption that the projected total maintenance and operations tax rate and interest & sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.*

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
2016-2017	1.04	0.000	0	0	0	0
2017-2018	1.04	0.000	22,693	0	0	0
2018-2019	1.04	0.000	538,533	0	0	0
2019-2020	1.04	0.000	1,589,099	1,381,099	(1,774,483)	(393,384)
2020-2021	1.04	0.000	1,532,346	1,324,346	0	1,324,346
2021-2022	1.04	0.000	1,477,694	1,269,694	0	1,269,694
2022-2023	1.04	0.000	1,425,070	1,217,070	0	1,217,070
2023-2024	1.04	0.000	1,374,391	1,166,391	0	1,166,391
2024-2025	1.04	0.000	1,325,584	1,117,584	0	1,117,584
2025-2026	1.04	0.000	1,278,566	1,070,566	0	1,070,566
2026-2027	1.04	0.000	1,233,284	1,025,284	0	1,025,284
2027-2028	1.04	0.000	1,189,666	981,666	0	981,666
2028-2029	1.04	0.000	1,147,650	939,650	0	939,650
2029-2030	1.04	0.000	1,107,184	0	0	0
2030-2031	1.04	0.000	1,068,205	0	0	0
2031-2032	1.04	0.000	1,030,661	0	0	0
2032-2033	1.04	0.000	994,490	0	0	0
2033-2034	1.04	0.000	959,629	0	0	0
Totals			19,294,746	11,493,352	(1,774,483)	9,718,869

See also Table 3 of Attachment D.

**Board Finding Number 10.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of*

*investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.*

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
2016-2017	1.04	0.000	0	0	0	0
2017-2018	1.04	0.000	22,693	0	0	0
2018-2019	1.04	0.000	538,533	0	0	0
2019-2020	1.04	0.000	1,589,099	1,381,099	(1,774,483)	(393,384)
2020-2021	1.04	0.000	1,532,346	1,324,346	0	1,324,346
2021-2022	1.04	0.000	1,477,694	1,269,694	0	1,269,694
2022-2023	1.04	0.000	1,425,070	1,217,070	0	1,217,070
2023-2024	1.04	0.000	1,374,391	1,166,391	0	1,166,391
2024-2025	1.04	0.000	1,325,584	1,117,584	0	1,117,584
2025-2026	1.04	0.000	1,278,566	1,070,566	0	1,070,566
2026-2027	1.04	0.000	1,233,284	1,025,284	0	1,025,284
2027-2028	1.04	0.000	1,189,666	981,666	0	981,666
2028-2029	1.04	0.000	1,147,650	939,650	0	939,650
2029-2030	1.04	0.000	1,107,184	0	0	0
2030-2031	1.04	0.000	1,068,205	0	0	0
2031-2032	1.04	0.000	1,030,661	0	0	0
2032-2033	1.04	0.000	994,490	0	0	0
2033-2034	1.04	0.000	959,629	0	0	0
Totals			19,294,746	11,493,352	(1,774,483)	9,718,869

See also Table 4 of Attachment D.

**Board Finding Number 11.**

*Based upon the Applicant’s certification that the Application is true and correct, the Comptroller’s Economic Impact Analysis, the Comptroller’s Certificate Decision, and the consultants’ review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when it was submitted.*

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant’s representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. Chapter 313 applications are governmental records under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an “official proceeding,” a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

#### **Board Finding Number 12.**

*The Applicant (Taxpayer Id. 32057539804) 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.*

See Attachments A, B and C.

#### **Board Finding Number 13.**

*The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant’s efforts to ensure that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.*

See Attachment A (Tabs 11 and 16).

#### **Board Finding Number 14.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, includes adequate and appropriate revenue protection provisions for the District.*

In support of this Finding and based on the information provided and verified by Applicant in its Application, the District’s Financial Impact Analysis demonstrates that the District will incur a revenue loss during tax year 2019. However, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the

District as set out in the Agreement. See Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

**Board Finding Number 15.**

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

**Board Finding Number 16.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34. TA.C. Chapter 9, Subchapter F.*

See also Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Littlefield Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Littlefield Independent School District, along with a copy of the these Findings, which shall be binding on the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Littlefield Independent School District Board of Trustees.

Dated this 1<sup>st</sup> day of December, 2016.

Littlefield Independent School District

By Ray M. Cant  
Signature

Ray M. Cant - Board President  
Printed Name and Title

Attest:

By Pat Demel  
Signature

Pat Demel Sec.  
Printed Name and Title

## LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certificate of Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Analysis
F	TEA's Facilities Impact Letter
G	Comptroller's 2015 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's November 30, 2016 Agreement Review Letter



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 4, 2016

Robert Dillard  
Superintendent  
Littlefield Independent School District  
1207 East 14<sup>th</sup> Street  
Littlefield, Texas 79339

Dear Superintendent Dillard:

On May 5, 2016, the Comptroller's office received from Littlefield Independent School District (Littlefield ISD) an application from Continental Dairy Facilities Southwest, LLC for a limitation on appraised value (App #1137).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on August 4, 2016.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Stephanie Jones with our office. She can be reached by email at [stephanie.jones@cpa.texas.gov](mailto:stephanie.jones@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 3-4594, or direct in Austin at 512-463-4594.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Counihan".

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Audie Sciumbato, Underwood Law Firm, P.C.  
Steven Cooper, Continental Dairy Facilities Southwest, LLC  
Chloe Pakalnis, Continental Dairy Facilities Southwest, LLC

**CONTINENTAL DAIRY FACILITIES**  
**SOUTHWEST, LLC**

**CHAPTER 313 APPLICATION**  
**FOR APPRAISED VALUE LIMITATION**  
**TO LITTLEFIELD ISD**

*COMPTROLLER*

**Continental Dairy Facilities Southwest, LLC**

Chapter 313 Application to Littlefield ISD

Cummings Westlake, LLC

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**TAB 1**

*Pages 1 through 9 of application.*



# Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development  
and Analysis  
**Form 50-296-A**

**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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, 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 website. 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. For more information, see guidelines on Comptroller's website.

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. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. 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, issue a certificate for a limitation on appraised value 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 not later than the 150th 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 issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

April 27, 2016

Date Application Received by District

Robert

First Name

Superintendent

Title

Littlefield ISD

School District Name

1207 East 14th Street

Street Address

1207 East 14th Street

Mailing Address

Littlefield

City

806-385-4150

Phone Number

Mobile Number (optional)

Dillard

Last Name

Texas

State

(806)385-6297

Fax Number

rdillard@littlefield.k12.tx.us

Email Address

79339

ZIP

2. Does the district authorize the consultant to provide and obtain information related to this application?  Yes  No

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

<p><u>Audie</u> First Name</p> <p><u>Attorney</u> Title</p> <p><u>Underwood Law Firm, P.C</u> Firm Name</p> <p><u>(806)364-2626</u> Phone Number</p> <p>Mobile Number (optional)</p>	<p><u>Sciumbato</u> Last Name</p> <p>Fax Number</p> <p><u>audie.sciumbato@uwlaw.com</u> Email Address</p>
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4. On what date did the district determine this application complete? ..... May 4, 2016
5. Has the district determined that the electronic copy and hard copy are identical? .....  Yes  No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

<p><u>Steven</u> First Name</p> <p><u>COO/General Manager</u> Title</p> <p><u>999 W. Randall Street</u> Street Address</p> <p>Mailing Address</p> <p><u>Coopersville</u> City</p> <p><u>616-837-7641</u> Phone Number</p> <p>Mobile Number (optional)</p>	<p><u>Cooper</u> Last Name</p> <p><u>Continental Dairy Facilities Southwest, LLC</u> Organization</p> <p><u>MI</u> State</p> <p><u>49404</u> ZIP</p> <p>Fax Number</p> <p><u>scooper@continentaldflc.com</u> Business Email Address</p>
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2. Will a company official other than the authorized company representative be responsible for responding to future information requests? .....  Yes  No
- 2a. If yes, please fill out contact information for that person.

<p><u>Chloe</u> First Name</p> <p><u>Projects Coordinator</u> Title</p> <p><u>999 W. Randall Street</u> Street Address</p> <p>Mailing Address</p> <p><u>Coopersville</u> City</p> <p><u>616-837-7641</u> Phone Number</p> <p><u>(616)560-6660</u> Mobile Number (optional)</p>	<p><u>Pakalnis</u> Last Name</p> <p><u>Continental Dairy Facilities Southwest, LLC</u> Organization</p> <p><u>MI</u> State</p> <p><u>49404</u> ZIP</p> <p><u>616-837-4838</u> Fax Number</p> <p><u>cpakalnis@continentaldflc.com</u> Business Email Address</p>
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3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....  Yes  No

**SECTION 2: Applicant Information (continued)**

**4. Authorized Company Consultant (If Applicable)**

Wes Jackson  
 First Name Last Name  
 Partner  
 Title  
 Cummings Westlake LLC  
 Firm Name  
 713-266-4456 X-2 713-266-2333  
 Phone Number Fax Number  
 wjackson@cwlp.net  
 Business Email Address

**SECTION 3: Fees and Payments**

1. Has an application fee been paid to the school district?  Yes  No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "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.

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

3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A

**SECTION 4: Business Applicant Information**

1. What is the legal name of the applicant under which this application is made? Continental Dairy Facilities Southwest, LLC  
 2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32057539804  
 3. List the NAICS code 311514  
 4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement

**SECTION 5: Applicant Business Structure**

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation  
 2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.  
 3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No  
 4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A  
 5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

**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 checked="" type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input 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, contracts or letters of intent 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 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. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. 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

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

**SECTION 9: Projected Timeline**

- 1. Application approval by school board ..... Oct. 2016
- 2. Commencement of construction ..... Q4-2016
- 3. Beginning of qualifying time period ..... 01/01/2017
- 4. First year of limitation ..... 2019
- 5. Begin hiring new employees ..... Q2-2018
- 6. Commencement of commercial operations ..... Q2-2018
- 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? .....  Yes  No
- Note:** Improvements made before that time may not be considered qualified property.
- 8. When do you anticipate the new buildings or improvements will be placed in service? ..... Q2-2018

**SECTION 10: The Property**

- 1. Identify county or counties in which the proposed project will be located Lamb County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Lamb Appraisal District
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? .....  Yes  No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

County: <u>Lamb, \$.7943, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>HighPlains UG Water Cons Dist:\$.00802, 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Littlefield ISD, \$1.04, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
- 5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No
  - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No
  - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

**SECTION 11: 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 Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/).

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 10,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? ..... 20,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
  - a. 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 (**Tab 7**);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
- 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

**SECTION 12: Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
  - 1a. 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 (Tab 8);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)?  Yes  No
  - 2a. If yes, attach complete documentation including:
    - a. legal description of the land (Tab 9);
    - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
    - c. owner (Tab 9);
    - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
    - e. a detailed map showing the location of the land with vicinity map (Tab 11).
  3. Is the land on which you propose new construction or new 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
    - 3a. If yes, attach the applicable supporting documentation:
      - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
      - b. legal description of reinvestment zone (Tab 16);
      - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
      - d. guidelines and criteria for creating the zone (Tab 16); and
      - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
    - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? 06/2016

**SECTION 13: Information on Property Not Eligible to Become Qualified Property**

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 3,500,000.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

**Note:** Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

Application for Appraised Value Limitation on Qualified Property

**SECTION 14: Wage and Employment Information**

1. 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
  
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2016  
(year)
  
3. 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 Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
  
4. What is the number of new qualifying jobs you are committing to create? ..... 10
  
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 90
  
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes  No  
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
  
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. 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(21) and (22).  
 a. Average weekly wage for all jobs (all industries) in the county is ..... 710.00  
 b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 793.00  
 c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 770.00
  
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
  
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 40,049.00
  
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 40,050.00
  
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes  No
  
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes  No  
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
  
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes  No  
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

**SECTION 15: Economic Impact**

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> <li>a) Project vicinity</li> <li>b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period</li> <li>c) Qualified property including location of new buildings or new improvements</li> <li>d) Existing property</li> <li>e) Land location within vicinity map</li> <li>f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size</li> </ul> <p><b>Note:</b> Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> <li>a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office</li> <li>b) legal description of reinvestment zone*</li> <li>c) order, resolution or ordinance establishing the reinvestment zone*</li> <li>d) guidelines and criteria for creating the zone*</li> </ul> <p><b>* To be submitted with application or before date of final application approval by school board</b></p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

**Continental Dairy Facilities Southwest, LLC**

Chapter 313 Application to Littlefield ISD

Cummings Westlake, LLC

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**TAB 2**

**Proof of Payment of Application Fee**

Please find on the attached page, copy of the check for the \$80,000 application fee to Littlefield Independent School District.

Tax credit application proof of payment.

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

**Continental Dairy Facilities Southwest, LLC**

Chapter 313 Application to Littlefield ISD

Cummings Westlake, LLC

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**TAB 3**

*Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)*

Not applicable

**TAB 4**

Detailed Description of the Project

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.

Continental Dairy Facilities Southwest, LLC will be a state of the art dairy processing facility located in Littlefield, Texas.

Construction, beginning in the fourth quarter of 2016, will consist of demolition and civil/site work.

The proposed project will process raw milk into whole milk powder, non-fat dried milk, cream, condensed milk, and butter. This process will be accomplished using one main process line of minimum 3MM pounds of raw milk equivalent per day capacity. The plant will also have the capability to run NFDM (non-fat dry milk) as Low Heat, Medium Heat, and High Heat, SMP (skim milk powder) and Buttermilk powder. All product produced will be low Nitrate/Nitrite achieved with indirect heating. The product will conform to low Thermophilic Aerobic Spore standards of < 500 cfu/g and low Mesophilic Aerobic Spore standards of <100 cfu/g using cold bowl separation and rotating evaporators every 10 hours. Primarily the excess cream created during separation is to be churned on site into butter (see butter process). The plant will have the capability to load out cream and condensed as bulk tanker loads at less than 37 degrees F and be loaded out in a manner to prevent fat shearing and foaming while completing a 6,000 gallon tanker load out in 45 minutes. The plant will also have the capability to receive cream from outside sources for churning. The plant design must support the most efficient uses of heat exchange in all applications to maximize conservation of energy. Design also must utilize the reuse of condensate water to its fullest extent and reduction of the amount of waste water generated by the facility. The process controls design is to be state of the art and allow for efficient control of the process as well as interfacing with the business system for data collection. The system is to allow trending and be predictive in process management, easily maintained and modified.

Whole Milk Site capacity: Minimum of 3,000,000 pounds per day consistently every day of raw whole milk (WMP)

- Processing: 3,000,000 pounds
- Evaporation of Whole milk to condensed whole milk
- Spray drying of condensed whole milk to Whole Milk Powder
- Provisions for instantising and lecithination.

NFDM Site capacity: 4,000,000 pounds per day raw whole milk

- Processing: 4,000,000 pounds per day
- Separation of whole milk to skim milk.
- Export of cream to butter churn or storage for load out
- Evaporation of Skim milk to condensed skim milk to feed dryer or
- to storage for load out.
- Spray drying of condensed skim milk to NFDM powder
- Heat and hold system to produce Medium and High heat NFDM

SMP Site capacity: 4,000,000 pounds per day standardized whole milk

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY  
BY CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC TO LITTLEFIELD ISD*

**TAB 4 (cont)**

- Processing: 4,000,000 pounds per day of raw milk
- Separation of whole milk to skim milk.
- Standardization of protein using either wet or dry lactose
- Export of cream to butter churn or storage for load out
- Evaporation of Standardized Skim milk to condensed skim milk
- Spray drying of condensed skim milk to SMP powder

**Milk Reception, Storage and Separation**

- The raw whole milk will arrive onsite by tanker, is weighed and, sampled in external lab/scale facility and the tanker proceeds to the receiving bays to unload into raw milk storage silos. Particular attention needs to be concerned with receiving a 6,000 gallon tanker (52,000 Lbs.) in less than 20 minutes while gently handling the milk to prevent entrainment of air and fat shearing of the fat globules. Approximately 60 tankers per day are required for 3,000,000 pounds per day and 80 are required for 4,000,000 pounds. Adequate number of enclosed tanker bays to receive up to 80 tankers per day, and to clean each of the tanker units. The milk storage includes adequate number of 70,000 gallon storage silos to hold 1.5 day's storage.

Once the milk is received on site it can be processed as whole milk or skim milk. If the plant is running WMP the milk is standardized to maintain a minimum of 28.5% butterfat when dried. If the plant is running NFDM or SMP the whole milk from the storage silo is passed through a centrifugal separator to remove the fat (cream) content of the whole milk. The resulting skim milk butterfat cannot exceed .055%. The resulting cream stream (42% fat) is passed directly to a cream pasteuriser where it is heat treated according to regulation to produce pasteurized cream for butter making. The cream is stored in an adequate number of 30,000 gallon silos to allow for proper crystallization of the cream before it is sent to the churn to process into butter. Provisions also need to be made for loading out cream on bulk tankers at less than 37 degrees F. Cream must be loaded out in a manner to prevent fat shearing and foaming while completing a 6,000 gallon tanker load out in 45 minutes.

Whole milk or skim milk resulting from separation is passed directly forward to the evaporation plant. If the plant is running SMP the milk is standardized with either wet or dry lactose to lower the protein to Codex standards utilizing an inline protein analyzer.

**Evaporation and Drying (two identical processing lines)**

If running whole milk, milk entering the evaporator is at approximately 12.5% total solids, as it is processed through the evaporator the whole milk is concentrated to a higher level of milk solids (approximately 50%). The whole milk needs to be standardized for fat content, using inline fat analyzer, to meet fat content of 26 - 28.5% fat in the finished WMP.

If running NFDM or SMP the skim milk entering the evaporator is at approximately 9% total solids, as it is processed through the evaporator the skim milk is concentrated to a higher level of milk solids (approximately 50%). If running Medium Heat or High Heat the milk will enter a system to properly heat and hold the milk at the appropriate temperature and time to allow for denaturation of the WPN in the finished powder to meet specifications. The evaporator will run at full capacity or the same

**TAB 4 (cont)**

capacity as low heat while running Medium Heat. It is expected to run at a lower capacity during High Heat production only; this capacity loss will need to be defined numerically. The evaporator plant typically consists of two major parts a MVR (Mechanical Vapour Recompression – Turbo electric fan provides the energy source) section and a TVR (Thermal Vapour Recompression – Steam provides the energy source) section. Particular attention needs to be paid to energy consumption, efficient use of heat exchange, and maximized usage of condensate water. The quality of the condensate water leaving the evaporator needs to be of the highest quality to assure the maximum percentage of re use possible. The water used to spray off the turbo fan blades should be sent to the drain and not recombined with the rest of the condensate water.

At the end of the MVR section the skim milk solids has been increased to 36%, by the end of the TVR section the solids well have risen to 51%.

There are two main evaporators consisting of a MVR section and TVR section the second evaporator makes it possible to produce Thermophilic Aerobic Spore standards of < 500 cfu/g and low Mesophilic Aerobic Spore standards of <100 cfu/g using cold bowl separation by rotating the evaporator feeding the dryer every 10 hours for CIP. Turnaround time for CIP of the evaporator will be 4 hours from milk to milk. The whole milk or skim milk concentrated to 51% from the evaporator is held in Dryer Feed Tanks, prior to being pumped to the Spray dryer. Adequate number of feed tanks will be provided to assure proper rotation of the dryer balance tanks to reduce bacterial growth. The dryer will also have two wet sides to allow rotation of wet sides and nozzles while rotating the evaporators feeding the dryer. The Spray drying process involves the high pressure atomisation of the liquid concentrate (3,500 psi) into a hot air stream (425°F); the skim milk immediately converts to a powder phase. The high pressure pumps will be required to be two stage homogenizer pumps for the whole milk powder process. Design will include the ability to run agglomerated powder that can be lecithinated prior to going to storage. The powder particles continue to dry as they drop down through the length of the Spray drying chamber. At the bottom of the chamber the powder drops into a fluidised bed dryer, where the final drying and cooling process is completed. Discussion is needed to determine if two fluid beds are required (1 drying, 1 cooling) due to recent problems with larger fluid beds showing abnormal wear to drive assemblies. The resulting powder leaving the fluidised bed is at a final moisture content of < 4%. This will be continually monitored by a near infrared device placed at the discharge of the sifter hopper from the dryer. The powder will meet ADPI specifications for A pad powder and all appropriate ADPI standards as well as Low thermophile and low Nitrates/Nitrites. The dryer will be required to run at least 3 weeks before a chamber wash is needed.

The Spray drying process uses a large volume of drying air. The air entering the Dryer is heated by an indirect burner to produce low nitrate/nitrite powder. The air leaving the Dryer is passed through a pair of Filter baghouses, to separate out any entrained powder particles, before the air enters an air to air heat exchanger (recuperater) to minimize natural gas usage and then is exhausted to atmosphere through the exhaust stack. The dryer exhaust will be required to meet all local air quality standards for the region in which it will be located. The dryer design will pay close attention to the humidity, elevation and air quality in the region where it is to be located. Design needs to facilitate the highest humidity on record for a historical period of 10 years.

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**TAB 4 (cont)**

**Powder Transport and Packing**

Powder leaving the Dryer Process must be transported both to storage and to packing. If the plant is running agglomerated powder the powder is coated with lecithin, bypasses the powder bins and is transported directly to filling. Transport takes place using either blowing or vacuum systems. The system will need to be flexible enough to clean out product between different powder types efficiently during change overs prior to being conveyed to packaging.

The air used for the powder transport passes through a set of filters prior to passing through the vacuum pumps and out to atmosphere. There are a number of these powder transport system, however all of the air is combined to pass to atmosphere at a common exhaust. The exhaust characteristics need to comply with all local air quality standards.

The powder storage consists of an adequate number of powder bins for processing up to four different products (WMP, NDM, SMP, and BMP). The final powder has four options for packing out. The powder can be either packed in to 50 or 55 pound bags and 2,200 pound or 3,000 pound totes. The exhaust from the powder bins needs to comply with all local air quality standards.

For bags the powder is transported from the storage bin to a packing hopper from where it drops through a rare earth magnet into specialised bagging machines. The bag is filled; heat sealed, passes through a metal detector (standards 1.5 mm Ferrous and non-ferrous, 2.0 stainless steel) then stacked and wrapped onto pallets for storage and truck transport. Provisions must be in place to gas flush the multiwall bags as well. The fill rate on 55 lb. bags will be 7 bags per minute.

For totes, a separate packing hopper supplies powder to the tote fillers through a rare earth magnet and metal detector (standards 1.5 mm Ferrous and non-ferrous, 2.0 stainless steel), the tote is sealed prior to resting on a transport pallet, and finally stored prior to transport. The fill rate on 2,200 lb. totes will be rated at 7 totes per hour and on 3,000 lb. totes it will be rated at 5 per hour.

The total number of bagging lines will need to be adequate enough to stay ahead of the two dryer's production capacity. Provisions will need to be made to fill both totes and bags at the same time. Both the powder bagging machines and the tote filling machines require dust extraction systems during filling. The air from the dust extraction system passes through a common dust collector before exhausting to atmosphere. This exhaust needs to comply with all local air quality standards.

**Clean In place (CIP)**

A milk processing facility requires regular cleaning cycles in order to meet the required quality standards. The general milk processing equipment and milk receiving equipment are cleaned approximately every 20 hours. The evaporators and associated raw milk separation and heat treatment are cleaned every 10 hours to control thermophile growth. The cleaning process consists of rinsing with water, cleaning with caustic agents for removal of fat and protein deposits, rinsing, cleaning with acid agents for removal of milk mineral deposits and final sanitized rinse. The turnaround time on the evaporator is critical to milk clearing capabilities it will be a requirement to go from milk to CIP and back to milk in no more than 4 hours.

The Spray Dryer plant itself must also be cleaned, to both remove old product build-up, the dryer will be designed so that the chamber will run at least three weeks between CIP's, again turnaround time is critical the duration of downtime from emptying the powder to wash and dry out of the chamber shall be less than twelve hours. The large volume of the spray dryer plant and its cleaning with

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY  
BY CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC TO LITTLEFIELD ISD*

**TAB 4 (cont)**

caustic agents results in the creation of caustic fumes within the Spray dryer, these fumes need to be vented externally and hence the vapour is withdrawn from the plant during these dryer cleaning cycles by small exhaust fans and vented to atmosphere. This exhaust characteristic needs to comply with local air quality standards.

**Butter**

Cream generated by the skimming process will be loaded onto bulk tankers or churned into butter. The process is to utilize state of the art butter processing, churning and packaging equipment and technology to produce extremely high quality bulk packaged butter.

There are two sources of raw materials, (raw cream derived from raw milk separation processes), raw cream coming from the NFDM powder plant, and potentially cream coming from outside production facilities. Further, there will be provision to receive and re-melt packaged butter. The process will also generate a significant volume of buttermilk which needs to be transferred to the dryer facility and spray dried.

The butter churn and packaging lines will be sized adequately to not only match the plants cream production but to allow for outside cream to be received and churned at the facility as well. The butter output from the churn will be measured for fat and moisture by means of an in line near infrared analyser on the discharge of the churn.

**Process Description:**

Raw cream is obtained by one of two sources, CDF separation plant or from outside cream received from the intake bay and transferred to the raw cream HTST feed silo. The cream will be pasteurized in one of two cream HTST units and then cooled and sent to the cream tempering silos for proper crystallization. Adequate numbers of silos need to be determined for the crystallization process since this requires longer holding times in the silos. The tempered cream is then sent to the continuous churn where brine is added and buttermilk is collected. The churned butter is discharged into a butter silo where it is accumulated to balance the flow fluctuations between the churn and the fully automatic bulk packers. The butter is extruded from the butter silo with augers into the bulk packaging machine where it is filled into 25 kg lined boxes. Material handling systems will be supplied to collect and convey the finished butter containers to labelling equipment, palletizing and shrink wrapping sending the butter to cold storage.

A butter re-melt system needs to be integrated into the process for re-work.

A separate CIP system designed to clean the butter equipment will be supplied along with all utilities, chemical handling and controls.

Construction is scheduled to begin in the third quarter of 2016 with an approximate two-year construction period before commissioning the plant. The proposed plant site is the closed former American Cotton Growers facility in Littlefield. This facility was shuttered in 2014, leaving over 300 local residents unemployed and having a devastating economic effect on the area. The new project will include an 85,000 square feet addition to the existing improvements. The new plant will be designed to process four million pounds of raw milk per day into dairy products. The overall facility design will accommodate further expansion should additional

**TAB 4 (cont)**

growth in milk production in the region necessitate. At full production, Continental Dairy Facilities Southwest, LLC intends to hire approximately 100 direct new employees to staff the proposed processing facility. The additional indirect economic effect and associated new jobs in the region is extensive; including veterinarians, suppliers to farms and processing facilities, cattle growers, and feeders.

Tab 5- AMENDED

Throughout the years the years Select Milk Producers, while choosing to remain out of the public spotlight has grown quietly to be the 5<sup>th</sup> largest dairy cooperative in the nation. While its members, all family owned dairy farmers choose to remain quiet their accolades have not. Our cooperative members have not only become leaders within our industry but strive to become pivotal leaders in the various communities that they live in. Donald and Cheri De Jong, owners of Natural Prairie which is one of the largest family operated organic dairy farms in the US with over 8,500 cows and 130 employees. Overall the two own about 17,000 organic and conventional dairy cattle. Both individuals have striven to ensure that all employees are treated as though they are family, beginning a tutoring program for all employees and family members free of charge during the school year and summer months. They recently have established their own charitable organization to empower dairy farmers worldwide, and have been awarded with the NICF Outstanding Philanthropist Award. Brad Bouma, Select Milk Producers Board President, owner of Legacy Farms and Arroyo Seco in Plainview, Texas with 13,000 plus dairy cows with wife Barb and sons Brandon and Brent represent five generations of dairy farming beginning in the Netherlands. At the end of December 2015 winter storm Goliath tore through the Southern Plains, Midwest, and Northeast taking 52 lives throughout the country, and killing an estimated 30,000 cattle in Texas alone making it the deadliest storm system of 2015. During this time the Bouma family worked tirelessly during the 36 hour blizzard helping plow local roads with their front loaders, picking up, and bringing home employees. Brad Bouma also serves on the Board of Directors for the non-profit organization Operation Hope, which he has been involved with since 2008. These are just two out of the 99 family farm owners for the cooperative with many others even more involved in the various communities that they live in. Select Milk Producers is extremely particular on who they allow into their cooperative scrutinizing everything from herd health and animal welfare to the individual.

Milk production in the Southwest United States has grown to the extent it now strains the capacity of processing and transportation facilities in this region. As a result, the price of milk in this area has, at times, been depressed, forcing producers to deeply discount their pricing. If the currently oversupplied market continues as expected, the industry will suffer from maxed out capacity, denying producers fair prices for their product.

In 2014 Continental Dairy Facilities Southwest, LLC (CDFSW) began a site selection process for their potential planned dairy processing facility. As part of this process, CDFSW has visited multiple sites in west Texas, Oklahoma, Kansas, and eastern New Mexico. Ultimately, CDFSW chose the eastern New Mexico and west Texas region, and ultimately focused on Littlefield as the proposed plant location, largely due to the availability of labor, with the unemployment rate at 7%, and availability of raw materials. The land was acquired in October 2015 and preliminary engineering and site planning began shortly thereafter.

Once the Littlefield site was identified as a potential site for a dairy processing facility our cooperative members decided that the best possible way to prevent potential rumors and discord if the site was ultimately selected, would be to keep the community informed as much as possible to prevent what had happened up at the Midwest plant in Coopersville. In that case, the Cooperative actually purchased the Midwest plant to attempt to stay out of the public eye under a secondary corporation, "Arizona Maricopa". This led to distrust, and rumors within the small community, at one point being accused of running a secret government facility. Learning from that experience, and to avoid these unfortunate circumstances from being repeated, a media day was decided as the best approach to update the public on the intended Select Milk Producers project. Unfortunately, this lead to media coverage that made the project sound like a certainty when it was actually based upon two critical factors: incentives offered and financing.

Continental Dairy Facilities Southwest, LLC would like to emphasize that we currently do not have financing and that we are just beginning meetings and discussions with the banks. We do not have a final budget, and are still in the pre-engineering stage without a solid budget developed. The incentives will play a critical role in allowing us to be successful as a business because as a commodity market, the profit margins are often very small, measured by three digits to the right of the decimal point, and our first estimate came in at \$47 million higher than we had originally anticipated.

Continental Dairy Facilities Southwest, LLC purchased the American Cotton Growers Denim Plant for \$3 million, slightly over 1% of the anticipated total project cost. If the cooperative does not get funding for the processing facility, the building will sit empty and will be utilized as storage for the various farming equipment. The building will also be utilized to rent out for storage, similarly to what the cooperative did for over 2 years in Coopersville while doing our due diligence as they are currently doing in Littlefield.

**TAB 6**

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

- |   |        |
|---|--------|
| 1) Lamb County  | - 100% |
| 2) High Plains Underground Water Conservation District #1 | - 100% |
| 3) Littlefield ISD  | - 100% |

**TAB 7**

**Description of Qualified Investment**

Processing Equipment Utilized

- Truck loading/unloading racks
- Raw Milk Storage Silo's
- Centrifugal Separator
- Tankage, Piping, and Pumps
- Water Purification
- Cream Pasteuriser
- Cream Storage Silo's
- Evaporator
- Mechanical Vapour Recompression
- Thermal Vapour Recompression
- Spray Dryer
- Baghouses
- Air Heat Exchanger
- Powder Bins
- Packing Hopper
- Totes
- Bags
- Butter Churn
- Butter Packing Line
- Cream HTST Units
- Cream Tempering Silo's
- Heat exchangers
- Valves
- Compressors
- Vacuum Systems
- Motors and Motor Control Centers
- Transformers
- Process Control Systems
- New Manufacturing buildings & improvements
- Pollution Control Equipment
- Process Control Buildings
- New Rail Car siding, spurs and switching equipment
- New Railcar loading equipment and associated buildings

**TAB 8**

*Description of Qualified Property*

Land = 22.2753 acres, A-2000, A Taylor Survey, League 672, Lamb Appraisal District acct# 12263; and 132.9148 acres, A-2000, A Taylor Survey, League 665, Lamb Appraisal District acct# 1216;

In addition to the land parcels described above, Qualified Property includes all of Qualified Investment listed in Tab 7, plus civil/site work performed in the fourth quarter of 2016.

**TAB 9**

*Description of Land*

Total of 155.1901 acres, consisting of 132.9148 acres out of Labor 24, League 665 and 22.2753 acres (north of railroad) out of Labor 4, League 672, Abst. 2000, A Taylor Addition, Lamb County, Texas

(Assessed on Lamb Appraisal District property IDs 12161 & 12263 respectively, see attached)

# Lamb CAD

## Property Search Results > 12161 AMERICAN TEXTILE INDUSTRIES LLC for Year 2015

### Property

#### Account

Property ID:	12161	Legal Description:	A2000 A TAYLOR, LEAGUE 665, PT/LABOR 24, ACRES 132.9148
Geographic ID:	00000-19830-001	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

#### Location

Address:	E HWY 54 LITTLEFIELD, TX	Mapsco:	
Neighborhood:		Map ID:	2
Neighborhood CD:			

#### Owner

Name:	AMERICAN TEXTILE INDUSTRIES LLC	Owner ID:	10031453
Mailing Address:	TX	% Ownership:	100.0000000000%
		Exemptions:	

### Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$156,170	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$156,170	
(-) Ag or Timber Use Value Reduction:	-	\$0	
-----			
(=) Appraised Value:	=	\$156,170	
(-) HS Cap:	-	\$0	
-----			
(=) Assessed Value:	=	\$156,170	

### Taxing Jurisdiction

Owner:	AMERICAN TEXTILE INDUSTRIES LLC
% Ownership:	100.0000000000%

Total Value: \$156,170

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax	
CAD	APPRAISAL DISTRICT	0.000000	\$156,170	\$156,170	\$0.00	
GLA	LAMB COUNTY	0.794300	\$156,170	\$156,170	\$1,240.46	
HPW	HIGHPLAINS WATER DIST	0.008026	\$156,170	\$156,170	\$12.53	
SLI	LITTLEFIELD ISD	1.040000	\$156,170	\$156,170	\$1,624.17	
Total Tax Rate:		1.842326				
					Taxes w/Current Exemptions:	\$2,877.16
					Taxes w/o Exemptions:	\$2,877.16

## Improvement / Building

No improvements exist for this property.

## Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	SPEC	ACREAGE	132.9148	5789768.69	0.00	0.00	\$156,170	\$0

## Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2016	N/A	N/A	N/A	N/A	N/A	N/A
2015	\$0	\$156,170	0	156,170	\$0	\$156,170
2014	\$0	\$156,170	0	156,170	\$0	\$156,170
2013	\$0	\$156,170	0	156,170	\$0	\$156,170
2012	\$0	\$156,170	0	156,170	\$0	\$156,170
2011	\$0	\$156,170	0	156,170	\$0	\$156,170
2010	\$0	\$156,170	0	156,170	\$0	\$156,170
2009	\$0	\$156,170	0	156,170	\$0	\$156,170
2008	\$0	\$156,170	0	156,170	\$0	\$156,170
2007	\$0	\$156,170	0	156,170	\$0	\$156,170
2006	\$0	\$156,170	0	156,170	\$0	\$156,170
2005	\$0	\$156,170	0	156,170	\$0	\$156,170
2004	\$0	\$156,170	0	156,170	\$0	\$156,170
2003	\$0	\$156,170	0	156,170	\$0	\$156,170
2002	\$0	\$156,170	0	156,170	\$0	\$156,170
2001	\$0	\$156,170	0	156,170	\$0	\$156,170
2000	\$0	\$156,170	0	156,170	\$0	\$156,170
1999	\$0	\$156,170	0	156,170	\$0	\$156,170
1998	\$0	\$156,170	0	156,170	\$0	\$156,170
1997	\$0	\$156,170	0	156,170	\$0	\$156,170
1996	\$0	\$156,170	0	156,170	\$0	\$156,170
1995	\$0	\$156,170	0	156,170	\$0	\$156,170
1994	\$0	\$156,170	0	156,170	\$0	\$156,170

## Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	8/18/2015	SPEC-WD-	SPEC WD	AMERICAN TEXTILE INDUSTRIES LLC	CONTINENTAL DAIRY FACILITIES SOUTHWEST LLC	734	243	
2	6/6/2014	SPEC-WD-	SPEC WD	PLAINS COTTON COOP ASSOCIATION	AMERICAN TEXTILE INDUSTRIES LLC	719	438	
3	10/31/1990	WD	WARRANTY DEED	PLAINS COTTON COOP ASSOCIATION	PLAINS COTTON COOP ASSOCIATION	424	439	

Questions Please Call (806) 385-6474

# Lamb CAD

## Property Search Results > 12263 AMERICAN TEXTILE INDUSTRIES LLC for Year 2015

### Property

#### Account

Property ID:	12263	Legal Description:	A2000 A TAYLOR, LEAGUE 672, TRACT OUT OF LABOR 4 NORTH OF RR, ACRES 22.2753
Geographic ID:	00000-20740-001	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

#### Location

Address:	Mapsco:	
Neighborhood:	Map ID:	6
Neighborhood CD:		

#### Owner

Name:	AMERICAN TEXTILE INDUSTRIES LLC	Owner ID:	10031453
Mailing Address:	TX	% Ownership:	100.0000000000%
		Exemptions:	

### Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$26,170	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$26,170	
(-) Ag or Timber Use Value Reduction:	-	\$0	
-----			
(=) Appraised Value:	=	\$26,170	
(-) HS Cap:	-	\$0	
-----			
(=) Assessed Value:	=	\$26,170	

### Taxing Jurisdiction

Owner:	AMERICAN TEXTILE INDUSTRIES LLC
% Ownership:	100.0000000000%

Total Value: \$26,170

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	0.000000	\$26,170	\$26,170	\$0.00
GLA	LAMB COUNTY	0.794300	\$26,170	\$26,170	\$207.87
HPW	HIGHPLAINS WATER DIST	0.008026	\$26,170	\$26,170	\$2.10
SLI	LITTLEFIELD ISD	1.040000	\$26,170	\$26,170	\$272.17
Total Tax Rate:		1.842326			
Taxes w/Current Exemptions:					\$482.14
Taxes w/o Exemptions:					\$482.14

### Improvement / Building

No improvements exist for this property.

### Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	SPEC	ACREAGE	22.2753	970312.07	0.00	0.00	\$26,170	\$0

### Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2016	N/A	N/A	N/A	N/A	N/A	N/A
2015	\$0	\$26,170	0	26,170	\$0	\$26,170
2014	\$0	\$26,170	0	26,170	\$0	\$26,170
2013	\$0	\$26,170	0	26,170	\$0	\$26,170
2012	\$0	\$26,170	0	26,170	\$0	\$26,170
2011	\$0	\$26,170	0	26,170	\$0	\$26,170
2010	\$0	\$26,170	0	26,170	\$0	\$26,170
2009	\$0	\$26,170	0	26,170	\$0	\$26,170
2008	\$0	\$26,170	0	26,170	\$0	\$26,170
2007	\$0	\$26,170	0	26,170	\$0	\$26,170
2006	\$0	\$26,170	0	26,170	\$0	\$26,170
2005	\$0	\$26,170	0	26,170	\$0	\$26,170
2004	\$0	\$26,170	0	26,170	\$0	\$26,170
2003	\$0	\$26,170	0	26,170	\$0	\$26,170
2002	\$0	\$26,170	0	26,170	\$0	\$26,170
2001	\$0	\$26,170	0	26,170	\$0	\$26,170
2000	\$0	\$26,170	0	26,170	\$0	\$26,170
1999	\$0	\$26,170	0	26,170	\$0	\$26,170
1998	\$0	\$26,170	0	26,170	\$0	\$26,170
1997	\$0	\$26,170	0	26,170	\$0	\$26,170
1996	\$0	\$26,170	0	26,170	\$0	\$26,170
1995	\$0	\$26,170	0	26,170	\$0	\$26,170
1994	\$0	\$26,170	0	26,170	\$0	\$26,170

### Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	8/18/2015	SPEC-WD-	SPEC WD	AMERICAN TEXTILE INDUSTRIES LLC	CONTINENTAL DAIRY FACILITIES SOUTHWEST LLC	734	243	
2	6/6/2014	SPEC-WD-	SPEC WD	PLAINS COTTON COOP ASSOCIATION	AMERICAN TEXTILE INDUSTRIES LLC	719	438	
3	10/31/1990	WD	WARRANTY DEED	LITTLEFIELD INDUSTRIAL CORP	PLAINS COTTON COOP ASSOCIATION	424	439	

Questions Please Call (806) 385-6474

**TAB 10**

*Description of all property not eligible to become qualified property (if applicable)*

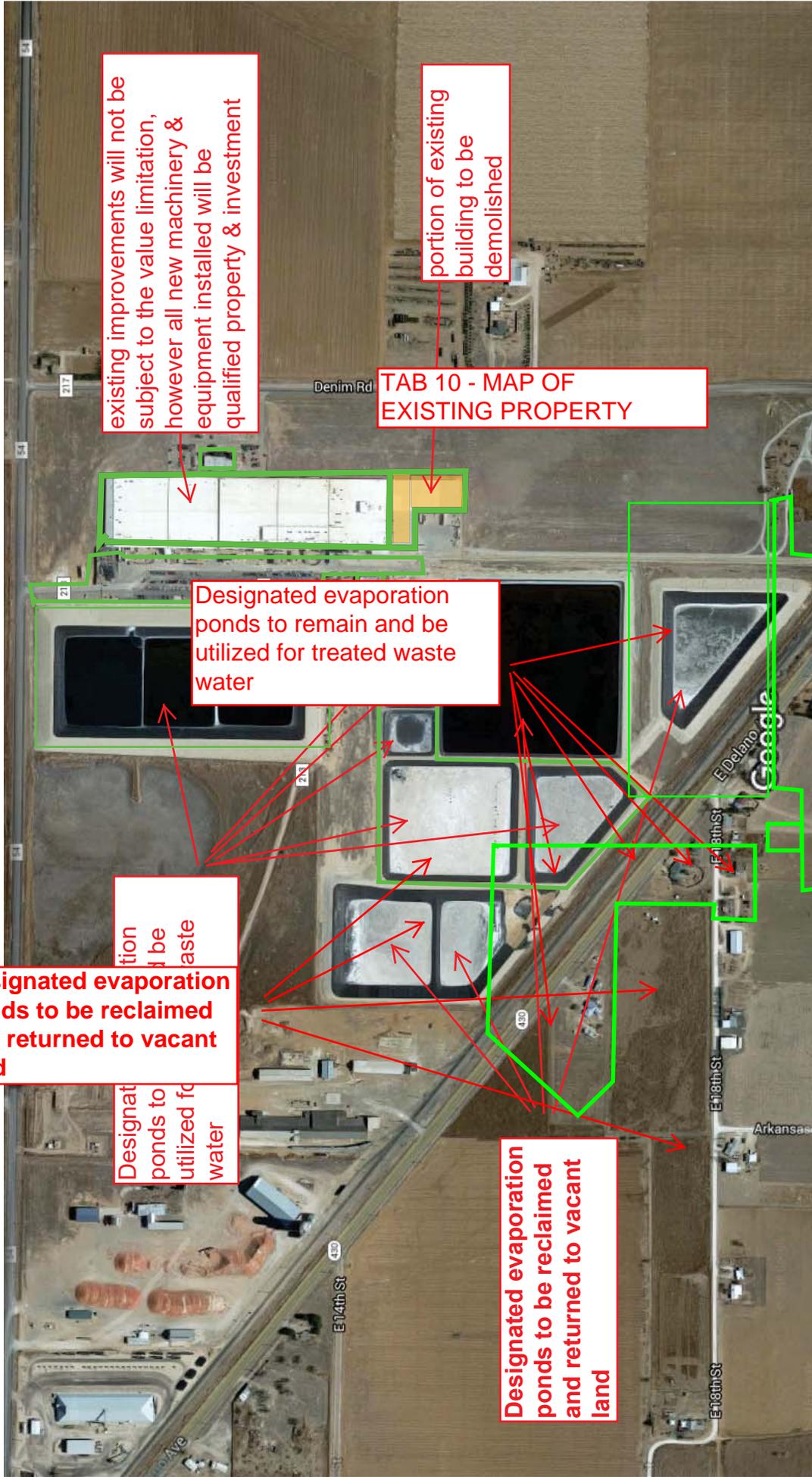
**Existing improvements, described below, are not eligible for value limitation and are expressly excluded from this application.**

There are currently four buildings, consisting of the main plant building, outside warehouse, compressor building, and the guard booth. The total gross building area is 477,508 square feet. (Assessed on Lamb Appraisal District property ID # 50592). All existing improvements will be maintained on a separate and distinct Lamb A.D. property ID accounts. All qualified property will be assessed on new & unique property ID account(s) to be created by Lamb A.D.

The subject improvements consist of 477,508 square feet of manufacturing, warehouse, office space, and associated fencing, paved parking, and roads. The initial improvements were completed in 1976, with additions being made in subsequent years. Manufacturing was discontinued and shut down in 2014. The main plant building is approximately 465,000 square feet, and includes about 25,000 square feet of office with central heat and air conditioning. Other buildings on site include an outside warehouse, a compressor building, and a guard booth.

(See attached map and Lamb Appraisal District appraisal record #50592)

TAB 10 - MAP OF EXISTING PROPERTY



existing improvements will not be subject to the value limitation, however all new machinery & equipment installed will be qualified property & investment

portion of existing building to be demolished

TAB 10 - MAP OF EXISTING PROPERTY

Designated evaporation ponds to remain and be utilized for treated waste water

Designated evaporation ponds to be reclaimed and returned to vacant land

Designated evaporation ponds to be reclaimed and returned to vacant land

Designated evaporation ponds to be reclaimed and returned to vacant land

Designated evaporation ponds to be reclaimed and returned to vacant land

Buildings to be demolished

existing subject however equipment qualified

Imagery © 2016 Google, Map data © 2016 Google 500 ft

# Lamb CAD

## Property Search Results > 50592 AMERICAN TEXTILE INDUSTRIES LLC for Year 2015

### Property

#### Account

Property ID:	50592	Legal Description:	A2000 A TAYLOR, LEAGUE 665, PT/LABOR 24, PHYSICAL PLANT ONLY
Geographic ID:	00000-19830-031	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

#### Location

Address:	Mapsco:
Neighborhood:	Map ID:
Neighborhood CD:	

#### Owner

Name:	AMERICAN TEXTILE INDUSTRIES LLC	Owner ID:	10031453
Mailing Address:	TX	% Ownership:	100.0000000000%
		Exemptions:	

### Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$3,313,910	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
-----			
(=) Market Value:	=	\$3,313,910	
(-) Ag or Timber Use Value Reduction:	-	\$0	
-----			
(=) Appraised Value:	=	\$3,313,910	
(-) HS Cap:	-	\$0	
-----			
(=) Assessed Value:	=	\$3,313,910	

### Taxing Jurisdiction

Owner:	AMERICAN TEXTILE INDUSTRIES LLC
% Ownership:	100.0000000000%

Total Value: \$3,313,910

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax	
CAD	APPRAISAL DISTRICT	0.000000	\$3,313,910	\$3,313,910	\$0.00	
GLA	LAMB COUNTY	0.794300	\$3,313,910	\$3,313,910	\$26,322.39	
HPW	HIGHPLAINS WATER DIST	0.008026	\$3,313,910	\$3,313,910	\$265.97	
SLI	LITTLEFIELD ISD	1.040000	\$3,313,910	\$3,313,910	\$34,464.66	
Total Tax Rate:		1.842326				
					Taxes w/Current Exemptions:	\$61,053.02
					Taxes w/o Exemptions:	\$61,053.03

## Improvement / Building

Improvement #1:	COMMERCIAL	State Code:	F2	Living Area:	sqft	Value:	\$3,313,910
Type	Description	Class CD	Exterior Wall	Year Built	SQFT		
*	ALL TYPES	*		0	477508.0		

## Land

No land segments exist for this property.

## Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2016	N/A	N/A	N/A	N/A	N/A	N/A
2015	\$3,313,910	\$0	0	3,313,910	\$0	\$3,313,910
2014	\$7,026,750	\$0	0	7,026,750	\$0	\$7,026,750
2013	\$7,026,750	\$0	0	7,026,750	\$0	\$7,026,750
2012	\$7,026,750	\$0	0	7,026,750	\$0	\$7,026,750
2011	\$7,026,750	\$0	0	7,026,750	\$0	\$7,026,750
2010	\$7,026,750	\$0	0	7,026,750	\$0	\$7,026,750
2009	\$7,026,750	\$0	0	7,026,750	\$0	\$7,026,750
2008	\$11,603,680	\$0	0	11,603,680	\$0	\$11,603,680
2007	\$11,603,680	\$0	0	11,603,680	\$0	\$11,603,680
2006	\$11,603,680	\$0	0	11,603,680	\$0	\$11,603,680
2005	\$11,603,680	\$0	0	11,603,680	\$0	\$11,603,680
2004	\$12,214,402	\$0	0	12,214,402	\$0	\$12,214,402

## Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	8/18/2015	SPEC-WD-	SPEC WD	AMERICAN TEXTILE INDUSTRIES LLC	CONTINENTAL DAIRY FACILITIES SOUTHWEST LLC	734	243	
2	6/6/2014	SPEC-WD-	SPEC WD	PLAINS COTTON COOP	AMERICAN TEXTILE	719	438	

**TAB 11**

Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

- a) **See attached map**
- b) **See attached map**
- c) **See attached map**
- d) **See attached maps - Existing improvements highlighted in green and described below, are not eligible for value limitation and are expressly excluded from this application.**

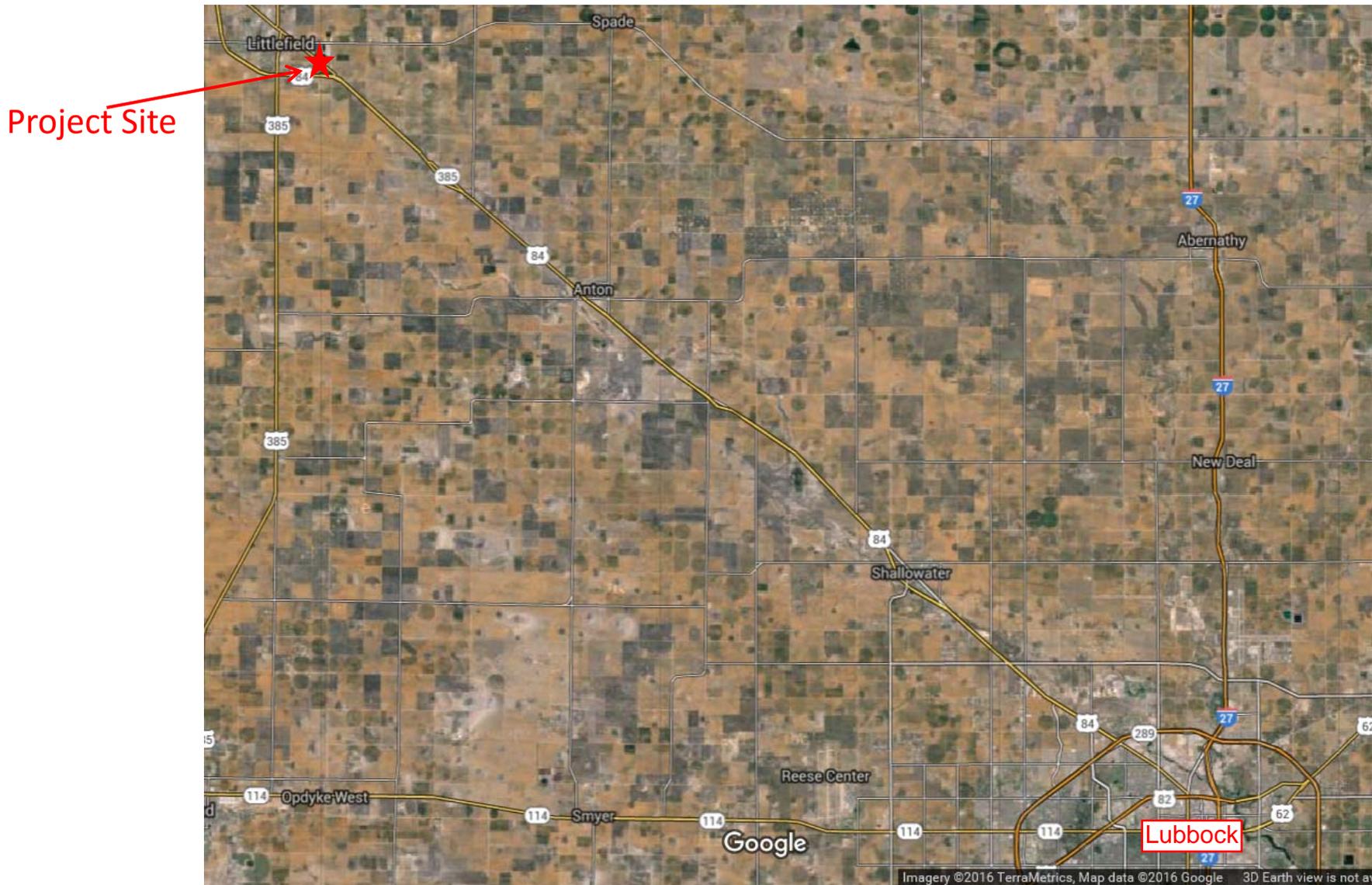
There are currently four buildings, consisting of the main plant building, outside warehouse, compressor building, and the guard booth. The total gross building area is 477,508 square feet. (Assessed on Lamb Appraisal District property ID # 50592)

The subject improvements consist of 477,508 square feet of manufacturing, warehouse, support, and office space. The initial improvements were completed in 1976, with additions being made in subsequent years. Manufacturing was discontinued and shut down in 2014. The main plant building is approximately 465,000 square feet, and includes about 25,000 square feet of office with central heat and air conditioning. Other buildings on site include an outside warehouse, a compressor building, and a guard booth.

- e) **See attached map**
- f) **See attached map of proposed reinvestment zone. Final map and Order creating the zone to be provided upon creation of reinvestment zone by Lamb County Commissioners Court.**

a) PROJECT VICINITY

# Continental Dairy Facilities Southwest, LLC Vicinity Map



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 The drawings are prepared by C. A. Bonelli Associates, Inc. and shall be the intellectual property of C. A. Bonelli Associates, Inc. No part of this drawing shall be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage and retrieval system, without the prior written permission of C. A. Bonelli Associates, Inc. or its duly authorized representative.  
 Written description on these drawings shall have precedence over scaled dimensions. Contractor shall confirm on the job site the accuracy and condition of the drawings from the drawings and conditions shown. No other drawings, specifications, or notes shall be used in the absence of the drawings and conditions shown on these drawings. This drawing must be submitted to the office for review before proceeding with construction.

**B**  
**E. A. Bonelli**  
 Associates, Inc.  
 Architects & Engineers  
 8400 East Avenue, Oakland, CA 94621  
 Phone: (510) 834-0100  
 Fax: (510) 834-0105  
 Website: www.eabonelli.com  
 2022 W. Main Street, Suite 100, CA 92501  
 Phone: (951) 267-6400  
 Fax: (951) 267-6405

**b & c) QUALIFIED INVESTMENT AND QUALIFIED PROPERTY  
 - (NEW MANUFACTURING BUILDINGS HIGHLIGHTED IN YELLOW)**

\*Thick purple line highlight border designates new buildings and improvements to be added which are eligible for value limitation.

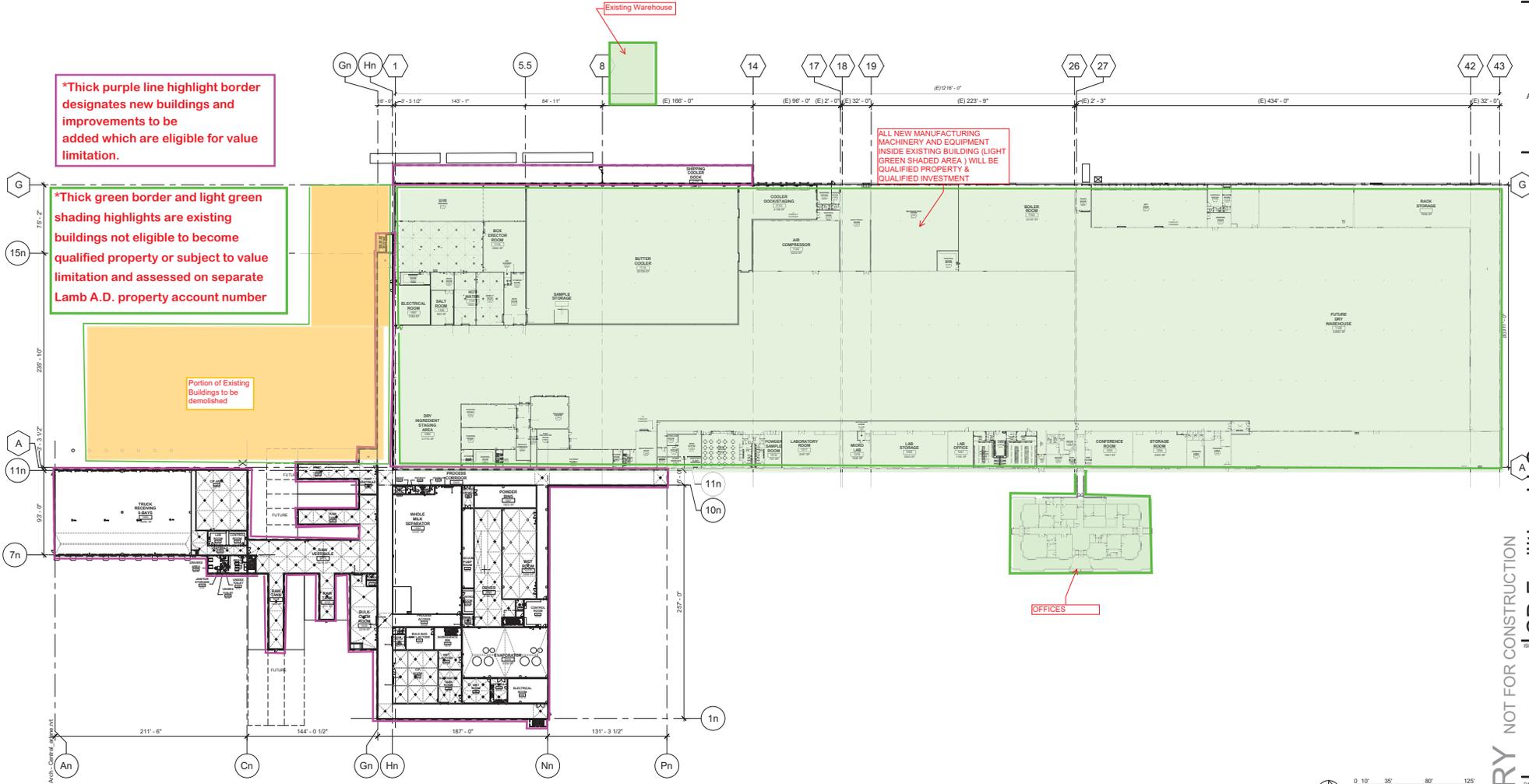
\*Thick green border and light green shading highlights are existing buildings not eligible to become qualified property or subject to value limitation and assessed on separate Lamb A.D. property account number

ALL NEW MANUFACTURING MACHINERY AND EQUIPMENT INSIDE EXISTING BUILDING (LIGHT GREEN SHADED AREA) WILL BE QUALIFIED PROPERTY & QUALIFIED INVESTMENT

Portion of Existing Buildings to be demolished

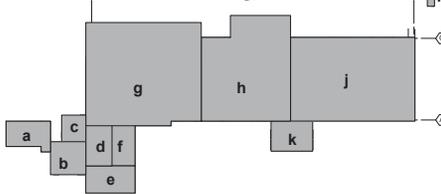
Existing Warehouse

OFFICES



**1 OVERALL FLOOR PLAN ELEV. 0'-0"**  
 SCALE: 1" = 50'-0"

**KEY PLAN:** SCALE: 1" = 50'-0"



**CD Facilities, LLC**  
**PROJECT ROOSEVELT**  
 1926 FM 54  
 Littlefield, TX 79339

**PRELIMINARY NOT FOR CONSTRUCTION**

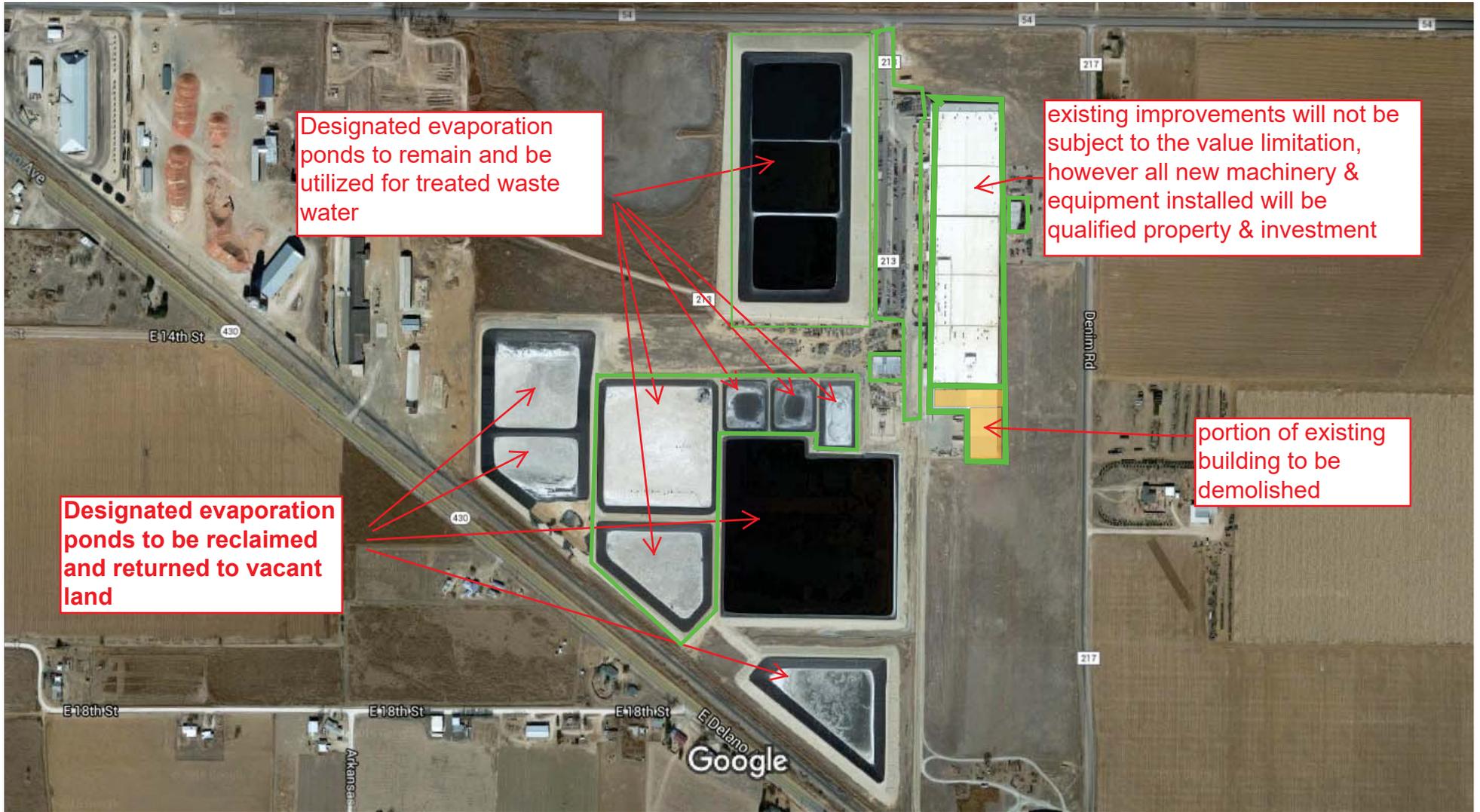
DATE: 03/31/2012  
 OWN BY: ACC  
 CHK BY: AC  
 EAB NO: 1507  
 SCALE AS NOTED  
 SHEET TITLE  
**OVERALL FLOOR PLAN**  
 SHEET NO.

**A101.1**

C:\Users\kenneth\Documents\Floor Plan 20151015\Floor Plan 20151015.dwg - 03/31/2012

4/20/2016 3:01:07 PM

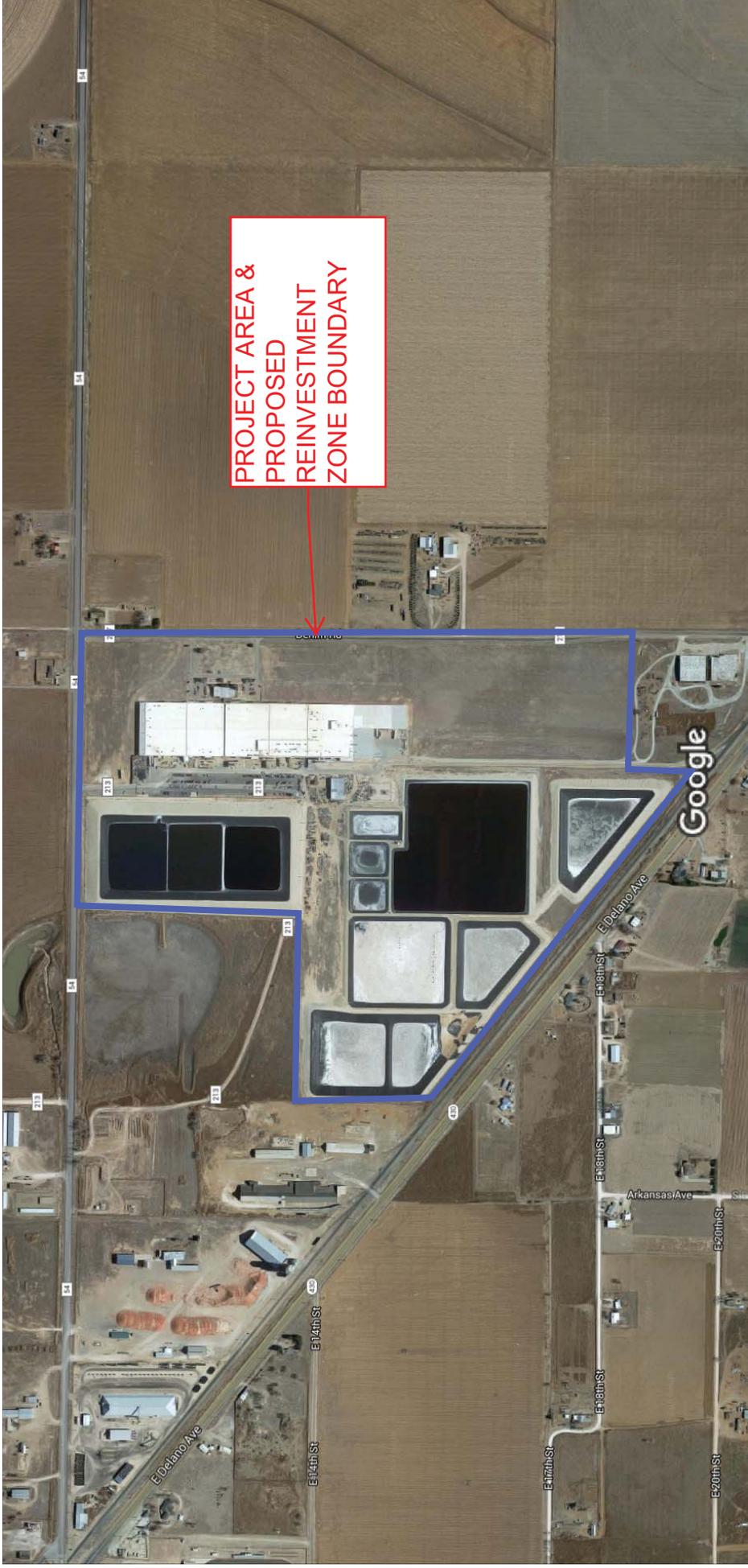
TAB 11 d - MAP OF EXISTING PROPERTY



Imagery ©2016 Google, Map data ©2016 Google 500 ft

Buildings to be demolished

11 f- PROPOSED REINVESTMENT  
ZONE BOUNDARY



Imagery ©2016 Google, Map data ©2016 Google

500 ft

Google Maps

**TAB 12**

*Request for Waiver of Job Creation Requirement and supporting information (if applicable)*

Not Applicable

**TAB 13**

*Calculation of three possible wage requirements with TWC documentation*

- Lamb County average weekly wage for all jobs (all industries)
- Lamb County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

**Continental Dairy Facilities Southwest, LLC  
TAB 13 TO CHAPTER 313 APPLICATION**

**LAMB COUNTY  
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2015	\$ 705	\$ 36,660
THIRD	2015	\$ 690	\$ 35,880
FOURTH	2015	\$ 758	\$ 39,416
FIRST	2016	\$ 688	\$ 35,776
AVERAGE		\$ 710	\$ 36,933

**LAMB COUNTY  
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2015	\$ 741	\$ 38,532
THIRD	2015	\$ 724	\$ 37,648
FOURTH	2015	\$ 842	\$ 43,784
FIRST	2016	\$ 577	\$ 30,004
AVERAGE		\$ 721	\$ 37,492
		X 110%	110%
		\$ 793.10	\$ 41,241.20

**CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE**

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2015	\$ 700	\$ 36,408
		X 110%
		\$ 770
		\$ 40,049

\* SEE ATTACHED TWC DOCUMENTATION

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Lamb County	Private	00	0	10	Total, All Industries	\$712
2015	2nd Qtr	Lamb County	Private	00	0	10	Total, All Industries	\$705
2015	3rd Qtr	Lamb County	Private	00	0	10	Total, All Industries	\$690
2015	4th Qtr	Lamb County	Private	00	0	10	Total, All Industries	\$758
2016	1st Qtr	Lamb County	Private	00	0	10	Total, All Industries	\$688

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Lamb County	Total All	31	2	31-33	Manufacturing	\$885
2015	2nd Qtr	Lamb County	Total All	31	2	31-33	Manufacturing	\$741
2015	3rd Qtr	Lamb County	Total All	31	2	31-33	Manufacturing	\$724
2015	4th Qtr	Lamb County	Total All	31	2	31-33	Manufacturing	\$842
2016	1st Qtr	Lamb County	Total All	31	2	31-33	Manufacturing	\$577

**2015 Manufacturing Average Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$24.41</b>	<b>\$50,778</b>
<a href="#">1. Panhandle Regional Planning Commission</a>	\$20.64	\$42,941
<a href="#">2. South Plains Association of Governments</a>	<b>\$17.50</b>	<b>\$36,408</b>
<a href="#">3. NORTEX Regional Planning Commission</a>	\$23.28	\$48,413
<a href="#">4. North Central Texas Council of Governments</a>	\$25.03	\$52,068
<a href="#">5. Ark-Tex Council of Governments</a>	\$18.46	\$38,398
<a href="#">6. East Texas Council of Governments</a>	\$19.84	\$41,270
<a href="#">7. West Central Texas Council of Governments</a>	\$19.84	\$41,257
<a href="#">8. Rio Grande Council of Governments</a>	\$18.32	\$38,109
<a href="#">9. Permian Basin Regional Planning Commission</a>	\$25.18	\$52,382
<a href="#">10. Concho Valley Council of Governments</a>	\$18.80	\$39,106
<a href="#">11. Heart of Texas Council of Governments</a>	\$21.41	\$44,526
<a href="#">12. Capital Area Council of Governments</a>	\$29.98	\$62,363
<a href="#">13. Brazos Valley Council of Governments</a>	\$18.78	\$39,057
<a href="#">14. Deep East Texas Council of Governments</a>	\$17.30	\$35,993
<a href="#">15. South East Texas Regional Planning Commission</a>	\$30.41	\$63,247
<a href="#">16. Houston-Galveston Area Council</a>	\$26.44	\$54,985
<a href="#">17. Golden Crescent Regional Planning Commission</a>	\$23.73	\$49,361
<a href="#">18. Alamo Area Council of Governments</a>	\$19.96	\$41,516
<a href="#">19. South Texas Development Council</a>	\$15.87	\$33,016
<a href="#">20. Coastal Bend Council of Governments</a>	\$25.97	\$54,008
<a href="#">21. Lower Rio Grande Valley Development Council</a>	\$16.17	\$33,634
<a href="#">22. Texoma Council of Governments</a>	\$19.04	\$39,595
<a href="#">23. Central Texas Council of Governments</a>	\$18.04	\$37,533
<a href="#">24. Middle Rio Grande Development Council</a>	\$22.24	\$46,263

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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.

**TAB 14**

*Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)*

See attached Schedules A1, A2, B, C and D

**Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)**

Date **4/21/2016**  
 Applicant Name **CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC**  
 ISD Name **LITTLEFIELD ISD**

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	<b>Total Investment</b> (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2016	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			0	4,000,000	0	0	4,000,000	
Complete tax years of qualifying time period	QTP1	2017-2018	2017	105,000,000	25,000,000	0	0	130,000,000
	QTP2	2018-2019	2018	36,000,000	25,000,000	0	0	61,000,000
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				141,000,000	50,000,000	0	0	191,000,000
				<b>Enter amounts from TOTAL row above in Schedule A2</b>				
<b>Total Qualified Investment (sum of green cells)</b>				191,000,000				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	Column B New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Column C Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Column D Other investment made during this year that will become Qualified Property [SEE NOTE]	Column E <b>Total Investment</b> (A+B+C+D)
Total Investment from Schedule A1*	--	<b>TOTALS FROM SCHEDULE A1</b>		141,000,000	50,000,000	0	0	191,000,000
Enter amounts from TOTAL row in Schedule A1 in the row below								
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2017-2018	2017	0	0	0	0	0
	0	2018-2019	2018	0	0	0	0	0
Value limitation period***	1	2019-2020	2019	0	0	100,000	0	100,000
	2	2020-2021	2020	0	0	100,000	0	100,000
	3	2021-2022	2021	0	0	200,000	0	200,000
	4	2022-2023	2022	0	0	300,000	0	300,000
	5	2023-2024	2023	0	0	300,000	0	300,000
	6	2024-2025	2024	0	0	300,000	0	300,000
	7	2025-2026	2025	0	0	300,000	0	300,000
	8	2026-2027	2026	0	0	300,000	0	300,000
	9	2027-2028	2027	0	0	300,000	0	300,000
	10	2028-2029	2028	0	0	300,000	0	300,000
<b>Total Investment made through limitation</b>				141,000,000	50,000,000	2,500,000	0	193,500,000
Continue to maintain viable presence	11	2029-2030	2029			300,000		300,000
	12	2030-2031	2030			300,000		300,000
	13	2031-2032	2031			300,000		300,000
	14	2032-2033	2032			300,000		300,000
	15	2033-2034	2033			300,000		300,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034			300,000		300,000
	17	2035-2036	2035			300,000		300,000
	18	2036-2037	2036			300,000		300,000
	19	2037-2038	2037			300,000		300,000
	20	2038-2039	2038			300,000		300,000
	21	2039-2040	2039			300,000		300,000
	22	2040-2041	2040			300,000		300,000
	23	2041-2042	2041			300,000		300,000
	24	2042-2043	2042			300,000		300,000
	25	2043-2044	2043			300,000		300,000

\* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row**.

\*\* Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

\*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

**Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)**

Date **4/21/2016**  
 Applicant Name **CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC**  
 ISD Name **LITTLEFIELD ISD**

**Form 50-296A**

*Revised May 2014*

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			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 buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	182,000	2,000,000	0	2,182,000	2,182,000	2,182,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	182,000	11,600,000	42,000,000	51,782,000	51,782,000	51,782,000
Value Limitation Period	1	2019-2020	2019	182,000	43,200,000	112,800,000	152,798,000	152,798,000	20,000,000
	2	2020-2021	2020	182,000	42,120,000	108,288,000	147,341,000	147,341,000	20,000,000
	3	2021-2022	2021	182,000	41,067,000	103,956,000	142,086,000	142,086,000	20,000,000
	4	2022-2023	2022	182,000	40,040,000	99,798,000	137,026,000	137,026,000	20,000,000
	5	2023-2024	2023	182,000	39,039,000	95,806,000	132,153,000	132,153,000	20,000,000
	6	2024-2025	2024	182,000	38,063,000	91,974,000	127,460,000	127,460,000	20,000,000
	7	2025-2026	2025	182,000	37,111,000	88,295,000	122,939,000	122,939,000	20,000,000
	8	2026-2027	2026	182,000	36,183,000	84,763,000	118,585,000	118,585,000	20,000,000
	9	2027-2028	2027	182,000	35,278,000	81,372,000	114,391,000	114,391,000	20,000,000
Continue to maintain viable presence	11	2029-2030	2029	182,000	33,536,000	74,992,000	106,460,000	106,460,000	106,460,000
	12	2030-2031	2030	182,000	32,698,000	71,992,000	102,712,000	102,712,000	102,712,000
	13	2031-2032	2031	182,000	31,881,000	69,112,000	99,102,000	99,102,000	99,102,000
	14	2032-2033	2032	182,000	31,084,000	66,348,000	95,624,000	95,624,000	95,624,000
	15	2033-2034	2033	182,000	30,307,000	63,694,000	92,272,000	92,272,000	92,272,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	182,000	29,549,000	61,146,000	89,043,000	89,043,000	89,043,000
	17	2035-2036	2035	182,000	28,810,000	58,700,000	85,931,000	85,931,000	85,931,000
	18	2036-2037	2036	182,000	28,090,000	56,352,000	82,933,000	82,933,000	82,933,000
	19	2037-2038	2037	182,000	27,388,000	54,098,000	80,045,000	80,045,000	80,045,000
	20	2038-2039	2038	182,000	26,703,000	51,934,000	77,261,000	77,261,000	77,261,000
	21	2039-2040	2039	182,000	26,035,000	49,857,000	74,578,000	74,578,000	74,578,000
	22	2040-2041	2040	182,000	25,384,000	47,863,000	71,993,000	71,993,000	71,993,000
	23	2041-2042	2041	182,000	24,749,000	45,948,000	69,501,000	69,501,000	69,501,000
	24	2042-2043	2042	182,000	24,130,000	44,110,000	67,099,000	67,099,000	67,099,000
25	2043-2044	2043	182,000	23,527,000	42,346,000	64,785,000	64,785,000	64,785,000	

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
 Only include market value for eligible property on this schedule.

**Schedule C: Employment Information**

**Date** 8/2/2016  
**Applicant Name** CONTINENTAL DAIRY FACILITIES SOUTHW  
**ISD Name** LITTLEFIELD ISD

**Form 50-296A**

*Revised May 2014*

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	100 FTE	40,000	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	60 FTE	40,000	50	5	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2019-2020	2019	N/A	N/A	90	10	40,049
	2	2020-2021	2020	N/A	N/A	90	10	40,049
	3	2021-2022	2021	N/A	N/A	90	10	40,049
	4	2022-2023	2022	N/A	N/A	90	10	40,049
	5	2023-2024	2023	N/A	N/A	90	10	40,049
	6	2024-2025	2024	N/A	N/A	90	10	40,049
	7	2025-2026	2025	N/A	N/A	90	10	40,049
	8	2026-2027	2026	N/A	N/A	90	10	40,049
	9	2027-2028	2027	N/A	N/A	90	10	40,049
	10	2028-2029	2028	N/A	N/A	90	10	40,049
Years Following Value Limitation Period	11 through 25	2029-2044	2029-2043	N/A	N/A	90	10	38,325

Notes: See TAC 9.1051 for definition of non-qualifying jobs.  
 Only include jobs on the project site in this school district.

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25  Yes  No  
 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)  
 If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)?  Yes  No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)?  Yes  No

**Schedule D: Other Incentives (Estimated)**

**Date** 4/21/2016  
**Applicant Name** CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC  
**ISD Name** LITTLEFIELD ISD

**Form 50-296A**  
 Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Lamb County	2018	10 Years	Annual Avg. of \$600,000	see detail below	Annual Avg. of \$275,000
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A		N/A	
Texas Enterprise Fund	N/A	N/A	N/A		N/A	
Employee Recruitment	N/A	N/A	N/A		N/A	
Skills Development Fund	N/A	N/A	N/A		N/A	
Training Facility Space and Equipment	N/A	N/A	N/A		N/A	
Infrastructure Incentives	N/A	N/A	N/A		N/A	
Permitting Assistance	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
<b>TOTAL</b>				600,000		275,000

Additional information on incentives for this project:

**County Terms:** CDFSW, LLC expects to apply for an abatement structured as follows: Year 1-100%, Year 2-90%, Year 3-80%, Year 4-70%, Year 5-60%, Year 6-50%, Year 7-40%, Year 8-30%, Year 9-20%, Year

# Continental Dairy Facilities Southwest, LLC

Chapter 313 Application to Littlefield ISD

Cummings Westlake, LLC

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## **TAB 15**

*Economic Impact Analysis, other payments made in the state or other economic information  
(if applicable)*

None

**TAB 16**

*Description of Reinvestment Zone or Enterprise Zone, including:*

- a) Evidence that the area qualifies as a enterprise zone as defined by the Governor's office*
- b) Legal description of reinvestment zone\**
- c) Order, resolution, or ordinance established the reinvestment zone\**
- d) Guidelines and criteria for creating the zone\**

**16 a)** Not Applicable

**16 b)** Will be submitted once Lamb County creates the Reinvestment Zone \*

**16 c)** Will be submitted once Lamb County creates the Reinvestment Zone \*

**16 d)** Will be submitted once Lamb County adopts valid Guidelines & Criteria \*

\* Estimated submittal date of the above information is June 15, 2016

***IN THE COMMISSIONERS COURT  
OF  
LAMB COUNTY, TEXAS***

**ORDER CREATING LAMB COUNTY  
REINVESTMENT ZONE, CONTINENTAL DAIRY FACILITIES SOUTHWEST NO. 3**

WHEREAS, on the 25th day of April, 2016, came on for consideration the Designation of a Reinvestment Zone pursuant to Chapter 312 of the Texas Tax Code, and

WHEREAS, attached to this Order are the following descriptive documents:

1. A metes and bounds description of the property to be contained within the Lamb County Reinvestment Zone, Continental Dairy Facilities Southwest No. 3, said description being incorporated herein by reference.
2. Maps of the location within the County of Lamb where said Reinvestment Zone tract is located.

The Maps and Legal Description attached to this Order are intended to more fully and accurately describe the geographic region included within the Reinvestment Zone to be known as Lamb County Reinvestment Zone, Continental Dairy Facilities Southwest No. 3. The Map attached hereto as Exhibit A and the Legal Description attached hereto as Exhibit B, are true and correct documents which reflect the actual territory intended for inclusion in the Reinvestment Zone created by this Order.

WHEREAS, prior to the creation of the Lamb County Reinvestment Zone, Continental Dairy Facilities Southwest No. 3, the Commissioners court made a determination that the application filed by Continental Dairy Facilities Southwest, meets the applicable guidelines and criteria adopted by the Commissioners Court, and that a tax abatement agreement between the

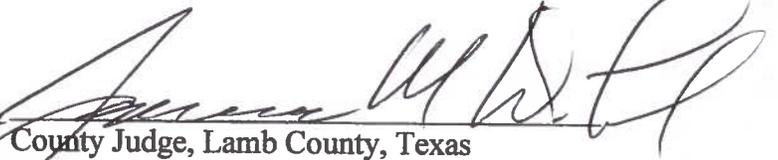
County and Continental Dairy Facilities Southwest Wind Energy, LLC, would be in compliance with the established guidelines and criteria for tax abatement, and

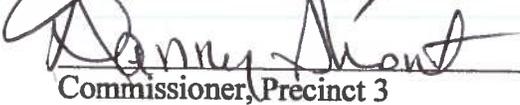
WHEREAS, the Commissioners Court did conduct a public hearing, after due notice, as required by law, prior to the creation of a reinvestment zone, as required by Chapter 312 of the Texas Tax Code. After receiving public comment, the Commissioners Court hereby determines that the designation of an area as a reinvestment zone would contribute to the retention or expansion of primary employment in Lamb County, Texas, and would contribute to the economic development of the County,

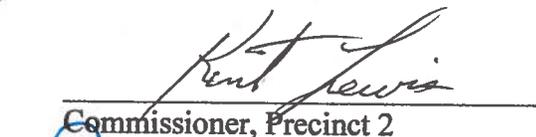
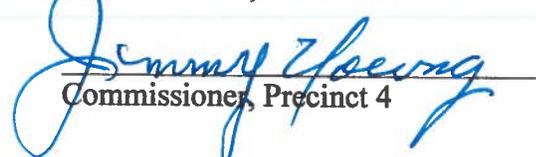
THEREFORE, PREMISES CONSIDERED, the Commissioners Court of Lamb County, Texas does hereby create the Lamb County Reinvestment Zone, Continental Dairy Facilities Southwest No. 3, as described more fully in the attachments to this Order, which are incorporated herein by reference and are to be filed in the minutes of the Commissioners Court with this Order.

It is further ORDERED by the Commissioners Court that the County Judge is hereby authorized to execute, on behalf of Lamb County, Texas, such documents as may be necessary to facilitate and implement this Order.

Dated: Adopted on April 25, 2016

  
County Judge, Lamb County, Texas

  
Commissioner, Precinct 1  
  
Commissioner, Precinct 3

  
Commissioner, Precinct 2  
  
Commissioner, Precinct 4

Attest:

*Jonya Ritchie*

County Clerk, Lamb County, Texas



### Notice of Hearing on Lamb County Reinvestment Zone Number 3

On April 25, 2016, on or after 10:00 a.m., in the Commissioners Courtroom, Lamb County Courthouse, Littlefield, Texas, the Commissioners Court of Lamb County, Texas, will conduct a public hearing on the designation of certain real property in Lamb County, Texas as Lamb County Reinvestment Zone No. 3. Continental Dairy Facilities Southwest, LLC proposes to install a commercial powdered milk processing facility within the proposed reinvestment zone, and will see tax abatement pursuant to Chapter 312 of the Texas Tax Code. The property in the proposed reinvestment zone consists of land located in Lamb County, Texas, as depicted in Exhibit A, attached hereto. A more detailed property description can be inspected in the office of the Lamb County Judge during regular business hours. At the hearing, interested persons are entitled to speak and present information for or against the designation.

EXHIBIT A



**Exhibit "A"**

**Property**

**TRACT ONE:**

A 103.7960 acre tract more or less, located in Labor 24, League 665, State Capitol Lands, Lamb County, Texas, being further described as follows:

BEGINNING at a point in the South line of Labor 24, League 665, State Capitol Lands, Lamb County, Texas, which bears N 89°27' W, a distance of 20.00 feet from the Southeast corner of said Labor 24, for the Southeast corner of this tract;

THENCE N 89°27' W, along the South line of said Labor 24, at 40.00 feet pass a found 3/4" Iron pipe, at 793.97 feet pass a found 1/2" iron rod, continuing for a total distance of 1667.16 feet to a 1/2" iron rod found at the Southwest corner of this tract.

THENCE N 00°28' E, at 916.54 feet pass a found 1/2" iron rod continuing for a total distance of 2717.62 feet to a 1/2" iron pipe found at the Northwest corner of this tract;

THENCE S 89°22'26" E, a distance of 738.25 feet to a found 1" iron pipe;

THENCE S 89°27'30" E, a distance of 748.90 feet to a 1/2" iron pipe found at a corner of this tract;

THENCE S 62°54'30" E, a distance 201.35 feet to a point for a corner of this tract which lies 20.00 feet West of the East line of said Labor 24;

THENCE S 00°28' W, parallel with the East line of said Labor 24, a distance of 2626.78 feet to the POINT OF BEGINNING.

**SAVE AND EXCEPT:**

A 0.3 acre tract, more or less, of land located in Labor 24, League 665, State Capitol Lands, Lamb County, Texas, and being further described as follows;

BEGINNING at a point which bears N 00°28' E, a distance of 920.6 feet and N 89°27' W, 873.5 feet from the Southeast corner of Labor 24, League 685, State Capitol Lands, Lamb County, Texas, for the Southeast corner of this tract;

THENCE N 00°32'30" E, a distance of 130 feet to the Northeast corner of this tract;

THENCE N 89°27'30" W, a distance of 100 feet to the Northwest corner of this tract.

THENCE S 00°32'30" W, a distance of 130 feet to the Southwest corner of this tract;

THENCE S 89°27'30" E, a distance of 100 feet to the POINT OF BEGINNING.

**TRACT TWO:**

A 29.1188 acre tract more or less, of land located in Labor 24, League 665, State Capitol Lands, Lamb County, Texas, being that same tract as described in Volume 315, Page 184, Deed Records of Lamb County, Texas, and being further described as follows;

BEGINNING at a 5/8" iron rod with cap set in the West line of Labor 24 for the Northwest corner of this tract which bears S 00°28' W, a distance of 1328.3 feet from the Northwest corner of Labor 24, League 665, State Capitol Lands, Lamb County, Texas;

THENCE S 89°22'26" E, a distance of 1090.64 feet to a 5/8" iron rod with cap set in the West line of the Plains Cotton Cooperative Tract for the Northeast corner of this tract;

THENCE S 00°28' W, along the West line of said Plains Cotton Cooperative Tract, a distance of 1447.62 feet to a ½" iron rod found in the South line of Labor 24 and the North line of a 22.2753 acre tract also surveyed this date at the Southwest corner of said Plains Cotton Cooperative Tract and at the Southeast corner of this tract;

THENCE N 89°27' W, along the South line of Labor 24, and the North line of said 22.2753 acre tract; a distance of 203.09 feet to a 2" galvanized iron pipe found in the Northeasterly line of a 100 foot railroad right-of-way at the most Southerly Southwest corner of this tract;

THENCE N 00°28' E, along the West line of Labor 24, a distance 747.77 feet to the POINT OF BEGINNING.

**TRACT THREE:**

A 22.2753 acre tract, more or less, of land located in Labor 4, League 672, Abner Taylor, Original Grantee, Lamb County, Texas, being part of that tract as described in Volume 248, Page 84, Deed Records of Lamb County, Texas, being further described as follows:

BEGINNING at a ½" iron pipe found at the Northeast corner of Labor 4, League 672, Abner Taylor, Original Grantee, Lamb County, Texas, same being the Southeast corner of Labor 24, League 665, State Capitol Lands, and the Northeast corner of this tract;

THENCE S 00°28' W, along the East line of Labor 4, a distance of 498.85 feet to a 5/8" iron rod with cap set for the most Easterly Southeast corner of this tract and for the Northeast corner of a 10 acre tract as described in Volume 96, Page 549, Deed of Trust Records of Lamb County, Texas;

THENCE N 89°27' W, along the North line of said 10 acre tract, a distance of 575.00 feet to a 5/8" iron rod with cap set for an interior corner of this tract and for the Northwest corner of said 10 acre tract;

THENCE S 00°28' W, along the West line of said 10 acre tract, a distance of 540.44 feet to a 5/8" iron rod with cap set in the Northeasterly line of a 100 foot railroad right-of-way for the most Southerly corner of this tract and for the Southwest corner of said 10 acre tract;

THENCE N 51°10' W, along said railroad right-of-way line, a distance of 1677.50 feet to a 2" galvanized iron pipe found in the North line of Labor 4 at the Northwest corner of this tract and at the most Southerly Southwest corner of a 29.1188 acre tract also surveyed this date;

THENCE S 89°27' E, along the North line of Labor 4 and the South line of said 29.1188 acre tract, at 203.09 feet pass a 1/2" iron rod found at the Southeast corner of said 29.1188 acre tract and at the Southwest corner of the Plains Cotton Cooperative Tract, continuing along the South line of said Plains Cotton Cooperative Tract, at 1830.25 feet pass a 3/4" iron pipe found in the West line of a 60 foot right-of-way easement, containing for a total distance of 1890.25 feet the POINT OF BEGINNING.

**Lamb County  
State of Texas**

**APR 11 2016**

**TONYA RITCHIE  
CLERK OF COUNTY COURT  
LAMB COUNTY, TEXAS**

**Tax Abatement Guidelines and Criteria**

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property. Except as otherwise provided, all contracts will be identical.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Lamb County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and /or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Lamb County to another.

In addition to the criteria set forth above, the Lamb County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Lamb County to grant tax abatements on terms and conditions beneficial to the economic interests of the residents of Lamb County and to other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Lamb County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of 4-11, 2016 and shall at all times be kept current with regard to the needs of Lamb County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Lamb County Commissioners Court does not:

1. Limit the discretion of the governing body to decide whether or not to enter into a specific tax abatement agreement;
2. Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement;
3. Create or deny any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement;

## **Section 1**

### **Definitions**

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Lamb County for economic development purposes.
- B. "Affected jurisdiction" means LAMB County and any municipality or school district, the majority of which is located in LAMB County that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by LAMB County.
- C. "Agreement" means a contractual agreement for a tax abatement between a Property Owner and/or Lessee and Lamb County.
- D. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement, plus any agreed upon value of eligible property improvements made after January 1, but before the execution of the Agreement.
- E. "Economic Life" means the number of years a property is expected to be in service in a facility.
- F. "Eligible facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Lamb County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Lamb County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.
- G. "Expansion" means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

H. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology."

I. "Facility" means property improvement completed or in process of construction which together comprise an interregional whole.

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, including the generation of electrical energy.

K. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

L. "New facility" means 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 LAMB 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.

## **Section 2**

### **Abatement Authorized**

A. Eligible facilities Upon application, eligible facilities as defined herein shall be considered for tax abatement as hereinafter provided.

B. Creation of New Values Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Lamb County and the property owner or applicant, including a Lessee, subject to such limitations as Lamb County may require.

C. New and existing facilities Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Lamb County and the Property Owner or Lessee, subject to such limitations as Lamb County may require.

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 tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2 F, property which has a productive life of less than ten years, but does not include spare parts associated with eligible facilities; 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; or any other property for which abatement is not allowed by state law.

F. **Owned / leased facilities** If a leased facility is permitted by state law to be granted abatement, the abatement agreement shall be applicable to the taxable value of the leased improvement, and where appropriate, shall be executed with both the Lessor and the Lessee.

G. **Economic Qualifications** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net benefit to Lamb County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and / or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Lamb County to another.

H. **Standards for Tax Abatement** The following factors, among other, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements; Number of existing jobs to be retained by proposed improvements;
4. Number and type of new jobs to be created by proposed improvements;
5. Amount of local payroll to be created;
6. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
7. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00

8. The costs to be incurred by Lamb County to provide facilities directly resulting from the new improvements;
9. The amount of ad valorem taxes to be paid to Lamb County during the abatement period considering:
  - a. the existing values;
  - b. the percentage of new value abated;
  - c. the abatement period; and
  - d. the value after expiration of the abatement period.
10. The population growth of Lamb County that occurs directly as a result of new improvements;
11. The types and values of public improvements, if any, to be made by Applicant seeking abatement;
12. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
13. The impact on the business opportunities of existing businesses;
14. The attraction of other new businesses to the area;
15. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
16. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits 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.

Construction in Progress. If a qualifying facility has not been placed in service within one year after execution of the abatement Agreement, the applicant may apply for a one year extension of the term of abatement, to be granted or denied in accordance with the Agreement. Said

extension must be applied for prior to the expiration of the one year anniversary of execution of the abatement Agreement.

I. Denial of Abatement: Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government services or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public health, safety or morals;
4. Violation of other codes or laws; or
5. Any other reason deemed appropriate by Lamb County.

J. 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 2 E shall be fully taxable; and
2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

### **Section 3 Application**

- A. Any present or potential owner of taxable property in Lamb County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge.
- B. The application shall consist of a completed application form accompanied by:
  1. A copy of the executive overview from the 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, including a complete legal description of the property;
  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. Certification from the Lamb County Appraisal District verifying that no taxes are past due on applicant's property located in the proposed reinvestment zone
  7. Disclosure of any environmental permits required or additional environmental impacts.
  8. A \$1,000.00 non-refundable application fee.
- C. 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 County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the Applicant, to be attached to the Application.
- D. All checks in payment of the administrative fee shall be made payable to Lamb County. For abatement requests for improvements with a planned value equal to or in excess of \$1,000,000.00 the fee shall be one thousand and no/100 dollars (\$1000.00), accompanied by the agreement that the Applicant shall pay reasonable consulting and attorney fees as may be incurred by Lamb County in the examination of the application as well as the preparation and negotiation of any tax abatement agreement.
- E. Lamb County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh day before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon Application, Lamb County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

- F. If a city within Lamb County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property, such present or potential owner of taxable property may request tax abatement by Lamb County by following the same application process described in Section 3 A hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners Court deems them necessary in a particular case.
- G. Variance. Requests for variance from the provisions of Section II may be made in an application or other written form to the Commissioners' Court. Such request shall include all the items listed in Section 3(B) and may include a complete description of the circumstances which prompt the applicant to request a variance. The approval process for a variance request 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. To the full extent permitted by applicable law, the Commissioners' Court shall have the authority to enter into an abatement agreement with terms and conditions that vary from the terms and conditions in these Guidelines, but only so long as the Commissioners' Court determines that such variances are in the best interests of Lamb County. Any terms or conditions contained in an abatement Agreement approved by the Commissioners' Court that vary from the terms and conditions in these Guidelines shall automatically be deemed to have been granted an approved variance by the Commissioners' Court, shall be binding and enforceable as agreed to in the abatement Agreement, and shall control in the event of any inconsistency or conflict with these Guidelines.
- H. 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.

#### **Section 4 Agreement**

- A. After approval, the Commissioners Court of Lamb County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:
1. Include a list of the kind, number, location of all proposed improvements to the property and if this is not defined at the time of the agreement, then to be supplemented after construction of the facilities;
  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 developmental goals as stated in Section 1H of the Lamb County Tax Abatement Guidelines and Criteria;
4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
5. Include each term that was agreed upon with the property owner and require the owner of the facility to annually certify compliance with the terms of the agreement to each taxing unit; and
6. Allow the taxing unit to cancel the agreement after notice of default and opportunity to cure if the property owner fails to comply with the terms of the agreement.

B. The owner of the facility and Lessee shall also agree to the following:

1. A specified number of permanent full time jobs at facility shall be created, and the owner and Lessee shall make reasonable efforts to employ persons who are residents of Lamb County in such jobs provided, however, that there shall be no obligation to employ residents who are not:
  - a. equally or more qualified than nonresident applicants;
  - b. available for employment on terms and / or salaries comparable to those required by nonresident applicants; or
  - c. able to become qualified with 72 hours training provided by Owner.
2. Each person employed in such job shall perform a portion, if not all, of their work in Lamb County.
3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Lamb County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Lamb County residents that are not:
  - a. of similar quality to those provided by nonresidents; or
  - b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall

be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.

4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Lamb County who are interested in obtaining information about providing goods or services related to the construction of the project.
  5. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Lamb County for local contractors to perform work on the construction of the project.
  6. Owner shall agree to maintain a viable presence (as below defined) within the reinvestment zone for a period of time, as set by the Lamb County Commissioners Court, not to exceed twenty (20) years from the date that the abatement agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means (i) the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered, and (ii) the retention of not fewer than three (3) Qualifying Jobs as defined by Texas Tax Code Section 313.021(3)(E) to be located and performed, in part, within Lamb County.
  7. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Lamb County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.
- C. Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

## **Section 5 Recapture**

- A. In the event that the company or individual:
1. Allows its ad valorem taxes owed Lamb County 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;

3. The agreement them may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.
- B. Should Lamb County determine that the company or individual is in default according to the terms and conditions of its agreement, Lamb County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.
- C. In the event that the applicant's facility is completed and begins producing products or services, but subsequently discontinues producing a product or service for any reason for a period of one year during the abatement period, other than because of fire, explosion ,or other casualty, accident, or natural disaster, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the applicant's 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.

## **Section 6**

### **Administration**

- A. The Chief Appraiser of the Lamb County Appraisal District will 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. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Lamb County of the amount of the assessment.
- B. The Agreement shall stipulate that employees and/or designated representatives of Lamb County will have access to the applicant's facilities within 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 reasonable 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 applicant, and in accordance with its safety standards.
- C. Lamb County may execute a contract with any other jurisdictions) to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and/or designated representatives of Lamb 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 prior notice and will only be conducted in such 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.

- D. Upon completion of construction, the designated representative of Lamb County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.
- E. Timely Filing. The County shall timely file, with the appropriate person, agency, department, or board of the State of Texas, all information required by the Tax Code.

## **Section 7 Assignment**

- A. Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility only upon the approval by resolution of the Commissioners Court of Lamb County 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 Lamb County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee, are liable to any jurisdiction for outstanding taxes or other obligations.
- B. An assignment shall not serve to extend the termination date of the abatement Agreement with the original Applicant, owner or lessee. An assignment may not alter venue provisions of the original agreement
- C. Approval of an assignment in conformity with this section shall not be unreasonably withheld.

## **Section 9 Venue**

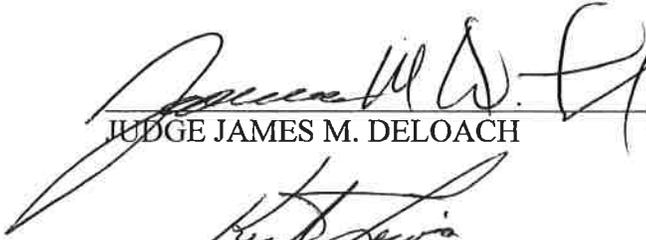
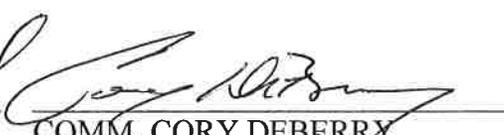
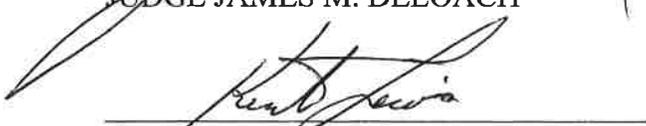
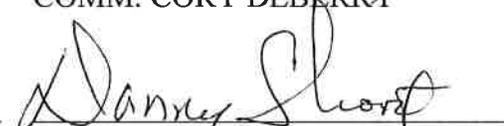
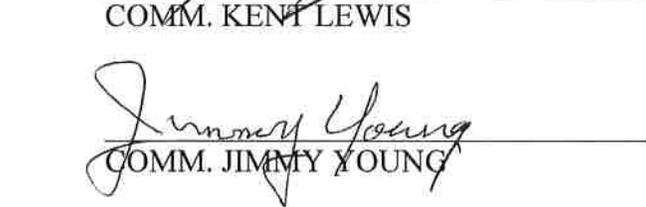
Any abatement agreement shall be conditioned upon venue for any disputes which may arise under the abatement agreement to be retained in courts of appropriate jurisdiction within Lamb County, Texas, or appeals to Texas courts of appellate jurisdiction, or the United States District Court for the Northern District of Texas, Lubbock Division, and United States courts of appellate jurisdiction.

## **Section 10 Sunset Provision**

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by three quarters vote of the Commissioners Court of Lamb County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the guidelines and criteria will be modified, renewed, or eliminated.

ADOPTED April 11, 2016.

LAMB COUNTY COMMISSIONERS' COURT

 _____ JUDGE JAMES M. DELOACH	 _____ COMM. CORY DEBERRY
 _____ COMM. KENT LEWIS	 _____ COMM. DANNY SHORT
 _____ COMM. JIMMY YOUNG	

# Continental Dairy Facilities Southwest, LLC

Chapter 313 Application to Littlefield ISD

Cummings Westlake, LLC

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## **TAB 17**

*Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)*

See Attached

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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.

print here Robert Dillard
Print Name (Authorized School District Representative)
sign here [Signature]
Signature (Authorized School District Representative)

Superintendent
Title
4-27-16
Date

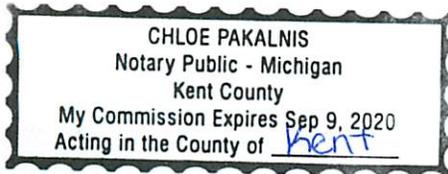
2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

print here Steven Cooper
Print Name (Authorized Company Representative (Applicant))
sign here [Signature]
Signature (Authorized Company Representative (Applicant))

COO/General Manager
Title
4/27/16
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the 27th day of April, 2016
Chloe Pakalnis
Notary Public in and for the State of Michigan
My Commission expires: 09/09/2020

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 Section 37.10.



# Application for Appraised Value Limitation on Qualified Property

## SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

### 1. Authorized School District Representative Signature

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.

**print here** ▶ Robert Dillard  
 Print Name (Authorized School District Representative)

**sign here** ▶ *[Handwritten Signature]*  
 Signature (Authorized School District Representative)

Superintendent  
 Title

7.11.16  
 Date

### 2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

**print here** ▶ Steven Cooper  
 Print Name (Authorized Company Representative (Applicant))

**sign here** ▶ *[Handwritten Signature]*  
 Signature (Authorized Company Representative (Applicant))

COO/ General Manager  
 Title

07/01/2016  
 Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

1st day of July, 2016

*[Handwritten Signature]*  
 Notary Public in and for the State of Michigan

My Commission expires: 09/09/2020

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 Section 37.10.



# Application for Appraised Value Limitation on Qualified Property

## SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

### 1. Authorized School District Representative Signature

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.

print here

Robert Dillard

Print Name (Authorized School District Representative)

Superintendent

Title

sign here

*Robert Dillard*

Signature (Authorized School District Representative)

Date

8-3-16

### 2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

print here

Steven Cooper

Print Name (Authorized Company Representative (Applicant))

COO/General Manager

Title

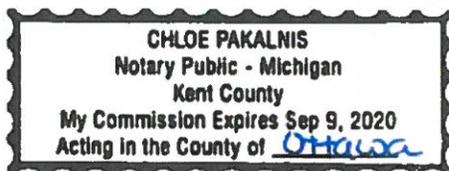
sign here

*Steven Cooper*

Signature (Authorized Company Representative (Applicant))

08/03/2016

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

03 day of August, 2016

*Chloe Pakalnis*  
Notary Public in and for the State of ~~Texas~~ Michigan

My Commission expires: 09/09/2020

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 Section 37.10.



## Franchise Tax Account Status

As of : 11/22/2016 09:52:28

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**This Page is Not Sufficient for Filings with the Secretary of State**

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<b>CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC</b>	
<b>Texas Taxpayer Number</b>	32057539804
<b>Mailing Address</b>	320 W HERMOSA DR ARTESIA, NM 88210-2818
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	TX
<b>Effective SOS Registration Date</b>	06/16/2015
<b>Texas SOS File Number</b>	0802236202
<b>Registered Agent Name</b>	SELECT MILK PRODUCERS, INC.
<b>Registered Office Street Address</b>	5151 BELTLINE ROAD, SUITE 455 DALLAS, TX 75254



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

September 16, 2016

Robert Dillard  
Superintendent  
Littlefield Independent School District  
1207 East 14<sup>th</sup> Street  
Littlefield, Texas 79339

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Littlefield Independent School District and Continental Dairy Facilities Southwest, LLC, Application #1137

Dear Superintendent Dillard:

On August 4, 2016, the Comptroller issued written notice that Continental Dairy Facilities Southwest, LLC (the applicant) submitted a completed application (Application #1137) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on April 27, 2016, to the Littlefield 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 #1137.

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.

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

**Certificate decision required by 313.025(d)**

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.

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.

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).

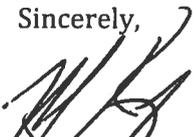
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 by December 31, 2016.

Note that any building or improvement existing as of the application review start date of August 4, 2016, 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 Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or direct at 512-936-0758.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure  
cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Continental Dairy Facilities Southwest, LLC (the project) applying to Littlefield 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 Continental Dairy Facilities Southwest, LLC.

Applicant	Continental Dairy Facilities Southwest, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Littlefield ISD
2014-2015 Average Daily Attendance	1,328
County	Lamb
Proposed Total Investment in District	\$193,500,000
Proposed Qualified Investment	\$191,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	90
Average weekly wage of qualifying jobs committed to by applicant	\$770
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$770
Minimum annual wage committed to by applicant for qualified jobs	\$40,050
Minimum weekly wage required for non-qualifying jobs	\$711
Minimum annual wage required for non-qualifying jobs	\$36,985
Investment per Qualifying Job	\$19,350,000
Estimated M&O levy without any limit (15 years)	\$17,340,627
Estimated M&O levy with Limitation (15 years)	\$5,847,275
Estimated gross M&O tax benefit (15 years)	\$11,493,352

**Table 2** is the estimated statewide economic impact of Continental Dairy Facilities Southwest, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	100	96	196.119	\$4,000,000	\$8,847,000	\$12,847,000
2018	115	115	230	\$4,449,520	\$10,824,480	\$15,274,000
2019	100	112	212	\$3,729,100	\$10,577,900	\$14,307,000
2020	100	115	215	\$3,729,100	\$11,805,900	\$15,535,000
2021	100	114	214	\$3,729,100	\$12,694,900	\$16,424,000
2022	100	111	211	\$3,729,100	\$13,371,900	\$17,101,000
2023	100	107	207	\$3,729,100	\$13,950,900	\$17,680,000
2024	100	104	204	\$3,729,100	\$14,463,900	\$18,193,000
2025	100	101	201	\$3,729,100	\$14,991,900	\$18,721,000
2026	100	99	199	\$3,729,100	\$15,517,900	\$19,247,000
2027	100	97	197	\$3,729,100	\$16,082,900	\$19,812,000
2028	100	95	195	\$3,729,100	\$16,720,900	\$20,450,000
2029	100	91	191	\$3,729,100	\$17,082,900	\$20,812,000
2030	100	90	190	\$3,729,100	\$17,703,900	\$21,433,000
2031	100	90	190	\$3,729,100	\$18,306,900	\$22,036,000

Source: CPA REMI, Continental Dairy Facilities Southwest, LLC

**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 <sup>1</sup>	Littlefield ISD I&S Tax Levy	Littlefield ISD M&O Tax Levy	Littlefield ISD M&O and I&S Tax Levies	Lamb County Tax Levy	High Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
				0.0000	1.0400		0.7900	0.0080	
2017	2,182,000	\$2,182,000		\$0	\$22,693	\$22,693	\$17,238	\$175	\$40,106
2018	51,782,000	\$51,782,000		\$0	\$538,533	\$538,533	\$409,078	\$4,156	\$951,767
2019	152,798,000	\$152,798,000		\$0	\$1,589,099	\$1,589,099	\$1,207,104	\$12,264	\$2,808,467
2020	147,341,000	\$147,341,000		\$0	\$1,532,346	\$1,532,346	\$1,163,994	\$11,826	\$2,708,166
2021	142,086,000	\$142,086,000		\$0	\$1,477,694	\$1,477,694	\$1,122,479	\$11,404	\$2,611,578
2022	137,026,000	\$137,026,000		\$0	\$1,425,070	\$1,425,070	\$1,082,505	\$10,998	\$2,518,574
2023	132,153,000	\$132,153,000		\$0	\$1,374,391	\$1,374,391	\$1,044,009	\$10,607	\$2,429,006
2024	127,460,000	\$127,460,000		\$0	\$1,325,584	\$1,325,584	\$1,006,934	\$10,230	\$2,342,748
2025	122,939,000	\$122,939,000		\$0	\$1,278,566	\$1,278,566	\$971,218	\$9,867	\$2,259,651
2026	118,585,000	\$118,585,000		\$0	\$1,233,284	\$1,233,284	\$936,822	\$9,518	\$2,179,623
2027	114,391,000	\$114,391,000		\$0	\$1,189,666	\$1,189,666	\$903,689	\$9,181	\$2,102,536
2028	110,351,000	\$110,351,000		\$0	\$1,147,650	\$1,147,650	\$871,773	\$8,857	\$2,028,280
2029	106,460,000	\$106,460,000		\$0	\$1,107,184	\$1,107,184	\$841,034	\$8,544	\$1,956,762
2030	102,712,000	\$102,712,000		\$0	\$1,068,205	\$1,068,205	\$811,425	\$8,244	\$1,887,873
2031	99,102,000	\$99,102,000		\$0	\$1,030,661	\$1,030,661	\$782,906	\$7,954	\$1,821,521
			<b>Total</b>	<b>\$0</b>	<b>\$17,340,627</b>	<b>\$17,340,627</b>	<b>\$13,172,207</b>	<b>\$133,823</b>	<b>\$30,646,657</b>

Source: CPA, Continental Dairy Facilities Southwest, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Lamb 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 <sup>1</sup>	Littlefield ISD I&S Tax Levy	Littlefield ISD M&O Tax Levy	Littlefield ISD M&O and I&S Tax Levies	Lamb County Tax Levy	High Plains Underground Water Conservation District Tax	Estimated Total Property Taxes
				0.0000	1.0400		0.7900	0.0080	
2017	2,182,000	\$2,182,000		\$0	\$22,693	\$22,693	\$17,238	\$175	\$40,106
2018	51,782,000	\$51,782,000		\$0	\$538,533	\$538,533	\$409,078	\$4,156	\$951,767
2019	152,798,000	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$12,264	\$220,264
2020	147,341,000	\$20,000,000		\$0	\$208,000	\$208,000	\$116,399	\$11,826	\$336,225
2021	142,086,000	\$20,000,000		\$0	\$208,000	\$208,000	\$224,496	\$11,404	\$443,900
2022	137,026,000	\$20,000,000		\$0	\$208,000	\$208,000	\$324,752	\$10,998	\$543,749
2023	132,153,000	\$20,000,000		\$0	\$208,000	\$208,000	\$417,603	\$10,607	\$636,210
2024	127,460,000	\$20,000,000		\$0	\$208,000	\$208,000	\$503,467	\$10,230	\$721,697
2025	122,939,000	\$20,000,000		\$0	\$208,000	\$208,000	\$582,731	\$9,867	\$800,598
2026	118,585,000	\$20,000,000		\$0	\$208,000	\$208,000	\$655,775	\$9,518	\$873,293
2027	114,391,000	\$20,000,000		\$0	\$208,000	\$208,000	\$722,951	\$9,181	\$940,132
2028	110,351,000	\$20,000,000		\$0	\$208,000	\$208,000	\$784,596	\$8,857	\$1,001,452
2029	106,460,000	\$106,460,000		\$0	\$1,107,184	\$1,107,184	\$841,034	\$8,544	\$1,956,762
2030	102,712,000	\$102,712,000		\$0	\$1,068,205	\$1,068,205	\$811,425	\$8,244	\$1,887,873
2031	99,102,000	\$99,102,000		\$0	\$1,030,661	\$1,030,661	\$782,906	\$7,954	\$1,821,521
			<b>Total</b>	<b>\$0</b>	<b>\$5,847,275</b>	<b>\$5,847,275</b>	<b>\$7,194,450</b>	<b>\$133,823</b>	<b>\$13,175,548</b>
			<b>Difference</b>	<b>\$0</b>	<b>\$11,493,352</b>	<b>\$11,493,352</b>	<b>\$5,977,757</b>	<b>\$0</b>	<b>\$17,471,109</b>
Assumes School Value Limitation and Tax Abatements with Lamb County									

Source: CPA, Continental Dairy Facilities Southwest, LLC

<sup>1</sup>Tax 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 before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC (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)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$260,000	\$260,000	\$1,071,200	\$1,071,200
	2018	\$260,000	\$520,000	\$1,004,640	\$2,075,840
	2019	\$260,000	\$780,000	\$938,080	\$3,013,920
	2020	\$260,000	\$1,040,000	\$871,520	\$3,885,440
	2021	\$260,000	\$1,300,000	\$804,960	\$4,690,400
	2022	\$260,000	\$1,560,000	\$738,400	\$5,428,800
	2023	\$260,000	\$1,820,000	\$671,840	\$6,100,640
	2024	\$260,000	\$2,080,000	\$605,280	\$6,705,920
	2025	\$260,000	\$2,340,000	\$538,720	\$7,244,640
	2026	\$260,000	\$2,600,000	\$472,160	\$7,716,800
<b>Maintain Viable Presence (5 Years)</b>	2027	\$665,600	\$3,265,600	\$0	\$7,716,800
	2028	\$599,040	\$3,864,640	\$0	\$7,716,800
	2029	\$532,480	\$4,397,120	\$0	\$7,716,800
	2030	\$465,920	\$4,863,040	\$0	\$7,716,800
	2031	\$399,360	\$5,262,400	\$0	\$7,716,800
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$399,360	\$5,661,760	\$0	\$7,716,800
	2033	\$399,360	\$6,061,120	\$0	\$7,716,800
	2034	\$399,360	\$6,460,480	\$0	\$7,716,800
	2035	\$399,360	\$6,859,840	\$0	\$7,716,800
	2036	\$399,360	\$7,259,200	\$0	\$7,716,800
	2037	\$399,360	\$7,658,560	\$0	\$7,716,800
	2038	\$399,360	\$8,057,920	\$0	\$7,716,800
	2039	\$399,360	\$8,457,280	\$0	\$7,716,800
	2040	\$399,360	\$8,856,640	\$0	\$7,716,800
	2041	\$399,360	\$9,256,000	\$0	\$7,716,800
		<b>\$9,256,000</b>	is greater than	<b>\$7,716,800</b>	
<b>Analysis Summary</b>					
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, CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC

**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 the Continental Dairy Facilities Southwest, LLC 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:

- Per Continental Dairy Facilities Southwest, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. The site selection process for the potential planned dairy processing facility began in 2014. Multiple sites in west Texas, Oklahoma, Kansas and eastern New Mexico were visited.
  - B. Littlefield was ultimately focused on as the proposed plant location, the land was acquired in October 2015 and preliminary engineering and site planning began shortly thereafter.
  - C. To avoid potential rumors and discord, which happened in Coopersville, the applicant decided the best approach is to inform the public of the intended project. This led to media coverage that made the project sound like a certainty.
  - D. Currently, the project does not have financing and does not have a final budget and incentives will play a critical role in allowing the project to be successful.
  - E. If the applicant does not get funding for the facility it will sit empty and will be utilized as storage for the farming equipment similar to what the cooperative did for two years in Coopersville.
- According to KCBD News Channel 11 updated January 25, 2016, “Please join dairy farmer leaders of Select Milk Producers, Inc. and other community leaders as they announce the acquisition of the former Littlefield Denim Mill for conversion into a state-of-the-industry milk processing plant.”

### **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 checked="" type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input 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, contracts or letters of intent 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 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. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. 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

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

For more information, visit our website: [www.TexasAhead.org/tax\\_programs/chapter313/](http://www.TexasAhead.org/tax_programs/chapter313/)

# **Supporting Information**

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

Tab 5- AMENDED

Throughout the years the years Select Milk Producers, while choosing to remain out of the public spotlight has grown quietly to be the 5<sup>th</sup> largest dairy cooperative in the nation. While its members, all family owned dairy farmers choose to remain quiet their accolades have not. Our cooperative members have not only become leaders within our industry but strive to become pivotal leaders in the various communities that they live in. Donald and Cheri De Jong, owners of Natural Prairie which is one of the largest family operated organic dairy farms in the US with over 8,500 cows and 130 employees. Overall the two own about 17,000 organic and conventional dairy cattle. Both individuals have striven to ensure that all employees are treated as though they are family, beginning a tutoring program for all employees and family members free of charge during the school year and summer months. They recently have established their own charitable organization to empower dairy farmers worldwide, and have been awarded with the NICF Outstanding Philanthropist Award. Brad Bouma, Select Milk Producers Board President, owner of Legacy Farms and Arroyo Seco in Plainview, Texas with 13,000 plus dairy cows with wife Barb and sons Brandon and Brent represent five generations of dairy farming beginning in the Netherlands. At the end of December 2015 winter storm Goliath tore through the Southern Plains, Midwest, and Northeast taking 52 lives throughout the country, and killing an estimated 30,000 cattle in Texas alone making it the deadliest storm system of 2015. During this time the Bouma family worked tirelessly during the 36 hour blizzard helping plow local roads with their front loaders, picking up, and bringing home employees. Brad Bouma also serves on the Board of Directors for the non-profit organization Operation Hope, which he has been involved with since 2008. These are just two out of the 99 family farm owners for the cooperative with many others even more involved in the various communities that they live in. Select Milk Producers is extremely particular on who they allow into their cooperative scrutinizing everything from herd health and animal welfare to the individual.

Milk production in the Southwest United States has grown to the extent it now strains the capacity of processing and transportation facilities in this region. As a result, the price of milk in this area has, at times, been depressed, forcing producers to deeply discount their pricing. If the currently oversupplied market continues as expected, the industry will suffer from maxed out capacity, denying producers fair prices for their product.

In 2014 Continental Dairy Facilities Southwest, LLC (CDFSW) began a site selection process for their potential planned dairy processing facility. As part of this process, CDFSW has visited multiple sites in west Texas, Oklahoma, Kansas, and eastern New Mexico. Ultimately, CDFSW chose the eastern New Mexico and west Texas region, and ultimately focused on Littlefield as the proposed plant location, largely due to the availability of labor, with the unemployment rate at 7%, and availability of raw materials. The land was acquired in October 2015 and preliminary engineering and site planning began shortly thereafter.

Once the Littlefield site was identified as a potential site for a dairy processing facility our cooperative members decided that the best possible way to prevent potential rumors and discord if the site was ultimately selected, would be to keep the community informed as much as possible to prevent what had happened up at the Midwest plant in Coopersville. In that case, the Cooperative actually purchased the Midwest plant to attempt to stay out of the public eye under a secondary corporation, "Arizona Maricopa". This led to distrust, and rumors within the small community, at one point being accused of running a secret government facility. Learning from that experience, and to avoid these unfortunate circumstances from being repeated, a media day was decided as the best approach to update the public on the intended Select Milk Producers project. Unfortunately, this led to media coverage that made the project sound like a certainty when it was actually based upon two critical factors: incentives offered and financing.

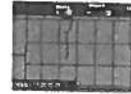
Continental Dairy Facilities Southwest, LLC would like to emphasize that we currently do not have financing and that we are just beginning meetings and discussions with the banks. We do not have a final budget, and are still in the pre-engineering stage without a solid budget developed. The incentives will play a critical role in allowing us to be successful as a business because as a commodity market, the profit margins are often very small, measured by three digits to the right of the decimal point, and our first estimate came in at \$47 million higher than we had originally anticipated.

Continental Dairy Facilities Southwest, LLC purchased the American Cotton Growers Denim Plant for \$3 million, slightly over 1% of the anticipated total project cost. If the cooperative does not get funding for the processing facility, the building will sit empty and will be utilized as storage for the various farming equipment. The building will also be utilized to rent out for storage, similarly to what the cooperative did for over 2 years in Coopersville while doing our due diligence as they are currently doing in Littlefield.

# **Supporting Information**

**Additional information  
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# Select Milk Producers to convert Littlefield Denim Mill into milk processing plant

*Published: Tuesday, October 27th 2015, 4:18 pm CDT*

*Updated: Monday, January 25th 2016, 5:18 pm CDT*

Posted by KCBD Digital [CONNECT](#)

Provided by Select Milk Producers

Please join dairy farmer leaders of Select Milk Producers, Inc. and other community leaders as they announce the acquisition of the former Littlefield Denim Mill for conversion into a state-of-the-industry milk processing plant.

**When:** Friday, October 30, 11:00 a.m.

**Where:** Littlefield Denim Mill 2801 Denim Road, Littlefield, TX 79339

**What:** News conference announcing that Select Milk Producers, Inc., has acquired the former American Cotton Growers Littlefield Denim Mill, which was closed in January 2015. Select will invest approximately \$250 million to convert the facility into a state-of-the-industry milk processing plant.

**Who:** Select Milk Producers, Inc., headquartered in Artesia, NM is a group of 99 member dairy farms located in Texas, New Mexico, Oklahoma, Indiana, Michigan, and Ohio, who produce and market over 6 billion lbs. of milk annually. Select Milk Producers' members not only produce milk -- they are redefining the dairy industry through their commitments to product innovation, quality, traceability, sustainability, and animal care.

Through Continental Dairy Facilities, LLC, Select Milk Producers already operates a state-of-the-industry milk powder and butter processing plant in Coopersville, MI. A companion facility in Coopersville, operated by fairlife, LLC (<http://fairlife.com/>) produces and distributes fairlife milk and Core Power (<http://www.corepower.com/>). Fairlife, LLC is a joint venture of Select Milk Producers, Inc. and the Coca-Cola Company.

Just last week, Dairy Foods publication named fairlife as their Processor of the Year. Here's the story: (<http://www.dairyfoods.com/articles/91424-dairy-pro-ducts-innovator-fairlife-is-the-2015-processor-of-the-year>).

Select is also a partner with Dairy Farmers of America, Inc. and Glanbia PLC in Southwest Cheese (SWC). Located in Clovis, NM, SWC is one of the largest and most successful cheese and whey protein manufacturers in the world.

RELATED STORIES:

[Littlefield denim mill to close Jan. 6](#)

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with Continental Dairy Facilities Southwest, LLC**

**October 14, 2016**

***McDowell & Brown, LLC***  
***School Finance Consulting***

**Summary of Littlefield ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
Continental Dairy Facilities Southwest, LLC**

## **Introduction**

Continental Dairy Facilities Southwest, LLC applied for a property value limitation from Littlefield Independent School District under Chapter 313 of the Tax Code. The application was submitted on April 27, 2016 and subsequently approved for consideration by the Littlefield ISD Board of Trustees. Continental Dairy Facilities Southwest, LLC (“Continental Dairy SW”), is requesting the property value limitation as a “manufacturing” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company.

## Years Prior to Start of Value Limitation Period:

The first two years of the agreement are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2017 and 2018 be considered the years that are Prior to the Start of Value Limitation Period.

## Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Littlefield ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million. Thus, Littlefield ISD has a minimum qualified investment amount of \$10 million and a minimum limitation amount of \$20 million. A qualifying entity’s taxable value would be reduced to \$20 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Littlefield ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2019 and continue through tax year 2028.

## Final Five Years of the Agreement – Continue to Maintain a Viable Presence:

Tax years 2029 through 2033 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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## Taxable Value Projections from Application

The following data shows the projected taxable values that Continental Dairy Facilities Southwest, LLC reported in the application to the District:

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value
	0	2016-2017	2016	\$0	\$0
Each Year Prior to Start of Value Limitation Period	0	2017-2018	2017	\$2,182,000	\$2,182,000
	0	2018-2019	2018	\$51,782,000	\$51,782,000
Value Limitation Period	1	2019-2020	2019	\$152,798,000	\$20,000,000
	2	2020-2021	2020	\$147,341,000	\$20,000,000
	3	2021-2022	2021	\$142,086,000	\$20,000,000
	4	2022-2023	2022	\$137,026,000	\$20,000,000
	5	2023-2024	2023	\$132,153,000	\$20,000,000
	6	2024-2025	2024	\$127,460,000	\$20,000,000
	7	2025-2026	2025	\$122,939,000	\$20,000,000
	8	2026-2027	2026	\$118,585,000	\$20,000,000
	9	2027-2028	2027	\$114,391,000	\$20,000,000
	10	2028-2029	2028	\$110,351,000	\$20,000,000
Continue to Maintain Viable Presence	11	2029-2030	2029	\$106,460,000	\$106,460,000
	12	2030-2031	2030	\$102,712,000	\$102,712,000
	13	2031-2032	2031	\$99,102,000	\$99,102,000
	14	2032-2033	2032	\$95,624,000	\$95,624,000
	15	2033-2034	2033	\$92,272,000	\$92,272,000
Additional Years for 25 Year Economic Impact Study	16	2034-2035	2034	\$89,043,000	\$89,043,000
	17	2035-2036	2035	\$85,931,000	\$85,931,000
	18	2036-2037	2036	\$82,933,000	\$82,933,000
	19	2037-2038	2037	\$80,045,000	\$80,045,000
	20	2038-2039	2038	\$77,261,000	\$77,261,000
	21	2039-2040	2039	\$74,578,000	\$74,578,000
	22	2040-2041	2040	\$71,993,000	\$71,993,000
	23	2041-2042	2041	\$69,501,000	\$69,501,000
	24	2042-2043	2042	\$67,099,000	\$67,099,000
	25	2043-2044	2043	\$64,785,000	\$64,785,000

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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## Taxable Value Impact from LAVA

The “Additional Value from Continental Dairy SW” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2019 through 2028, the company’s taxable value will be limited to the \$20,000,000 minimum qualified investment of Littlefield ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From Continental Dairy SW	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2016	0	n/a	0	0
Jan. 1, 2017	2,182,000	n/a	0	2,182,000
Jan. 1, 2018	51,782,000	n/a	0	51,782,000
Jan. 1, 2019	152,798,000	(20,000,000)	132,798,000	20,000,000
Jan. 1, 2020	147,341,000	(20,000,000)	127,341,000	20,000,000
Jan. 1, 2021	142,086,000	(20,000,000)	122,086,000	20,000,000
Jan. 1, 2022	137,026,000	(20,000,000)	117,026,000	20,000,000
Jan. 1, 2023	132,153,000	(20,000,000)	112,153,000	20,000,000
Jan. 1, 2024	127,460,000	(20,000,000)	107,460,000	20,000,000
Jan. 1, 2025	122,939,000	(20,000,000)	102,939,000	20,000,000
Jan. 1, 2026	118,585,000	(20,000,000)	98,585,000	20,000,000
Jan. 1, 2027	114,391,000	(20,000,000)	94,391,000	20,000,000
Jan. 1, 2028	110,351,000	(20,000,000)	90,351,000	20,000,000
Jan. 1, 2029	106,460,000	n/a	0	106,460,000
Jan. 1, 2030	102,712,000	n/a	0	102,712,000
Jan. 1, 2031	99,102,000	n/a	0	99,102,000
Jan. 1, 2032	95,624,000	n/a	0	95,624,000
Jan. 1, 2033	92,272,000	n/a	0	92,272,000

# Littlefield ISD Financial Impact of Chapter 313 Agreement

## Continental Dairy Southwest's Tax Benefit from Agreement

The projected amount of the net tax savings for Continental Dairy SW is \$9.7 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

Littlefield ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.04 for the life of this agreement.
- The District currently has no outstanding bond obligations and therefore has no I&S tax rate. The study assumes that they will have no bonded indebtedness during the agreement period; however, the district could call for a bond referendum and install an I&S tax during this agreement period.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
<b>2016-2017</b>	1.04	0.000	0	0	0	0
<b>2017-2018</b>	1.04	0.000	22,693	0	0	0
<b>2018-2019</b>	1.04	0.000	538,533	0	0	0
<b>2019-2020</b>	1.04	0.000	1,589,099	1,381,099	(1,774,483)	(393,384)
<b>2020-2021</b>	1.04	0.000	1,532,346	1,324,346	0	1,324,346
<b>2021-2022</b>	1.04	0.000	1,477,694	1,269,694	0	1,269,694
<b>2022-2023</b>	1.04	0.000	1,425,070	1,217,070	0	1,217,070
<b>2023-2024</b>	1.04	0.000	1,374,391	1,166,391	0	1,166,391
<b>2024-2025</b>	1.04	0.000	1,325,584	1,117,584	0	1,117,584
<b>2025-2026</b>	1.04	0.000	1,278,566	1,070,566	0	1,070,566
<b>2026-2027</b>	1.04	0.000	1,233,284	1,025,284	0	1,025,284
<b>2027-2028</b>	1.04	0.000	1,189,666	981,666	0	981,666
<b>2028-2029</b>	1.04	0.000	1,147,650	939,650	0	939,650
<b>2029-2030</b>	1.04	0.000	1,107,184	0	0	0
<b>2030-2031</b>	1.04	0.000	1,068,205	0	0	0
<b>2031-2032</b>	1.04	0.000	1,030,661	0	0	0
<b>2032-2033</b>	1.04	0.000	994,490	0	0	0
<b>2033-2034</b>	1.04	0.000	959,629	0	0	0
<b>Totals</b>			<b>19,294,746</b>	<b>11,493,352</b>	<b>(1,774,483)</b>	<b>9,718,869</b>

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Littlefield ISD. First, a fifteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a fifteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a fifteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the “Calculation of LAVA Impact on District’s Finances” section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2016-2017 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$77.53 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district’s tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2016.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2016 taxable value was used as a baseline for all projections
- The district’s enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2015-2016 was increased by .25% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

# Littlefield ISD Financial Impact of Chapter 313 Agreement

## Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Continental Dairy SW (Table III), the addition of Continental Dairy SW's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Continental Dairy SW's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* Continental Dairy Facilities Southwest, LLC:**

Fiscal Year	Total Taxable Value	M&O Taxes Compressed Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
2016-2017	179,620,438	1,758,055	8,221,299	0	9,979,354	859,219	10,838,573
2017-2018	181,416,642	1,775,306	8,317,143	0	10,092,450	904,432	10,996,882
2018-2019	183,230,809	1,792,729	8,325,330	0	10,118,060	906,527	11,024,587
2019-2020	185,063,117	1,810,327	8,328,188	0	10,138,515	908,628	11,047,142
2020-2021	186,913,748	1,828,100	8,336,029	0	10,164,129	910,735	11,074,864
2021-2022	188,782,886	1,846,052	8,343,686	0	10,189,737	912,849	11,102,586
2022-2023	190,670,714	1,864,182	8,351,164	0	10,215,346	914,969	11,130,315
2023-2024	192,577,422	1,882,494	8,358,458	0	10,240,952	917,096	11,158,048
2024-2025	194,503,196	1,900,989	8,365,569	0	10,266,559	919,229	11,185,788
2025-2026	196,448,228	1,919,670	8,372,487	0	10,292,157	921,369	11,213,525
2026-2027	198,412,710	1,938,536	8,379,222	0	10,317,758	923,515	11,241,273
2027-2028	200,396,837	1,957,592	8,385,766	0	10,343,358	925,668	11,269,026
2028-2029	202,400,805	1,976,838	8,386,957	0	10,363,795	927,827	11,291,622
2029-2030	204,424,814	1,996,277	8,394,887	0	10,391,163	929,993	11,321,156
2030-2031	206,469,062	2,015,910	8,399,074	0	10,414,984	932,166	11,347,149
2031-2032	208,533,752	2,035,739	8,404,832	0	10,440,571	934,345	11,374,915
2032-2033	210,619,090	2,055,767	8,410,392	0	10,466,159	936,530	11,402,689
2033-2034	212,725,281	2,075,994	8,415,750	0	10,491,745	938,722	11,430,467

## Littlefield ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with Continental Dairy SW without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Compressed Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
2016-2017	179,620,438	1,758,055	8,221,299	0	9,979,354	859,219	10,838,573
2017-2018	181,416,642	1,775,306	8,317,143	0	10,092,450	904,432	10,996,882
2018-2019	235,012,809	2,290,044	8,325,332	0	10,615,376	1,158,003	11,773,379
2019-2020	337,861,117	3,277,799	7,820,725	0	11,098,524	1,282,680	12,381,203
2020-2021	334,254,748	3,243,163	6,838,608	0	10,081,771	884,998	10,966,770
2021-2022	330,868,886	3,210,646	6,899,745	0	10,110,390	887,791	10,998,182
2022-2023	327,696,714	3,180,180	6,958,720	0	10,138,900	890,587	11,029,487
2023-2024	324,730,422	3,151,692	7,015,602	0	10,167,294	893,381	11,060,675
2024-2025	321,963,196	3,125,115	7,070,469	0	10,195,585	896,174	11,091,759
2025-2026	319,387,228	3,100,376	7,123,380	0	10,223,756	898,963	11,122,719
2026-2027	316,997,710	3,077,427	7,174,421	0	10,251,847	901,754	11,153,602
2027-2028	314,787,837	3,056,203	7,223,633	0	10,279,836	904,542	11,184,377
2028-2029	312,751,805	3,036,649	7,265,925	0	10,302,574	907,326	11,209,900
2029-2030	310,884,814	3,018,719	7,313,447	0	10,332,165	910,110	11,242,276
2030-2031	309,181,062	3,002,356	7,355,766	0	10,358,122	912,890	11,271,011
2031-2032	307,635,752	2,987,515	7,398,254	0	10,385,769	915,666	11,301,435
2032-2033	306,243,090	2,974,139	7,439,194	0	10,413,333	918,436	11,331,769
2033-2034	304,997,281	2,962,175	7,478,635	0	10,440,810	921,198	11,362,008

**TABLE V – District Revenues with Continental Dairy SW with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
2016-2017	179,620,438	1,758,055	8,221,299	0	9,979,354	859,219	0	10,838,573
2017-2018	181,416,642	1,775,306	8,317,143	0	10,092,450	904,432	0	10,996,882
2018-2019	235,012,809	2,290,044	8,325,332	0	10,615,376	1,158,003	0	11,773,379
2019-2020	205,063,117	2,002,407	7,820,725	0	9,823,132	783,589	1,774,483	12,381,203
2020-2021	206,913,748	2,020,180	8,140,029	0	10,160,209	908,269	0	11,068,478
2021-2022	208,782,886	2,038,132	8,147,686	0	10,185,817	910,414	0	11,096,231
2022-2023	210,670,714	2,056,262	8,155,164	0	10,211,426	912,566	0	11,123,992
2023-2024	212,577,422	2,074,574	8,162,458	0	10,237,032	914,723	0	11,151,756
2024-2025	214,503,196	2,093,069	8,169,569	0	10,262,639	916,887	0	11,179,526
2025-2026	216,448,228	2,111,750	8,176,487	0	10,288,237	919,057	0	11,207,293
2026-2027	218,412,710	2,130,616	8,183,222	0	10,313,838	921,233	0	11,235,071
2027-2028	220,396,837	2,149,672	8,189,766	0	10,339,438	923,415	0	11,262,852
2028-2029	222,400,805	2,168,918	8,190,957	0	10,359,875	925,603	0	11,285,478
2029-2030	310,884,814	3,018,719	8,198,887	0	11,217,605	1,279,845	0	12,497,451
2030-2031	309,181,062	3,002,356	7,355,766	0	10,358,122	912,890	0	11,271,011
2031-2032	307,635,752	2,987,515	7,398,254	0	10,385,769	915,666	0	11,301,435
2032-2033	306,243,090	2,974,139	7,439,194	0	10,413,333	918,436	0	11,331,769
2033-2034	304,997,281	2,962,175	7,478,635	0	10,440,810	921,198	0	11,362,008

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses (during the first year that the "limited appraised value" was used as the actual taxable value) offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82<sup>nd</sup> Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

# Littlefield ISD Financial Impact of Chapter 313 Agreement

## Payments in Lieu of Taxes

Assuming that the District and Continental Dairy Facilities Southwest, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Littlefield ISD by Continental Dairy SW, the projected amount of these payments over the life of the agreement is \$1,984,545 of the \$9.7 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

**TABLE VI - Calculation of the Payment in Lieu of Taxes:**

Fiscal Year	Net Tax Savings	Littlefield ISD \$100/ADA	Continental Dairy SW Share
<b>2016-2017</b>	0	0	0
<b>2017-2018</b>	0	132,303	(132,303)
<b>2018-2019</b>	0	132,303	(132,303)
<b>2019-2020</b>	(393,384)	132,303	(525,687)
<b>2020-2021</b>	1,324,346	132,303	1,192,043
<b>2021-2022</b>	1,269,694	132,303	1,137,391
<b>2022-2023</b>	1,217,070	132,303	1,084,767
<b>2023-2024</b>	1,166,391	132,303	1,034,088
<b>2024-2025</b>	1,117,584	132,303	985,281
<b>2025-2026</b>	1,070,566	132,303	938,263
<b>2026-2027</b>	1,025,284	132,303	892,981
<b>2027-2028</b>	981,666	132,303	849,363
<b>2028-2029</b>	939,650	132,303	807,347
<b>2029-2030</b>	0	132,303	(132,303)
<b>2030-2031</b>	0	132,303	(132,303)
<b>2031-2032</b>	0	132,303	(132,303)
<b>2032-2033</b>	0	0	0
<b>2033-2034</b>	0	0	0
<b>Totals</b>	<b>9,718,869</b>	<b>1,984,545</b>	<b>7,734,324</b>

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

<b>Campus Name</b>	<b>Grade Level</b>	<b># of Regular Classrooms</b>	<b>Building Capacity</b>	<b>Current Enrollment</b>	<b>Enrollment Growth Available</b>
<b>Littlefield Primary</b>	EE thru 2	23	440	408	32
<b>Littlefield Elementary</b>	3-5	18	440	309	131
<b>Littlefield Jr. High</b>	6-8	18	396	292	104
<b>Littlefield High</b>	9-12	26	396	373	23
<b>Total</b>		<b>85</b>	<b>1,672</b>	<b>1,382</b>	<b>290</b>

The building capacities are based on 20 students per classroom for elementary and 18 students per grade level at secondary schools. Littlefield ISD is a early-education through 12<sup>th</sup> grade district.

Continental Dairy Facilities Southwest, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that ten full-time employees are expected. It is not known whether these would be new employees to the Littlefield ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new ten positions equates to 5 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Littlefield ISD as displayed in Table VII above.

# Littlefield ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Continental Dairy Southwest, LLC would be beneficial to both Continental Dairy SW and Littlefield ISD under the current school finance system.

Continental Dairy Facilities Southwest, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Continental Dairy SW is projected to benefit from a 85,% tax savings during that ten year period of this Agreement. Continental Dairy SW also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Littlefield ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Continental Dairy SW to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.



Texas Education Agency

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [tea.texas.gov](http://tea.texas.gov)

August 22, 2016

Boyd McCamish, President  
Board of Trustees  
Littlefield Independent School District  
1207 East 14th Street  
Littlefield, TX 79339-4207

Dear Mr. McCamish:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Continental Dairy Facilities Southwest LLC project on the number and size of school facilities in Littlefield Independent School District (LISD).

Based on a conversation this morning with the Rick Richards, the TEA has determined that the Continental Dairy Facilities Southwest LLC project should not have a significant impact on the number or size of school facilities in LISD. Mr. Richards indicated that both jobs and the estimated 25 new students were welcome and that there should be little impact on the district. However, Mr. Richards did indicate that the PreK – 2<sup>nd</sup> Grade campus was nearing capacity.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie". The signature is fluid and cursive, with a distinct dot at the end.

Al McKenzie  
Director of State Funding

AM/rk  
Cc: Robert Dillard



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Taxes

Property Tax

## **SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT**

### **2015 ISD Summary Worksheet**

**140/Lamb**

**140-904/Littlefield ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2015 WTD Mean Ratio</b>	<b>2015 PTAD Value Estimate</b>	<b>2015 Value Assigned</b>
A. Single-Family Residences	96,763,160	N/A	96,763,160	96,763,160
B. Multi-Family Residences	2,941,430	N/A	2,941,430	2,941,430
C1. Vacant Lots	1,121,810	N/A	1,121,810	1,121,810
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	18,628,077	N/A	18,628,077	18,628,077
D2. Real Prop Farm & Ranch	1,162,950	N/A	1,162,950	1,162,950
E. Real Prop NonQual Acres	12,129,151	N/A	12,129,151	12,129,151
F1. Commercial Real	24,516,557	N/A	24,516,557	24,516,557
F2. Industrial Real	6,414,890	N/A	6,414,890	6,414,890
G. Oil, Gas, Minerals	7,149,150	N/A	7,149,150	7,149,150
J. Utilities	24,989,021	N/A	24,989,021	24,989,021
L1. Commercial Personal	13,623,450	N/A	13,623,450	13,623,450
L2. Industrial Personal	12,440,330	N/A	12,440,330	12,440,330
M. Other Personal	782,550	N/A	782,550	782,550
N. Intangible Personal Prop	0	N/A	0	0

<b>O. Residential Inventory</b>	25,520	N/A	25,520	25,520
<b>S. Special Inventory</b>	2,859,080	N/A	2,859,080	2,859,080
<b>Subtotal</b>	225,547,126		225,547,126	225,547,126
<b>Less Total Deductions</b>	38,778,828		38,778,828	38,778,828
<b>Total Taxable Value</b>	186,768,298		186,768,298	186,768,298 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (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 T4 will be the same as T7 through T10.

### Value Taxable For M&O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
194,941,269	186,768,298	194,941,269	186,768,298

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
8,172,971	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I&S Purposes

T7	T8	T9	T10
194,941,269	186,768,298	194,941,269	186,768,298

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

The PVS found your local value to be valid, and local value was certified

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

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by and between

**LITTLEFIELD INDEPENDENT SCHOOL DISTRICT**

and

**CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC**

*(Texas Taxpayer ID #32057539804)*

Comptroller Application #1137

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Dated

December 1, 2016

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

*STATE OF TEXAS* §

*COUNTY OF LAMB* §

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 **LITTLEFIELD 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 **CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC**, Texas Taxpayer Identification Number 32057539804 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.”

**RECITALS**

**WHEREAS**, on April 27, 2016, the Superintendent of Schools of the Littlefield Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

**WHEREAS**, on April 27, 2016, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (LOCAL), and agreed to consider the Application;

**WHEREAS**, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, the District and the Texas Comptroller’s Office have determined that the Application is complete and August 4, 2016 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

**WHEREAS**, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Lamb County Appraisal District established in Lamb County, Texas (the “Lamb County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

**WHEREAS**, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on September 16, 2016, issued a certificate for limitation on

appraised value of the property described in the Application and provided the certificate to the District;

**WHEREAS**, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, on December 1, 2016, 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;

**WHEREAS**, on December 1, 2016, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's 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; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

**WHEREAS**, on December 1, 2016, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) the TEXAS TAX CODE;

**WHEREAS**, on November 30, 2016, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

**WHEREAS**, on December 1, 2016, 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 Board President and Secretary or, in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized [*Insert Name*] to execute and deliver such Agreement to the Applicant; and

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

## **ARTICLE I** **DEFINITIONS**

**Section 1.1 DEFINITIONS.** Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to Applicant.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means CONTINENTAL DAIRY FACILITIES SOUTHWEST, LLC, (Texas Taxpayer ID # 32057539804), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in EXHIBIT 3 of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in EXHIBIT 4 of 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 April 27, 2016. 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 an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Lamb County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Littlefield Independent School District.

“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 in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Lamb County, Texas.

“District” or “School District” means the Littlefield Independent School District, being a duly authorized and operating 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 the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“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.

**Section 1.2 NEGOTIATED DEFINITIONS.** Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“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 District, and the Constitution and general laws of the State applicable to the 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 Applicant’s ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

“Consultant” shall have the same meaning as assigned to such term in Section 4.5 of the Agreement.

“Deferred Payments” shall have the same meaning as assigned to such term in Section 6.4 of the Agreement.

“M&O Amount” shall have the meaning assigned to such term in Section 4.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE 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.

“Net Tax Savings” shall have the same meaning as assigned to such term in Section 6.3 of the Agreement.

“New M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.ii of the Agreement.

“Original M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.i of the Agreement.

## **ARTICLE II**

### **AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1. 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 Section 313.027 of the TEXAS TAX CODE.

**Section 2.2. PURPOSE.** In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

**Section 2.3. TERM OF THE AGREEMENT.**

A. The Application Review Start Date for this Agreement is August 4, 2016, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is December 1, 2016.

C. The Qualifying Time Period for this Agreement:

- i. Starts on January 1, 2017, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by Section 313.027(h) of the TEXAS TAX CODE; and
- ii. Ends on December 31, 2018, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2019, first complete Tax Year that begins after the end of Qualifying Time Period; and
- ii. Ends on December 31, 2028.

E. The Final Termination Date for this Agreement is December 31, 2033.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection 2.3.E, unless extended by the express terms of this Agreement.

**Section 2.4. TAX LIMITATION.** So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property 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 Property; or
- B. Twenty-Million Dollars (\$20,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

**Section 2.5. TAX LIMITATION ELIGIBILITY.** In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of \$10,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$711 for all New Non-Qualifying Jobs created by the Applicant.

**Section 2.6. TAX LIMITATION OBLIGATIONS.** In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

### **ARTICLE III** **QUALIFIED PROPERTY**

**Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.** At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to

Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

**Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.** The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

**Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.** The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

**Section 3.5. QUALIFYING USE.** The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as a manufacturing facility.

#### **ARTICLE IV**

#### **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.** Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue 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 Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), **IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY**

NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT. Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the M&O Amount calculated under Section 4.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

**Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.** Subject to the provisions of Section 7.1, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (as set out in **EXHIBIT 5**), 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:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that 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 Qualified Property had been subject to the full ad valorem maintenance & operations tax without any limitation on value.
- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount required by this Section 4.2 of this Agreement:

- 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 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 4.2 of this Agreement results in a negative number for the M&O Amount, the negative number will be considered to be zero.
- iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District

for other revenue losses created by other agreements or any other factors.

**Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE.** Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district, pursuant to Chapter 41 of the TEXAS EDUCATION CODE, because of its participation in this Agreement, Applicant shall make payments to District, up to the Revenue Protection Amount limit set forth in Section 7.1 that are necessary to offset any negative impact on 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 District.

**Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES.** To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant shall also pay to the District on an annual basis all non-reimbursed costs arising from entering this Agreement, including but not limited to: (a) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (b) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (c) any non-reimbursed reasonable costs incurred by the District and related to this Agreement, either directly or indirectly, including costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property that is subject to the limitation provided in Section 2.4 herein.

**Section 4.5. THIRD PARTY CALCULATIONS.** All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees up to Seven Thousand Dollars (\$7,000.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

**Section 4.6. DATA FOR CALCULATIONS.** The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to § 26.01 of the TEXAS TAX CODE in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District's tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts,

subsequent adjustments by the Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

**Section 4.7. DELIVERY OF CALCULATIONS.**

A. All calculations required under Articles IV, V, or VI shall be made by the Consultant on or before December 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

B. In the event the District receives the Consultant's invoice for services rendered, the District shall forward to Applicant such invoice, which Applicant shall pay within thirty (30) days of receipt.

**Section 4.8. PAYMENT BY APPLICANT.** On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District, all amounts billed by the Consultant pursuant to Section 4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. Provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise excepted from disclosure under the Texas Public Information Act (TEXAS GOVERNMENT CODE § 552.001, *et seq.*)

**Section 4.9. CHALLENGING CALCULATION RESULTS.** The Applicant may appeal the Consultant's results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 District business days of its receipt, pursuant to District Policy GF (LOCAL).

**Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT.** In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article IV of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

**ARTICLE V**  
**PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES**

**Section 5.1. EXTRAORDINARY EXPENSES.** In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following:

All non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project 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 project.

**Section 5.2. PAYMENTS.** Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

**ARTICLE VI**  
**SUPPLEMENTAL PAYMENTS**

**Section 6.1. SUPPLEMENTAL PAYMENTS.** Applicant shall make Supplemental Payments as set out in Section 6.2 annually, starting with the first year of the Agreement, and continuing through the third year following the end of the Tax Limitation Period.

**Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.** Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting with the beginning of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2014-15 Average Daily Attendance of 1,328, rounded to the whole number.

**Section 6.3. SUPPLEMENTAL PAYMENT CHANGES.** In the event Chapter 313 is modified or amended to allow the District to receive supplemental payments in excess of the foregoing limitation, Applicant agrees to cooperate with the District to amend this Agreement to allow District to receive the maximum amount of supplemental payments as allowed by law; provided however, the total supplemental payments for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or the amount calculated as set out in Section 6.2.A above, as determined for that school year. "Net Tax Savings" means an amount equal to (but not less than zero): (i) the sum of the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; 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 years during the term of this Agreement, plus (B) any and all payments due to the District under Article IV of this Agreement. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 6.2 shall mean an amount equal to (but not less than zero): (i) the sum of the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; 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 such year, plus (B) any and all payments due to the District under Article IV of this Agreement for such year. This Section 6.3 shall only apply if Chapter 313 of the TEXAS TAX CODE is amended so that the District is permitted to receive Supplemental Payments in an amount greater than as described in Section 6.2 above; otherwise, Section 6.2 shall apply.

**Section 6.4. LIMITATION BASED ON NET TAX SAVINGS.**

A. Notwithstanding Section 6.1, for any Supplemental Payment occurring prior to the start of the Tax Limitation Period, if the amount of the Supplemental Payments calculated in Section 6.2 exceeds Applicant's Net Tax Savings, the difference between the amount of the Supplemental Payments and Applicant's Net Tax Savings shall be carried forward from year-to-year (the "Deferred Payments"). Beginning in the first year of the Tax Limitation Period, and in addition to the Supplemental Payment for that year, all Deferred Payments owed to the District shall be paid by Applicant to the extent all Supplemental Payments from Applicant to the District for that year do not exceed Applicant's Net Tax Savings. Any amount of Deferred Payments that remain unpaid shall be carried forward from year to year until paid in full. Notwithstanding the foregoing, all Deferred Payments shall be paid by the Applicant to the District on or before January 31, 2023.

B. Should Applicant fail to make the Minimum Qualified Investment during the Qualifying Time Period causing this Agreement to become null and void, Applicant's obligation to make any Deferred Payments that was carried over by operation of Section 6.4.A. shall be cancelled.

**Section 6.5. PAYMENT BY APPLICANT.** Payment of amounts due under this Article shall be made as set forth in Section 4.8 of this Agreement and is subject to the limitations contained in Section 7.1.

**ARTICLE VII**  
**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1 ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, 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 IV, V, and VI of this Agreement 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 Article IV of this Agreement, 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 IV, V, and VI shall be reduced until such excess is eliminated.

**Section 7.2. OPTION TO TERMINATE AGREEMENT.** In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

**Section 7.3. EFFECT OF OPTIONAL TERMINATION.** Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. 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; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

**ARTICLE VIII**  
**ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, 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.

**Section 8.2. REPORTS.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

**Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS.** During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 8.4. DATA REQUESTS.** Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations, or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

**Section 8.5. SITE VISITS AND RECORD REVIEW.** The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, 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.

A. 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.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

**Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.**

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the

investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

**Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.** The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

## **ARTICLE IX**

### **MATERIAL BREACH OR EARLY TERMINATION**

**Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.** The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs

required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records 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 under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made 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 for limitation on Appraised Value made

pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

### **Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, 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 it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such 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 breach has occurred and, if so, whether such 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:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and,

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recaptured taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged 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") and provide a copy to the Comptroller.

### **Section 9.3. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) 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 sixty (60) days after the Applicant initiates mediation, 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 Lamb 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.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Lamb County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payments in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE 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 attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

#### **Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.**

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the

expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the 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 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. 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.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. 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 less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period 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 9.4.C 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 Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

**Section 9.5. LIMITATION OF OTHER DAMAGES.** Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. 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 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.** Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$10,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount

identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

**Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS**

A. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1;C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

**Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS**

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

**ARTICLE X.**  
**MISCELLANEOUS PROVISIONS**

**Section 10.1. INFORMATION AND NOTICES.**

A. 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 or email transmission, with notice 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 or email 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.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

**To the District:**

Littlefield Independent School District  
Attn: Robert Dillard, Superintendent  
(or the successor Superintendent)  
1207 East 14<sup>th</sup> St.  
Littlefield, TX 79339  
Phone #: (806) 385-4150  
Fax #: (806) 385-6297  
Email: rdillard@littlefield.k12.tx.us

**With a copy to:**

Underwood Law Firm, P.C.  
Attn: Fred Stormer  
P.O. Box 9158  
Amarillo, TX 79105-9158  
Phone #: (806) 379-0306  
Fax #: (806) 379-0316  
Email: fred.stormer@uwlaw.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

**To Applicant:**

Continental Dairy Facilities Southwest, LLC  
c/o Chloe Pakalnis, Projects Coordinator  
999 W. Randall St.  
Coopersville, MI 49404  
Phone #: (616) 837-7641  
Fax #: (616) 837-4838  
Email: cpakalnis@continentaldflc.com

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

**Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.**

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. 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.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
  - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
  - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
  - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

### **Section 10.3. ASSIGNMENT.**

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. 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.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

**Section 10.4. 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 10.5. 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 a state district court in Lamb County.

**Section 10.6. 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 10.7. 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 an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. PAYMENT OF EXPENSES.** Except as otherwise expressly provided in this Agreement, or as covered by the application fee, 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.

**Section 10.9. INTERPRETATION.**

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

**Section 10.10. 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 10.11. 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; and the approved and

executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt 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 does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

**Section 10.13. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

**Section 10.14. CONFLICTS OF INTEREST.**

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

**Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.** Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

**Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.**

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

- B. Delivery is deemed complete as follows:
- i. When delivered if delivered personally or sent by express courier service;
  - ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
  - iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
  - iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

*[signatures follow on next page]*

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 1<sup>st</sup> day of December, 2016.

**CONTINENTAL DAIRY FACILITIES  
SOUTHWEST, LLC**

**LITTLEFIELD INDEPENDENT SCHOOL  
DISTRICT**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**ATTEST:**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

*DRAFT*

## EXHIBIT 1

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Lamb County Commissioners Court passed Order Creating Reinvestment Zone, Continental Dairy Facilities Southwest No. 3 on April 25, 2016, which is more particularly described below:

**TRACT ONE:**

A 103.7960 acre tract more or less, located in Labor 24, League 665, State Capitol Lands, Lamb County, Texas, being further described as follows:

BEGINNING at a point in the South line of Labor 24, League 665, State Capitol Lands, Lamb County, Texas, which bears N 89°27' W, a distance of 20.00 feet from the Southeast corner of said Labor 24, for the Southeast corner of this tract;

THENCE N 89°27' W, along the South line of said Labor 24, at 40.00 feet pass a found 3/4" Iron pipe, at 793.97 feet pass a found 1/2" iron rod, continuing for a total distance of 1667.16 feet to a 1/2" iron rod found at the Southwest corner of this tract.

THENCE N 00° 28' E, at 916.54 feet pass a found 1/2" iron rod continuing for a total distance of 2717.62 feet to a 1/2" iron pipe found at the Northwest corner of this tract;

THENCE S 89°22'26" E, a distance of 738.25 feet to a found 1" iron pipe;

THENCE S 89°27'30" E, a distance of 748.90 feet to a 1/2" iron pipe found at a corner of this tract;

THENCE S 62°54'30" E, a distance 201.35 feet to a point for a corner of this tract which lies 20.00 feet West of the East line of said Labor 24;

THENCE S 00°28' W, parallel with the East line of said Labor 24, a distance of 2626.78 feet to the POINT OF BEGINNING.

**SAVE AND EXCEPT:**

A 0.3 acre tract, more or less, of land located in Labor 24, League 665, State Capitol Lands, Lamb County, Texas, and being further described as follows;

BEGINNING at a point which bears N 00°28' E, a distance of 920.6 feet and N 89°27' W, 873.5 feet from the Southeast corner of Labor 24, League 685, State Capitol Lands, Lamb County, Texas, for the Southeast corner of this tract;

THENCE N 00°32'30" E, a distance of 130 feet to the Northeast corner of this tract;

THENCE N 89°27'30" W, a distance of 100 feet to the Northwest corner of this tract

THENCE S 00°32'30" W, a distance of 130 feet to the Southwest corner of this tract;

THENCE S 89°27'30" E, a distance of 100 feet to the POINT OF BEGINNING.

**TRACT TWO:**

A 29.1188 acre tract more or less, of land located in Labor 24, League 665, State Capitol Lands, Lamb County, Texas, being that same tract as described in Volume 315, Page 184, Deed Records of Lamb

County, Texas, and being further described as follows;

BEGINNING at a 5/8" iron rod with cap set in the West line of Labor 24 for the Northwest corner of this tract which bears S 00°28' W, a distance of 1328.3 feet from the Northwest corner of Labor 24, League 665, State Capitol Lands, Lamb County, Texas;

THENCE S 89°22'26" E, a distance of 1090.64 feet to a 5/8" iron rod with cap set in the West line of the Plains Cotton Cooperative Tract for the Northeast corner of this tract;

THENCE S 00°28' W, along the West line of said Plains Cotton Cooperative Tract a distance of 1447.62 feet to a 1/2" iron rod found in the South line of Labor 24 and the North line of a 22.2753 acre tract also surveyed this date at the Southwest corner of said Plains Cotton Cooperative Tract and at the Southeast corner of this tract;

THENCE N 89°27' W, along the South line of Labor 24, and the North line of said 22.2753 acre tract; a distance of 203.09 feet to a 2" galvanized iron pipe found in the Northeasterly line of a 100 foot railroad right-of-way at the most Southerly Southwest corner of this tract;

THENCE N 00°28' E, along the West line of Labor 24, a distance 747.77 feet to the POINT OF BEGINNING.

**TRACT THREE:**

A 22.2753 acre tract, more or less, of land located in Labor 4, League 672, Abner Taylor, Original Grantee, Lamb County, Texas, being part of that tract as described In Volume 248, Page 84, Deed Records of Lamb County, Texas, being further described as follows:

BEGINNING at a 1/2" iron pipe found at the Northeast corner of Labor 4, League 672, Abner Taylor, Original Grantee, Lamb County, Texas, same being the Southeast corner of Labor 24, League 665, State Capitol Lands, and the Northeast corner of this tract;

THENCE S 00°28' W, along the East line of Labor 4, a distance of 498.85 feet to a 5/8" iron rod with cap set for the most Easterly Southeast corner of this tract and for the Northeast corner of a 10 acre tract as described in Volume 96, Page 549, Deed of Trust Records of Lamb County, Texas;

THENCE N 89°27' W, along the North line of said 10 acre tract, a distance of 575.00 feet to a 5/8" iron rod with cap set for an interior corner of this tract and for the Northwest corner of said 10 acre tract;

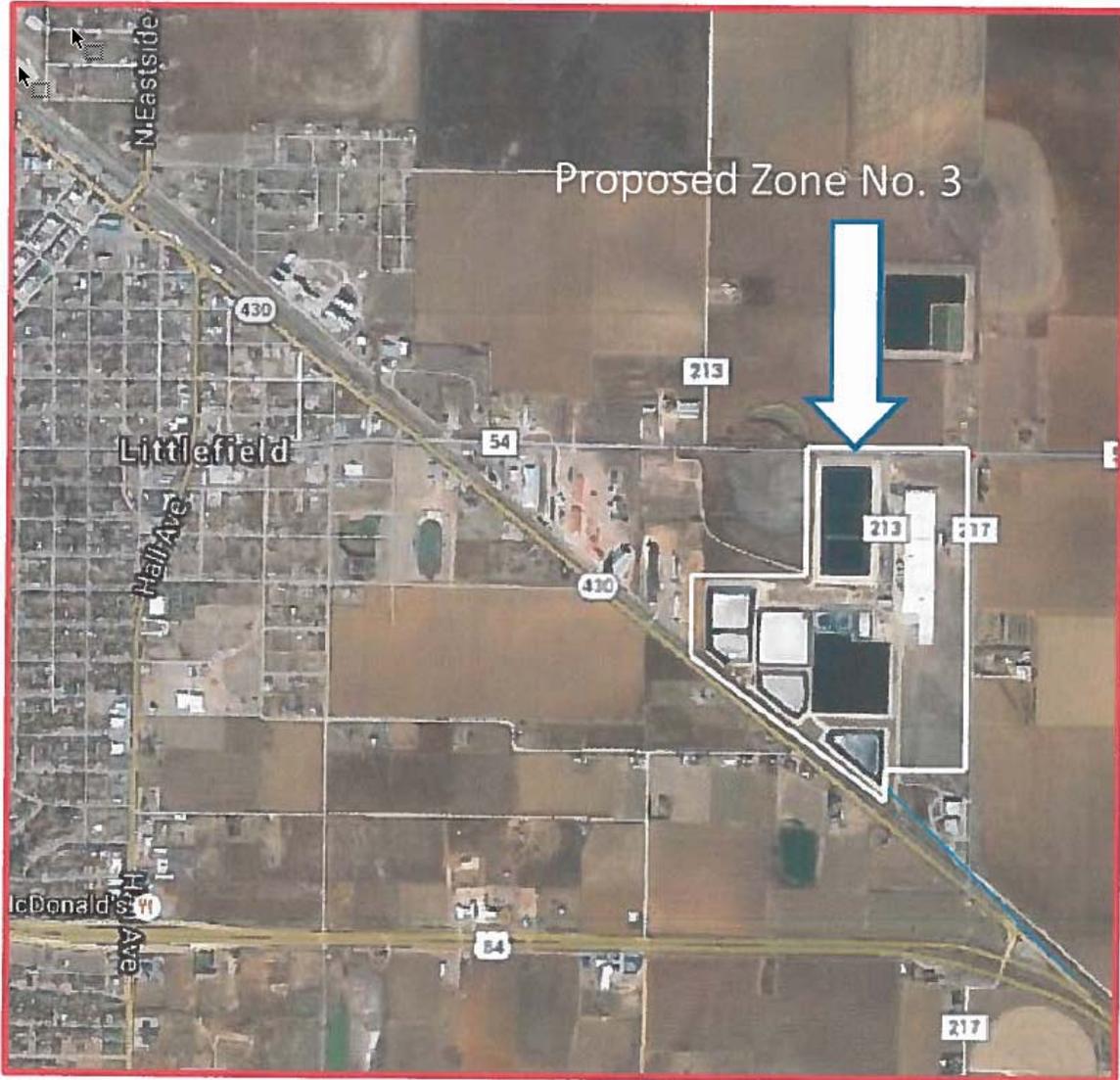
THENCE S 00°28' W, along the West line of said 10 acre tract, a distance of 540.44 feet to a 5/8" iron rod with cap set in the Northeasterly line of a 100 foot railroad right-of-way for the most Southerly corner of this tract and for the Southwest corner of said 10 acre tract;

THENCE N 51° 10' W, along said railroad right-of-way line, a distance of 1677.50 feet to a 2" galvanized iron pipe found in the North line of Labor 4 at the Northwest corner of this tract and at the most Southerly Southwest corner of a 29.1188 acre tract also surveyed this date;

THENCE S 89°27' E, along the North line of Labor 4 and the South line of said 29.1188 acre tract, at 203.09 feet pass a 1/2" iron rod found at the Southeast corner of said 29.1188 acre tract and at the Southwest corner of the Plains Cotton Cooperative Tract; continuing along the South line of said Plains Cotton Cooperative Tract, at 1830.25 feet pass a 3/4" iron pipe found in the West line of a 60 foot right-of-way easement, containing for a total distance of 1890.25 feet the POINT OF BEGINNING.

**Map of Reinvestment Zone, Continental Dairy Facilities Southwest No. 3**

**EXHIBIT A**



**Agreement for Limitation on Appraised Value**  
Between Littlefield ISD and Continental Dairy Facilities Southwest, LLC  
(App No. 1137), December 1, 2016  
Exhibit 1

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (Jan 2016)*

## **EXHIBIT 2**

### **DESCRIPTION OF LAND**

All Qualified Property owned by the Applicant is located within the boundaries of both the Littlefield Independent School District and the Reinvestment Zone, Continental Dairy Facilities Southwest No. 3, and is located in a total of 155.1901 acres, consisting of 132.9148 acres out of Labor 24, League 665 and 22.2753 acres (north of railroad) out of Labor 4, League 672, Abst. 2000, A Taylor Addition, Lamb County, Texas, which is more fully described in **EXHIBIT 1**.

### EXHIBIT 3

#### APPLICANT'S QUALIFIED INVESTMENT

##### Processing Equipment Utilized

- Truck loading/unloading racks
- Raw Milk Storage Silo's
- Centrifugal Separator
- Tankage, Piping, and Pumps
- Water Purification
- Cream Pasteuriser
- Cream Storage Silo's
- Evaporator
- Mechanical Vapour Recompression
- Thermal Vapour Recompression
- Spray Dryer
- Baghouses
- Air Heat Exchanger
- Powder Bins
- Packing Hopper
- Totes
- Bags
- Butter Churn
- Butter Packing Line
- Cream HTST Units
- Cream Tempering Silo's
- Heat exchangers
- Valves
- Compressors
- Vacuum Systems
- Motors and Motor Control Centers
- Transformers
- Process Control Systems
- New Manufacturing buildings & improvements
- Pollution Control Equipment
- Process Control Buildings
- New Rail Car siding, spurs and switching equipment
- New Railcar loading equipment and associated buildings

*See also attached Map/Survey of Qualified Investment*



## **EXHIBIT 4**

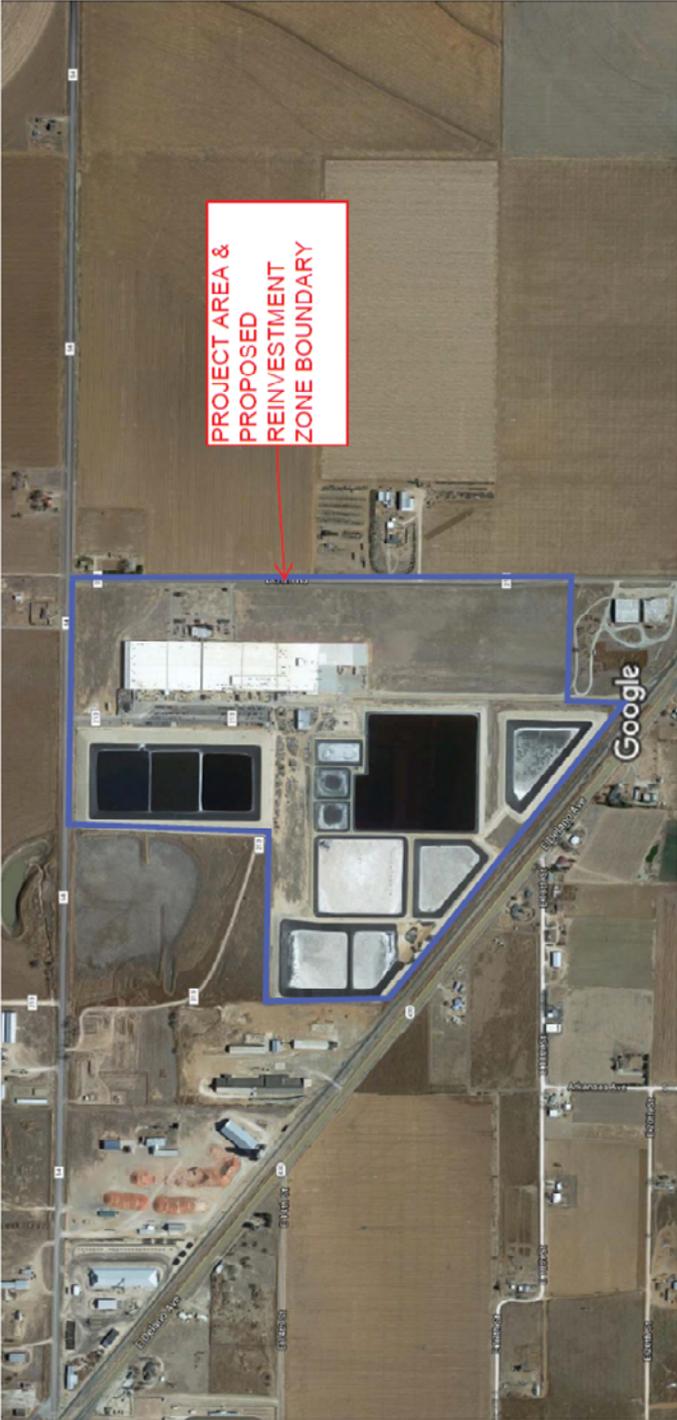
### **DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY**

Land = 22.2753 acres, A-2000, A Taylor Survey, League 672, Lamb Appraisal District acct# 12263; and 132.9148 acres, A-2000, A Taylor Survey, League 665, Lamb Appraisal District acct# 1216;

In addition to the land parcels described above, Qualified Property includes all of Qualified Investment listed in **EXHIBIT 3**, plus civil/site work performed in the fourth quarter of 2016.

*See also attached Map of Qualified Property and Map/Survey Qualified Investment.*

**MAP OF QUALIFIED PROPERTY**



**Agreement for Limitation on Appraised Value**  
Between Littlefield ISD and Continental Dairy Facilities Southwest, LLC  
(App No. 1137), December 1, 2016  
Exhibit 4

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (Jan 2016)*



**EXHIBIT 5**

**AGREEMENT SCHEDULE**

	<b><u>Year of Agreement</u></b>	<b><u>Date of Appraisal</u></b>	<b><u>School Year</u></b>	<b><u>Tax Year</u></b>	<b><u>Summary Description</u></b>
Limitation Pre-Years	1	January 1, 2016	2016-17	2016	Limitation Pre-Year
	2	January 1, 2017	2017-18	2017	Limitation Pre-Year, QTP begins
	3	January 1, 2018	2018-19	2018	Limitation Pre-Year
Limitation Period (10 Years)	4	January 1, 2019	2019-20	2019	\$20 million appraisal limitation
	5	January 1, 2020	2020-21	2020	\$20 million appraisal limitation
	6	January 1, 2021	2021-22	2021	\$20 million appraisal limitation
	7	January 1, 2022	2022-23	2022	\$20 million appraisal limitation
	8	January 1, 2023	2023-24	2023	\$20 million appraisal limitation
	9	January 1, 2024	2024-25	2024	\$20 million appraisal limitation
	10	January 1, 2025	2025-26	2025	\$20 million appraisal limitation
	11	January 1, 2026	2026-27	2026	\$20 million appraisal limitation
	12	January 1, 2027	2027-28	2027	\$20 million appraisal limitation
	13	January 1, 2028	2028-29	2028	\$20 million appraisal limitation
Maintain a Viable Presence (5 Years)	14	January 1, 2029	2029-30	2029	No appraisal limitation; must maintain a viable presence
	15	January 1, 2030	2030-31	2030	No appraisal limitation; must maintain a viable presence
	16	January 1, 2031	2031-32	2031	No appraisal limitation; must maintain a viable presence
	17	January 1, 2032	2032-33	2032	No appraisal limitation; must maintain a viable presence
	18	January 1, 2033	2033-34	2033	No appraisal limitation; must maintain a viable presence



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 30, 2016

Robert Dillard  
Superintendent  
Littlefield Independent School District  
1207 East 14<sup>th</sup> Street  
Littlefield, Texas 79339

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Littlefield Independent School District and Continental Dairy Facilities Southwest, LLC, Application 1137

Dear Superintendent Dillard:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Littlefield Independent School District and Continental Dairy Facilities Southwest, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that it complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Deisy Perez with our office. She can be reached by email at [deisy.perez@cpa.texas.gov](mailto:deisy.perez@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 5-2410, or at 512-475-2410.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Counihan", is written over a light blue horizontal line.

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Audie Sciumbato, Underwood Law Firm, P.C.  
Steven Cooper, Continental Dairy Facilities Southwest, LLC  
Chloe Pakalnis, Continental Dairy Facilities Southwest, LLC  
Wes Jackson, Cummings Westlake LLC