

**FINDINGS OF THE MCGREGOR
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
KNAUF INSULATION, INC. (#1622)**



December 16, 2021

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MCGREGOR INDEPENDENT SCHOOL DISTRICT
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DECEMBER 16, 2021

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STATE OF TEXAS §

COUNTY OF MCLENNAN §

On the 16th day of December 2021, a public meeting of the Board of Trustees of the McGregor Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Knauf Insulation, Inc. (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On July 27, 2021, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Application was determined to be complete as of August 30, 2021. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 13825607230), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the McClennan County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on September 13, 2021, in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project 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; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc., is attached to these findings as **Attachment D**.

The Board of Trustees has confirmed that the taxable value of property in the District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment E**.

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

Applicant intends to develop and construct an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.). The Project will include: a batch and binder plant with related equipment; a hot end furnace and forming area; and a production bay from which the finished product moves in the warehouse and shipping area.

The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Norther Santa Fe (BNSF) and other entities.

This project will require robust transportation infrastructure and significant utility capacity since the plant will be a large electric and natural gas user with significant truck and rail volumes for inbound / outbound shipments. Key feedstocks for the plant will include cullet plate (post-industrial), cullet bottle (post-consumer), borax, soda ash, aplite, limestone and sand; other supplies include packaging (poly), and facings (kraft paper and foil/kraft laminate).

Property used for manufacturing is eligible for a limitation under §313.024(b)(1).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to

invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, Applicant has committed to creating twenty-five (25) new qualifying jobs. The average salary level of qualifying jobs will be at least \$53,566 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

The Applicant intends to create 126 non-qualifying jobs.

In its Application, Applicant has indicated that it intends to create 126 non-qualifying jobs. For any non-qualifying jobs the Applicant does create, the Applicant will be required to pay at least the county average wage of \$50,583 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

The District will realize revenue gains if the Application is approved, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$185.7 million to the tax base that would be available for debt service purposes at the peak investment level for the 2024-25 school year. The additional I&S taxable value would provide a benefit to the District, which is currently ineligible for state assistance for facilities funding under the Instructional Facilities Allotment (IFA) or Existing Debt Allotment (EDA) programs.

Board Finding Number 8.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little impact on school facilities created by the new project, although the potential of up to 151 additional jobs will bolster the local economy. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 9.

The Board finds that with the adoption of District Policy CCGB (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

The Board has developed a written policy CCGB (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (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 and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations 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 Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants 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.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Forty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.022.

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2020 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year (**Attachment E**), the total taxable value for the District is \$524 million. The District is classified as a Subchapter B, Category IV District, which can offer a minimum value limitation of \$40 million.

Board Finding Number 12.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 13.

The Applicant (Taxpayer No. 13825607230) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 13825607230), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the initial year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 16.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the

Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 17.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, set forth at <https://pol.tasb.org/home/index/864>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

Board Finding Number 18.

The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.

Board Finding Number 19.

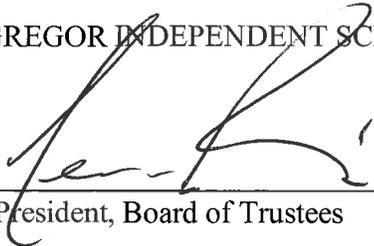
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to

enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

Dated the 16th day of December 2021.

MCGREGOR INDEPENDENT SCHOOL DISTRICT

By: 
Vice President, Board of Trustees

ATTEST:

By: 
Secretary, Board of Trustees

Attachment A

Application



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

July 15, 2021

Texas Comptroller of Public Accounts
Local Government Assistance & Economic Analysis Division
P.O. Box 13528
Austin, Texas 78711-3528

RE: *Chapter 313 Application Submitted to the McGregor Independent School District from Project Rodeo (Knauf Insulation Inc.)*

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter forwarding this application for review to the Comptroller's Office, the McGregor Independent School District is notifying Project Rodeo (Knauf Insulation Inc.) of its intent to consider the Chapter 313 application for appraised value limitation on qualified property, should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the School District on June 24, 2021. The Board voted to accept the application on June 24, 2021. A poll of the Board was taken and no member indicated a conflict of interest. The application has been determined complete as of July 15, 2021. We request that the Comptroller's Office prepare the economic impact analysis for this application.

The Applicant has provided the schedules in electronic format. A copy of the application will be submitted to the McLennan County Appraisal District.

Thank you for your assistance in this matter. If you have any questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Daniel T. Casey". The signature is fluid and cursive, with a large loop at the end of the last name.

Dan Casey,
School District Consultant

cc: Mr. Joe Bobbitt, Chief Appraiser, McLennan County Appraisal District
Mr. Jeff Brisley, Senior VP, Strategic Business & Partnership Development, Knauf Insulation, Inc.
Mr. Mike Butler, Director, ADP
Mr. James Lenamon, Superintendent, McGregor ISD

www.moakcasey.com

Project Rodeo

Knauf Insulation, Inc.

Chapter 313 Application to the
McGregor Independent School District

June 14, 2021

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE
LIMITATION ON QUALIFIED PROPERTY BY KNAUF
INSULATION, INC TO MCGREGOR ISD

Table of Contents

| TAB | CONTENTS | PAGE |
|-----|--|------|
| 1 | Application | 3 |
| 2 | Proof of Payment of Application Fee | 12 |
| 3 | Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable) | 14 |
| 4 | Detailed description of the project | 18 |
| 5 | Documentation to assist in determining if limitation is a determining factor | 20 |
| 6 | Description of how project is located in more than one district and, if determined to be a single unified project, documentation form the Office of the Governor (if applicable) | 22 |
| 7 | Description of Qualified Investment | 23 |
| 8 | Description of Qualified Property | 26 |
| 9 | Description of Land | 30 |
| 10 | Description of all property not eligible to become qualified property (if applicable) | 35 |
| 11 | Maps | 36 |
| 12 | Request for Waiver of Job Creation Requirement and supporting information (if applicable) | 43 |
| 13 | Calculation of three possible wage requirements with TWC documentation | 44 |
| 14 | Schedules A1, A2, B, C and D | 47 |
| 15 | Economic Impact Analysis, other payments made in the State or other economic information (if applicable) | 52 |
| 16 | Description of Reinvestment or Enterprise Zone | 53 |
| 17 | Signature and Certification Page | 72 |

Tab 1

Pages 1-8 of the Application

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

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 Texas 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 completed application to the Comptroller, separating each section of the documents. 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, and has determined that all assertions of confidentiality are appropriate, the Comptroller will publish all submitted non-confidential 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's 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 and issue a certificate for a limitation on appraised value to the school board regarding the application 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 by the Comptroller), 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 comptroller.texas.gov/economy/local/ch313/. 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

June 24, 2021

Date Application Received by District

James Lenamon

First Name Last Name

Superintendent

Title

McGregor Independent School District

School District Name

525 Bluebonnet Parkway

Street Address

P.O. Box 356

Mailing Address

McGregor TX 76657

City State ZIP

(254) 840-2828 (254) 840-4077

Phone Number Fax Number

Mobile Number (optional) jlenamon@mcgregor-isd.org

Email Address

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

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

| | |
|--|--|
| Dan <small>First Name</small> Partner <small>Title</small> Moak, Casey & Associates <small>Firm Name</small> (512) 485-7878 <small>Phone Number</small> Mobile Number (optional) | Casey <small>Last Name</small> (512) 485-7888 <small>Fax Number</small> dcasey@moakcasey.com <small>Email Address</small> |
|--|--|

4. On what date did the district determine this application complete? July 15, 2021

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

| | | |
|--|---|-----------------------------|
| Jeff <small>First Name</small> Senior VP, Strategic Business & Partnership Development <small>Title</small> One Knauf Drive <small>Street Address</small> Mailing Address Shelbyville <small>City</small> (317) 421-8555 <small>Phone Number</small> Mobile Number (optional) | Brisley <small>Last Name</small> Knauf Insulation, Inc <small>Organization</small> IN <small>State</small> (317) 421-3026 <small>Fax Number</small> jeff.brisley@knaufinsulation.com <small>Business Email Address</small> | 46176 <small>ZIP</small> |
|--|---|-----------------------------|

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.

| | | |
|--|--|-----------------------------|
| _____ <small>First Name</small> | _____ <small>Last Name</small> | |
| _____ <small>Title</small> | _____ <small>Organization</small> | |
| _____ <small>Street Address</small> | | |
| _____ <small>Mailing Address</small> | | |
| _____ <small>City</small> | _____ <small>State</small> | _____ <small>ZIP</small> |
| _____ <small>Phone Number</small> | _____ <small>Fax Number</small> | |
| _____ <small>Mobile Number (optional)</small> | _____ <small>Business Email Address</small> | |

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)

| | |
|---|------------------------------|
| Mike First Name | Butler Last Name |
| Director Title | |
| ADP Firm Name | |
| 734-354-1931 Phone Number | (609) 819-8065 Fax Number |
| mike.butler@adp.com 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 the same time the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, include all transaction information below. Include proof of application fee paid to the school district in **Tab 2**. Any confidential banking information provided will not be publicly posted.

| | |
|---|---|
| \$ 75,000.00 Payment Amount | Check Transaction Type |
| Knauf Insulation, Inc. Payor | McGregor Independent School Distr. Payee |
| 9/11/2019 Date transaction was processed | |

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? Knauf Insulation, Inc
2. Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 13825607230
3. Parent Company Name Knauf Insulation GmbH
4. Parent Company Tax ID 35-1417383
5. NAICS code 327993
6. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No
- 6a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Business Organization of Applicant (corporation, limited liability corporation, etc) C-corporation, privately held
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 the most recently submitted 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.

SECTION 5: Applicant Business Structure (continued)

2b. Texas Franchise Tax Reporting Entity Taxpayer Name
Knauf Insulation, Inc.

2c. Reporting Entity Taxpayer Number
13825607230

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

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

*Note: Applicants requesting eligibility under this category should note that there are additional application and reporting data submission requirements.

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. If the project is an amendment or a reapplication please specify and provide details regarding the original project.
2. Check the project characteristics that apply to the proposed project:
- Land has no existing improvements Land has existing improvements (complete Section 13)
 - Expansion of existing operation on the land (complete Section 13) 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

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement Q4 2021
2. Estimated commencement of construction 8/15/2021
3. Beginning of qualifying time period (MM/DD/YYYY) 8/1/2021
4. First year of limitation (YYYY) 1/1/2024
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
 - A. January 1 following the application date
 - B. January 1 following the end of QTP
 - C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations Whs Q3 22, Plant Q3 23

SECTION 10: The Property

1. County or counties in which the proposed project will be located McLennan
2. Central Appraisal District (CAD) that will be responsible for appraising the property McLennan County 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:

| | |
|--|---|
| M&O (ISD): <u>McGregor ISD, 0.937500 100%</u> <small>(Name, tax rate and percent of project)</small> | I&S (ISD): <u>McGregor ISD, 0.229780 100%</u> <small>(Name, tax rate and percent of project)</small> |
| County: <u>McLennan, 0.468719, 100%</u> <small>(Name, tax rate and percent of project)</small> | City: <u>McGregor, 0.578954, 100%</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>N/A</u> <small>(Name, tax rate and percent of project)</small> |
| Other (describe): <u>McLennan Comm. College, 0.149782,</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> |

SECTION 10: The Property (continued)

5. List all state and local incentives as an annual percentage. Include the estimated start and end year of the incentive:

| | | | |
|--------------------|---|-------------------|---|
| County: | <u>10 Yr PP Abate,75% 2024-28, 50% 2029-33</u> <small>(Incentive type, percentage, start and end year)</small> | City: | <u>10 Yr PP Abate,75% 2024-28, 50% 2029-33</u> <small>(Incentive type, percentage, start and end year)</small> |
| Hospital District: | <u>N/A</u> <small>(Incentive type, percentage, start and end year)</small> | Water District: | <u>N/A</u> <small>(Incentive type, percentage, start and end year)</small> |
| Other (describe): | <u>CC -10 Yr PP Abate, same sched</u> <small>(Incentive type, percentage, start and end year)</small> | Other (describe): | <u>TIF - Real Property, 100%, 2022 - 2031</u> <small>(Incentive type, percentage, start and end year)</small> |

6. Is the project located entirely within the ISD listed in Section 1? Yes No
- 6a. If no, attach in **Tab 6** maps of the entire project (depicting all other relevant school districts) and additional information on the project scope and size. Please note that only the qualified property within the ISD listed in Section 1 is eligible for the limitation from this application. Please verify that all information in **Tabs 7 and 8**, Section 11, 12 and 13, and map project boundaries pertain to only the property within the ISD listed in Section 1.
7. 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
- 7a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Texas Tax Code 313.021(1) Qualified 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 comptroller.texas.gov/economy/local/ch313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? \$ 40,000,000.00

2. What is the amount of appraised value limitation for which you are applying? \$ 40,000,000.00

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 within the project boundary 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: Texas Tax Code 313.021(2) Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2).] 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**);
 - 1c. a map or site plan of the proposed qualified property showing the location of the new buildings or new improvements inside the project area boundaries within a vicinity map that includes school district, county and reinvestment zone boundaries (**Tab 11**); and
 - 1d. Will any of the proposed qualified property be used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area? Yes No
- Note:** Property used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area cannot be considered qualified property and will not be eligible for a limitation. See TAC §9.1051(16).

SECTION 12: Texas Tax Code 313.021(2) Qualified Property (continued)

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 an 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? _____

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 within the project boundary**. 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 within the project boundary 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 (statement 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 within the project boundary in response to statements 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 within the project boundary (that property described in response to statement 1): \$ 0.00
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 statement 2): \$ 0.00

Note: Investment for the property listed in statement 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.

SECTION 14: Wage and Employment Information

1. What is the number of new qualifying jobs you are committing to create? 25
2. What is the number of new non-qualifying jobs you are estimating you will create? (See TAC 9.1051(14)) 126
3. 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
 - 3a. If yes, attach evidence of industry standard 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.
4. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the Texas Workforce Commission 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 available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22). **Note:** If a more recent quarter of information becomes available before the application is deemed complete, updated wage information will be required.
 - a. Non-qualified job wages
- average weekly wage for all jobs (all industries) in the county is \$ 966.75
 - b. Qualifying job wage minimum option §313.021(5)(A)
-110% of the average weekly wage for manufacturing jobs in the county is \$ 1,465.20
 - c. Qualifying job wage minimum option §313.021(5)(B)
-110% of the average weekly wage for manufacturing jobs in the region is \$ 986.07
5. 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)
6. What is the minimum required annual wage for each qualifying job based on the qualified property? \$ 51,275.40
7. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? \$ 51,275.40
8. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
9. 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
 - 9a. If yes, attach in **Tab 13** supporting documentation from the TWC, pursuant to §313.021(3)(F).
10. 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
 - 10a. 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, and C 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 an entity 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**.

Tab 2

Proof of Payment
of the Application Fee

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

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

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)

**Response to Section 5 question 2a.,
documentation of combined group
membership, received by CPA**

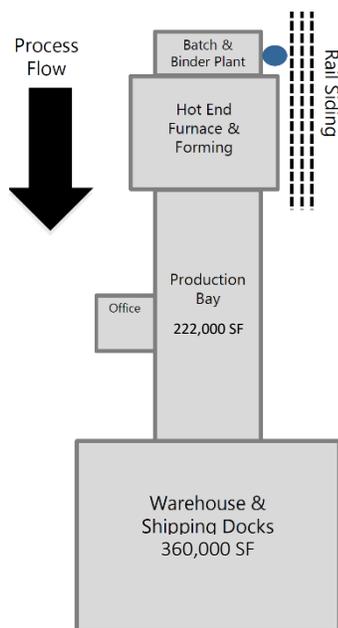
Tab 4

Detailed description of the Project

Project Rodeo

Project Description

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021. A final location selection and Board approval of the project is expected in early July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in August 2021; warehouse operations should start in mid-2022. Plant construction is expected to start in June 2022 with completion in mid-2023. Plant commissioning is targeted for August 2023.
- Initial plans include construction of an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.):



- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Norther Santa Fe (BNSF) and other entities.

- The proposed plant anticipates hiring approximately 151 employees starting in Q1 2021 and ramping up through Q2 2023. 25 of these positions will meet or exceed 110% of the average weekly wage for manufacturing positions in the region.
- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity. These include at a minimum access to a 4-lane divided highway, proximity to an Interstate, rail access and transmission-grade electricity and natural gas service.

Tab 5

Documentation to assist in determining
if Limitation is a Determining Factor

Determining Factor

Discussion

- The top two finalist locations for Project Rodeo include McGregor, TX and a location in Oklahoma.
- To date, the project team has completed a comparison of operating costs and conditions for these locations. Each location has unique advantages and disadvantages.
 - The site in Oklahoma is nearly ready to go from an infrastructure perspective (rail, electricity, natural gas, water and sewer). Since this project is a significant utility user and requires rail, the readiness of the **Oklahoma site lowers the risk** to the company; in McGregor, a great deal of costly infrastructure development must happen relatively quickly so the plant can be operational in 2023.
 - Overall costs, including site acquisition and development, geographically variable operating costs (freight, labor, utilities, taxes) and the impact of estimated incentives have been identified.
 - **Before considering the impact of incentives, the Oklahoma location is significantly less costly than McGregor on a 10-year and 20-year NPV basis.**

| <u>Cost Factor</u> | <u>TX</u> | <u>OK</u> |
|--------------------|-----------|-----------|
| Freight | ↑ | ↓ |
| Labor | ↔ | ↔ |
| Utilities | ↓ | ↑ |
| Taxes | ↓ | ↑ |

Advantage: Oklahoma

After incentives, assuming Chapter 313 benefits and property tax abatement in McGregor, the Oklahoma advantage is lessened.

- Transportation costs are lower in McGregor based on current estimates and market forecasts.
- Labor costs for the operation are expected to be comparable in both locations.
- McGregor has higher utility rates, notably electric and water, both significant for this operation.
- McGregor has higher tax costs, notably property taxes which are almost three times higher than in the competing location.

- **After including the estimated impact of incentives in both locations, the cost disadvantage in McGregor is lessened.** However, assumed in this analysis is that Chapter 313 benefits are approved in McGregor. If not, the McGregor cost disadvantage including incentives would widen compared to the competing Oklahoma alternative.

Tab 6

Not Applicable

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

The project and all qualified property / investment will be located within the McGregor Independent School District with the following tax rates applicable:

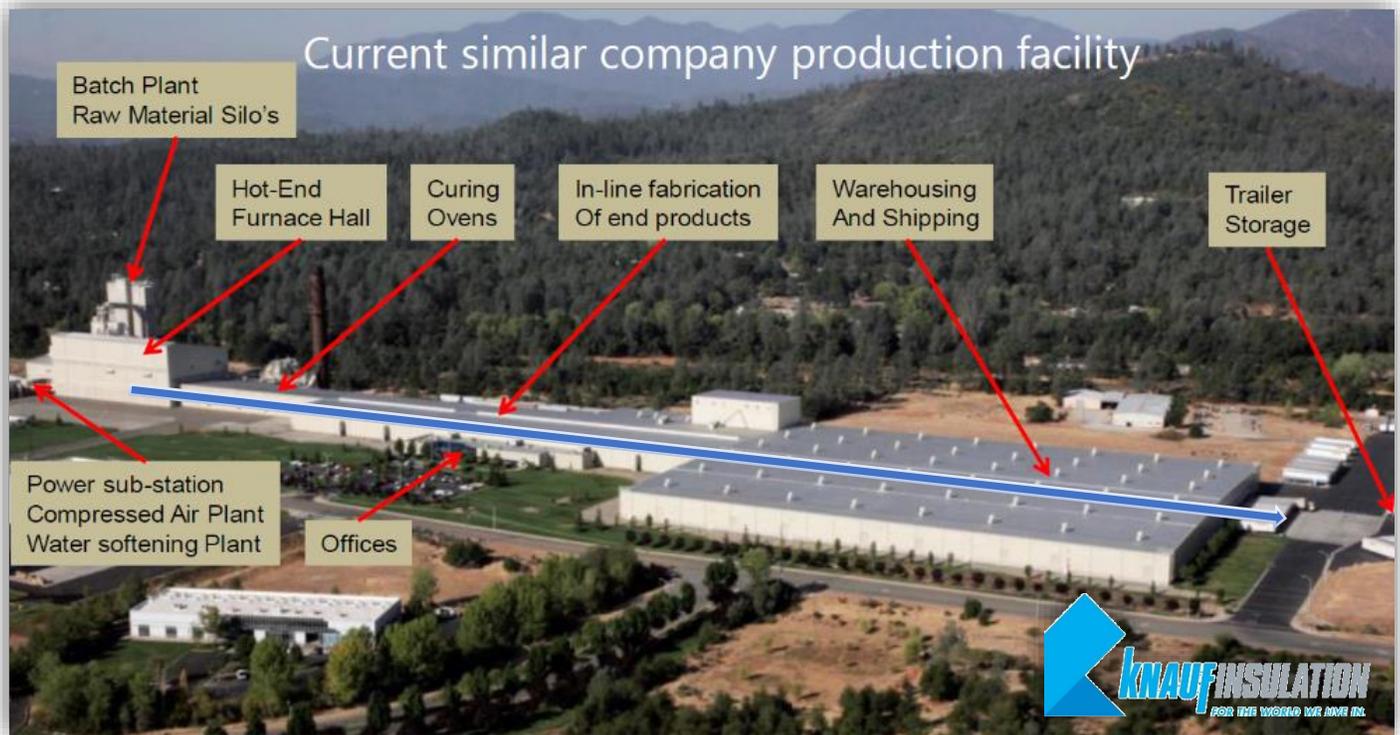
| | | <u>2020 Tax Rate</u> |
|----------------------------|-------------|----------------------|
| City of McGregor | 100% | \$0.578954 |
| McLennan County | 100% | \$0.468719 |
| McGregor ISD | | |
| - M&O | 100% | \$0.937500 |
| - I&S | 100% | \$0.229780 |
| McLennan Community College | 100% | \$0.149782 |
| Total | 100% | \$2.364735 |

Tab 7

Description of Qualified Investment

Project Rodeo

Qualified Investment Overview

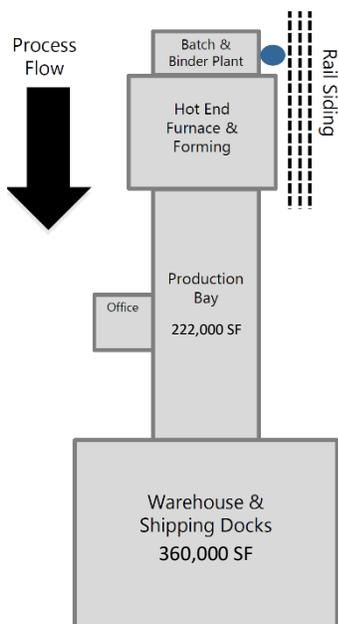


Qualified investment will include:

| Category | Description | Value |
|------------------------------------|--|----------------------|
| Site Preparation | Extensive site work required prior to construction | \$27,800,000 |
| Building | 582,000 sq. ft. facility (222,000 sq. ft. production and 360,000 sq. ft. warehouse) for the manufacture and distribution of fiberglass insulation products | \$47,800,000 |
| Production Equipment | Process equipment | \$119,100,000 |
| Pollution Control Equipment | Air and water pollution control equipment | \$13,900,000 |
| Total: | | \$208,600,000 |

Qualified Investment Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in early July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in August 2021; warehouse operations should start in mid-2022. Plant construction is expected to start in June 2022 with completion in mid-2023. Plant commissioning is targeted for August 2023.
- Initial plans include construction of an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.):



- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Northern Santa Fe (BNSF) and other entities.

- The proposed plant anticipates hiring approximately 151 employees starting in Q1 2021 and ramping up through Q2 2023.
- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity. These include at a minimum access to a 4-lane divided highway, proximity to an interstate, rail access and transmission-grade electricity and natural gas service.

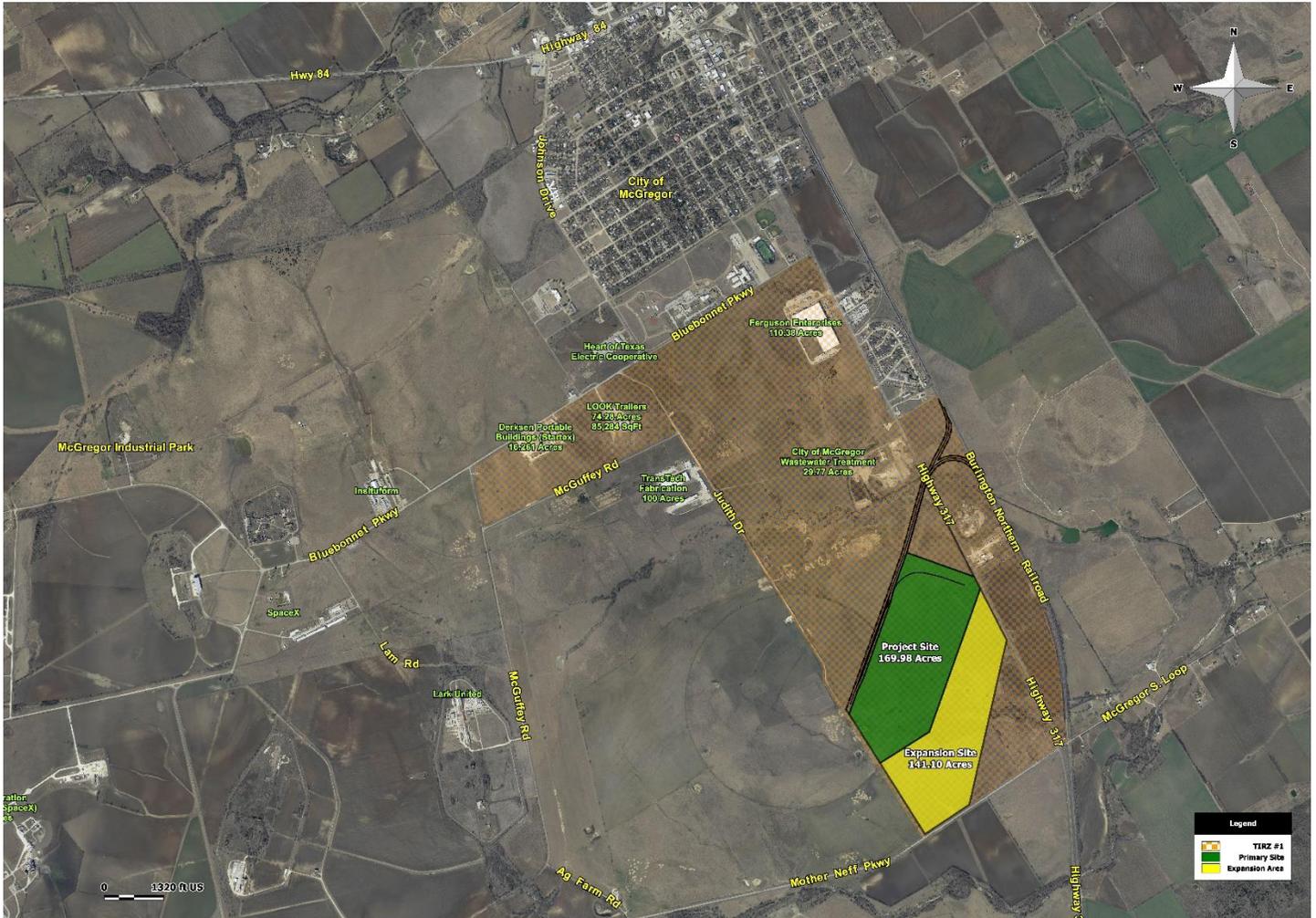
A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.

Tab 8

Description of Qualified Property

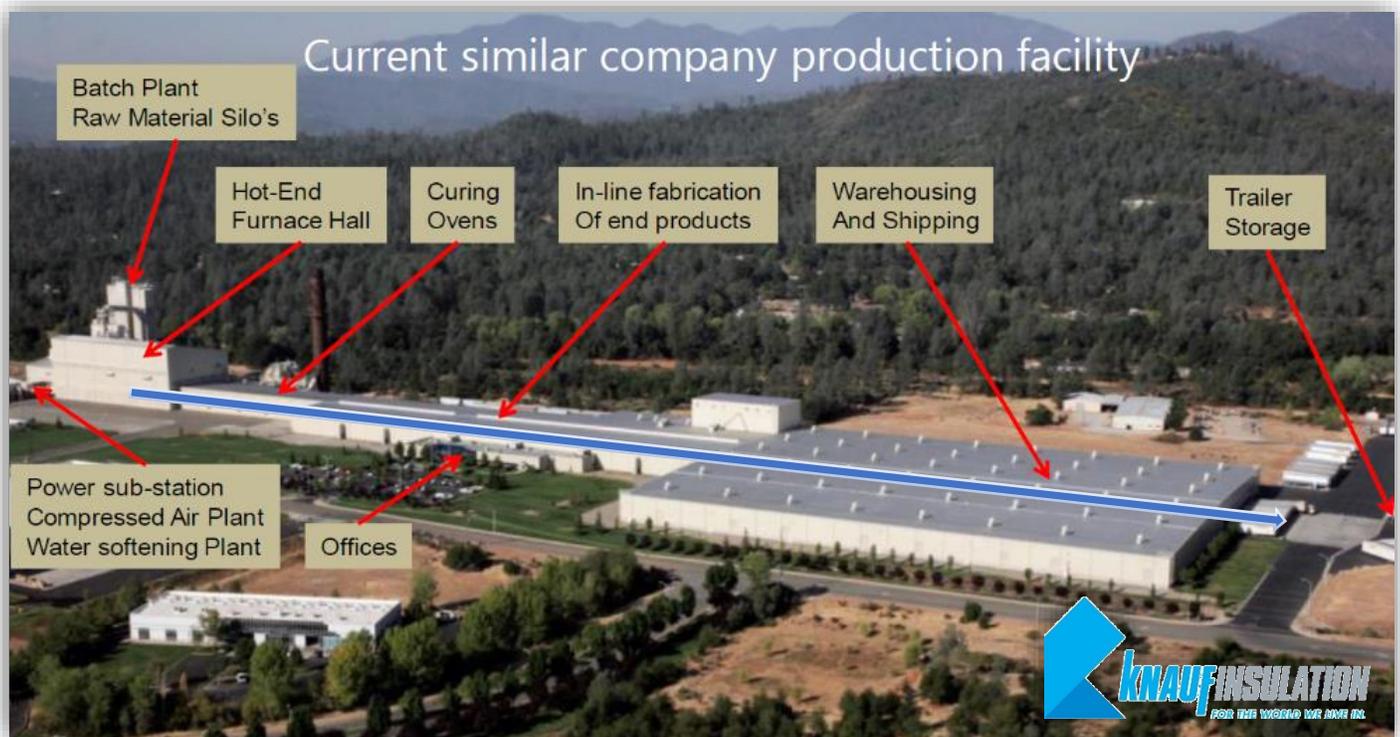
Project Rodeo

Qualified Property - Land



Land included in the qualified property includes the project site of 170 acres +/- valued at \$10,000 per acre for a total of \$1,700,000. Additional property adjacent to the project site will be optioned by the company for future expansion.

Qualified Property Plant Overview

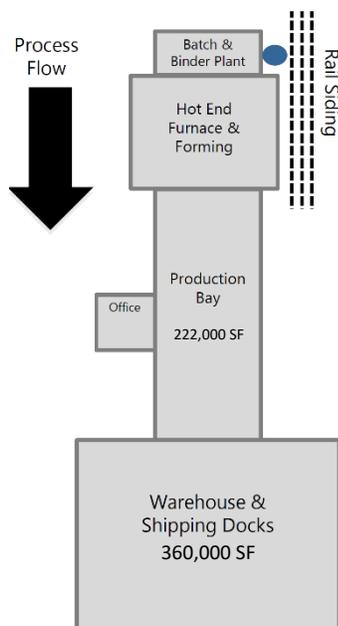


Qualified property will include:

| Category | Description | Value |
|-----------------------------|--|----------------------|
| Site | 170 acres on Hwy 317 with rail access | \$1,700,000 |
| Site Preparation | Extensive site work required prior to construction | \$27,800,000 |
| Building | 582,000 sq. ft. (222,000 sq. ft. production and 360,000 sq. ft. warehouse) facility for the manufacture and distribution of fiberglass insulation products | \$47,800,000 |
| Production Equipment | Process equipment | \$119,100,000 |
| Pollution Control Equipment | Air and water pollution control equipment | \$13,900,000 |
| Total: | | \$210,300,000 |

Qualified Property Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in early July 2021.
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- Following the batch area is the hot end furnace and forming area.
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- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity. These include at a minimum access to a 4-lane divided highway, proximity to an interstate, rail access and transmission-grade electricity and natural gas service.

A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.

Tab 9

Description of Land

Project Rodeo

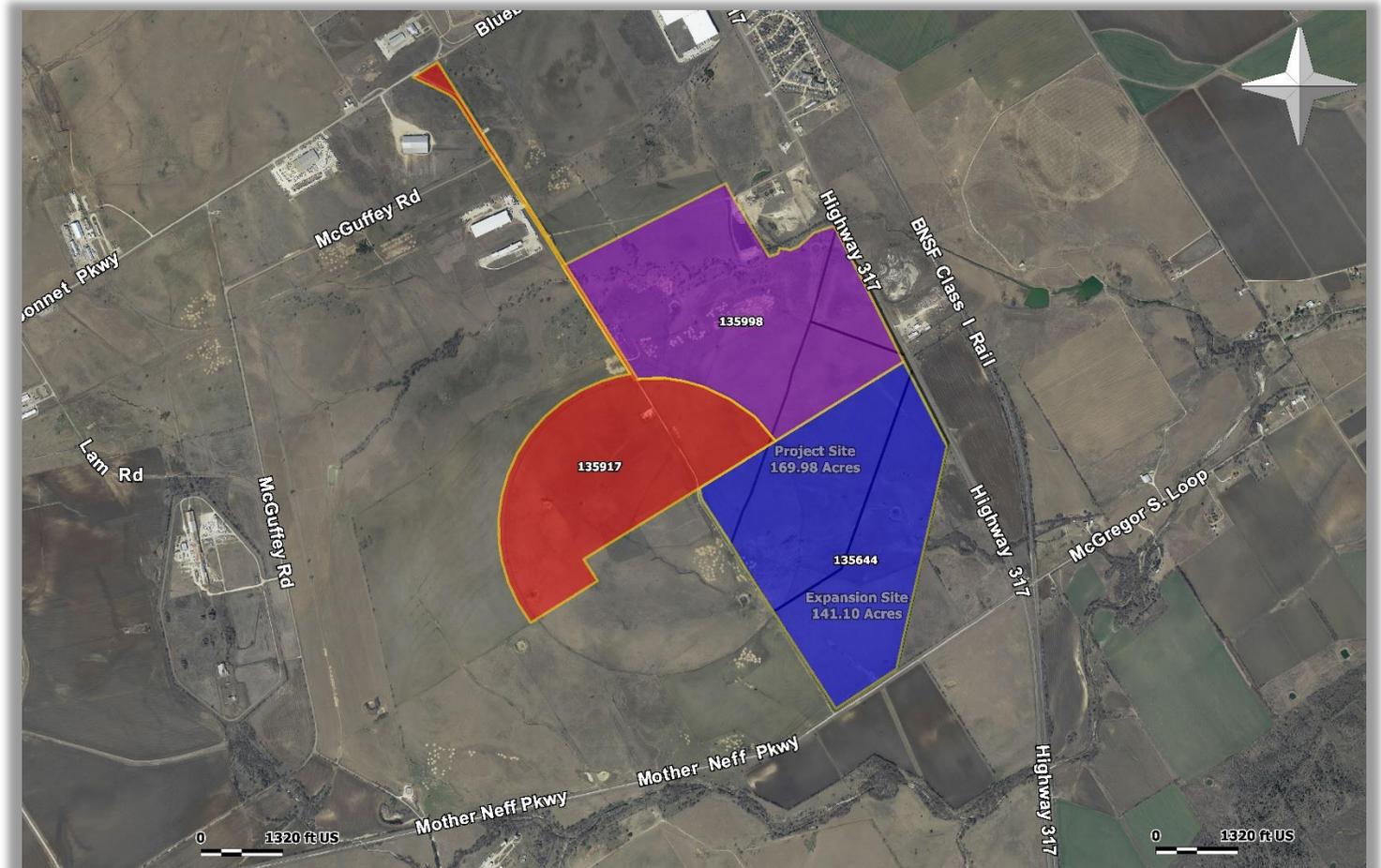
Site

Legal Description of the Property and each existing **appraisal parcel number** of the land on which the new improvements will be constructed, regardless of whether the land described in the current parcel will become qualified property:

- 135644: Johnson J L Acres 487.79, (Areas 'Q' and 'S')
- 135917: Russell J Tract Area 'D' 'E' 'F' Acres 3051.045, (Areas 'D' 'E' and 'F')
- 135998: Walters B C Acres 48.996, (Area 'Q')

Owner: City of McGregor (All)

Taxable Value (Estimated): \$513,409 (at average of \$3,020.41 / Acre)



Note: 169.98-acre Project Site and 141.1 acre Expansion Site are located entirely within these three parcels (135644, 135917 and 135998), and all project acreage is located within TIRZ #1.

Details www.mclennadcad.org

135644: Johnson J L Acres 487.79, (Areas 'Q' and 'S')

Property Search | Map Search
McLennan CAD

Property Search > 135644 CITY OF MCGREGOR for Year 2021
Tax Year: 2021

Details | Map

Click on a title bar to expand or collapse the information.

Property

Account

| | | | |
|---------------------------|----------------|--------------------|---|
| Property ID: | 135644 | Legal Description: | JOHNSON J L Acres 487.79, (AREAS 'Q' AND 'S') |
| Geographic ID: | 34048400001006 | Zoning: | R |
| Type: | Real | Agent Code: | |
| Property Use Code: | | | |
| Property Use Description: | | | |

Protest

Protest Status:
Informal Date:
Formal Date:

Location

| | | | |
|------------------|--|---------|-----|
| Address: | MOTHER NEFF PKWY MCGREGOR, TX 76657 | Mapcco: | 384 |
| Neighborhood: | M - R VACANT - 2 | Map ID: | 78A |
| Neighborhood CD: | 34890.1 | | |

Owner

| | | | |
|------------------|--|--------------|-------------------|
| Name: | CITY OF MCGREGOR | Owner ID: | 21918 |
| Mailing Address: | PO BOX 192 MC GREGOR, TX 76657-0192 | % Ownership: | 100.000000000000% |
| | | Exemptions: | EX-XV |

Values

| | | | |
|---------------------------------------|---|-------------|-----------------------|
| (+) Improvement Homesite Value: | + | \$0 | |
| (+) Improvement Non-Homesite Value: | + | \$0 | |
| (+) Land Homesite Value: | + | \$0 | |
| (+) Land Non-Homesite Value: | + | \$1,373,260 | Ag / Timber Use Value |
| (+) Agricultural Market Valuation: | + | \$0 | \$0 |
| (+) Timber Market Valuation: | + | \$0 | \$0 |
| <hr/> | | | |
| (-) Market Value: | = | \$1,373,260 | |
| (-) Ag or Timber Use Value Reduction: | - | \$0 | |
| <hr/> | | | |
| (=) Appraised Value: | = | \$1,373,260 | |
| (-) HS Cap: | - | \$0 | |
| <hr/> | | | |
| (-) Assessed Value: | = | \$1,373,260 | |

Taxing Jurisdiction

Owner: CITY OF MCGREGOR
% Ownership: 100.000000000000%
Total Value: \$1,373,260

| Entity | Description | Tax Rate | Appraised Value | Taxable Value | Estimated Tax |
|-----------------|----------------------------|----------|-----------------|-----------------------------|---------------|
| 00 | MCLENNAN COUNTY | 0.468719 | \$1,373,260 | \$0 | \$0.00 |
| 34 | MCGREGOR ISD | 1.167280 | \$1,373,260 | \$0 | \$0.00 |
| 68 | MCGREGOR, CITY OF | 0.578954 | \$1,373,260 | \$0 | \$0.00 |
| 86 | MCLENNAN COMMUNITY COLLEGE | 0.149782 | \$1,373,260 | \$0 | \$0.00 |
| CAD | MCLENNAN CAD | 0.000000 | \$1,373,260 | \$0 | \$0.00 |
| Total Tax Rate: | | 2.364735 | | | |
| | | | | Taxes w/Current Exemptions: | \$0.00 |
| | | | | Taxes w/o Exemptions: | \$32,473.96 |

Improvement / Building

No improvements exist for this property.

Land

| # | Type | Description | Acres | Sqft | Eff Front | Eff Depth | Market Value | Prod. Value |
|---|------|-------------|----------|-------------|-----------|-----------|--------------|-------------|
| 1 | AC | Acres | 487.7900 | 21248132.40 | 0.00 | 0.00 | \$1,373,260 | \$0 |

Roll Value History

| Year | Improvements | Land Market | Ag Valuation | Appraised | HS Cap | Assessed |
|------|--------------|-------------|--------------|-----------|-----------|-------------|
| 2021 | | \$0 | \$1,373,260 | 0 | 1,373,260 | \$1,373,260 |
| 2020 | | \$0 | \$1,348,870 | 0 | 1,348,870 | \$1,348,870 |
| 2019 | | \$0 | \$1,251,460 | 0 | 1,251,460 | \$1,251,460 |
| 2018 | | \$0 | \$1,226,920 | 0 | 1,226,920 | \$1,226,920 |
| 2017 | | \$0 | \$831,480 | 0 | 831,480 | \$831,480 |
| 2016 | | \$0 | \$831,480 | 0 | 831,480 | \$831,480 |
| 2015 | | \$0 | \$831,480 | 0 | 831,480 | \$831,480 |
| 2014 | | \$0 | \$831,480 | 0 | 831,480 | \$831,480 |
| 2013 | | \$0 | \$722,130 | 0 | 722,130 | \$722,130 |
| 2012 | | \$0 | \$722,129 | 0 | 722,129 | \$722,129 |

Deed History - (Last 3 Deed Transactions)

| # | Deed Date | Type | Description | Grantor | Grantee | Volume | Page | Deed Number |
|---|------------|------|-----------------|-------------------------|------------------|--------|------|-------------|
| 1 | 10/26/2006 | QCD | Quit Claim Deed | U S GOVERNMENT PROPERTY | CITY OF MCGREGOR | | | 2006043159 |

Tax Due

Property Tax Information as of 06/08/2021

Amount Due if Paid on:

| Year | Taxing Jurisdiction | Taxable Value | Base Tax | Base Taxes Paid | Base Tax Due | Discount / Penalty & Interest | Attorney Fees | Amount Due |
|------|---------------------|---------------|----------|-----------------|--------------|-------------------------------|---------------|------------|
| | | | | | | | | |

NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.

Questions Please Call (254) 752-9864

Website version: 1.2.2.33
Database last updated on: 6/7/2021 10:43 PM
© N. Harris Computer Corporation

135917: Russell J Tract Area 'D' 'E' 'F' Acres 3051.045, (Areas 'D' 'E' and 'F')

McLennan CAD Property Search Map Search

Property Search > 135917 CITY OF MCGREGOR for Year 2021 Tax Year: 2021 New Search

[Details](#) [Map](#) [Collapse All](#)

Click on a title bar to expand or collapse the information.

Property

| | | | |
|---------------------------|---|--------------------|--|
| Account | | | |
| Property ID: | 135917 | Legal Description: | RUSSELL J Tract AREA 'D' 'E' 'F' Acres 3051.045, (AREAS 'D' 'E' AND 'F') |
| Geographic ID: | 340743000007002 | Zoning: | R |
| Type: | Real | Agent Code: | |
| Property Use Code: | 600 | | |
| Property Use Description: | Vacant Exempt Land | | |
| Protest | | | |
| Protest Status: | | | |
| Informal Date: | | | |
| Formal Date: | | | |
| Location | | | |
| Address: | 10580 BLUEBONNET PKWY 10999 MCGREGOR, TX 76657 | Mapsc0: | 383 |
| Neighborhood: | Com West of 317-Main McGregor City | Map ID: | 778 |
| Neighborhood CD: | 34950.1 | | |
| Owner | | | |
| Name: | CITY OF MCGREGOR | Owner ID: | 21918 |
| Mailing Address: | PO BOX 192 MC GREGOR, TX 76657-0192 | % Ownership: | 100.000000000000% |
| | | Exemptions: | EX-XV |

Values

| | | | |
|---------------------------------------|---|-------------|-----------------------|
| (+) Improvement Homesite Value: | + | \$0 | |
| (+) Improvement Non-Homesite Value: | + | \$0 | |
| (+) Land Homesite Value: | + | \$0 | |
| (+) Land Non-Homesite Value: | + | \$7,278,730 | Ag / Timber Use Value |
| (+) Agricultural Market Valuation: | + | \$0 | \$0 |
| (+) Timber Market Valuation: | + | \$0 | \$0 |
| <hr/> | | | |
| (-) Market Value: | = | \$7,278,730 | |
| (-) Ag or Timber Use Value Reduction: | - | \$0 | |
| <hr/> | | | |
| (-) Appraised Value: | = | \$7,278,730 | |
| (-) HS Cap: | - | \$0 | |
| <hr/> | | | |
| (-) Assessed Value: | = | \$7,278,730 | |

Taxing Jurisdiction

Owner: CITY OF MCGREGOR
 % Ownership: 100.000000000000%
 Total Value: \$7,278,730

| Entity | Description | Tax Rate | Appraised Value | Taxable Value | Estimated Tax |
|-----------------------------|----------------------------|----------|-----------------|---------------|---------------|
| 00 | McLENNAN COUNTY | 0.468719 | \$7,278,730 | \$0 | \$0.00 |
| 34 | MCGREGOR ISD | 1.167280 | \$7,278,730 | \$0 | \$0.00 |
| 68 | MCGREGOR, CITY OF | 0.578954 | \$7,278,730 | \$0 | \$0.00 |
| 86 | McLENNAN COMMUNITY COLLEGE | 0.149782 | \$7,278,730 | \$0 | \$0.00 |
| CAD | McLENNAN CAD | 0.000000 | \$7,278,730 | \$0 | \$0.00 |
| Total Tax Rate: | | 2.364735 | | | |
| Taxes w/Current Exemptions: | | | | | \$0.00 |
| Taxes w/o Exemptions: | | | | | \$172,122.68 |

Improvement / Building

No improvements exist for this property.

Land

| # | Type | Description | Acres | Sqft | Eff Front | Eff Depth | Market Value | Prod. Value |
|---|------|-------------|-----------|--------------|-----------|-----------|--------------|-------------|
| 1 | AC | Acres | 3051.0450 | 132903520.20 | 0.00 | 0.00 | \$7,278,730 | \$0 |

Roll Value History

| Year | Improvements | Land Market | Ag Valuation | Appraised | HS Cap | Assessed |
|------|--------------|-------------|--------------|-----------|--------|-------------|
| 2021 | \$0 | \$7,278,730 | 0 | 7,278,730 | \$0 | \$7,278,730 |
| 2020 | \$0 | \$7,072,790 | 0 | 7,072,790 | \$0 | \$7,072,790 |
| 2019 | \$0 | \$6,611,680 | 0 | 6,611,680 | \$0 | \$6,611,680 |
| 2018 | \$0 | \$6,482,010 | 0 | 6,482,010 | \$0 | \$6,482,010 |
| 2017 | \$0 | \$5,658,230 | 0 | 5,658,230 | \$0 | \$5,658,230 |
| 2016 | \$0 | \$5,658,230 | 0 | 5,658,230 | \$0 | \$5,658,230 |
| 2015 | \$0 | \$4,208,390 | 0 | 4,208,390 | \$0 | \$4,208,390 |
| 2014 | \$0 | \$4,208,390 | 0 | 4,208,390 | \$0 | \$4,208,390 |
| 2013 | \$0 | \$4,137,580 | 0 | 4,137,580 | \$0 | \$4,137,580 |
| 2012 | \$0 | \$4,137,575 | 0 | 4,137,575 | \$0 | \$4,137,575 |

Deed History - (Last 3 Deed Transactions)

| # | Deed Date | Type | Description | Grantor | Grantee | Volume | Page | Deed Number |
|---|------------|------|-----------------|-------------------------|------------------|--------|------|-------------|
| 1 | 10/26/2006 | QCD | Quit Claim Deed | U S GOVERNMENT PROPERTY | CITY OF MCGREGOR | | | 2006043159 |

Tax Due

Property Tax Information as of 06/08/2021

Amount Due If Paid on: [Recalculate](#)

| Year | Taxing Jurisdiction | Taxable Value | Base Tax | Base Taxes Paid | Base Tax Due | Discount / Penalty & Interest | Attorney Fees | Amount Due |
|------|---------------------|---------------|----------|-----------------|--------------|-------------------------------|---------------|------------|
| | | | | | | | | |

NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.



135998: Walters B C Acres 48.996, (Area 'Q')

McLennan CAD Property Search Map Search

Property Search Results > 135998 CITY OF MCGREGOR for Year 2021 Tax Year: 2021 New Search

[Details](#) [Map](#) [Collapse All](#)

Click on a title bar to expand or collapse the information.

Property

Account

| | | | |
|---------------------------|--------------------|--------------------|--------------------------------------|
| Property ID: | 135998 | Legal Description: | WALTERS B C Acres 48.996, (AREA 'Q') |
| Geographic ID: | 340892000012001 | Zoning: | R |
| Type: | Real | Agent Code: | |
| Property Use Code: | 600 | | |
| Property Use Description: | Vacant Exempt Land | | |

Protest

Protest Status:
Informal Date:
Formal Date:

Location

| | | | |
|------------------|-----------------------------------|---------|-----|
| Address: | S HWY 317 MCGREGOR, TX 76657 | Mapco: | 384 |
| Neighborhood: | Main Strip RR Spur to Mother Neff | Map ID: | 77A |
| Neighborhood CD: | 34917.6 | | |

Owner

| | | | |
|------------------|--|--------------|-----------------|
| Name: | CITY OF MCGREGOR | Owner ID: | 21918 |
| Mailing Address: | PO BOX 192 MC GREGOR, TX 76657-0192 | % Ownership: | 100.0000000000% |
| | | Exemptions: | EX-XV |

Values

| | | | |
|---------------------------------------|---|-----------|-----------------------|
| (+) Improvement Homesite Value: | + | \$0 | |
| (+) Improvement Non-Homesite Value: | + | \$0 | |
| (+) Land Homesite Value: | + | \$0 | |
| (+) Land Non-Homesite Value: | + | \$189,140 | Ag / Timber Use Value |
| (+) Agricultural Market Valuation: | + | \$0 | \$0 |
| (+) Timber Market Valuation: | + | \$0 | \$0 |
| ----- | | | |
| (=) Market Value: | = | \$189,140 | |
| (-) Ag or Timber Use Value Reduction: | - | \$0 | |
| ----- | | | |
| (=) Appraised Value: | = | \$189,140 | |
| (-) HS Cap: | - | \$0 | |
| ----- | | | |
| (=) Assessed Value: | = | \$189,140 | |

Taxing Jurisdiction

Owner: CITY OF MCGREGOR
% Ownership: 100.0000000000%
Total Value: \$189,140

| Entity | Description | Tax Rate | Appraised Value | Taxable Value | Estimated Tax |
|-----------------------------|----------------------------|----------|-----------------|---------------|---------------|
| 00 | McLENNAN COUNTY | 0.468719 | \$189,140 | \$0 | \$0.00 |
| 34 | McGREGOR ISD | 1.167280 | \$189,140 | \$0 | \$0.00 |
| 68 | McGREGOR, CITY OF | 0.578954 | \$189,140 | \$0 | \$0.00 |
| 86 | McLENNAN COMMUNITY COLLEGE | 0.149782 | \$189,140 | \$0 | \$0.00 |
| CAD | McLENNAN CAD | 0.000000 | \$189,140 | \$0 | \$0.00 |
| Total Tax Rate: | | 2.364735 | | | |
| Taxes w/Current Exemptions: | | | | | \$0.00 |
| Taxes w/o Exemptions: | | | | | \$4,472.66 |

Improvement / Building

No improvements exist for this property.

Land

| # | Type | Description | Acres | Sqft | Eff Front | Eff Depth | Market Value | Prod. Value |
|---|------|-------------|---------|------------|-----------|-----------|--------------|-------------|
| 1 | AC | Acres | 48.9960 | 2134265.76 | 0.00 | 0.00 | \$189,140 | \$0 |

Roll Value History

| Year | Improvements | Land Market | Ag Valuation | Appraised | HS Cap | Assessed |
|------|--------------|-------------|--------------|-----------|-----------|-----------|
| 2021 | | \$0 | \$189,140 | 0 | \$189,140 | \$189,140 |
| 2020 | | \$0 | \$186,610 | 0 | \$186,610 | \$186,610 |
| 2019 | | \$0 | \$177,420 | 0 | \$177,420 | \$177,420 |
| 2018 | | \$0 | \$173,950 | 0 | \$173,950 | \$173,950 |
| 2017 | | \$0 | \$139,160 | 0 | \$139,160 | \$139,160 |
| 2016 | | \$0 | \$139,160 | 0 | \$139,160 | \$139,160 |
| 2015 | | \$0 | \$139,160 | 0 | \$139,160 | \$139,160 |
| 2014 | | \$0 | \$139,160 | 0 | \$139,160 | \$139,160 |
| 2013 | | \$0 | \$100,780 | 0 | \$100,780 | \$100,780 |
| 2012 | | \$0 | \$100,779 | 0 | \$100,779 | \$100,779 |

Deed History - (Last 3 Deed Transactions)

| # | Deed Date | Type | Description | Grantor | Grantee | Volume | Page | Deed Number |
|---|------------|------|-----------------|------------------|------------------|--------|------|-------------|
| 1 | 10/26/2006 | QCD | Quit Claim Deed | U S GOVERNMENT | CITY OF MCGREGOR | | | 2006043159 |
| 2 | | | | CITY OF MCGREGOR | U S GOVERNMENT | | | 0 |

Tax Due

Property Tax Information as of 06/08/2021

Amount Due If Paid on: [Recalculate](#)

| Year | Taxing Jurisdiction | Taxable Value | Base Tax | Base Taxes Paid | Base Tax Due | Discount / Penalty & Interest | Attorney Fees | Amount Due |
|--|---------------------|---------------|----------|-----------------|--------------|-------------------------------|---------------|------------|
| NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due. | | | | | | | | |

Questions Please Call (254) 752-9864



Tab 10

Not Applicable

Description of all property not eligible
to become Qualified Property

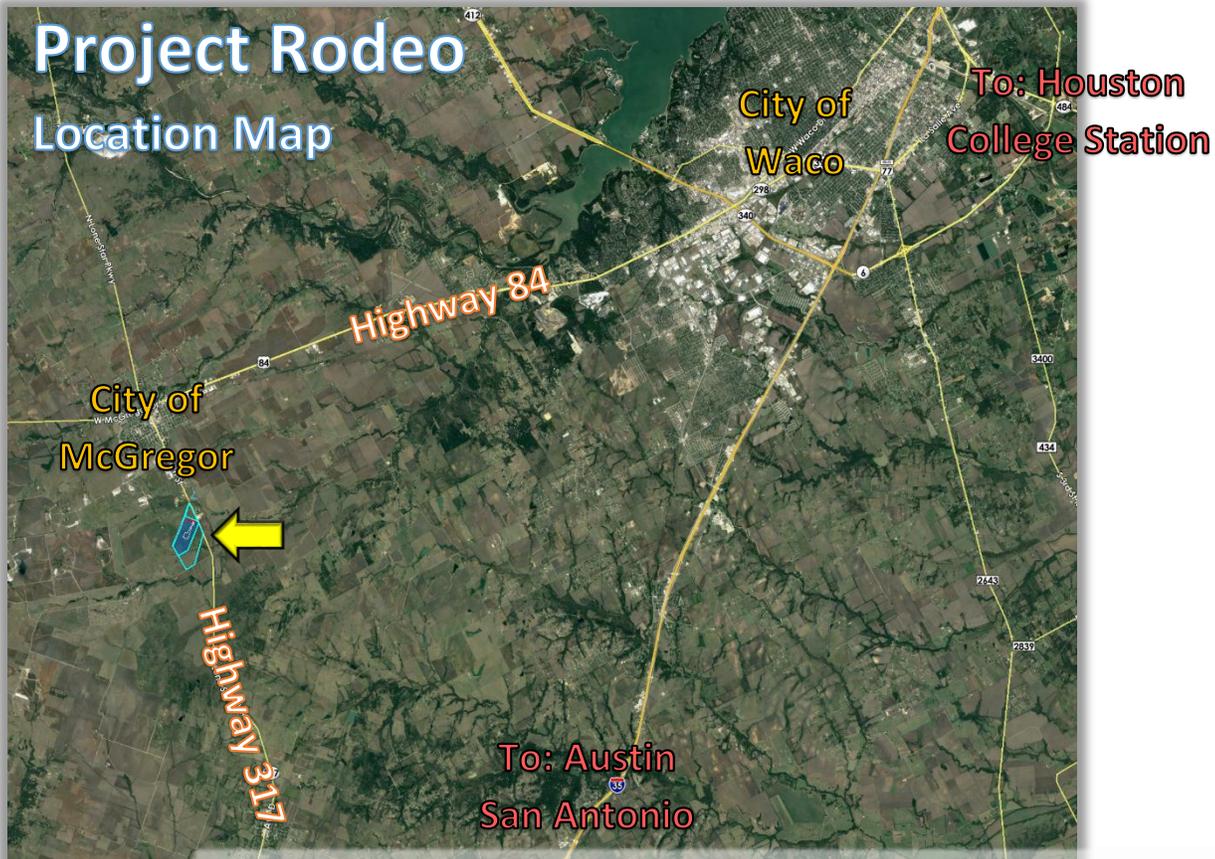
Tab 11

Maps

Project Rodeo

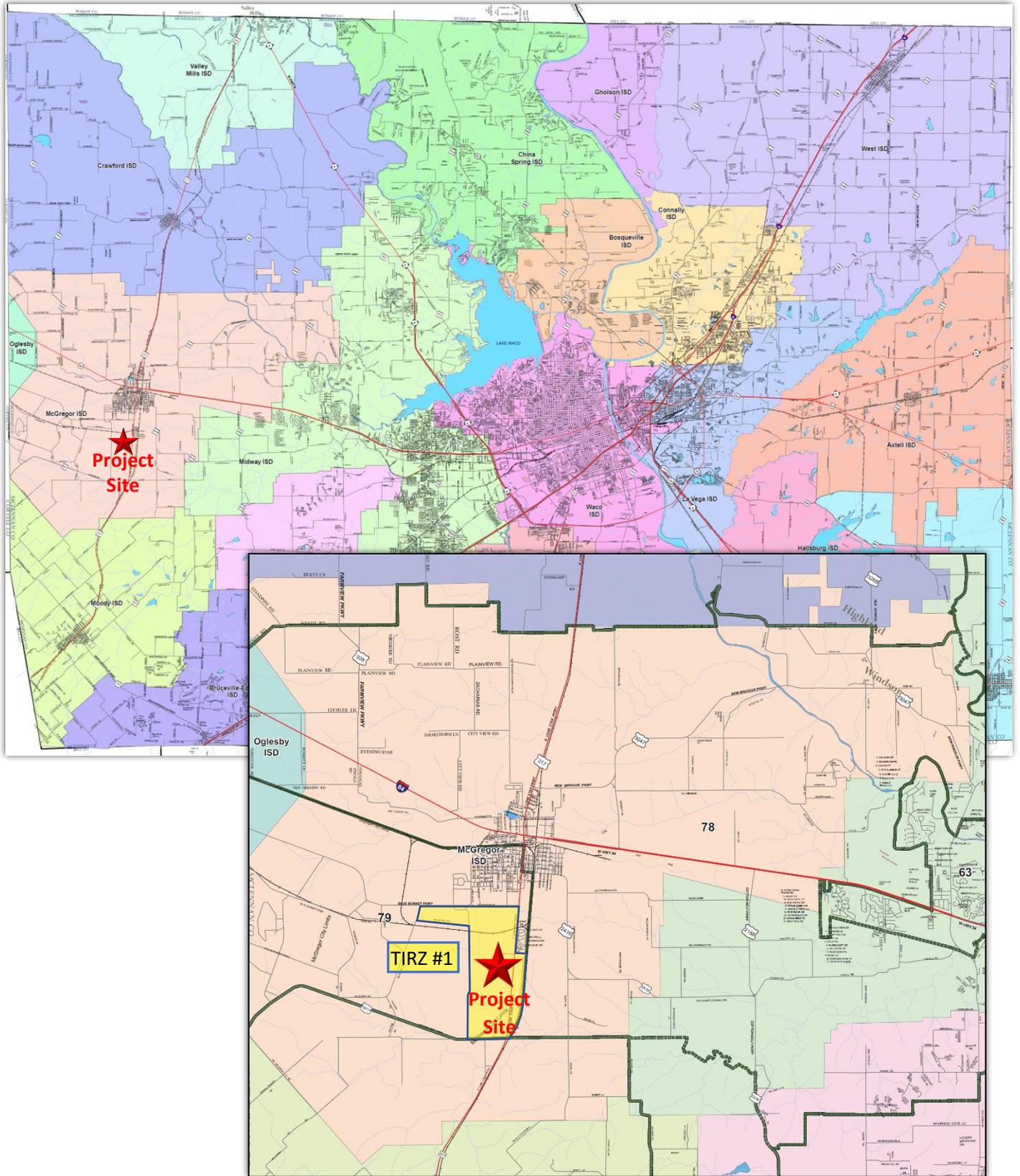
Site Location - Area Map

Project site is located south of McGregor on TX-317

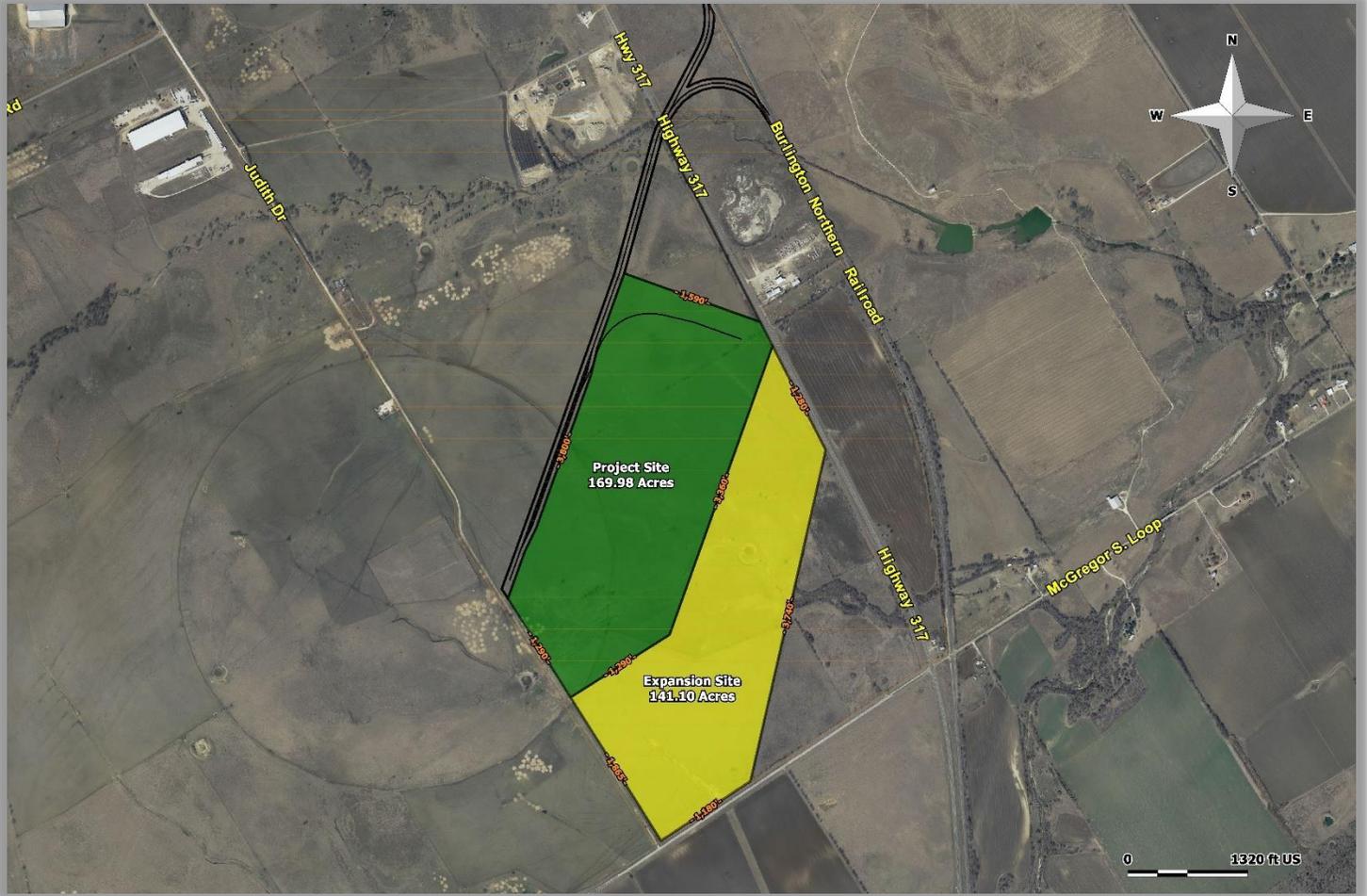


Site Location – School District Map

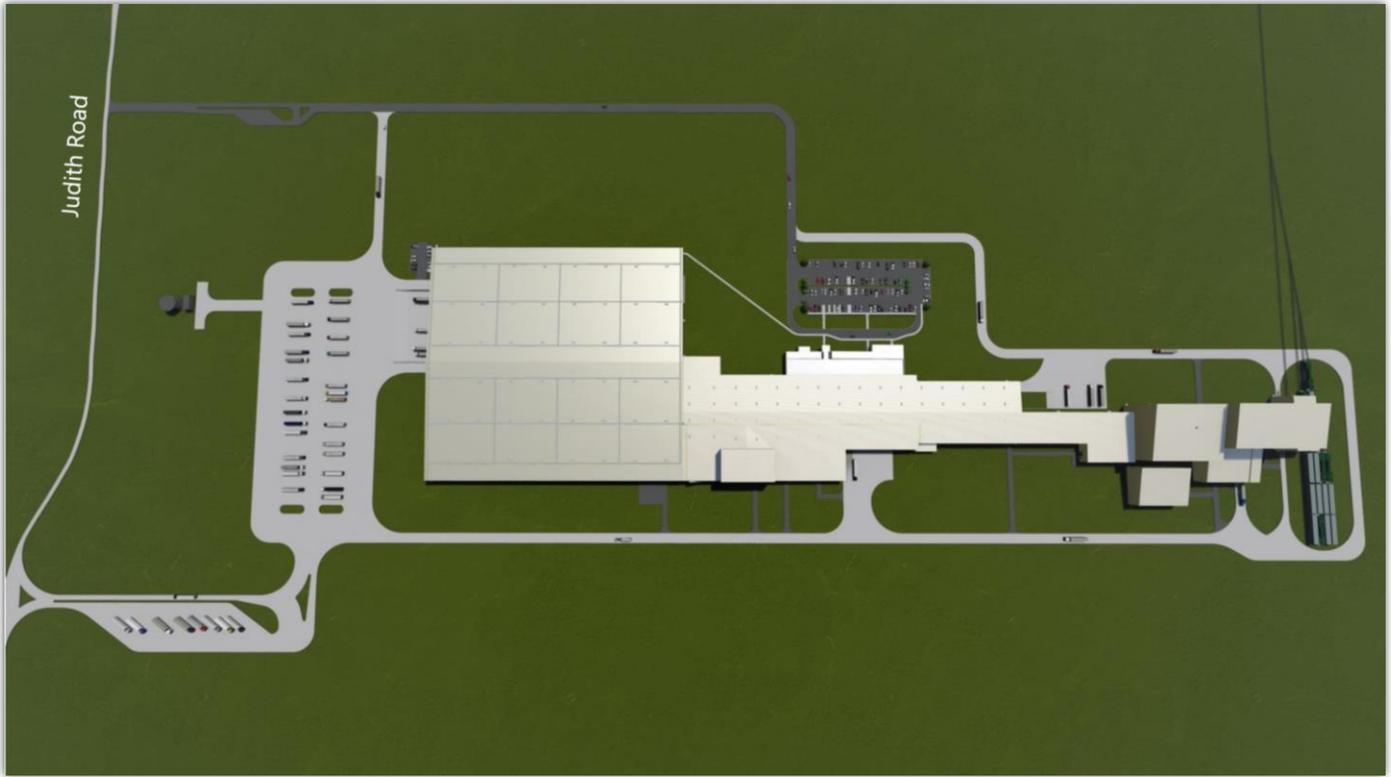
McLennan County School District Map (Partial)



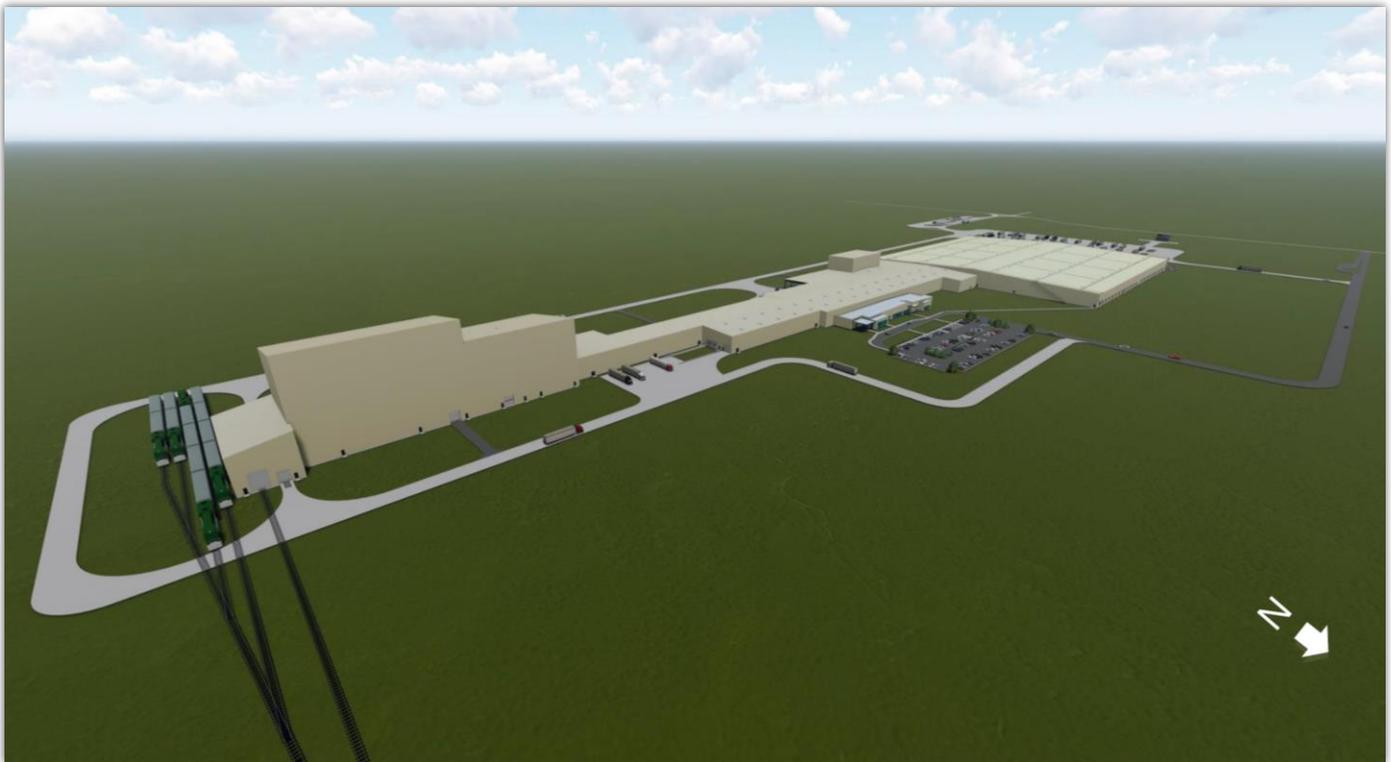
Site Boundaries Map



Site Layout: Rendering 1

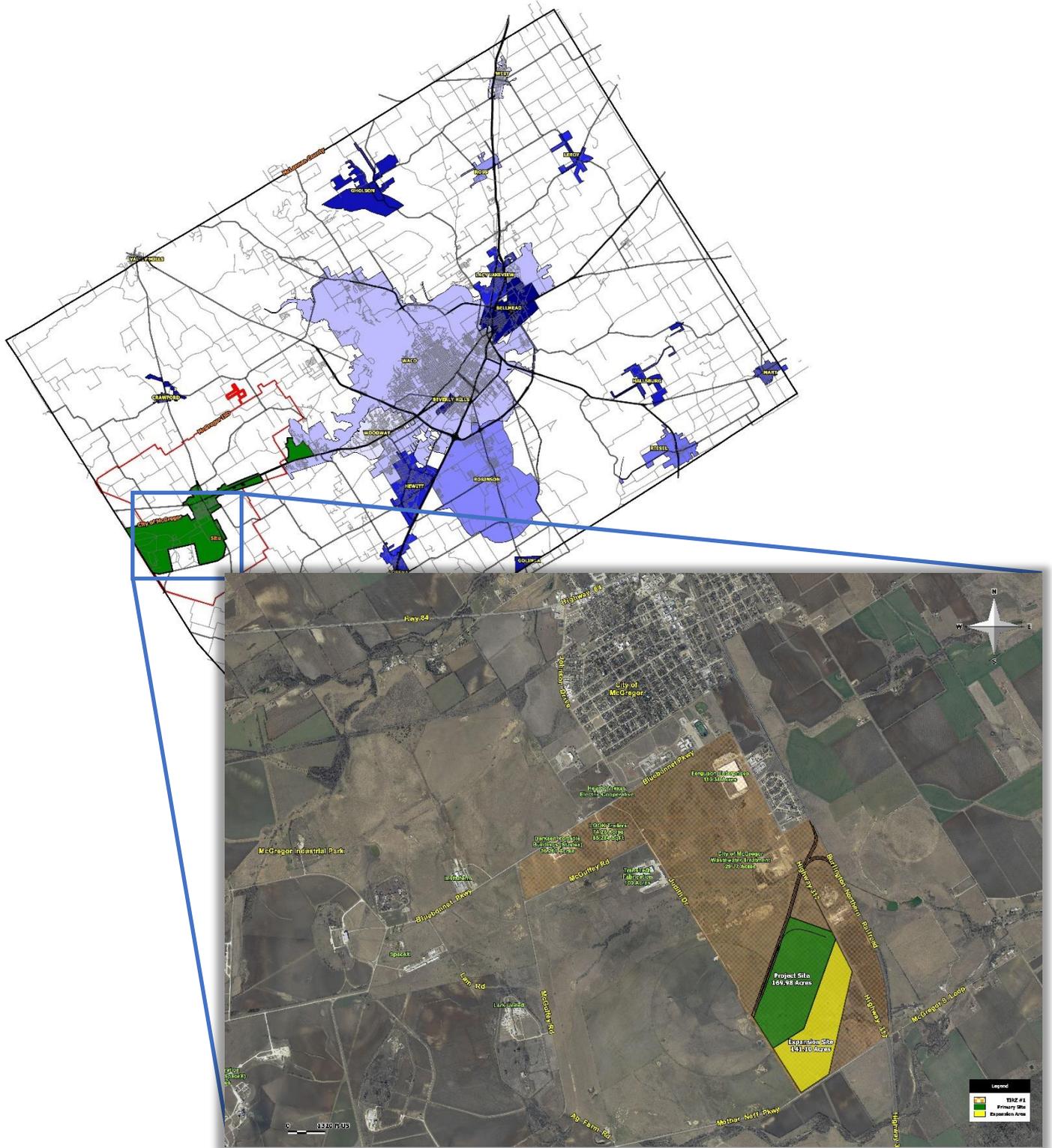


Site Layout: Rendering 2



Zone Boundaries Map

The Project Site is located entirely within the zone boundaries and entirely within McGregor ISD



Tab 12

Not Applicable

Request for waiver of Job Creation requirement
and Supporting Information (if applicable)

Tab 13

Calculation of three possible wage requirements
with TWC documentation

Wage Requirements – Qualifying Employees

Qualifying Employees - Average Weekly Wage Manufacturing (McLennan County)

| Year | Period | Area | Ownership | Industry Code | Industry | Level | Average Employment | Average Weekly Wage |
|------|--------|----------|-----------|---------------|---------------|-------|------------------------|---------------------|
| 2020 | 04 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,732 | 1,421 |
| 2020 | 03 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,623 | 1,255 |
| 2020 | 02 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,603 | 1,196 |
| 2020 | 01 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,973 | 1,456 |
| | | | | | | | Average | \$1,332.00 |
| | | | | | | | 110% of Average | \$1,465.20 |
| | | | | | | | Annual | \$76,190.40 |

Qualifying Employees - Average Weekly Wage Manufacturing (Heart of Texas Council of Governments Region)

2019 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

| COG | COG Number | Wages | |
|---|------------|---------|----------|
| | | Hourly | Annual |
| Panhandle Regional Planning Commission | 1 | \$22.31 | \$46,399 |
| South Plains Association of Governments | 2 | \$18.97 | \$39,448 |
| NORTEX Regional Planning Commission | 3 | \$20.38 | \$42,395 |
| North Central Texas Council of Governments | 4 | \$32.92 | \$68,476 |
| Ark-Tex Council of Governments | 5 | \$20.09 | \$41,780 |
| East Texas Council of Governments | 6 | \$28.95 | \$60,211 |
| West Central Texas Council of Governments | 7 | \$21.83 | \$45,406 |
| Rio Grande Council of Governments | 8 | \$18.15 | \$37,749 |
| Permian Basin Regional Planning Commission | 9 | \$21.87 | \$45,499 |
| Concho Valley Council of Governments | 10 | \$26.74 | \$55,625 |
| Heart of Texas Council of Governments | 11 | \$22.41 | \$46,614 |
| Capital Area Council of Governments | 12 | \$29.37 | \$61,091 |
| Brazos Valley Council of Governments | 13 | \$17.60 | \$36,613 |
| Deep East Texas Council of Governments | 14 | \$21.06 | \$43,796 |
| South East Texas Regional Planning Commission | 15 | \$25.52 | \$53,079 |
| Houston-Galveston Area Council | 16 | \$28.85 | \$60,015 |
| Golden Crescent Regional Planning Commission | 17 | \$21.43 | \$44,565 |
| Alamo Area Council of Governments | 18 | \$26.64 | \$55,401 |
| South Texas Development Council | 19 | \$18.70 | \$38,889 |
| Coastal Bend Council of Governments | 20 | \$34.94 | \$72,668 |
| Lower Rio Grande Valley Development Council | 21 | \$20.05 | \$41,698 |
| Texoma Council of Governments | 22 | \$18.40 | \$38,280 |
| Central Texas Council of Governments | 23 | \$21.07 | \$43,821 |
| Middle Rio Grande Development Council | 24 | \$22.74 | \$47,296 |
| Texas | | \$27.25 | \$56,673 |



110% of \$46,614 is \$52,275.40

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.

Data published: August 2020.

Data published annually, next update will likely be July 31, 2021

Annual Wage Figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas Occupational Employment Statistics (OES) data, and is not to be compared to BLS estimates.

Data intended only for use implementing Chapter 313, Texas Tax Code.

Wage Requirements

Non-Qualifying Employees

Non-qualifying Employees - Average Weekly Wage Total, All Industries (McLennan County)

| Year | Period | Area | Ownership | Industry Code | Industry | Level | Average Employment | Average Weekly Wage |
|------|--------|----------|-----------|---------------|-----------------------|-------|--------------------|---------------------|
| 2020 | 01 | McLennan | Total All | 10 | Total, All Industries | 0 | 114,135 | \$925.00 |
| 2020 | 02 | McLennan | Total All | 10 | Total, All Industries | 0 | 107,919 | \$945.00 |
| 2020 | 03 | McLennan | Total All | 10 | Total, All Industries | 0 | 111,611 | \$947.00 |
| 2020 | 04 | McLennan | Total All | 10 | Total, All Industries | 0 | 113,516 | \$1,050.00 |
| | | | | | | | Average | \$966.75 |
| | | | | | | | Annual | \$50,271.00 |

Tab 14

Schedules A1, A2, B, and C

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

Form 50-296A
Revised October 2020

Date: June 8, 2021
Applicant Name: Project Rodeo
ISD Name: McGregor

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | | |
|--|-------------------------|---|---|---|---|--|---|---------------|--|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | |
| Year | School Year (YYYY-YYYY) | Tax Year (File in annual tax year below) (YYYY) | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C Other new investment made during this year that will not become Qualified Property (SEE NOTE) | Column D Other new investment made during this year that may become Qualified Property (SEE NOTE) | Column E Total Investment (Sum of Columns A+B+C+D) | | |
| Investment made before filing complete application with district | | | Not eligible to become Qualified Property | | \$0 | | \$0 | \$0 | |
| Investment made after filing complete application with district, but before final board approval of application | - | 2021 | \$0 | \$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 | \$16,175,000 | \$0 | \$0 | \$16,175,000 | \$16,175,000 | |
| Complete tax years of qualifying time period | QTP1 | 2022 | \$33,250,000 | \$38,200,000 | \$0 | \$0 | \$71,450,000 | \$71,450,000 | |
| | QTP2 | 2023 | \$89,750,000 | \$21,225,000 | \$0 | \$0 | \$110,975,000 | \$120,975,000 | |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2] | | | \$133,000,000 | \$75,600,000 | \$0 | \$0 | \$208,600,000 | \$208,600,000 | |
| Total Qualified Investment (sum of green cells) | | | \$208,600,000 | Note: Total excludes 170 acres of land valued at \$1,700,000 | | | | | |

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 components 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 313.02(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.



Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Form 50-296A
Revised October 2020

Date: June 8, 2021
Applicant Name: Project Rodeo
ISD Name: McGregor

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | | |
|---|--------------------------------|--|--|---|--|---|--|--|--|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | |
| Year | School Year (YYYY-YYYY) | Year (Fill in actual tax year below) (YYYY-YYYY) | Column A New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C Other investment made during this year that will (or become) Qualified Property (SEE NOTE) | Column D Other investment made during this year that will become Qualified Property (SEE NOTE) | Column E Total Investment (A+B+C+D) | | |
| | TOTALS FROM SCHEDULE A1 | | \$133,000,000 | \$75,600,000 | \$0 | \$0 | \$208,600,000 | | |
| 0 | 2021 - 2022 | 2021 | \$0 | \$16,175,000 | \$0 | \$0 | \$16,175,000 | | |
| 0 | 2022 - 2023 | 2022 | \$33,250,000 | \$38,200,000 | \$0 | \$0 | \$71,450,000 | | |
| 0 | 2023 - 2024 | 2023 | \$99,750,000 | \$21,225,000 | \$0 | \$0 | \$120,975,000 | | |
| 1 | 2024 - 2025 | 2024 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 2 | 2025 - 2026 | 2025 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 3 | 2026 - 2027 | 2026 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 4 | 2027 - 2028 | 2027 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 5 | 2028 - 2029 | 2028 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 6 | 2029 - 2030 | 2029 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 7 | 2030 - 2031 | 2030 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 8 | 2031 - 2032 | 2031 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 9 | 2032 - 2033 | 2032 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| 10 | 2033 - 2034 | 2033 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Total Investment made through limitation | | | \$133,000,000 | \$75,600,000 | \$0 | \$0 | \$208,600,000 | | |
| 11 | 2034 - 2035 | 2034 | | | | | | | |
| 12 | 2035 - 2036 | 2035 | | | | | | | |
| 13 | 2036 - 2037 | 2036 | | | | | | | |
| 14 | 2037 - 2038 | 2037 | | | | | | | |
| 15 | 2038 - 2039 | 2038 | | | | | | | |
| 16 | 2039 - 2040 | 2039 | | | | | | | |
| 17 | 2040 - 2041 | 2040 | | | | | | | |
| 18 | 2041 - 2042 | 2041 | | | | | | | |
| 19 | 2042 - 2043 | 2042 | | | | | | | |
| 20 | 2043 - 2044 | 2043 | | | | | | | |
| 21 | 2044 - 2045 | 2044 | | | | | | | |
| 22 | 2045 - 2046 | 2045 | | | | | | | |
| 23 | 2046 - 2047 | 2046 | | | | | | | |
| 24 | 2047 - 2048 | 2047 | | | | | | | |
| 25 | 2048 - 2049 | 2048 | | | | | | | |
| Total Investment from Schedule A1* | | | | | | | | | |
| Each year prior to start of value limitation period** <small>Insert as many rows as necessary.</small> | | | | | | | | | |
| Value limitation period*** | | | | | | | | | |

* 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 (other than 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—described in SECTION 13, question #6 of the application—replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property.
 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: June 8, 2021
 Applicant Name: Project Rodeo
 ISD Name: McGregor

Form 50-296A
 Revised October, 2020

| 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 | |
| 0 | 2021 - 2022 | 2021 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 2022 - 2023 | 2022 | \$1,700,000 | \$16,175,000 | \$0 | \$0 | \$16,175,000 | \$16,175,000 | \$16,175,000 |
| 0 | 2023 - 2024 | 2023 | \$1,700,000 | \$54,375,000 | \$30,257,500 | \$30,257,500 | \$86,332,500 | \$86,332,500 | \$86,332,500 |
| 1 | 2024 - 2025 | 2024 | \$1,700,000 | \$75,600,000 | \$118,037,500 | \$105,388,500 | \$182,688,500 | \$40,000,000 | \$40,000,000 |
| 2 | 2025 - 2026 | 2025 | \$1,700,000 | \$75,600,000 | \$108,067,500 | \$94,669,500 | \$171,969,500 | \$40,000,000 | \$40,000,000 |
| 3 | 2026 - 2027 | 2026 | \$1,700,000 | \$75,600,000 | \$94,097,500 | \$83,950,500 | \$161,250,500 | \$40,000,000 | \$40,000,000 |
| 4 | 2027 - 2028 | 2027 | \$1,700,000 | \$75,600,000 | \$82,127,500 | \$73,231,500 | \$150,531,500 | \$40,000,000 | \$40,000,000 |
| 5 | 2028 - 2029 | 2028 | \$1,700,000 | \$75,600,000 | \$70,157,500 | \$62,512,500 | \$139,812,500 | \$40,000,000 | \$40,000,000 |
| 6 | 2029 - 2030 | 2029 | \$1,700,000 | \$75,600,000 | \$58,187,500 | \$51,793,500 | \$129,093,500 | \$40,000,000 | \$40,000,000 |
| 7 | 2030 - 2031 | 2030 | \$1,700,000 | \$75,600,000 | \$46,217,500 | \$41,074,500 | \$118,374,500 | \$40,000,000 | \$40,000,000 |
| 8 | 2031 - 2032 | 2031 | \$1,700,000 | \$75,600,000 | \$34,247,500 | \$30,855,500 | \$107,655,500 | \$40,000,000 | \$40,000,000 |
| 9 | 2032 - 2033 | 2032 | \$1,700,000 | \$75,600,000 | \$22,277,500 | \$19,636,500 | \$96,936,500 | \$40,000,000 | \$40,000,000 |
| 10 | 2033 - 2034 | 2033 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 11 | 2034 - 2035 | 2034 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 12 | 2035 - 2036 | 2035 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 13 | 2036 - 2037 | 2036 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 14 | 2037 - 2038 | 2037 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 15 | 2038 - 2039 | 2038 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 16 | 2039 - 2040 | 2039 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 17 | 2040 - 2041 | 2040 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 18 | 2041 - 2042 | 2041 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 19 | 2042 - 2043 | 2042 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 20 | 2043 - 2044 | 2043 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 21 | 2044 - 2045 | 2044 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 22 | 2045 - 2046 | 2045 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 23 | 2046 - 2047 | 2046 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 24 | 2047 - 2048 | 2047 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |
| 25 | 2048 - 2049 | 2048 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$11,910,000 | \$89,210,000 | \$40,000,000 | \$40,000,000 |

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: June 8, 2021
 Applicant Name: Project Rodeo
 ISD Name: McGregor
 Form 50-296A
 Revised October, 2020

| | Year | School Year (YYYY-YYYY) | Tax Year (Actual tax year) YYYY | Construction | | | Qualifying Jobs | | |
|---|---------------------|----------------------------|---------------------------------------|---|---|---|--|---|--|
| | | | | Column A Number of Construction FTE's | Column B Average annual wage rates for construction workers | Column C Number of non-qualifying jobs applicant estimates it will create (cumulative) | Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Column E Annual wage of new qualifying jobs | |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 0 | 2021 - 2022 | 2021 | 410 | \$42,880 | 36 | 25 | \$51,275.40 | |
| | 0 | 2022 - 2023 | 2022 | 346 | \$44,166 | 126 | 25 | \$51,275.40 | |
| | 0 | 2023 - 2024 | 2023 | 187 | \$45,491 | 126 | 25 | \$51,275.40 | |
| | 1 | 2024 - 2025 | 2024 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i> | 2 | 2025 - 2026 | 2025 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 3 | 2026 - 2027 | 2026 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 4 | 2027 - 2028 | 2027 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 5 | 2028 - 2029 | 2028 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 6 | 2029 - 2030 | 2029 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 7 | 2030 - 2031 | 2030 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| Years Following Value Limitation Period | 8 | 2031 - 2032 | 2031 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 9 | 2032 - 2033 | 2032 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 10 | 2033 - 2034 | 2033 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 11 through 25 | 2034 - 2035 | 2034 | 0 | \$0 | 126 | 25 | \$51,275.40 | |

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



Tab 15

Not Applicable

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

Tab 16

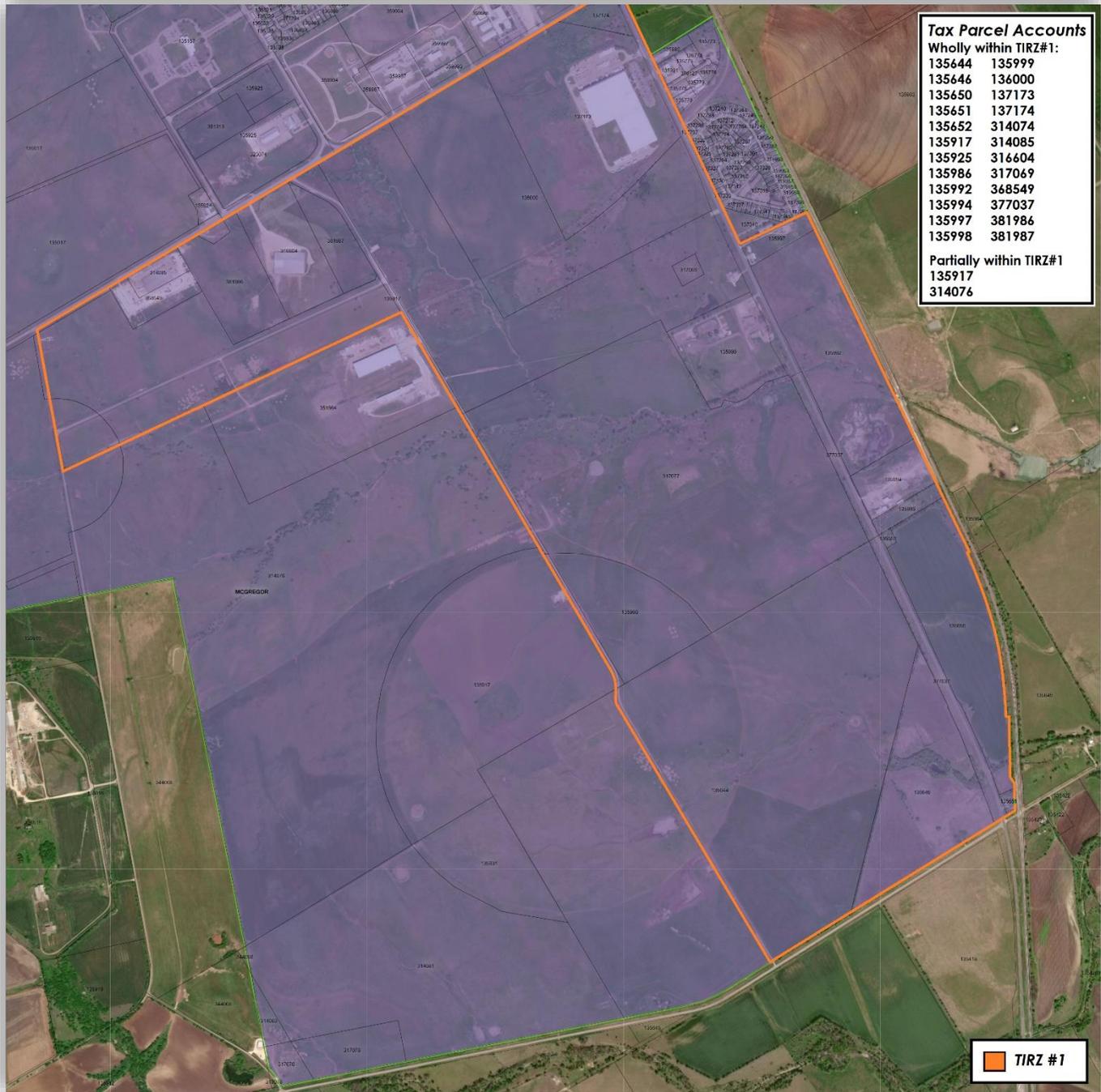
Description of Reinvestment or
Enterprise Zone

Reinvestment Zone

Location and Legal Descriptions of Properties

Evidence that the area qualifies as an enterprise zone as defined by the Governor's Office - Not Applicable

Legal Description of Parcels Affected by Reinvestment Zone



Reinvestment Zone Number One, City of McGregor (TIRZ#1)

LEGAL DESCRIPTION

BOUNDS DESCRIPTION OF AN APPROXIMATE 1,600 ACRE TAX INCREMENT
REFINANCE ZONE TRACT

LOCATED IN THE H. & W. R. HANDLEY SURVEY, ABSTRACT 1029, THE JESSIE RUSSEL,
SR. SURVEY, ABSTRACT 743 AND THE B.C. WALTERS, JR. SURVEY, ABSTRACT 892,
AND THE JOHN L. JOHNSTON SURVEY, ABSTRACT 484, IN THE CITY OF MCGREGOR,
MCLENNAN COUNTY, TEXAS.

BEGINNING AT A POINT AT THE WEST END OF A CUT-BACK LINE IN THE WEST RIGHT-
OF-WAY LINE OF STATE HIGHWAY 317 (SOUTH MAIN STREET) AT ITS INTERSECTION
WITH THE NORTH RIGHT-OF-WAY LINE OF WEST BLUEBONNET PARKWAY;

THENCE AN APPROXIMATE DISTANCE OF 8,900 FEET IN A WESTERLY DIRECTION WITH
THE NORTH RIGHT-OF-WAY LINE OF WEST BLUEBONNET PARKWAY, PASSING
JOHNSON DRIVE AND JUDITH LANE TO A POINT AT THE NORTHERLY PROJECTION OF
THE WEST OCCUPATION LINE OF AN OLD PAVED ROAD AND ENTRANCE TO CITY OF
MCGREGOR WATER WELL NO. 2-B FOR THE NORTHWEST CORNER OF THE HEREIN
DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 2,000 FEET IN A SOUTHERLY DIRECTION
PARTWAY WITH THE SAID WEST OCCUPATION LINE OF THE OLD PAVED ROAD AND
PARTWAY WITH THE WEST OCCUPATION LINE OF MCGUFFEY ROAD TO A POINT IN
THE SOUTH RIGHT-OF-WAY LINE OF THE OLD GULF, COLORADO AND SANTA FE
RAILWAY COMPANY AND ST. LOIS SOUTHWESTERN RAILWAY COMPANY OF TEXAS
RECORDED IN VOLUME 628, PAGE 133 OF THE DEED RECORDS OF MCLENNAN
COUNTY, TEXAS FOR A CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 5,100 FEET IN AN EASTERLY DIRECTION
WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID RAILWAY TRACT TO A POINT 50 FEET
WEST OF THE CENTER OF JUDITH DRIVE FOR A CORNER OF THE HEREIN DESCRIBED
TRACT;

THENCE AN APPROXIMATE DISTANCE OF 10,000 IN A SOUTHERLY DIRECTION ALONG
A LINE 50 FEET WEST OF AND PARALLEL WITH THE CENTER OF JUDITH DRIVE TO A
POINT IN THE PRESENT CITY LIMIT LINE OF MCGREGOR ALONG FARM-TO-MARKET
ROAD 2671 (MOTHER NEFF PARKWAY) FOR THE SOUTHWEST CORNER OF THE
HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 3,900 FEET IN AN EASTERLY DIRECTION
WITH SAID CITY LIMIT LINE, PARTWAY WITH FARM-TO-MARKET ROAD 2671, PASSING
STATE HIGHWAY 317 AND CONTINUING WITH MCGREGOR SOUTH LOOP TO A POINT IN
THE WEST RIGHT-OF-WAY LINE OF THE BURLINGTON NORTHERN & SANTA FE
RAILROAD FOR A CORNER OF THE CITY LIMIT AND THE MOST SOUTHERLY
SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 8,500 FEET IN A NORTHERLY DIRECTION
WITH THE EXISTING CITY LIMIT LINE, SAME BEING THE WEST RIGHT-OF-WAY LINE OF
THE BURLINGTON NORTHERN & SANTA FE RAILROAD TO A POINT FOR THE
SOUTHEAST CORNER OF MCGINLEY ADDITION FOR A CORNER OF THE HEREIN
DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 1,000 FEET IN A WESTERLY DIRECTION WITH
THE SOUTH LINE OF THE MCGINLEY ADDITION TO A POINT IN THE EAST RIGHT-OF-
WAY LINE OF STATE HIGHWAY 317 FOR THE SOUTHWEST CORNER OF THE MCGINLEY
ADDITION AND THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 3,900 FEET IN A NORTHERLY DIRECTION
WITH THE EAST RIGHT-OF-WAY LINE OF STATE HIGHWAY 317 TO A POINT FOR THE
NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE IN A WESTERLY DIRECTION CROSSING STATE HIGHWAY 317 ALONG THE
PROJECTED NORTH RIGHT-OF-WAY LINE OF WEST BLUE BONNET PARKWAY,
RETURNING TO THE POINT OF BEGINNING AND CONTAINING APPROXIMATELY 1,600
ACRES OF LAND. THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT
REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO
CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND
INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF
THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED. ALL
DISTANCES CITED WITHIN THIS DESCRIPTION WERE SCALED FROM AERIAL
IMAGERY AND ARE CONSIDERED APPROXIMATE

RESOLUTION R-10-19

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MCGREGOR, TEXAS
APPROVING AND ADOPTING A PRELIMINARY REINVESTMENT ZONE
PROJECT AND FINANCING PLAN**

WHEREAS, the adoption of a preliminary reinvestment zone financing plan is a prerequisite to the creation of a reinvestment zone for tax increment financing purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCGREGOR, TEXAS AS FOLLOWS:

Section 1. That the document attached hereto and marked as **Exhibit "A"** which is identified as MCGREGOR TAX INCREMENT REINVESTMENT ZONE (TIRZ) #1, PRELIMINARY PROJECT AND FINANCING PLAN is hereby adopted by the City Council of the City of McGregor.

PASSED on this the 18th day of November, 2019.

CITY OF MCGREGOR, TEXAS

By: 
Jim Hering, Mayor

ATTEST:


City Secretary



**PRELIMINARY REINVESTMENT ZONE NUMBER ONE
McGREGOR, TEXAS**

**McGREGOR TAX INCREMENT REINVESTMENT
ZONE (TIRZ#1)
*PRELIMINARY PROJECT AND
FINANCING PLAN***

November 14, 2019

**REINVESTMENT ZONE NUMBER ONE
CITY OF MCGREGOR, TEXAS**

McGREGOR TAX INCREMENT REINVESTMENT ZONE #1

Preliminary Project Plan and Reinvestment Zone Financing Plan

**I
INTRODUCTION**

The purpose of the Preliminary Project Plan and Reinvestment Zone Financing Plan (the “Plan”) for Reinvestment Zone Number One, City of McGregor, Texas known as the McGREGOR TAX INCREMENT REINVESTMENT ZONE #1 (“McGregor TIRZ#1” or the “TIRZ”) is to establish a project and financing plan to facilitate the development of an approximately 1,600 acre industrial park which is part of a larger 8,000 acre city owned industrial park. The City initially acquired approximately 9,000 acres which was a former military base in 1997. Over the last 22 years, the City has been working with developments to facilitate construction of new industries and educational facilities within the Industrial Park. The intent of the Plan is to ensure that the redevelopment of the area and accompanying improvements will result in the long-term stability and viability of the area.

**II
OVERVIEW**

Reinvestment Zone Number One, City of McGregor, Texas, also known as McGregor TIRZ#1 will be created by City Ordinance for the purposes of revitalization and development of the area. This approximate 8,000-acre City owned industrial park is large geographically, and there are areas within the boundary that are underdeveloped, or vacant. Of the 1600 acres to be included in the TIRZ boundary, approximately 1261 acres is vacant, underdeveloped land or under-utilized industrial property which impairs the redevelopment of the area for additional commercial uses. Creating the TIRZ will provide a tool that can be used to attract development to the area and turn around the decades of vacant underdeveloped properties while also facilitating new infrastructure, roads and thereby creating jobs and enhancing the quality of development for the area in a timely manner.

This Project Plan and Reinvestment Zone Financing Plan is required as a part of the TIRZ creation process. Consistent with the Project and Financing Plan, the TIRZ may facilitate redevelopment of blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed real property or other property in a blighted area, the provision of public works or public facilities, or other public purposes; and/or acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, or other lawful City of McGregor facilities to support the eligible items listed in Chapter 311 of the Texas Tax Code, which may be amended from time to time.

Multiple public partners are anticipated to participate in the TIRZ. The public partners will include McLennan County and McLennan Community College District. Their tentative participating levels are projected at 75% of the increased tax values and revenues and the partners will retain 25% of the revenues that would not be created without the TIRZ. The City is planning on participating at 75%. **The financing of the project will be based on the participation levels and developer agreements at the time they are executed.**

The proposed zone will encompass an estimated 1600 acres located west of Main Street (SH317), South of Bluebonnet Plant Road, East of Judith Road and north of Mother Neff Parkway (FM2671). (See Exhibit “3” McGregor TIRZ#1 Boundary and Vicinity Map)

Section 2.01 Criteria for Designation of a Reinvestment Zone

Based upon an assessment of the area, there is approximately 1600 acres of vacant, undeveloped, or underdeveloped land. **“But For”** the creation of the TIRZ the area may continue to lag in development for the foreseeable future. The property is located within the City of McGregor Industrial Park. The TIRZ area meets the requirements stated in Chapter 311.005 of the Texas Tax Code, for the following reasons:

- a) The area substantially arrests or impairs the sound growth of the City of McGregor, and is menace to the public health, safety, morals, or welfare in its present condition and use because of the scale of vacant, undeveloped or underdeveloped properties, lack of infrastructure and facilities in the area limits the ability to provide municipal services in an efficient and effective manner.
- b) Development will not occur in the area solely through private investment in the reasonably foreseeable future, and the infrastructure improvements necessary to serve development in the area are needed to attract development and significantly enhance the value of all the taxable real property in the zone

Section 2.02 Preliminary Project Plan Summary

The Preliminary Project Plan contemplates redevelopment and development within the zone as a result of the creation of the TIRZ Zone. The Preliminary Project Plan currently estimates a conservative Captured Appraised Value (“CAV”) over the next 30 years based on a 2% growth in real property values. This projected new CAV is based on a conservative projection of appreciation; however, the actual real property revenue growth will be used to finance project improvements.

- a) Of the estimated 1600 acres within the proposed TIRZ boundary, there are approximately 1261 acres of vacant, underdeveloped land that provide an opportunity for revitalization of those tracts.
- b) The 2019 base year value for the zone, based on County Appraisal District Pre-Certified Tax Rolls is estimated at \$51 million. There is public owned and privately-owned property proposed within the Zone boundaries. The publicly owned property includes 1160 acres and is currently tax exempt but conservatively estimated to be \$28 million in value. The private owned property includes 391 acres and is on the tax rolls at an estimated \$23 million. The estimated base year value is \$51 million and is subject to further appraisal district review.

- c) This Project Plan assumes a very conservative development projection, based on 2% annual appreciation over the life of the zone.

Section 2.03 Public Works

The Zone desires to acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including utilities, streets, paving, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, but not including educational facilities;

Section 2.04 Cultural and Public Facilities

The Zone desires to promote the development of all lawful eligible public improvements for the economic development of the area under Chapter 311 of the Texas Tax Code. The Zone and the City may use any available legal authority to facilitate the purchase and assembly of property to accomplish the development of such public facilities and economic development in the area surrounding such facilities.

Section 2.05 Existing Land Use and Zoning Within the Zone

Exhibit 4 is a map of existing land uses within the Zone boundary. Exhibit 5 is the existing zoning designation pursuant to Chapter 311.011(b) (1) of the Texas Tax Code.

Section 2.06 Estimated Non-Project Cost Items

The City is also creating a Tax Abatement District Boundary covering 215 acres in support relief for the Personal Property of the proposed development within the Zone.

The City is also considering creating an overlapping “Chapter 380/381” District Boundary that could be used for financing non-public works projects essential to the creation of the Zone.

Section 2.07 Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and other Municipal Ordinance

The current Zoning designation are shown in Exhibit 5, Existing Zoning and is predominantly industrial of some type. The development proposed within the TIRZ #1 Boundaries will comply with the Zoning Ordinance, the Comprehensive Plan and Building Codes.

Section 2.08 Statement of Method of Relocating Persons to be Displaced as a Result of Implementing the Plan

It is not anticipated that residents will be displaced by any of the projects to be undertaken by the Zone.

III FINANCING PLAN

Section 3.01 Estimated Project Costs»

Exhibit 1 is a detailed listing of the proposed Project Costs including administrative and non-project costs. The budget for the Financing Plan will be adjusted annually according to the Engineering News Record Construction Cost Index (ENR Index) on an annual basis. Revenue Projections Estimated Revenue Schedule»

Exhibit 2 is the Revenue Schedule for the Zone area. The estimate details the expected total appraised value, the CAV and the net revenue from each taxing entity participating in the zone over the life of the zone.

Section 3.03 Bond Indebtedness/Methods of Financing»

2020-2025 preliminary project costs are estimated at \$45.7 million plus financing costs. Bonds may be required to implement the Project and Financing Plan over the next 30 years. Any associated costs of issuance will be determined at the time of the actual transaction(s). Bond financing is anticipated throughout the term of the Zone.

Section 3.04 Economic Feasibility Study»

Exhibit 7 is the Market and Economic Analysis for the Zone produced by the Greater Waco Chamber of Commerce. The Economic Impact of the Proposed Project prepared by the Greater Waco Chamber of Commerce using Total Impact DataSource projects:

- a) The Project's operations are projected to support employment and other economic impacts in the community. The 164.0 workers directly employed by the Project will earn approximately \$54,000 per year on average over the next 10 years. This direct activity will support 167.2 indirect and induced workers in the community earning \$47,000 on average over the next 10 years.
- b) The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$152.0 million over the next 10 years. Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$85.2 million in taxable sales over the next 10 years.
- c) The Project's operations will support employment and other economic impacts in the community. The 164.0 workers directly employed by the Project will earn approximately \$54,000 per year on average over the next 10 years. This direct activity will support 167.2 indirect and induced workers in the community earning \$47,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$152.0 million over the next 10 years.
- d) Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$85.2 million in taxable sales over the next 10 years.

- e) The proposed project will act as another catalytic project for this unique former military installation. The proposed project will also attract additional industries to the 1600 acres of vacant or underdeveloped tracts of land. In addition, the proposed improvements outlined in the TIRZ Budget will also facilitate additional rail served and truck served industries.
- f) The proposed project investment in years 2020 to 2023 is estimated to be \$220 million in real property.

Section 3.05 Reinvestment Zone Duration

The Zone will be created for a period expiring on December 31, 2050 or upon completion of the Project and Financing Plan.

Section 3.06 Project Public Improvements Statement

Exhibit 1 is a statement listing the kind, number and location of all project public improvements pursuant to Section 311.011(c)(2) of the Texas Tax Code.

Section 3.07 Appraised and Assessed Value

Current total appraised value and estimated current assessed value are provided pursuant to Section 311.011(c) (7-8) of the Texas Tax Code and shown in Exhibit 2.

ORDINANCE O-21-19

**AN ORDINANCE OF THE CITY OF MCGREGOR, TEXAS
ADOPTING TAX ABATEMENT GUIDELINES AND
ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, notice of a public hearing on the adoption of property tax abatement guidelines was duly given, and a public hearing was held at which persons were given the opportunity speak for or against tax abatement and the tax abatement guidelines; and

WHEREAS, the City of McGregor has elected to become eligible to participate in tax abatement under Chapter 312 of the Tax Code; and

WHEREAS, Chapter 312 of the Tax Code contains various requirements relating to municipal tax abatement; and

WHEREAS, Chapter 312 of the Tax Code also requires that a municipality participating in tax abatement must adopt guidelines and criteria governing tax abatement agreements entered into by the municipality; and

WHEREAS, the City Council finds it necessary and proper to adopt guidelines which both serve as a guide to the legal requirements for tax abatement and establish criteria and requirements for tax abatement.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCGREGOR, TEXAS AS FOLLOWS:

Section 1. The “City of McGregor Tax Abatement Guidelines” attached hereto as **Exhibit “A”**, and incorporated by reference herein, are ADOPTED and shall govern the City’s participation in tax abatement under Chapter 312 of the Texas Property Tax Code.

Section 2. This Ordinance [and the Tax Abatement Guidelines adopted hereby] is effective on passage.

PASSED on this the 18th day of November, 2019.

CITY OF MCGREGOR, TEXAS

By: 
Jim Hering, Mayor

ATTEST:

City Secretary



Tax Abatement Guidelines

CITY OF MCGREGOR, TEXAS TAX ABATEMENT GUIDELINES

1. Purpose. To serve as a guide to City Staff in complying with the required procedures for participation in tax abatement under Chapter 312 of the Tax Code and to establish criteria and standards for tax abatement agreements entered into by the City.

2. Reinvestment Zones.

2.1 General. Tax abatement can ONLY be granted with regard to property located within a properly designated Reinvestment Zone. Thus, as an initial matter it must be confirmed that the property is within a Reinvestment Zone previously designated by the City. If it is not, a Reinvestment Zone must be created before any tax abatement agreement is reached.

2.2 Criteria for Reinvestment Zone. The statutory criteria for an area to be designated as a Reinvestment Zone are listed in Section 312.202 of the Tax Code. The listed criteria that will normally be applicable is that the area must “be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.” However, in some cases other criteria may be applicable, such as the area being in need of Reinvestment due to urban blight. Residential tax abatement is also provided for in Chapter 312 under certain conditions. The term “reinvestment zone” includes an “enterprise zone” designated under Chapter 2303 of the Government Code.

2.3 Process for Designating a Reinvestment Zone.

A. Designation of a Reinvestment Zone is by Ordinance. The ordinance designating a reinvestment zone must: Describe the boundaries of the zone; Find that the property meets the criteria for a zone (Section 312.202, Tax Code); State that the property within the zone is eligible for commercial-industrial tax abatement; and Make the findings required to be made after the public hearing (discussed below).

The property description must be a legal description. In most cases a zone will be designated that is coextensive with the property for which tax abatement is sought rather than designating an area wherein multiple properties are located.

The specific criteria under which the zone is being created must be stated.

B. Published Notice and Public Hearing Required. To be eligible for designation as a reinvestment zone, the City Council must hold a public hearing on the designation. At the hearing, interested persons are entitled to speak and present evidence for or against the designation. See § 312.201, Property Tax Code. Not later than the 7th day before the date of the hearing, notice of the hearing must be published in a newspaper of general circulation in the municipality; written notice must be given to the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.

Notice to the presiding officer of the governing body is considered notice to the governing body. After holding the public hearing, the City Council must make a finding that the improvements sought are feasible and practical and would be a benefit to the land included in the zone and to the City after the expiration of any tax abatement agreement. This finding will be contained in the Designation Ordinance.

3. Tax Abatement. Tax abatement can only be granted to an eligible property under a written Tax Abatement Agreement approved by the City Council. The abatement granted is only with regard to a percentage of the added taxable value (per the appraised value assigned by the McLennan County Appraisal District) created by the real property improvements and/or personal property additions on the land within the zone. The increase is calculated by reference to the Base Year, which is the year in which the Tax Abatement Agreement is entered into by the City and the Owner. The Base Year Value is based on the appraised value assigned by the McLennan County Appraisal District. Tax abatement is available with regard to qualifying projects for both new facilities and structures and for the expansion or modernization of existing facilities and structures. The term of a Tax Abatement Agreement cannot exceed 10 years. The City can provide tax abatement for the value of personal property, equipment or fixtures on Owned by the Lessee of the property upon which the personal property, equipment or fixtures are located. Abatement is not granted to the owner of the leased property.

4. Application for Tax Abatement

4.1 The property owner must generally file an application for tax abatement with the City Manager for a tax abatement to be considered by the City Council.

4.1.1 Exception. The City Council may consider as a tax abatement application a submittal which contains a description of the property, the proposed improvements and additions, any employment positions to be created or maintained, abatement terms, percentages and conditions, and other information included therein based on negotiations by City officials and legal counsel with the business, in lieu of requiring an application.

4.1.3 An Application for Tax Abatement must include the following:

- a. a legal description and common description of the real property for which tax abatement is sought;
- b. a description of any personal property for which tax abatement is sought;
- c. the proposed capital improvements to the property and any proposed additions of personal property thereon over and above what exists on the property at the date of the Application and any proposed increases in employment or retention of jobs which the Applicant is proposing as incentive for the grant of the tax abatement. This shall include the number of jobs, average wage of jobs, employment benefits to be provided, and a commitment to retain the jobs throughout the abatement period;

- d. the name, address, and telephone number of the applicant;
- e. if the applicant is other than a natural person, identification of the form of the entity and a copy of the articles of incorporation, partnership agreement, or other document establishing the entity must be provided. Where the applicant is other than a natural person, a certificate of good standing from the State Comptroller shall be provided, and a verification of the entity's status from the State Secretary of State shall be provided where applicable;
- f. the applicant must provide a current tax certificate showing that all property taxes due on the property have been paid;
- g. the applicant must provide a statement of the taxable value of the property and personal property thereon as shown on the assessment for the year of the application, and must state the estimated increase in the taxable value from its project;
- h. the Application must disclose any discharges of pollutants which are expected to accompany the Applicant's operations on the property; and
- i. the applicant shall provide a map showing the property, and the location of proposed improvements.; and
- j. estimated water and sewer requirements for the project shall be identified.

5. Tax Abatement Agreements

5.1 Tax Abatement Agreements must, by statute, contain the following terms and conditions:

- (a) list the kind, number, and location of all proposed improvements of the property;
- (b) provide access to and authorize inspection of the property by City employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
- (c) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
- (d) provide for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
- (e) contain each term agreed to by the owner of the property;
- (f) require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement; and

(g) provide that the governing body of the City may cancel or modify the agreement if the property owner fails to comply with the agreement.

See §§312.205 and 312.206, Tax Code. See Also §312.402, Tax Code. In addition, all Tax Abatement Agreements shall require compliance of the Project with applicable federal, state and local laws; including municipal zoning. The Owner must also certify that entering into the Tax Abatement Agreement will not conflict with any other binding Agreement to which the Owner is a party. If an existing development agreement exists between the Owner and the City for the Property, it is modified by operation of these Guidelines to allow for the operations and facilities contemplated herein.

5.2 An Owner must stay current on the unabated portions of property taxes on the property. Failure to do so may result in termination of the Tax Abatement Agreement.

5.3 The Tax Abatement Agreement will contain other provisions as required by the City or its legal counsel.

5.4 The duration of a tax abatement shall not exceed ten (10) years.

5.4 The Base Year Value of the property, the percentage of abatement, and the length of abatement shall be clearly set forth in the Agreement.

5.4 The “Base Year Value” is the taxable value of the property for the tax year in which the Agreement is executed.

5.5 The abatement provided by a Tax Abatement Agreement is only for the increase of the taxable value over the Base Year Value caused by the improvements and additions made by the property owner to the property which are specifically set forth in the Agreement. The abatement shall not be applied to improvements or personal property located on the property before the Tax Abatement Agreement is executed, or which are not included in the improvements or additions expressly described in the Tax Abatement Agreement. The abatement provided by the Tax Abatement Agreement shall not apply to inventory or supplies.

5.6 A Tax Abatement Agreement will generally take effect on January 1 of the next year after the improvements and/or additions are completed. A certificate of completion must be provided to the City Judge upon (or the entity administering compliance) completion of the improvements/additions. “Completion” is subject to independent verification of completion by the City (and the municipality if in a municipal reinvestment zone).

5.7 The Abatement Period may be started during construction if the parties so agree in the Tax Abatement Agreement.

5.8 The start of the Abatement Period may be deferred to a later year if the parties agree to such in the Tax Abatement Agreement.

5.9 All Tax Abatement Agreements must be approved by the City Attorney.

6. Guidelines of General Application

6.1 No member of the City Council may have an interest in property to be included in a reinvestment zone, or property for which a tax abatement is granted by the City.

6.2 No tax abatement agreement is effective until formally approved by the City Council and fully executed by all parties. NO TAX ABATEMENT CAN BE GRANTED FOR PROPERTY THAT IS NOT LOCATED WITHIN A PROPERLY ESTABLISHED REINVESTMENT ZONE.

6.3 Tax abatement will only be granted for increases in the taxable value of the property over the Base Year Value as defined in these Guidelines, and only for increases in value caused by improvements/additions identified in the applicable tax abatement agreement. The term improvements/additions include both new structures and facilities and the expansion and modernization of existing structures or facilities. In some situations, involving leases—the applicable Base Year value may be zero. According to Section 312.402 (a-3) of the Tax Code the value of fixtures and personal property placed on the leased property is what is considered for abatement.

6.4 There can be no implied promise to grant tax abatement, and tax abatement may only be granted by the City Council by formal action, taken by the City Council as a body, which approves the same.

6.5 Meetings at which a tax abatement is considered by the City Council must be posted and held in accordance with the Open Meetings Act (Chapter 551 of the Government Code). (added by H.B. 3143, 2019) The City Council must give the public notice of the meeting at which the City Council will consider approval of a Tax Abatement Agreement. The notice is posted for the meeting in the manner required by the Texas Open Meetings Act (Ch. 551, Texas Government Code) at least 30 days before the time of the meeting scheduled to consider the Tax Abatement Agreement. The Notice must contain:

- 1) The name of the property owner and the name of the applicant for the Tax Abatement Agreement;
- 2) The name and location of the Reinvestment Zone where the subject property is located;
- 3) A general description of the improvements or repairs required to be made under the Tax Abatement Agreement; and
- 4) The estimated cost of the improvements or repairs.

6.6 The conflict of interest provisions of Chapter 171 of the Local Government Code apply to actions taken by the City Council on any tax abatement.

6.7 The term and percentages of tax abatement for a project are based on rational review of the economic development benefits received, and other factors.

The proposed term/percentages should primarily be a function of the level of improvements/additions and job creation/retention. Proposals which include significant job creation/retention shall generally have priority over those which involve only improvements/additions to property. Another factor shall be the quality of the jobs proposed. Generally, a proposed abatement involving creation of near minimum wage jobs should be accorded less favorable abatement than one involving provision of jobs having more attractive wages and benefits.

Development in the McGregor Industrial Park is favored; as is the fact that such places the land back on the tax rolls. Projects that serve targeted development goals of the City are accorded more favorable treatment.

Other matters, such as whether the project will serve as an anchor for other development or is likely to create additional development are important factors. Whether the Project and potential other development stimulated by the project serves the City's growth plan. Generation of sales tax revenues and the levels thereof are a consideration.

Businesses having a regional or national impact will generally be given greater consideration. These are businesses that ship most of their production outside of the City.

When a project provides for little job creation but significant capital investment, care must be taken to properly analyze the possible impacts to the tax valuation in the future from factors such as depreciation, market changes, regulatory changes, appraisal methodologies, tax exemptions, and other relevant matters. The percentage and length of tax abatement must be carefully considered in view of the diminishing or fluctuating future value of the project. Rapid depreciation and unpredictable future valuations are factors that will be considered in setting abatement percentages and length on such projects.

Other factors such: as public infrastructure and utility requirements of the development, community impacts, direct and indirect economic impacts, environmental impacts, and the potential for future expansion may also be considered as part of the analysis.

6.8 In accordance with §312.002(d) of the Tax Code, the City's adoption of these Guidelines does not:

- (1) limit the discretion of the governing body to decide whether 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; or

(3) create 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.

6.9 Sale, Lease or Allocation to Tax Exempt Entity. If a sale, lease, or allocation of the Project or its output is made to an entity exempt from property taxation, and such results in a portion of the Project being exempt from property taxation, the City may terminate the Tax Abatement Agreement and the Abatement granted thereunder. If this occurs, the owner must repay any taxes abated related to the portion of the property that has become exempt from year 1 to when the portion of the property became tax exempt.

6.10 Alternatively, to keep the tax abatement agreement in place for the rest of the property, the Owner shall pay in a lump sum the present value of taxes that will be lost to the City with regard to the exempt portion of the property over the next 20 years using a calculation agreed to by the parties in writing, but if unable to be agreed to, resolved by binding mediation to take place in McLennan County, Texas before a mediator selected by the City from the approved list of mediators maintained by the Federal District Court in Waco..

6.11 In the event of conflict between these Guidelines and a provision of Chapter 312 of the Tax Code, Chapter 312 of the Tax Code shall control.

6.12 These Guidelines must be re-evaluated and re-approved every two years.

7. Notice Requirements.

To adopt or amend guidelines, notice of public hearing and public hearing held before adoption.

To designate a Reinvestment zone Published Notice of Public Hearing at least 7 days before hearing [Also sent to the presiding officer of the governing body of each taxing entity that includes boundaries within the reinvestment zone at least 7 days before hearing]. Public hearing held. At the end, after approving the ordinance creating the Reinvestment Zone, approve intent to enter into a proposed tax abatement Agreement. Send copy of notice of Intent and copy of proposed Tax Abatement Agreement to the presiding officer of the governing body of each taxing entity that includes boundaries within the reinvestment zone at least 7 days before meeting at which adopt Tax Abatement Agreement.

The City Council must give the public notice of the meeting at which the City Council will consider approval of a Tax Abatement Agreement. The notice is posted for the meeting in the manner required by the Texas Open Meetings Act (Ch. 551, Texas Government Code) at least 30

days before the time of the meeting scheduled to consider the Tax Abatement Agreement. The Notice must contain:

- 1) The name of the property owner and the name of the applicant for the Tax Abatement Agreement;
 - 2) The name and location of the Reinvestment Zone where the subject property is located;
 - 3) A general description of the improvements or repairs required to be made under the Tax Abatement Agreement; and
 - 4) The estimated cost of the improvements or repairs.
8. Amendment or other Action. (added by H.B. 3143, 2019) An adoption, re-adoption, amendment, repeal, or reauthorization of these Guidelines must only occur after a public hearing is held at which members of the public have the opportunity to be heard.

Tab 17

Signature and Certification Page

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.

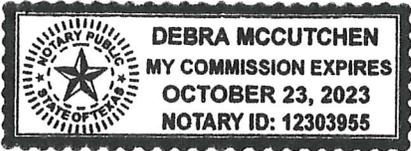
print here James Lenaman Superintendent Title
sign here Signature (Authorized School District Representative) Date 7/8/21

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 Jeffrey R. Brisley SVP - Strategic Business Development Title
sign here Signature (Authorized Company Representative (Applicant)) Date 6/14/21



(Notary Seal)

GIVEN under my hand and seal of office this, the 14th day of June, 2021 Debra McCutchen Notary Public in and for the State of Texas My Commission expires: 10-23-2023

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

(Tax Code, Chapter 313, Subchapter B or C)

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 Texas 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 completed application to the Comptroller, separating each section of the documents. 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, and has determined that all assertions of confidentiality are appropriate, the Comptroller will publish all submitted non-confidential 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's 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 and issue a certificate for a limitation on appraised value to the school board regarding the application 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 by the Comptroller), 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 comptroller.texas.gov/economy/local/ch313/. 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

June 24, 2021

Date Application Received by District

James

First Name

Lenamon

Last Name

Superintendent

Title

McGregor Independent School District

School District Name

525 Bluebonnet Parkway

Street Address

P.O. Box 356

Mailing Address

McGregor

City

(254) 840-2828

Phone Number

N/A

Mobile Number (optional)

TX

State

(254) 840-4077

Fax Number

jlenamon@mcgregor-isd.org

Email Address

76657

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)

| | |
|--|--|
| <u>Dan</u> First Name | <u>Casey</u> Last Name |
| <u>Partner</u> Title | |
| <u>Moak, Casey & Associates</u> Firm Name | |
| <u>(512) 485-7878</u> Phone Number | <u>(512) 485-7888</u> Fax Number |
| <u>N/A</u> Mobile Number (optional) | <u>dcasey@moakcasey.com</u> Email Address |

4. On what date did the district determine this application complete? July 15, 2021

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

| | |
|---|---|
| <u>Jeff</u> First Name | <u>Brisley</u> Last Name |
| <u>Senior VP, Strategic Business & Partnership Development</u> Title | <u>Knauf Insulation, Inc</u> Organization |
| <u>One Knauf Drive</u> Street Address | |
| <u>One Knauf Drive</u> Mailing Address | |
| <u>Shelbyville</u> City | <u>IN</u> <u>46176</u> State ZIP |
| <u>(317) 421-8555</u> Phone Number | <u>(317) 421-3026</u> Fax Number |
| <u>(317) 439-3346</u> Mobile Number (optional) | <u>jeff.brisley@knaufinsulation.com</u> Business Email Address |

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.

| | |
|--|--------------------------------------|
| <u>N/A</u> First Name | <u>N/A</u> Last Name |
| <u>N/A</u> Title | <u>N/A</u> Organization |
| <u>N/A</u> Street Address | |
| <u>N/A</u> Mailing Address | |
| <u>N/A</u> City | <u>N/A</u> <u>N/A</u> State ZIP |
| <u>N/A</u> Phone Number | <u>N/A</u> Fax Number |
| <u>N/A</u> Mobile Number (optional) | <u>N/A</u> Business Email Address |

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)

Mike _____ Butler _____
 First Name Last Name
 Director _____
 Title
 ADP _____
 Firm Name
 734-354-1931 _____ (609) 819-8065 _____
 Phone Number Fax Number
 mike.butler@adp.com _____
 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 the same time the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, include all transaction information below. Include proof of application fee paid to the school district in **Tab 2**. Any confidential banking information provided will not be publicly posted.

\$ 75,000.00 _____ Check _____
 Payment Amount Transaction Type
 Knauf Insulation, Inc. _____
 Payor Payee
 9/11/2019 _____
 Date transaction was processed

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? _____ Knauf Insulation, Inc
 2. Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) _____ 13825607230
 3. Parent Company Name _____ Knauf Insulation GmbH
 4. Parent Company Tax ID _____ 35-1417383
 5. NAICS code _____ 327993
 6. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No
 6a. If yes, please list application number, name of school district and year of agreement
 N/A

SECTION 5: Applicant Business Structure

1. Business Organization of Applicant (corporation, limited liability corporation, etc) _____ C-corporation, privately held
 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 the most recently submitted 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.

SECTION 5: Applicant Business Structure (continued)

2b. Texas Franchise Tax Reporting Entity Taxpayer Name

Knauf Insulation, Inc.

2c. Reporting Entity Taxpayer Number

13825607230

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

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

*Note: Applicants requesting eligibility under this category should note that there are additional application and reporting data submission requirements.

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. If the project is an amendment or a reapplication please specify and provide details regarding the original project.
2. Check the project characteristics that apply to the proposed project:
- Land has no existing improvements Land has existing improvements (complete Section 13)
 - Expansion of existing operation on the land (complete Section 13) 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

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement Q4 2021
 2. Estimated commencement of construction Q3 2021
 3. Beginning of qualifying time period (MM/DD/YYYY) 10/1/2021
 4. First year of limitation (YYYY) 1/1/2024
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
- A. January 1 following the application date B. January 1 following the end of QTP
- C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations Whs Q3 22, Plant Q3 23

SECTION 10: The Property

1. County or counties in which the proposed project will be located McLennan
2. Central Appraisal District (CAD) that will be responsible for appraising the property McLennan County 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:

| | |
|--|---|
| M&O (ISD): <u>McGregor ISD, 0.937500 100%</u> <small>(Name, tax rate and percent of project)</small> | I&S (ISD): <u>McGregor ISD, 0.229780 100%</u> <small>(Name, tax rate and percent of project)</small> |
| County: <u>McLennan, 0.468719, 100%</u> <small>(Name, tax rate and percent of project)</small> | City: <u>McGregor, 0.578954, 100%</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>N/A</u> <small>(Name, tax rate and percent of project)</small> |
| Other (describe): <u>McLennan Comm. College, 0.149782,</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> |

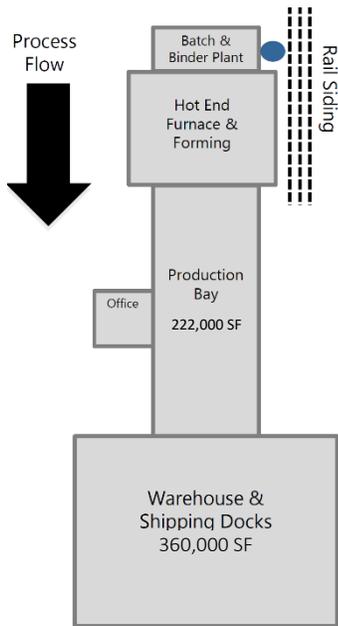
Tab 4

Detailed description of the Project

Project Rodeo

Project Description

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021. A final location selection and Board approval of the project is expected in early July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in Q3 2021; warehouse operations should start in mid-2022. Plant construction is expected to start in June 2022 with completion in mid-2023. Plant commissioning is targeted for August 2023.
- Initial plans include construction of an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.):



- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Norther Santa Fe (BNSF) and other entities.

- The proposed plant anticipates hiring approximately 151 employees starting in Q1 2021 and ramping up through Q2 2023. 25 of these positions will meet or exceed 110% of the average weekly wage for manufacturing positions in the region.
- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity. These include at a minimum access to a 4-lane divided highway, proximity to an Interstate, rail access and transmission-grade electricity and natural gas service.

Tab 5

Documentation to assist in determining
if Limitation is a Determining Factor

Determining Factor

Discussion

- The top two finalist locations for Project Rodeo include McGregor, TX and a location in Oklahoma.
- To date, the project team has completed a comparison of operating costs and conditions for these locations. Each location has unique advantages and disadvantages.
 - The site in Oklahoma is nearly ready to go from an infrastructure perspective (rail, electricity, natural gas, water and sewer). Since this project is a significant utility user and requires rail, the readiness of the **Oklahoma site lowers the risk** to the company; in McGregor, a great deal of costly infrastructure development must happen relatively quickly so the plant can be operational in 2023.
 - Overall costs, including site acquisition and development, geographically variable operating costs (freight, labor, utilities, taxes) and the impact of estimated incentives have been identified.
 - **Before considering the impact of incentives, the Oklahoma location is significantly less costly than McGregor on a 10-year and 20-year NPV basis.**

| <u>Cost Factor</u> | <u>TX</u> | <u>OK</u> |
|--------------------|---|---|
| Freight |  |  |
| Labor |  |  |
| Utilities |  |  |
| Taxes |  |  |

Advantage: Oklahoma

- Transportation costs are lower in McGregor based on current estimates and market forecasts.
- Labor costs for the operation are expected to be comparable in both locations.
- McGregor has higher utility rates, notably electric and water, both significant for this operation.
- McGregor has higher tax costs, notably property taxes which are almost three times higher than in the competing location.

After incentives, assuming Chapter 313 benefits and property tax abatement in McGregor, the Oklahoma advantage is lessened.

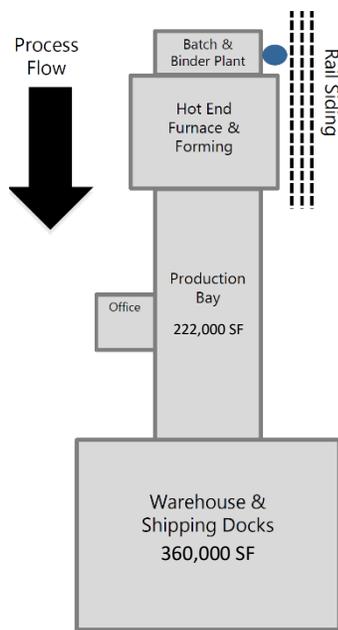
- Local incentives offered for the McGregor site include free land, a 10 - year personal property tax abatement (75% for 5 years and 50% of 5 years), utilization of the real property tax increment (TIF) to fund infrastructure required for the project (rail, road, water, sewer), payment of the cost to extend a natural gas line to the site, and creation of a large volume industrial water rate providing ongoing operating cost savings.
- **After including the estimated impact of incentives in both locations, the cost disadvantage in McGregor is lessened.** However, assumed in this analysis is that Chapter 313 benefits are approved in McGregor. If not, the McGregor cost disadvantage including incentives would widen compared to the competing Oklahoma alternative.

Tab 7

Description of Qualified Investment

Qualified Investment Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in early July 2021.
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- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity. These include at a minimum access to a 4-lane divided highway, proximity to an interstate, rail access and transmission-grade electricity and natural gas service.

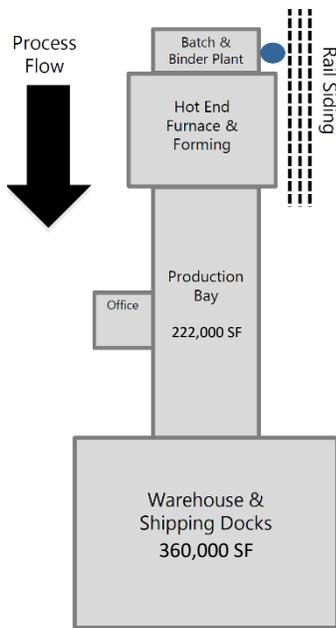
A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.

Tab 8

Description of Qualified Property

Qualified Property Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in early July 2021.
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- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity. These include at a minimum access to a 4-lane divided highway, proximity to an interstate, rail access and transmission-grade electricity and natural gas service.

A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.

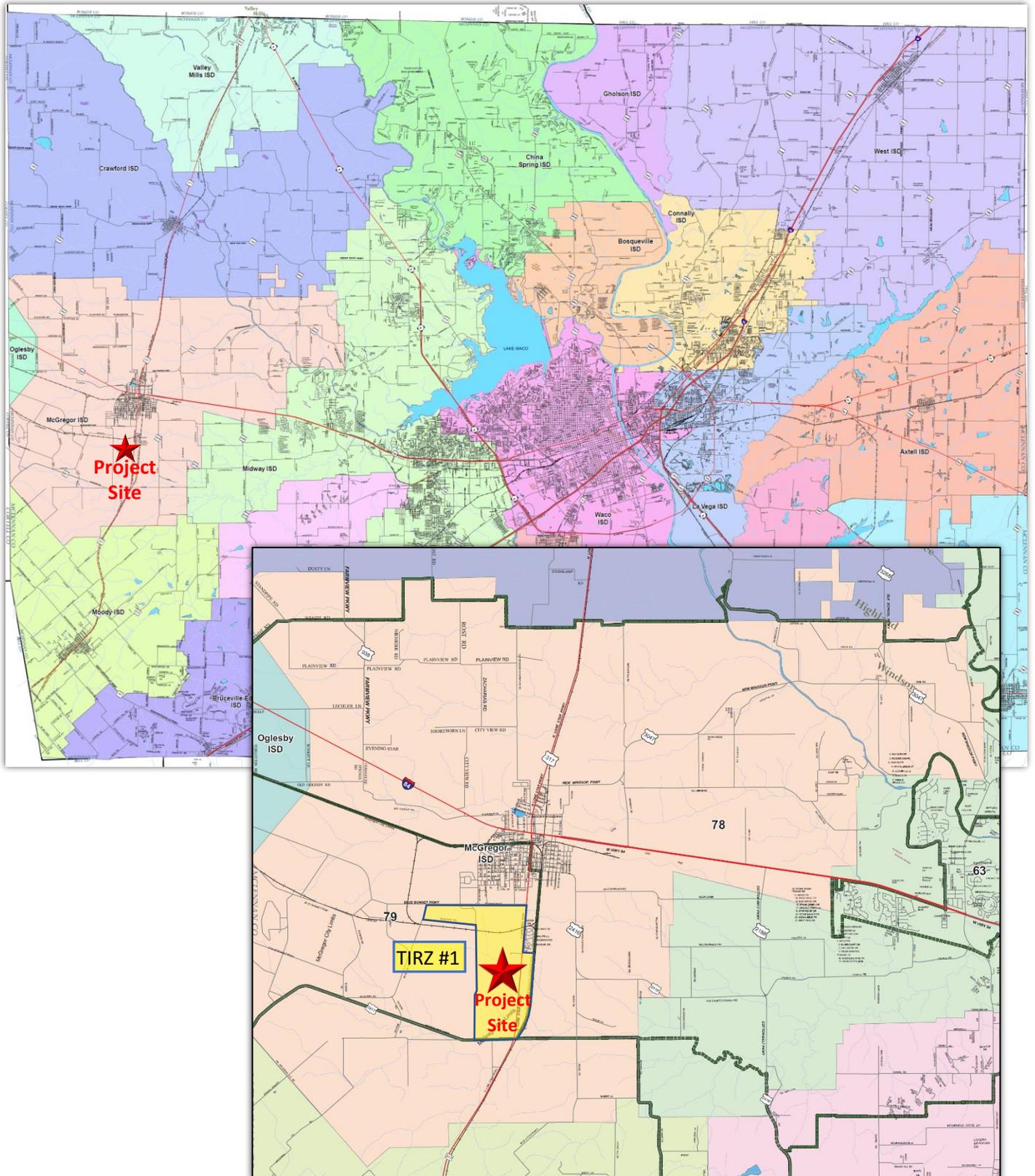
Tab 11

Maps

Site Location – School District Map

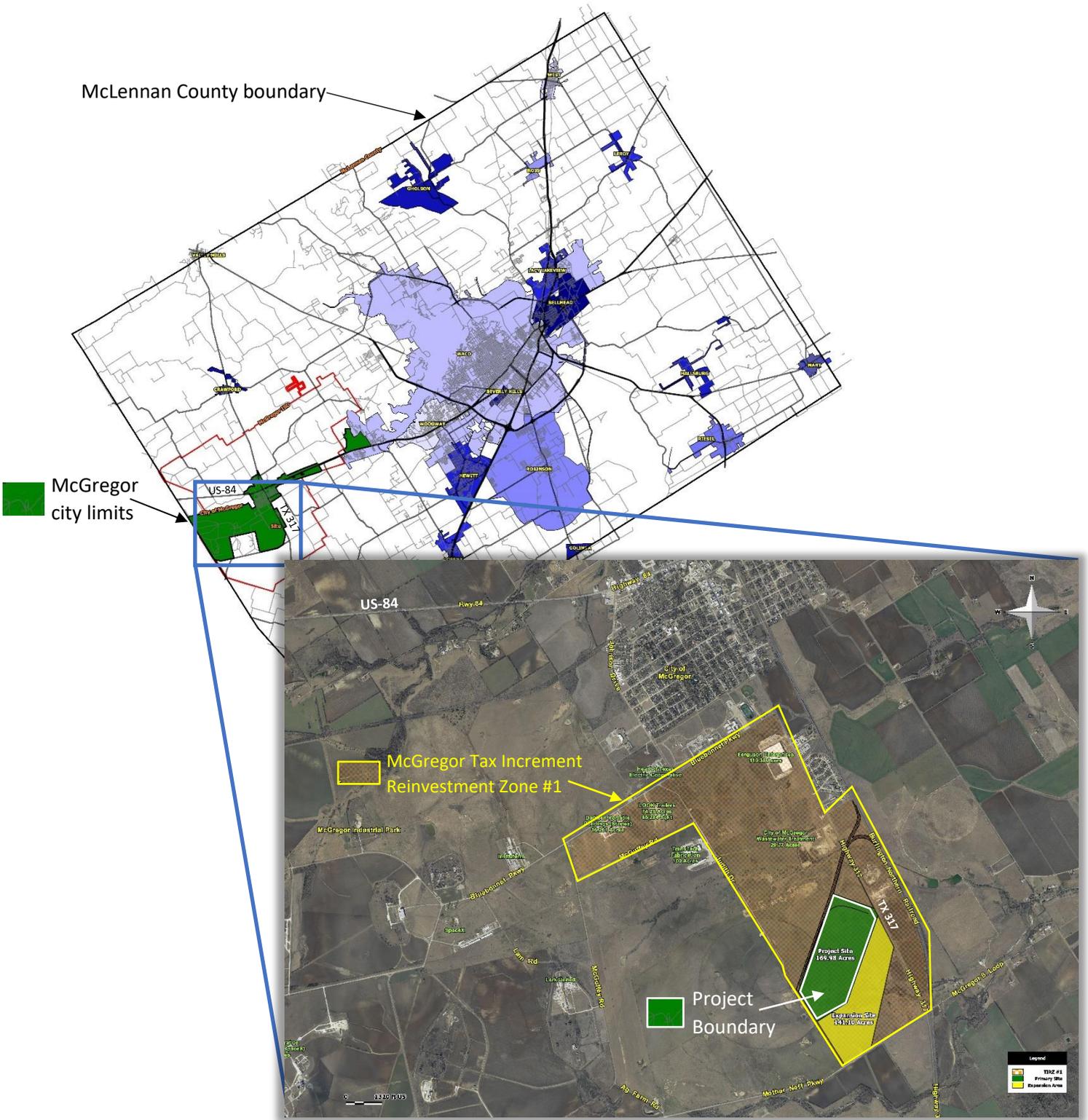
McLennan County School District Map (Partial)

The Project Site is entirely within the McLennan County ISD



Zone Boundaries Map

The Project Site is located entirely within McLennan County



Tab 14

Schedules A1, A2, B, and C

1622 - McGregor ISD - Project Rodeo (Knauf Insulation) Amendment # 1 August 18, 2021
Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date: June 8, 2021
 Applicant Name: Project Rodeo
 ISD Name: McGregor
 Form 50-296A
 Revised October 2020

| 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 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 |
| 0 | 2021 - 2022 | 2021 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 2022 - 2023 | 2022 | \$1,700,000 | \$16,175,000 | \$0 | \$17,875,000 | \$17,875,000 | \$17,875,000 |
| 0 | 2023 - 2024 | 2023 | \$1,700,000 | \$54,375,000 | \$30,922,500 | \$86,997,500 | \$86,997,500 | \$86,997,500 |
| 1 | 2024 - 2025 | 2024 | \$1,700,000 | \$75,600,000 | \$121,362,500 | \$185,735,500 | \$185,735,500 | \$40,000,000 |
| 2 | 2025 - 2026 | 2025 | \$1,700,000 | \$75,600,000 | \$112,052,500 | \$177,398,500 | \$177,398,500 | \$40,000,000 |
| 3 | 2026 - 2027 | 2026 | \$1,700,000 | \$75,600,000 | \$102,742,500 | \$169,061,500 | \$169,061,500 | \$40,000,000 |
| 4 | 2027 - 2028 | 2027 | \$1,700,000 | \$75,600,000 | \$93,432,500 | \$160,724,500 | \$160,724,500 | \$40,000,000 |
| 5 | 2028 - 2029 | 2028 | \$1,700,000 | \$75,600,000 | \$84,122,500 | \$152,387,500 | \$152,387,500 | \$40,000,000 |
| 6 | 2029 - 2030 | 2029 | \$1,700,000 | \$75,600,000 | \$74,812,500 | \$144,050,500 | \$144,050,500 | \$40,000,000 |
| 7 | 2030 - 2031 | 2030 | \$1,700,000 | \$75,600,000 | \$65,502,500 | \$135,713,500 | \$135,713,500 | \$40,000,000 |
| 8 | 2031 - 2032 | 2031 | \$1,700,000 | \$75,600,000 | \$56,192,500 | \$127,376,500 | \$127,376,500 | \$40,000,000 |
| 9 | 2032 - 2033 | 2032 | \$1,700,000 | \$75,600,000 | \$46,882,500 | \$119,039,500 | \$119,039,500 | \$40,000,000 |
| 10 | 2033 - 2034 | 2033 | \$1,700,000 | \$75,600,000 | \$37,572,500 | \$110,702,500 | \$110,702,500 | \$40,000,000 |
| 11 | 2034 - 2035 | 2034 | \$1,700,000 | \$75,600,000 | \$28,262,500 | \$102,365,500 | \$102,365,500 | \$102,365,500 |
| 12 | 2035 - 2036 | 2035 | \$1,700,000 | \$75,600,000 | \$19,285,000 | \$94,361,000 | \$94,361,000 | \$94,361,000 |
| 13 | 2036 - 2037 | 2036 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 14 | 2037 - 2038 | 2037 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 15 | 2038 - 2039 | 2038 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 16 | 2039 - 2040 | 2039 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 17 | 2040 - 2041 | 2040 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 18 | 2041 - 2042 | 2041 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 19 | 2042 - 2043 | 2042 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 20 | 2043 - 2044 | 2043 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 21 | 2044 - 2045 | 2044 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 22 | 2045 - 2046 | 2045 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 23 | 2046 - 2047 | 2046 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 24 | 2047 - 2048 | 2047 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |
| 25 | 2048 - 2049 | 2048 | \$1,700,000 | \$75,600,000 | \$13,300,000 | \$89,210,000 | \$89,210,000 | \$89,210,000 |

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.

1622 - McGregor ISD - Project Rodeo (Knauf Insulation) Amendment # 1 August 18, 2021

Form 50-296A
Revised October, 2020

Schedule C: Employment Information

Date: June 8, 2021
Applicant Name: Project Rodeo
ISD Name: McGregor

| | Year | School Year (YYYY-YYYY) | Tax Year (Actual tax year) YYYY | Construction | | | Qualifying Jobs | | |
|---|---------------------|----------------------------|---------------------------------------|---|---|---|--|---|--|
| | | | | Column A Number of Construction FTE's | Column B Average annual wage rates for construction workers | Column C Number of non-qualifying jobs applicant estimates it will create (cumulative) | Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Column E Annual wage of new qualifying jobs | |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 0 | 2021 - 2022 | 2021 | 410 | \$42,880 | 36 | 25 | \$51,275.40 | |
| | 0 | 2022 - 2023 | 2022 | 346 | \$44,166 | 126 | 25 | \$51,275.40 | |
| | 0 | 2023 - 2024 | 2023 | 187 | \$45,491 | 126 | 25 | \$51,275.40 | |
| Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i> | 1 | 2024 - 2025 | 2024 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 2 | 2025 - 2026 | 2025 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 3 | 2026 - 2027 | 2026 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 4 | 2027 - 2028 | 2027 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 5 | 2028 - 2029 | 2028 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 6 | 2029 - 2030 | 2029 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 7 | 2030 - 2031 | 2030 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 8 | 2031 - 2032 | 2031 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 9 | 2032 - 2033 | 2032 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| | 10 | 2033 - 2034 | 2033 | 0 | \$0 | 126 | 25 | \$51,275.40 | |
| Years Following Value Limitation Period | 11 through 25 | 2034 - 2049 | 2034 - 2048 | 0 | \$0 | 126 | 25 | \$51,275.40 | |

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



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.

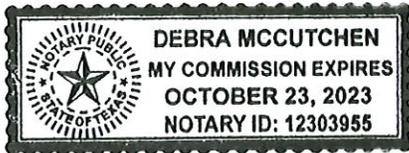
print here James Lenamon Superintendent
Print Name (Authorized School District Representative) Title
sign here Signature (Authorized School District Representative) Date 8/18/21

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 Jeffrey R. Brisley SVP - Strategic Business Development
Print Name (Authorized Company Representative (Applicant)) Title
sign here Signature (Authorized Company Representative (Applicant)) Date Aug. 18, 2021



(Notary Seal)

GIVEN under my hand and seal of office this, the 18th day of August, Debra McCutchen, Notary Public in and for the State of Texas. My Commission expires: Oct 23, 2023

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.

SECTION 14: Wage and Employment Information

1. What is the number of new qualifying jobs you are committing to create? 25
2. What is the number of new non-qualifying jobs you are estimating you will create? (See TAC 9.1051(14)) 126
3. 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
 - 3a. If yes, attach evidence of industry standard 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.
4. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the Texas Workforce Commission 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 available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22). **Note:** If a more recent quarter of information becomes available before the application is deemed complete, updated wage information will be required.
 - a. Non-qualified job wages
- average weekly wage for all jobs (all industries) in the county is \$ 971.75
 - b. Qualifying job wage minimum option §313.021(5)(A)
-110% of the average weekly wage for manufacturing jobs in the county is \$ 1,454.20
 - c. Qualifying job wage minimum option §313.021(5)(B)
-110% of the average weekly wage for manufacturing jobs in the region is \$ 1,030.11
5. 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)
6. What is the minimum required annual wage for each qualifying job based on the qualified property? \$ 53,565.60
7. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? \$ 53,565.60
8. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
9. 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
 - 9a. If yes, attach in **Tab 13** supporting documentation from the TWC, pursuant to §313.021(3)(F).
10. 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
 - 10a. 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, and C 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 an entity 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**.

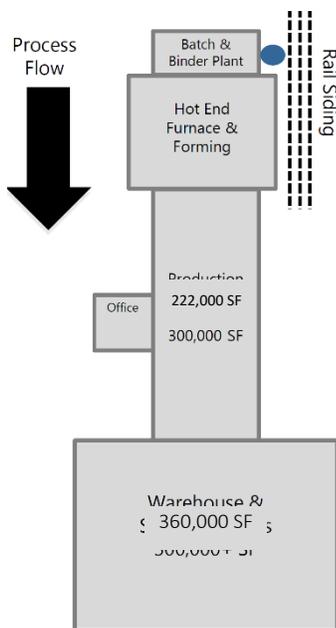
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Detailed description of the Project

Project Rodeo

Project Description

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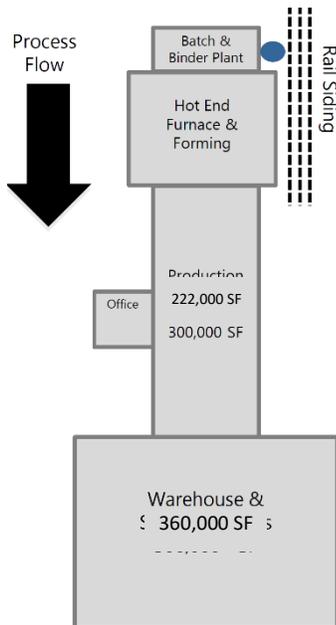
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- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity since the plant will be a large electric and natural gas user with significant truck and rail volumes for inbound / outbound shipments. Key feedstocks for the plant will include cullet plate (post-industrial), cullet bottle (post-consumer), borax, soda ash, aplite, limestone and sand; other supplies include packaging (poly), and facings (kraft paper and foil/kraft laminate). Off-site transportation infrastructure improvements include upgrading Judith Road to industrial quality for site access and extension of rail to the site - two turnouts from BNSF line, at-grade crossing of Hwy 317 and rail spur extension to the project site boundary; estimated road improvement cost is \$2.8 million and estimated rail improvement cost is \$10.2 million. Utility infrastructure improvements include extension of water and sewer lines (estimated cost of \$1.7 million), extension of a natural gas line (estimated cost of \$1.75 million), and construction of a new electric substation with dual feed (estimated cost \$5 – 10 million depending on provider selected and final design). No offsite infrastructure has been included as qualified property.

Tab 7

Description of Qualified Investment

Qualified Investment Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in Q3 2021; warehouse operations should start in mid-2022. Plant construction is expected to start with completion in mid-2023. Plant commissioning is targeted for August 2023.
- Initial plans include construction of an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.):



- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Northern Santa Fe (BNSF) and other entities.

- The proposed plant anticipates hiring approximately 151 employees starting in Q1 2021 and ramping up through Q2 2023.
- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity since the plant will be a large electric and natural gas user with significant truck and rail volumes for inbound / outbound shipments. Key feedstocks for the plant will include cullet plate (post-industrial), cullet bottle (post-consumer), borax, soda ash, aplite, limestone and sand; other supplies include packaging (poly), and facings (kraft paper and foil/kraft laminate). Off-site transportation infrastructure improvements include upgrading Judith Road to industrial quality for site access and extension of rail to the site - two turnouts from BNSF line, at-grade crossing of Hwy 317 and rail spur extension to the project site boundary; estimated road improvement cost is \$2.8 million and estimated rail improvement cost is \$10.2 million. Utility infrastructure improvements include extension of water and sewer lines (estimated cost of \$1.7 million), extension of a natural gas line (estimated cost of \$1.75 million), and construction of a new electric substation with dual feed (estimated cost \$5 – 10 million depending on provider selected and final design). No offsite infrastructure cost has been included as qualified investment.

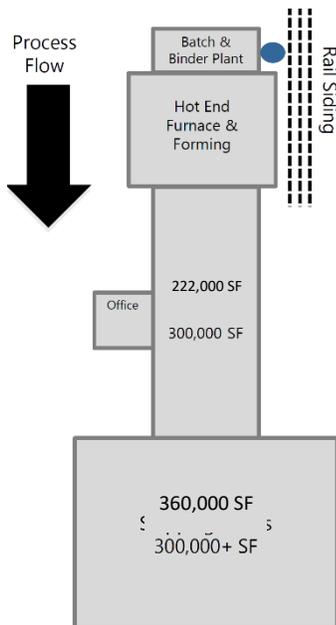
A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.

Tab 8

Description of Qualified Property

Qualified Property Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in Q3 2021; warehouse operations should start in mid-2022. Plant construction is expected to start with completion in mid-2023. Plant commissioning is targeted for August 2023.
- Initial plans include construction of an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.):



- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Northern Santa Fe (BNSF) and other entities.

- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity since the plant will be a large electric and natural gas user with significant truck and rail volumes for inbound / outbound shipments. Key feedstocks for the plant will include cullet plate (post-industrial), cullet bottle (post-consumer), borax, soda ash, aplite, limestone and sand; other supplies include packaging (poly), and facings (kraft paper and foil/kraft laminate). Off-site transportation infrastructure improvements include upgrading Judith Road to industrial quality for site access and extension of rail to the site - two turnouts from BNSF line, at-grade crossing of Hwy 317 and rail spur extension to the project site boundary; estimated road improvement cost is \$2.8 million and estimated rail improvement cost is \$10.2 million. Utility infrastructure improvements include extension of water and sewer lines (estimated cost of \$1.7 million), extension of a natural gas line (estimated cost of \$1.75 million), and construction of a new electric substation with dual feed (estimated cost \$5 – 10 million depending on provider selected and final design). No offsite infrastructure has been included as qualified property.

A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.

Tab 13

Calculation of three possible wage requirements
with TWC documentation

Wage Requirements – Qualifying Employees

Qualifying Employees - Average Weekly Wage Manufacturing (McLennan County)

| Year | Period | Area | Ownership | Industry Code | Industry | Level | Average Employment | Average Weekly Wage |
|------|--------|----------|-----------|---------------|---------------|-------|------------------------|---------------------|
| 2021 | 01 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,606 | 1,417 |
| 2020 | 04 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,745 | 1,420 |
| 2020 | 03 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,623 | 1,255 |
| 2020 | 02 | McLennan | Private | 31-33 | Manufacturing | 2 | 14,603 | 1,196 |
| | | | | | | | Average | \$1,322.00 |
| | | | | | | | 110% of Average | \$1,454.20 |
| | | | | | | | Annual | \$75,618.40 |

Qualifying Employees - Average Weekly Wage Manufacturing (Heart of Texas Council of Governments Region)

2020 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

| COG | COG Number | Wages | |
|---|------------|---------|----------|
| | | Hourly | Annual |
| Panhandle Regional Planning Commission | 1 | \$23.32 | \$48,501 |
| South Plains Association of Governments | 2 | \$20.42 | \$42,473 |
| NORTEX Regional Planning Commission | 3 | \$20.64 | \$42,928 |
| North Central Texas Council of Governments | 4 | \$32.34 | \$67,261 |
| Ark-Tex Council of Governments | 5 | \$21.30 | \$44,299 |
| East Texas Council of Governments | 6 | \$29.28 | \$60,904 |
| West Central Texas Council of Governments | 7 | \$21.54 | \$44,797 |
| Rio Grande Council of Governments | 8 | \$19.02 | \$39,552 |
| Permian Basin Regional Planning Commission | 9 | \$22.57 | \$46,945 |
| Concho Valley Council of Governments | 10 | \$27.28 | \$56,739 |
| Heart of Texas Council of Governments | 11 | \$23.41 | \$48,696 |
| Capital Area Council of Governments | 12 | \$29.96 | \$62,326 |
| Brazos Valley Council of Governments | 13 | \$18.41 | \$38,286 |
| Deep East Texas Council of Governments | 14 | \$21.07 | \$43,829 |
| South East Texas Regional Planning Commission | 15 | \$27.38 | \$56,957 |
| Houston-Galveston Area Council | 16 | \$29.83 | \$62,050 |
| Golden Crescent Regional Planning Commission | 17 | \$22.09 | \$45,945 |
| Alamo Area Council of Governments | 18 | \$27.45 | \$57,101 |
| South Texas Development Council | 19 | \$19.20 | \$39,945 |
| Coastal Bend Council of Governments | 20 | \$35.39 | \$73,603 |
| Lower Rio Grande Valley Development Council | 21 | \$20.70 | \$43,056 |
| Texoma Council of Governments | 22 | \$19.18 | \$39,897 |
| Central Texas Council of Governments | 23 | \$21.34 | \$44,390 |
| Middle Rio Grande Development Council | 24 | \$22.98 | \$47,809 |
| Texas | | \$28.00 | \$58,233 |



**110% of \$48,696
is \$53,565.60**

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.
Data published: August 2021.
Data published annually, next update will likely be July 31, 2022
Annual Wage Figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas Occupational Employment and Wage Statistics (OEWS) data, and is not to be cor
Data intended only for use implementing Chapter 313, Texas Tax Code.

Wage Requirements

Non-Qualifying Employees

Non-qualifying Employees - Average Weekly Wage Total, All Industries (McLennan County)

| Year | Period | Area | Ownership | Industry Code | Industry | Level | Average Employment | Average Weekly Wage |
|------|--------|----------|-----------|---------------|-----------------------|-------|--------------------|---------------------|
| 2021 | 01 | McLennan | Total All | 10 | Total, All Industries | 0 | 111,201 | \$943.00 |
| 2020 | 04 | McLennan | Total All | 10 | Total, All Industries | 0 | 113,482 | \$1,052.00 |
| 2020 | 03 | McLennan | Total All | 10 | Total, All Industries | 0 | 111,539 | \$947.00 |
| 2020 | 02 | McLennan | Total All | 10 | Total, All Industries | 0 | 107,847 | \$945.00 |
| | | | | | | | Average | \$971.75 |
| | | | | | | | Annual | \$50,531.00 |

Tab 14

Schedules A1, A2, B, and C

Schedule C: Employment Information

1622 - McGregor ISD - Project Rodeo (Knauf Insulation) Amendment #2 August 24, 2021

June 8, 2021
Project Rodeo
McGregor

Date
Applicant Name
ISD Name

Form 50-296A
Revised October, 2020

| | Year | School Year (YYYY-YYYY) | Tax Year (Actual tax year) YYYY | Construction | | Non-Qualifying Jobs | | Qualifying Jobs | |
|---|--|----------------------------|---------------------------------------|---|--|---|--|---|--|
| | | | | Column A Number of Construction FTE's | Column B Average annual wage rates for construction workers | Column C Number of non-qualifying jobs applicant estimates it will create (cumulative) | Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Column E Annual wage of new qualifying jobs | |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 0 | 2021 - 2022 | 2021 | 410 | \$42,880 | 36 | 25 | \$53,565.60 | |
| | 0 | 2022 - 2023 | 2022 | 346 | \$44,166 | 126 | 25 | \$53,565.60 | |
| | 0 | 2023 - 2024 | 2023 | 187 | \$45,491 | 126 | 25 | \$53,565.60 | |
| | 1 | 2024 - 2025 | 2024 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 2 | 2025 - 2026 | 2025 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 3 | 2026 - 2027 | 2026 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 4 | 2027 - 2028 | 2027 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 5 | 2028 - 2029 | 2028 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 6 | 2029 - 2030 | 2029 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 7 | 2030 - 2031 | 2030 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 8 | 2031 - 2032 | 2031 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i> | 9 | 2032 - 2033 | 2032 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 10 | 2033 - 2034 | 2033 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | 11 through 25 | 2034 - 2049 | 2034 - 2048 | 0 | \$0 | 126 | 25 | \$53,565.60 | |
| | Years Following Value Limitation Period | | | 0 | \$0 | 126 | 25 | \$53,565.60 | |

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

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

James Lenamon

Print Name (Authorized School District Representative)

Superintendent

Title

sign here

Signature (Authorized School District Representative)

Date

8/24/21

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

Jeffrey R. Brisley

Print Name (Authorized Company Representative (Applicant))

SVP - Strategic Business Development

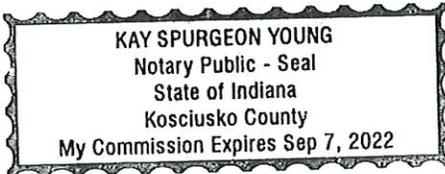
Title

sign here

Signature (Authorized Company Representative (Applicant))

Date

August 24, 2021



(Notary Seal)

GIVEN under my hand and seal of office this, the

24th day of August, 2021

Kay Spurgeon Young
Notary Public in and for the State of Indiana

My Commission expires: September 7, 2022

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.

Tab 5

Documentation to assist in determining
if Limitation is a Determining Factor

Determining Factor

Discussion

- The top two finalist locations for Project Rodeo include McGregor, TX and a location in Oklahoma.
- To date, the project team has completed a comparison of operating costs and conditions for these locations. Each location has unique advantages and disadvantages.
 - The site in Oklahoma is nearly ready to go from an infrastructure perspective (rail, electricity, natural gas, water and sewer). Since this project is a significant utility user and requires rail, the readiness of the **Oklahoma site lowers the risk** to the company; in McGregor, a great deal of costly infrastructure development must happen relatively quickly so the plant can be operational in 2023.
 - Overall costs, including site acquisition and development, geographically variable operating costs (freight, labor, utilities, taxes) and the impact of estimated incentives have been identified.
 - **Before considering the impact of incentives, the Oklahoma location is significantly less costly than McGregor on a 10-year and 20-year NPV basis.**

| <u>Cost Factor</u> | <u>TX</u> | <u>OK</u> |
|--------------------|--|--|
| Freight |  |  |
| Labor |  |  |
| Utilities |  |  |
| Taxes |  |  |

Advantage: Oklahoma

After incentives, assuming Chapter 313 benefits and property tax abatement in McGregor, the Oklahoma advantage is lessened.

- Transportation costs are lower in McGregor based on current estimates and market forecasts.
 - Labor costs for the operation are expected to be comparable in both locations.
 - McGregor has higher utility rates, notably electric and water, both significant for this operation.
 - **McGregor has higher tax costs, notably property taxes which are almost three times higher than in the competing location.**
 - Local incentives offered for the McGregor site include free land, a 10 - year personal property tax abatement (75% for 5 years and 50% of 5 years), utilization of the real property tax increment (TIF) to fund infrastructure required for the project (rail, road, water, sewer), payment of the cost to extend a natural gas line to the site, and creation of a large volume industrial water rate providing ongoing operating cost savings.
- **After including the estimated impact of incentives in both locations, the cost disadvantage in McGregor is lessened.** However, assumed in this analysis is that Chapter 313 benefits are approved in McGregor. If not, the McGregor cost disadvantage including incentives would widen compared to the competing OK alternative.
 - The benefits resulting from Chapter 313 represent a significant cost savings which help reduce McGregor’s substantial property tax disadvantage. Since the project’s overall financials require approval of the company’s North American Board and, at the highest level, by the Family Committee, a significant cost disadvantage is not acceptable. As a result of the Chapter 313 savings and the personal property tax abatement offered in McGregor, the total costs are sufficiently competitive enough between the TX and OK locations to allow consideration of other factors; without the Chapter 313 benefits and the various other incentives offered, this would not be the case. Thus, despite higher operating costs and higher risks associated with infrastructure development, McGregor is the company’s preference primarily due to *customer proximity*, currently and in the future given projected market trends. *Accessibility, quality of life and anticipated labor market conditions also slightly favor McGregor and the greater Waco area versus the competing Oklahoma location.*

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 12/10/2021 14:41:35

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

| KNAUF INSULATION, INC. | |
|--|--|
| Texas Taxpayer Number | 13825607230 |
| Mailing Address | 1 KNAUF DR SHELBYVILLE, IN 46176-8626 |
| Right to Transact Business in Texas | ACTIVE |
| State of Formation | DE |
| Effective SOS Registration Date | 06/01/2018 |
| Texas SOS File Number | 0803032225 |
| Registered Agent Name | CT CORPORATION SYSTEM |
| Registered Office Street Address | 1999 BRYAN ST STE 900 DALLAS, TX 75201 |

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 13, 2021

James Lenamon
Superintendent
McGregor ISD
525 Bluebonnet Parkway
P.O. Box 356
McGregor, TX 76657

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between McGregor Independent School District and Knauf Insulation, Inc., Application 1622

Dear Superintendent Lenamon:

On August 30, 2021, the Comptroller issued written notice that Knauf Insulation, Inc. (applicant) submitted a completed application (Application 1622) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on July 27, 201, to the McGregor Independent School District (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 B; 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.

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

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 1622.

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 B.

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'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, 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, 2021.

Note that any building or improvement existing as of the application review start date of August 30, 2021, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:

11EA6DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Knauf Insulation, Inc. (project) applying to McGregor Independent School District (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 Knauf Insulation, Inc.

| | |
|---|------------------------|
| Applicant | Knauf Insulation, Inc. |
| Tax Code, 313.024 Eligibility Category | Manufacturing |
| School District | McGregor ISD |
| 2019-2020 Average Daily Attendance | 1,311 |
| County | McLennan |
| Proposed Total Investment in District | \$208,600,000 |
| Proposed Qualified Investment | \$208,600,000 |
| Limitation Amount | \$40,000,000 |
| Qualifying Time Period (Full Years) | 2022-2023 |
| Number of new qualifying jobs committed to by applicant | 25 |
| Number of new non-qualifying jobs estimated by applicant | 126 |
| Average weekly wage of qualifying jobs committed to by applicant | \$1,030 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$1,030 |
| Minimum annual wage committed to by applicant for qualified jobs | \$53,566 |
| Minimum weekly wage required for non-qualifying jobs | \$972.75 |
| Minimum annual wage required for non-qualifying jobs | \$50,583 |
| Investment per Qualifying Job | \$8,344,000 |
| Estimated M&O levy without any limit (15 years) | \$19,232,053 |
| Estimated M&O levy with Limitation (15 years) | \$9,086,522 |
| Estimated gross M&O tax benefit (15 years) | \$10,145,531 |

Table 2 is the estimated statewide economic impact of Knauf Insulation, Inc. (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2021 | 435 | 481 | 916 | \$18,887,140 | \$47,112,860 | \$66,000,000 |
| 2022 | 371 | 433 | 804 | \$16,620,576 | \$48,379,424 | \$65,000,000 |
| 2023 | 212 | 262 | 474 | \$9,845,957 | \$34,154,043 | \$44,000,000 |
| 2024 | 25 | 46 | 71 | \$1,339,140 | \$12,660,860 | \$14,000,000 |
| 2025 | 25 | 12 | 37 | \$1,339,140 | \$7,660,860 | \$9,000,000 |
| 2026 | 25 | (10) | 15 | \$1,339,140 | \$4,660,860 | \$6,000,000 |
| 2027 | 25 | (17) | 8 | \$1,339,140 | \$2,660,860 | \$4,000,000 |
| 2028 | 25 | (15) | 10 | \$1,339,140 | \$2,660,860 | \$4,000,000 |
| 2029 | 25 | (8) | 17 | \$1,339,140 | \$2,660,860 | \$4,000,000 |
| 2030 | 25 | 0 | 25 | \$1,339,140 | \$2,660,860 | \$4,000,000 |
| 2031 | 25 | 7 | 32 | \$1,339,140 | \$3,660,860 | \$5,000,000 |
| 2032 | 25 | 14 | 39 | \$1,339,140 | \$4,660,860 | \$6,000,000 |
| 2033 | 25 | 19 | 44 | \$1,339,140 | \$4,660,860 | \$6,000,000 |
| 2034 | 25 | 18 | 43 | \$1,339,140 | \$5,660,860 | \$7,000,000 |
| 2035 | 25 | 19 | 44 | \$1,339,140 | \$5,660,860 | \$7,000,000 |
| 2036 | 25 | 19 | 44 | \$1,339,140 | \$5,660,860 | \$7,000,000 |
| 2037 | 25 | 19 | 44 | \$1,339,140 | \$5,660,860 | \$7,000,000 |
| 2038 | 25 | 18 | 43 | \$1,339,140 | \$5,660,860 | \$7,000,000 |

Source: CPA REMI, Knauf Insulation, Inc.

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* | McGregor ISD I&S Tax Levy | McGregor ISD M&O Tax Levy | M&O and I&S Tax Levies | McLennan Co. Tax Levy | City of McGregor Tax Levy | McLennan Comm. College Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|---------------------------|---------------------------|------------------------|-----------------------|---------------------------|---------------------------------|--------------------------------|
| | | | | 0.2298 | 0.9375 | | 0.4687 | 0.5790 | 0.1498 | |
| 2022 | \$17,875,000 | \$17,875,000 | | \$41,073 | \$167,578 | \$208,651 | \$83,784 | \$103,488 | \$26,774 | \$422,696 |
| 2023 | \$86,997,500 | \$86,997,500 | | \$199,903 | \$815,602 | \$1,015,504 | \$407,774 | \$503,676 | \$130,307 | \$2,057,260 |
| 2024 | \$185,735,500 | \$185,735,500 | | \$426,783 | \$1,741,270 | \$2,168,053 | \$870,578 | \$1,075,323 | \$278,198 | \$4,392,152 |
| 2025 | \$177,398,500 | \$177,398,500 | | \$407,626 | \$1,663,111 | \$2,070,737 | \$831,500 | \$1,027,056 | \$265,711 | \$4,195,004 |
| 2026 | \$169,061,500 | \$169,061,500 | | \$388,470 | \$1,584,952 | \$1,973,421 | \$792,423 | \$978,788 | \$253,224 | \$3,997,856 |
| 2027 | \$160,724,500 | \$160,724,500 | | \$369,313 | \$1,506,792 | \$1,876,105 | \$753,346 | \$930,521 | \$240,736 | \$3,800,709 |
| 2028 | \$152,387,500 | \$152,387,500 | | \$350,156 | \$1,428,633 | \$1,778,789 | \$714,269 | \$882,254 | \$228,249 | \$3,603,561 |
| 2029 | \$144,050,500 | \$144,050,500 | | \$330,999 | \$1,350,473 | \$1,681,473 | \$675,192 | \$833,986 | \$215,762 | \$3,406,413 |
| 2030 | \$135,713,500 | \$135,713,500 | | \$311,842 | \$1,272,314 | \$1,584,157 | \$636,115 | \$785,719 | \$203,274 | \$3,209,265 |
| 2031 | \$127,376,500 | \$127,376,500 | | \$292,686 | \$1,194,155 | \$1,486,840 | \$597,038 | \$737,451 | \$190,787 | \$3,012,117 |
| 2032 | \$119,039,500 | \$119,039,500 | | \$273,529 | \$1,115,995 | \$1,389,524 | \$557,961 | \$689,184 | \$178,300 | \$2,814,969 |
| 2033 | \$110,702,500 | \$110,702,500 | | \$254,372 | \$1,037,836 | \$1,292,208 | \$518,884 | \$640,917 | \$165,812 | \$2,617,821 |
| 2034 | \$102,365,500 | \$102,365,500 | | \$235,215 | \$959,677 | \$1,194,892 | \$479,807 | \$592,649 | \$153,325 | \$2,420,673 |
| 2035 | \$94,361,000 | \$94,361,000 | | \$216,823 | \$884,634 | \$1,101,457 | \$442,288 | \$546,307 | \$141,336 | \$2,231,388 |
| 2036 | \$89,210,000 | \$89,210,000 | | \$204,987 | \$836,344 | \$1,041,330 | \$418,144 | \$516,485 | \$133,621 | \$2,109,580 |
| 2037 | \$89,210,000 | \$89,210,000 | | \$204,987 | \$836,344 | \$1,041,330 | \$418,144 | \$516,485 | \$133,621 | \$2,109,580 |
| 2038 | \$89,210,000 | \$89,210,000 | | \$204,987 | \$836,344 | \$1,041,330 | \$418,144 | \$516,485 | \$133,621 | \$2,109,580 |
| | | | Total | \$4,713,751 | \$19,232,053 | \$23,945,804 | \$9,615,391 | \$11,876,772 | \$3,072,656 | \$48,510,623 |

Source: CPA, Knauf Insulation, Inc.

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and McLennan 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* | McGregor ISD I&S Tax Levy | McGregor ISD M&O Tax Levy | M&O and I&S Tax Levies | McLennan Co. Tax Levy | City of McGregor Tax Levy | McLennan Comm. College Tax Levy | Estimated Total Property Taxes |
|--|---------------------------------|---------------------------------|--------------|---------------------------|---------------------------|------------------------|-----------------------|---------------------------|---------------------------------|--------------------------------|
| | | | | 0.2298 | 0.9375 | | 0.4687 | 0.5790 | 0.1498 | |
| 2022 | \$17,875,000 | \$17,875,000 | | \$41,073 | \$167,578 | \$208,651 | \$83,784 | \$103,488 | \$26,774 | \$422,696 |
| 2023 | \$86,997,500 | \$86,997,500 | | \$199,903 | \$815,602 | \$1,015,504 | \$407,774 | \$503,676 | \$130,307 | \$2,057,260 |
| 2024 | \$185,735,500 | \$40,000,000 | | \$426,783 | \$375,000 | \$801,783 | \$217,644 | \$268,831 | \$69,550 | \$1,357,808 |
| 2025 | \$177,398,500 | \$40,000,000 | | \$407,626 | \$375,000 | \$782,626 | \$207,875 | \$256,764 | \$66,428 | \$1,313,693 |
| 2026 | \$169,061,500 | \$40,000,000 | | \$388,470 | \$375,000 | \$763,470 | \$198,106 | \$244,697 | \$63,306 | \$1,269,578 |
| 2027 | \$160,724,500 | \$40,000,000 | | \$369,313 | \$375,000 | \$744,313 | \$188,337 | \$232,630 | \$60,184 | \$1,225,464 |
| 2028 | \$152,387,500 | \$40,000,000 | | \$350,156 | \$375,000 | \$725,156 | \$178,567 | \$220,563 | \$57,062 | \$1,181,349 |
| 2029 | \$144,050,500 | \$40,000,000 | | \$330,999 | \$375,000 | \$705,999 | \$337,596 | \$416,993 | \$107,881 | \$1,568,469 |
| 2030 | \$135,713,500 | \$40,000,000 | | \$311,842 | \$375,000 | \$686,842 | \$318,057 | \$392,859 | \$101,637 | \$1,499,397 |
| 2031 | \$127,376,500 | \$40,000,000 | | \$292,686 | \$375,000 | \$667,686 | \$298,519 | \$368,726 | \$95,394 | \$1,430,324 |
| 2032 | \$119,039,500 | \$40,000,000 | | \$273,529 | \$375,000 | \$648,529 | \$278,980 | \$344,592 | \$89,150 | \$1,361,251 |
| 2033 | \$110,702,500 | \$40,000,000 | | \$254,372 | \$375,000 | \$629,372 | \$259,442 | \$320,458 | \$82,906 | \$1,292,179 |
| 2034 | \$102,365,500 | \$102,365,500 | | \$235,215 | \$959,677 | \$1,194,892 | \$479,807 | \$592,649 | \$153,325 | \$2,420,673 |
| 2035 | \$94,361,000 | \$94,361,000 | | \$216,823 | \$884,634 | \$1,101,457 | \$442,288 | \$546,307 | \$141,336 | \$2,231,388 |
| 2036 | \$89,210,000 | \$89,210,000 | | \$204,987 | \$836,344 | \$1,041,330 | \$418,144 | \$516,485 | \$133,621 | \$2,109,580 |
| 2037 | \$89,210,000 | \$89,210,000 | | \$204,987 | \$836,344 | \$1,041,330 | \$418,144 | \$516,485 | \$133,621 | \$2,109,580 |
| 2038 | \$89,210,000 | \$89,210,000 | | \$204,987 | \$836,344 | \$1,041,330 | \$418,144 | \$516,485 | \$133,621 | \$2,109,580 |
| | | | | | | | | | | |
| | | | Total | \$4,713,751 | \$9,086,522 | \$13,800,272 | \$5,151,208 | \$6,362,688 | \$1,646,100 | \$26,960,268 |
| | | | Diff | \$0 | \$10,145,531 | \$10,145,531 | \$4,464,182 | \$5,514,085 | \$1,426,557 | \$21,550,355 |
| <i>Assumes School Value Limitation and Tax Abatements with the County.</i> | | | | | | | | | | |

Source: CPA, Knauf Insulation, Inc.

*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 25th Anniversary of Limitation Start

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

| | Tax Year | Estimated ISD M&O Tax Levy Generated (Annual) | Estimated ISD M&O Tax Levy Generated (Cumulative) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative) |
|---|----------|---|---|---|---|
| Limitation Pre-Years | 2021 | \$0 | \$0 | \$0 | \$0 |
| | 2022 | \$167,578 | \$167,578 | \$0 | \$0 |
| | 2023 | \$815,602 | \$983,180 | \$0 | \$0 |
| Limitation Period (10 Years) | 2024 | \$375,000 | \$1,358,180 | \$1,366,270 | \$1,366,270 |
| | 2025 | \$375,000 | \$1,733,180 | \$1,288,111 | \$2,654,381 |
| | 2026 | \$375,000 | \$2,108,180 | \$1,209,952 | \$3,864,333 |
| | 2027 | \$375,000 | \$2,483,180 | \$1,131,792 | \$4,996,125 |
| | 2028 | \$375,000 | \$2,858,180 | \$1,053,633 | \$6,049,758 |
| | 2029 | \$375,000 | \$3,233,180 | \$975,473 | \$7,025,231 |
| | 2030 | \$375,000 | \$3,608,180 | \$897,314 | \$7,922,545 |
| | 2031 | \$375,000 | \$3,983,180 | \$819,155 | \$8,741,700 |
| | 2032 | \$375,000 | \$4,358,180 | \$740,995 | \$9,482,695 |
| | 2033 | \$375,000 | \$4,733,180 | \$662,836 | \$10,145,531 |
| Maintain Viable Presence (5 Years) | 2034 | \$959,677 | \$5,692,856 | \$0 | \$10,145,531 |
| | 2035 | \$884,634 | \$6,577,491 | \$0 | \$10,145,531 |
| | 2036 | \$836,344 | \$7,413,834 | \$0 | \$10,145,531 |
| | 2037 | \$836,344 | \$8,250,178 | \$0 | \$10,145,531 |
| | 2038 | \$836,344 | \$9,086,522 | \$0 | \$10,145,531 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2039 | \$836,344 | \$9,922,866 | \$0 | \$10,145,531 |
| | 2040 | \$836,344 | \$10,759,209 | \$0 | \$10,145,531 |
| | 2041 | \$836,344 | \$11,595,553 | \$0 | \$10,145,531 |
| | 2042 | \$836,344 | \$12,431,897 | \$0 | \$10,145,531 |
| | 2043 | \$836,344 | \$13,268,241 | \$0 | \$10,145,531 |
| | 2044 | \$836,344 | \$14,104,584 | \$0 | \$10,145,531 |
| | 2045 | \$836,344 | \$14,940,928 | \$0 | \$10,145,531 |
| | 2046 | \$836,344 | \$15,777,272 | \$0 | \$10,145,531 |
| | 2047 | \$836,344 | \$16,613,616 | \$0 | \$10,145,531 |
| | 2048 | \$836,344 | \$17,449,959 | \$0 | \$10,145,531 |
| | | \$17,449,959 | is greater than | \$10,145,531 | |
| Analysis Summary | | | | | |
| Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? | | | | | Yes |

Source: CPA, Knauf Insulation, Inc.

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 Knauf Insulation’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Knauf Insulation in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The top two finalist locations for Project Rodeo include McGregor, TX and a location in Oklahoma.”
 - B. “Each location has unique advantages and disadvantages. The site in Oklahoma is nearly ready to go from an infrastructure perspective (rail, electricity, natural gas, water and sewer). Since this project is a significant utility user and requires rail, the readiness of the Oklahoma site lowers the risk to the company; in McGregor, a great deal of costly infrastructure development must happen relatively quickly so the plant can be operational in 2023. Overall costs, including site acquisition and development, geographically variable operating costs (freight, labor, utilities, taxes) and the impact of estimated incentives have been identified. Before considering the impact of incentives, the Oklahoma location is significantly less costly than McGregor on a 10-year and 20-year NPV basis.”
 - C. “After including the estimated impact of incentives in both locations, the cost disadvantage in McGregor is lessened. However, assumed in this analysis is that Chapter 313 benefits are approved in McGregor. If not, the McGregor cost disadvantage including incentives would widen compared to the competing OK alternative.”
 - D. “The benefits resulting from Chapter 313 represent a significant cost savings which help reduce McGregor’s substantial property tax disadvantage. Since the project’s overall financials require approval of the company’s North American Board and, at the highest level, by the Family Committee, a significant cost disadvantage is not acceptable. As a result of the Chapter 313 savings and the personal property tax abatement offered in McGregor, the total costs are sufficiently competitive enough between the TX and OK locations to allow consideration of other factors; without the Chapter 313 benefits and the various other incentives offered, this would not be the case. Thus, despite higher operating costs and higher risks associated with infrastructure development, McGregor is the company’s preference primarily due to customer proximity,

currently and in the future given projected market trends. Accessibility, quality of life and anticipated labor market conditions also slightly favor McGregor and the greater Waco area versus the competing Oklahoma location.”

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

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 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

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

- 1. Estimated school board ratification of final agreement Q4 2021
- 2. Estimated commencement of construction Q3 2021
- 3. Beginning of qualifying time period (MM/DD/YYYY) 10/1/2021
- 4. First year of limitation (YYYY) 1/1/2024
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
 - A. January 1 following the application date
 - B. January 1 following the end of QTP
 - C. January 1 following the commencement of commercial operations
- 5. Commencement of commercial operations Whs Q3 22, Plant Q3 23

SECTION 10: The Property

- 1. County or counties in which the proposed project will be located McLennan
- 2. Central Appraisal District (CAD) that will be responsible for appraising the property McLennan County 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:

| | |
|--|---|
| M&O (ISD): <u>McGregor ISD, 0.937500 100%</u> <small>(Name, tax rate and percent of project)</small> | I&S (ISD): <u>McGregor ISD, 0.229780 100%</u> <small>(Name, tax rate and percent of project)</small> |
| County: <u>McLennan, 0.468719, 100%</u> <small>(Name, tax rate and percent of project)</small> | City: <u>McGregor, 0.578954, 100%</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>N/A</u> <small>(Name, tax rate and percent of project)</small> |
| Other (describe): <u>McLennan Comm. College, 0.149782,</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> |

Supporting Information

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

Determining Factor

Discussion

- The top two finalist locations for Project Rodeo include McGregor, TX and a location in Oklahoma.
- To date, the project team has completed a comparison of operating costs and conditions for these locations. Each location has unique advantages and disadvantages.
 - The site in Oklahoma is nearly ready to go from an infrastructure perspective (rail, electricity, natural gas, water and sewer). Since this project is a significant utility user and requires rail, the readiness of the **Oklahoma site lowers the risk** to the company; in McGregor, a great deal of costly infrastructure development must happen relatively quickly so the plant can be operational in 2023.
 - Overall costs, including site acquisition and development, geographically variable operating costs (freight, labor, utilities, taxes) and the impact of estimated incentives have been identified.
 - **Before considering the impact of incentives, the Oklahoma location is significantly less costly than McGregor on a 10-year and 20-year NPV basis.**

| <u>Cost Factor</u> | <u>TX</u> | <u>OK</u> |
|--------------------|-----------|-----------|
| Freight | ↑ | ↓ |
| Labor | ↔ | ↔ |
| Utilities | ↓ | ↑ |
| Taxes | ↓ | ↑ |

Advantage: Oklahoma

After incentives, assuming Chapter 313 benefits and property tax abatement in McGregor, the Oklahoma advantage is lessened.

- Transportation costs are lower in McGregor based on current estimates and market forecasts.
 - Labor costs for the operation are expected to be comparable in both locations.
 - McGregor has higher utility rates, notably electric and water, both significant for this operation.
 - **McGregor has higher tax costs, notably property taxes which are almost three times higher than in the competing location.**
 - Local incentives offered for the McGregor site include free land, a 10 - year personal property tax abatement (75% for 5 years and 50% of 5 years), utilization of the real property tax increment (TIF) to fund infrastructure required for the project (rail, road, water, sewer), payment of the cost to extend a natural gas line to the site, and creation of a large volume industrial water rate providing ongoing operating cost savings.
- **After including the estimated impact of incentives in both locations, the cost disadvantage in McGregor is lessened.** However, assumed in this analysis is that Chapter 313 benefits are approved in McGregor. If not, the McGregor cost disadvantage including incentives would widen compared to the competing OK alternative.
 - The benefits resulting from Chapter 313 represent a significant cost savings which help reduce McGregor’s substantial property tax disadvantage. Since the project’s overall financials require approval of the company’s North American Board and, at the highest level, by the Family Committee, a significant cost disadvantage is not acceptable. As a result of the Chapter 313 savings and the personal property tax abatement offered in McGregor, the total costs are sufficiently competitive enough between the TX and OK locations to allow consideration of other factors; without the Chapter 313 benefits and the various other incentives offered, this would not be the case. Thus, despite higher operating costs and higher risks associated with infrastructure development, McGregor is the company’s preference primarily due to *customer proximity*, currently and in the future given projected market trends. *Accessibility, quality of life and anticipated labor market conditions also slightly favor McGregor and the greater Waco area versus the competing Oklahoma location.*

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED
PROJECT RODEO (KNAUF INSULATION) PROJECT IN THE
MCGREGOR INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1622)**

PREPARED BY



MOAKCASEY
PROVEN LEADERS ADVANCING TEXAS SCHOOLS

SEPTEMBER 7, 2021

Executive Summary

Project Rodeo (Knauf Insulation) (Company) has requested that the McGregor Independent School District (MISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to MISD on June 24, 2021, the Company plans to invest \$185.7 million in additional taxable value to construct a manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Project Rodeo project is consistent with the state’s goal to “encourage large scale capital investments in this state.” When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others, although few of these other types of projects have been the basis for Chapter 313 applications.

Under the provisions of Chapter 313, MISD may offer a minimum value limitation of \$40 million. This value limitation, under the proposed application, will begin in the 2024-25 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA’s initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, and the recent House Bill 1525. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

| | |
|--|----------------|
| Total Revenue Loss Payment owed to MISD | \$1.45 million |
| Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.) | \$8.1 million |

Application Process

After the school district has submitted an application to the Comptroller’s Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. A Completeness Letter was issued for this application on August 30, 2021.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter to adopt



an agreement, although extensions may be requested by the Company and granted by the District.

After the Comptroller's certificate is received, Eichelbaum Wardell Hansen Powell & Muñoz, P.C. (Eichelbaum Wardell) will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, Eichelbaum Wardell will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting.

How the 313 Agreement Interacts with Texas School Finance

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3 and HB 1525, for those districts subject to recapture. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. It does not appear to be an issue for MISD, based on the calculations shown below.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely upon prior-year state property values as determined annually under the Comptroller's State Property Value Study (Section 403 of the



Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year [emphasis added].**

Given the directive regarding the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.256(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 is set to expire on December 31, 2022, but its expiration is not expected to affect the eligibility of the current application for a Chapter 313 agreement.

For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. [The current information is expected to be updated as the details of House Bill 1525 implementation are determined by TEA.](#)

Legislative action on school funding in HB 3 in 2019 and the recent HB 1525 update could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.



Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously approved Chapter 313 projects are also factored into the M&O tax bases used.

| | |
|---------------------------------|--------------------------------------|
| ADA: | 1,363 |
| Local M&O Tax Base | \$524.6 million |
| 2020-21 M&O Tax Rate: | \$0.9375 per \$100 of Taxable Value |
| 2021-22 Projected M&O Tax Rate: | \$0.8859 per \$100 of Taxable Value |
| I&S Tax Rate: | \$0.22707 per \$100 of Taxable Value |

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 – Base District Information with Project Rodeo Project Value and Limitation Values

| Year of Agreement | School Year | ADA | WADA | M&O Tax Rate | I&S Tax Rate | Sec. | Sec. | DPV Value with Project per WADA | DPV Value with Limitation per WADA |
|-------------------|-------------|----------|----------|--------------|--------------|--|---|---------------------------------|------------------------------------|
| | | | | | | 48.256(d) District Revenue Protection District Property Value with Project | 48.256(d) District Revenue Protection District Property Value with Limitation | | |
| | 2021-22 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$524,053,713 | \$524,053,713 | \$268,042 | \$268,042 |
| QTP1 | 2022-23 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$524,053,713 | \$524,053,713 | \$268,042 | \$268,042 |
| QTP2 | 2023-24 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$524,053,713 | \$524,053,713 | \$268,042 | \$268,042 |
| VL1 | 2024-25 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$611,051,213 | \$611,051,213 | \$312,540 | \$312,540 |
| VL2 | 2025-26 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$709,789,213 | \$564,053,713 | \$363,042 | \$288,501 |
| VL3 | 2026-27 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$701,452,213 | \$564,053,713 | \$358,778 | \$288,501 |
| VL4 | 2027-28 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$693,115,213 | \$564,053,713 | \$354,514 | \$288,501 |
| VL5 | 2028-29 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$684,778,213 | \$564,053,713 | \$350,249 | \$288,501 |
| VL6 | 2029-30 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$676,441,213 | \$564,053,713 | \$345,985 | \$288,501 |
| VL7 | 2030-31 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$668,104,213 | \$564,053,713 | \$341,721 | \$288,501 |
| VL8 | 2031-32 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$659,767,213 | \$564,053,713 | \$337,457 | \$288,501 |
| VL9 | 2032-33 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$651,430,213 | \$564,053,713 | \$333,193 | \$288,501 |
| VL10 | 2033-34 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$643,093,213 | \$564,053,713 | \$328,928 | \$288,501 |
| VP1 | 2034-35 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$634,756,213 | \$564,053,713 | \$324,664 | \$288,501 |
| VP2 | 2035-36 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$626,419,213 | \$626,419,213 | \$320,400 | \$320,400 |
| VP3 | 2036-37 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$618,414,713 | \$618,414,713 | \$316,306 | \$316,306 |
| VP4 | 2037-38 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$613,263,713 | \$613,263,713 | \$313,671 | \$313,671 |
| VP5 | 2038-39 | 1,363.19 | 1,955.12 | \$0.8859 | \$0.2271 | \$613,263,713 | \$613,263,713 | \$313,671 | \$313,671 |

*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

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



M&O Impact of the Project Rodeo Project on MISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$40 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$1.45 million over the course of the Agreement, with all the loss reflected in the first limitation year (2024-25). This information is summarized in Table 5.

Table 2– “Baseline Revenue Model” --Project Value Added to DPV with No Value Limitation

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Recapture Costs | Additional Local M&O Collections | State Aid from Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Other State Aid (includes HH Funds) | Total General Fund |
|-------------------|-------------|-----------------------------|----------------------|-----------------|----------------------------------|---|--|-------------------------------------|----------------------|
| | 2021-22 | \$4,159,863 | \$7,741,531 | \$0 | \$248,825 | \$666,381 | \$0 | \$0 | \$12,816,600 |
| QTP1 | 2022-23 | \$4,159,863 | \$7,741,531 | \$0 | \$248,825 | \$666,381 | \$0 | \$0 | \$12,816,600 |
| QTP2 | 2023-24 | \$4,872,531 | \$7,741,531 | \$0 | \$291,454 | \$780,017 | \$0 | \$0 | \$13,685,533 |
| VL1 | 2024-25 | \$5,705,739 | \$7,014,319 | \$0 | \$341,293 | \$735,594 | \$0 | \$0 | \$13,796,945 |
| VL2 | 2025-26 | \$5,636,050 | \$6,188,968 | \$0 | \$337,125 | \$578,157 | \$0 | \$0 | \$12,740,300 |
| VL3 | 2026-27 | \$5,566,361 | \$6,258,657 | \$0 | \$332,956 | \$582,117 | \$0 | \$0 | \$12,740,091 |
| VL4 | 2027-28 | \$5,496,672 | \$6,328,346 | \$0 | \$328,788 | \$584,843 | \$0 | \$0 | \$12,738,649 |
| VL5 | 2028-29 | \$5,426,983 | \$6,398,035 | \$0 | \$324,619 | \$588,795 | \$0 | \$0 | \$12,738,432 |
| VL6 | 2029-30 | \$5,357,294 | \$6,467,724 | \$0 | \$320,451 | \$592,747 | \$0 | \$0 | \$12,738,216 |
| VL7 | 2030-31 | \$5,287,605 | \$6,537,413 | \$0 | \$316,282 | \$595,440 | \$0 | \$0 | \$12,736,740 |
| VL8 | 2031-32 | \$5,217,916 | \$6,607,102 | \$0 | \$312,114 | \$599,383 | \$0 | \$0 | \$12,736,515 |
| VL9 | 2032-33 | \$5,148,227 | \$6,676,791 | \$0 | \$307,945 | \$603,327 | \$0 | \$0 | \$12,736,290 |
| VL10 | 2033-34 | \$5,078,538 | \$6,746,480 | \$0 | \$303,777 | \$605,986 | \$0 | \$0 | \$12,734,781 |
| VP1 | 2034-35 | \$4,998,423 | \$6,816,169 | \$0 | \$298,984 | \$608,629 | \$0 | \$0 | \$12,722,205 |
| VP2 | 2035-36 | \$4,932,851 | \$6,885,858 | \$0 | \$295,062 | \$612,556 | \$0 | \$0 | \$12,726,327 |
| VP3 | 2036-37 | \$4,890,655 | \$6,952,767 | \$0 | \$292,538 | \$618,943 | \$0 | \$0 | \$12,754,903 |
| VP4 | 2037-38 | \$4,890,655 | \$6,995,824 | \$0 | \$292,538 | \$626,634 | \$0 | \$0 | \$12,805,651 |
| VP5 | 2038-39 | \$4,890,655 | \$6,995,824 | \$0 | \$292,538 | \$626,634 | \$0 | \$0 | \$12,805,651 |
| | | \$91,716,881 | \$123,094,870 | \$0 | \$5,486,114 | \$11,272,564 | \$0 | \$0 | \$231,570,429 |

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

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$9.6 million over the life of the agreement. The MISD revenue losses are expected to total approximately \$1.45 million. The potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$8.1 million, prior to any negotiations with Project Rodeo on supplemental payments.

It should be noted that a key element in the revenue-loss calculation appears to be linked to the retention of prior-year property values in the calculation of the revenue protection amount for the 2024-25 school year. Under the standard agreement, these calculations are based on whatever school finance and property tax laws are in effect each year. Future legislative action in 2023 on school funding formulas could affect these calculations.



Table 3– “Value Limitation Revenue Model” --Project Value Added to DPV with Value Limitation in Effect

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Recapture Costs | Additional Local M&O Collections | State Aid from Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Other State Aid (includes HH Funds) | Total General Fund |
|-------------------|-------------|-----------------------------|----------------------|-----------------|----------------------------------|---|--|-------------------------------------|----------------------|
| | 2021-22 | \$4,159,863 | \$7,741,531 | \$0 | \$248,825 | \$666,381 | \$0 | \$0 | \$12,816,600 |
| QTP1 | 2022-23 | \$4,159,863 | \$7,741,531 | \$0 | \$248,825 | \$666,381 | \$0 | \$0 | \$12,816,600 |
| QTP2 | 2023-24 | \$4,872,531 | \$7,741,531 | \$0 | \$291,454 | \$780,017 | \$0 | \$0 | \$13,685,533 |
| VL1 | 2024-25 | \$4,487,536 | \$7,014,319 | \$0 | \$268,425 | \$577,685 | \$0 | \$0 | \$12,347,965 |
| VL2 | 2025-26 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL3 | 2026-27 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL4 | 2027-28 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL5 | 2028-29 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL6 | 2029-30 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL7 | 2030-31 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL8 | 2031-32 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL9 | 2032-33 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VL10 | 2033-34 | \$4,487,536 | \$7,407,171 | \$0 | \$268,425 | \$648,744 | \$0 | \$0 | \$12,811,876 |
| VP1 | 2034-35 | \$4,998,423 | \$7,407,171 | \$0 | \$298,984 | \$722,342 | \$0 | \$0 | \$13,426,920 |
| VP2 | 2035-36 | \$4,932,851 | \$6,885,858 | \$0 | \$295,062 | \$612,556 | \$0 | \$0 | \$12,726,327 |
| VP3 | 2036-37 | \$4,890,655 | \$6,952,767 | \$0 | \$292,538 | \$618,943 | \$0 | \$0 | \$12,754,903 |
| VP4 | 2037-38 | \$4,890,655 | \$6,995,824 | \$0 | \$292,538 | \$626,634 | \$0 | \$0 | \$12,805,651 |
| VP5 | 2038-39 | \$4,890,655 | \$6,995,824 | \$0 | \$292,538 | \$626,634 | \$0 | \$0 | \$12,805,651 |
| | | \$82,670,856 | \$132,140,895 | \$0 | \$4,945,014 | \$11,736,269 | \$0 | \$0 | \$231,493,034 |

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

Table 4 – Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Recapture Costs | Additional Local M&O Collections | State Aid from Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Other State Aid (includes HH Funds) | Total General Fund |
|-------------------|-------------|-----------------------------|--------------------|-----------------|----------------------------------|---|--|-------------------------------------|--------------------|
| | 2021-22 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP1 | 2022-23 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP2 | 2023-24 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VL1 | 2024-25 | -\$1,218,203 | \$0 | \$0 | -\$72,868 | -\$157,909 | \$0 | \$0 | -\$1,448,980 |
| VL2 | 2025-26 | -\$1,148,514 | \$1,218,203 | \$0 | -\$68,700 | \$70,587 | \$0 | \$0 | \$71,576 |
| VL3 | 2026-27 | -\$1,078,825 | \$1,148,514 | \$0 | -\$64,531 | \$66,627 | \$0 | \$0 | \$71,785 |
| VL4 | 2027-28 | -\$1,009,136 | \$1,078,825 | \$0 | -\$60,363 | \$63,901 | \$0 | \$0 | \$73,227 |
| VL5 | 2028-29 | -\$939,447 | \$1,009,136 | \$0 | -\$56,194 | \$59,949 | \$0 | \$0 | \$73,444 |
| VL6 | 2029-30 | -\$869,758 | \$939,447 | \$0 | -\$52,026 | \$55,997 | \$0 | \$0 | \$73,660 |
| VL7 | 2030-31 | -\$800,069 | \$869,758 | \$0 | -\$47,857 | \$53,304 | \$0 | \$0 | \$75,136 |
| VL8 | 2031-32 | -\$730,380 | \$800,069 | \$0 | -\$43,689 | \$49,361 | \$0 | \$0 | \$75,361 |
| VL9 | 2032-33 | -\$660,691 | \$730,380 | \$0 | -\$39,520 | \$45,417 | \$0 | \$0 | \$75,586 |
| VL10 | 2033-34 | -\$591,002 | \$660,691 | \$0 | -\$35,352 | \$42,758 | \$0 | \$0 | \$77,095 |
| VP1 | 2034-35 | \$0 | \$591,002 | \$0 | \$0 | \$113,713 | \$0 | \$0 | \$704,715 |
| VP2 | 2035-36 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP3 | 2036-37 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP4 | 2037-38 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP5 | 2038-39 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | -\$9,046,025 | \$9,046,025 | \$0 | -\$541,100 | \$463,705 | \$0 | \$0 | -\$77,395 |

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



Table 5 - Estimated Financial Impact of the Project Rodeo Project Property Value Limitation Request Submitted to MISD at \$0.88590 M&O Tax Rate

| Year of Agreement | School Year | Project Taxable Value for M&O if No Limitation | Project Taxable Value for M&O with Limitation | Assumed M&O Tax Rate | Tax Savings to Company | School District Revenue Protection | Estimated Net Tax Benefits |
|--------------------|-------------|--|---|----------------------|------------------------|------------------------------------|----------------------------|
| | 2021-22 | \$0 | \$0 | \$0.8859 | \$0 | \$0 | \$0 |
| QTP1 | 2022-23 | \$0 | \$0 | \$0.8859 | \$0 | \$0 | \$0 |
| QTP2 | 2023-24 | \$86,997,500 | \$86,997,500 | \$0.8859 | \$0 | \$0 | \$0 |
| VL1 | 2024-25 | \$185,735,500 | \$40,000,000 | \$0.8859 | \$1,291,071 | -\$1,448,980 | -\$157,909 |
| VL2 | 2025-26 | \$177,398,500 | \$40,000,000 | \$0.8859 | \$1,217,213 | \$0 | \$1,217,213 |
| VL3 | 2026-27 | \$169,061,500 | \$40,000,000 | \$0.8859 | \$1,143,356 | \$0 | \$1,143,356 |
| VL4 | 2027-28 | \$160,724,500 | \$40,000,000 | \$0.8859 | \$1,069,498 | \$0 | \$1,069,498 |
| VL5 | 2028-29 | \$152,387,500 | \$40,000,000 | \$0.8859 | \$995,641 | \$0 | \$995,641 |
| VL6 | 2029-30 | \$144,050,500 | \$40,000,000 | \$0.8859 | \$921,783 | \$0 | \$921,783 |
| VL7 | 2030-31 | \$135,713,500 | \$40,000,000 | \$0.8859 | \$847,926 | \$0 | \$847,926 |
| VL8 | 2031-32 | \$127,376,500 | \$40,000,000 | \$0.8859 | \$774,068 | \$0 | \$774,068 |
| VL9 | 2032-33 | \$119,039,500 | \$40,000,000 | \$0.8859 | \$700,211 | \$0 | \$700,211 |
| VL10 | 2033-34 | \$110,702,500 | \$40,000,000 | \$0.8859 | \$626,353 | \$0 | \$626,353 |
| VP1 | 2034-35 | \$102,365,500 | \$102,365,500 | \$0.8859 | \$0 | \$0 | \$0 |
| VP2 | 2035-36 | \$94,361,000 | \$94,361,000 | \$0.8859 | \$0 | \$0 | \$0 |
| VP3 | 2036-37 | \$89,210,000 | \$89,210,000 | \$0.8859 | \$0 | \$0 | \$0 |
| VP4 | 2037-38 | \$89,210,000 | \$89,210,000 | \$0.8859 | \$0 | \$0 | \$0 |
| VP5 | 2038-39 | \$89,210,000 | \$89,210,000 | \$0.8859 | \$0 | \$0 | \$0 |
| \$9,587,121 | | | | | | -\$1,448,980 | \$8,138,141 |

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

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- **Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3 and HB 1525.**
- **Legislative changes addressing property value appraisals and exemptions.**
- **Year-to-year appraisals of project values and district taxable values.**
- **Changes in school district tax rates and student enrollment.**

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with MISD projected to levy a \$0.22707 per \$100 I&S rate. As shown in the Table 6 below, local taxpayers could benefit from the addition of the Project Rodeo project to the local I&S tax roll. Based on its I&S taxable value per ADA, it does not appear that MISD is eligible for state funding under either the Existing Debt Allotment (EDA) or the Instructional Facilities Allotment (IFA).

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population.



Table 6 - Estimated Impact of the Project Rodeo Project Property Value Limitation Request on MISD I&S Tax Rate

| Year of Agreement | School Year | I&S Rate w/out Project | Local Value w/out Project | I&S Taxes w/out Project | Project Full Taxable Value | I&S Rate with Project Value | Change in I&S Rate |
|-------------------|-------------|------------------------|---------------------------|-------------------------|----------------------------|-----------------------------|--------------------|
| | 2021-22 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$0 | \$0.227070 | \$0.0000 |
| QTP1 | 2022-23 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$0 | \$0.227070 | \$0.0000 |
| QTP2 | 2023-24 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$86,997,500 | \$0.194773 | -\$0.0323 |
| VL1 | 2024-25 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$185,735,500 | \$0.167701 | -\$0.0594 |
| VL2 | 2025-26 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$177,398,500 | \$0.169692 | -\$0.0574 |
| VL3 | 2026-27 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$169,061,500 | \$0.171731 | -\$0.0553 |
| VL4 | 2027-28 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$160,724,500 | \$0.173820 | -\$0.0532 |
| VL5 | 2028-29 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$152,387,500 | \$0.175961 | -\$0.0511 |
| VL6 | 2029-30 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$144,050,500 | \$0.178155 | -\$0.0489 |
| VL7 | 2030-31 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$135,713,500 | \$0.180404 | -\$0.0467 |
| VL8 | 2031-32 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$127,376,500 | \$0.182711 | -\$0.0444 |
| VL9 | 2032-33 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$119,039,500 | \$0.185077 | -\$0.0420 |
| VL10 | 2033-34 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$110,702,500 | \$0.187506 | -\$0.0396 |
| VP1 | 2034-35 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$102,365,500 | \$0.189999 | -\$0.0371 |
| VP2 | 2035-36 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$94,361,000 | \$0.192456 | -\$0.0346 |
| VP3 | 2036-37 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$89,210,000 | \$0.194071 | -\$0.0330 |
| VP4 | 2037-38 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$89,210,000 | \$0.194071 | -\$0.0330 |
| VP5 | 2038-39 | \$0.22707 | \$524,646,116 | \$1,191,314 | \$89,210,000 | \$0.194071 | -\$0.0330 |

IFA and EDA state aid are now based on current-year values, which could affect the tax rate needed for bond payments in districts eligible for these funds.

Attachment E

Taxable Value of Property


Taxes

Property Tax Assistance

2020 ISD Summary Worksheet**161-McLennan /McLennan County****161-909/McGregor ISD**

| Category | Local Tax Roll Value | 2020 WTD Mean Ratio | 2020 PTAD Value Estimate | 2020 Value Assigned |
|---|-----------------------------|----------------------------|---------------------------------|----------------------------|
| A - SINGLE-FAMILY | 241,129,765 | 0.8985 | 268,369,243 | 241,129,765 |
| B - MULTIFAMILY | 10,178,025 | N/A | 10,178,025 | 10,178,025 |
| C1 - VACANT LOTS | 5,172,742 | N/A | 5,172,742 | 5,172,742 |
| C2 - COLONIA LOTS | 0 | N/A | 0 | 0 |
| D1 ACRES - QUALIFIED OPEN-SPACE LAND | 7,070,619 | 1.0864 | 6,508,096 | 7,070,619 |
| D2 - FARM & RANCH IMP | 1,800,960 | N/A | 1,800,960 | 1,800,960 |
| E - NON-AG LAND AND IMPROVEMENTS | 47,657,680 | 0.8988 | 53,023,676 | 47,657,680 |
| F1 - COMMERCIAL REAL | 48,226,010 | 0.9843 | 48,995,235 | 48,226,010 |
| F2 - INDUSTRIAL REAL | 55,492,160 | N/A | 55,492,160 | 55,492,160 |
| G - ALL MINERALS | 0 | N/A | 0 | 0 |
| J - ALL UTILITIES | 25,860,621 | 0.9397 | 27,520,082 | 25,860,621 |
| L1 - COMMERCIAL PERSONAL | 84,676,540 | 1.0296 | 82,242,172 | 84,676,540 |
| L2 - INDUSTRIAL PERSONAL | 89,587,280 | N/A | 89,587,280 | 89,587,280 |
| M1 - MOBILE HOMES | 893,130 | N/A | 893,130 | 893,130 |

| | | | | |
|---|-------------|-----|-------------|-------------|
| N - INTANGIBLE PERSONAL PROPERTY | 0 | N/A | 0 | 0 |
| O - RESIDENTIAL INVENTORY | 1,886,090 | N/A | 1,886,090 | 1,886,090 |
| S - SPECIAL INVENTORY | 5,448,200 | N/A | 5,448,200 | 5,448,200 |
| Subtotal | 625,079,822 | 0 | 657,117,091 | 625,079,822 |
| Less Total Deductions | 101,026,109 | 0 | 111,169,722 | 101,026,109 |
| Total Taxable Value | 524,053,713 | 0 | 545,947,369 | 524,053,713 |

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

| T1 | T2 | T3 | T4 |
|-------------|-------------|-------------|-------------|
| 535,485,692 | 524,053,713 | 535,485,692 | 524,053,713 |

| | |
|--|---|
| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
| 11,431,979 | 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 |
|-------------|-------------|-------------|-------------|
| 535,485,692 | 524,053,713 | 535,485,692 | 524,053,713 |

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 INVALID, BUT LOCAL VALUE WAS CERTIFIED BECAUSE YOUR SCHOOL DISTRICT IS IN YEAR ONE OF THE GRACE PERIOD

161-909-02/McGregor ISD

| Category | Local Tax Roll Value | 2020 WTD Mean Ratio | 2020 PTAD Value Estimate | 2020 Value Assigned |
|---|-----------------------------|----------------------------|---------------------------------|----------------------------|
| A - SINGLE-FAMILY | 241,129,765 | 0.8985 | 268,369,243 | 241,129,765 |
| B - MULTIFAMILY | 10,178,025 | N/A | 10,178,025 | 10,178,025 |
| C1 - VACANT LOTS | 5,172,742 | N/A | 5,172,742 | 5,172,742 |
| C2 - COLONIA LOTS | 0 | N/A | 0 | 0 |
| D1 ACRES - QUALIFIED OPEN-SPACE LAND | 7,070,619 | 1.0864 | 6,508,096 | 7,070,619 |

| | | | | |
|---|-------------|--------|-------------|-------------|
| D2 - FARM & RANCH IMP | 1,800,960 | N/A | 1,800,960 | 1,800,960 |
| E - NON-AG LAND AND IMPROVEMENTS | 47,657,680 | 0.8988 | 53,023,676 | 47,657,680 |
| F1 - COMMERCIAL REAL | 48,226,010 | 0.9843 | 48,995,235 | 48,226,010 |
| F2 - INDUSTRIAL REAL | 55,492,160 | N/A | 55,492,160 | 55,492,160 |
| G - ALL MINERALS | 0 | N/A | 0 | 0 |
| J - ALL UTILITIES | 25,860,621 | 0.9397 | 27,520,082 | 25,860,621 |
| L1 - COMMERCIAL PERSONAL | 84,676,540 | 1.0296 | 82,242,172 | 84,676,540 |
| L2 - INDUSTRIAL PERSONAL | 89,587,280 | N/A | 89,587,280 | 89,587,280 |
| M1 - MOBILE HOMES | 893,130 | N/A | 893,130 | 893,130 |
| N - INTANGIBLE PERSONAL PROPERTY | 0 | N/A | 0 | 0 |
| O - RESIDENTIAL INVENTORY | 1,886,090 | N/A | 1,886,090 | 1,886,090 |
| S - SPECIAL INVENTORY | 5,448,200 | N/A | 5,448,200 | 5,448,200 |
| Subtotal | 625,079,822 | | 657,117,091 | 625,079,822 |
| Less Total Deductions | 101,026,109 | | 111,169,722 | 101,026,109 |
| Total Taxable Value | 524,053,713 | | 545,947,369 | 524,053,713 |

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

| T1 | T2 | T3 | T4 |
|-------------|-------------|-------------|-------------|
| 535,485,692 | 524,053,713 | 535,485,692 | 524,053,713 |

| Loss To the Additional \$10,000 Homestead Exemption | 50 % of the loss to the Local Optional Percentage Homestead Exemption |
|--|--|
| 11,431,979 | 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 |
|-------------|-------------|-------------|-------------|
| 535,485,692 | 524,053,713 | 535,485,692 | 524,053,713 |

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

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

MCGREGOR INDEPENDENT SCHOOL DISTRICT

and

KNAUF INSULATION, INC.

(Texas Taxpayer ID #13825607230)

Comptroller Application #1622

Dated

December 16, 2021

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

STATE OF TEXAS §

COUNTY OF MCLENNAN §

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 **MCGREGOR 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 **KNAUF INSULATION, INC.**, Texas Taxpayer Identification Number 13825607230 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 June 24, 2021, the Superintendent of Schools of the McGregor 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 June 24, 2021, 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 30, 2021 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 McLennan County Appraisal District established in McLennan County, Texas (the “McLennan 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 13, 2021, 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 16, 2021, 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 16, 2021, 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 14, 2021, 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 16, 2021, 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 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, as amended.

“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 Knauf Insulation, Inc., (*Texas Taxpayer ID #13825607230*), 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 June 24, 2021. 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 McLennan County Appraisal District.

“Board of Trustees” means the Board of Trustees of the McGregor 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 McLennan County, Texas.

“District” or “School District” means the McGregor 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 B 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 acts of God, war, fires, explosions, hurricanes, floods, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within 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 the 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 313.027 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 42, 48, and 49 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 for each and every year of this Agreement, 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 includes any and all 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. For each year of this Agreement, the “Applicable School Finance Law” shall be interpreted to include all provisions made applicable for any calculations made for the specific year for which calculations are being made.

“Average Weekly Wage” means, for the purposes of Sections 2.5(C) and 9.1E of the Agreement, the total compensation paid to the employees with Non-Qualifying Jobs. This includes all wages, tips and other compensation reported or reportable on the employee’s W-2 (IRS) Wage and Tax Statement during the reporting period, regardless of when services were performed. In

calculating the Average Weekly Wage for purposes of establishing compliance with this Agreement, Applicant may include compensation, bonuses, stock options, severance pay, the cash value of meals and lodging, tips and other gratuities, and employer contributions to deferred compensation plans. As used in this definition, Average Weekly Wage also includes all commissions, and cash values or other remuneration received in any medium other than cash. However, Applicant may not report as wages, for purposes of compliance, employer contributions to old-age, survivors, and disability insurance; health insurance; unemployment insurance; workers' compensation; and private pension and welfare funds are not reported as wages. Employee contributions deducted from gross pay for the same purposes, however, as well as money withheld for income taxes, and so forth, may be reported, even though they are deducted from the worker's gross pay.

"Lost M&O Revenue" means 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 first year of the Tax Limitation Period and ending on December 31st of the last year of the Tax Limitation Period set forth in Section 4.2 of this Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to 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 Chapters 42 and 48 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 the District's 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 49 of the TEXAS EDUCATION CODE.

"New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have actually received for such school year if calculated using prior year taxable values. For purposes of this calculation for any such school year, to the extent Section 48.256(d) of the TEXAS EDUCATION CODE as said statute exists on the date of this Agreement or is otherwise effective and applicable to this Agreement and such school year, the Third Party (as defined in Section 4.3) will base its calculations upon the total Taxable Values for the preceding Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District's maintenance and operations ad valorem tax purposes, including the Applicant's Qualified Property subject to this Agreement.

"Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the Tax Year, under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the ad valorem maintenance & operations tax at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable

values for the prior school year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property for the prior school year subject to this Agreement. In this calculation, the total appraised value of the Qualified Property subject to this Agreement will be used for the Qualified Property in lieu of the property's M&O taxable value. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant's Qualified Property will be used for the Qualified Property in lieu of the property's M&O taxable value.)

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 30, 2021, 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 16, 2021.

C. The Qualifying Time Period for this Agreement:

i. Starts on December 16, 2021 the Application Approval Date; and

ii. Ends on December 31, 2023, 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, 2024, the first complete Tax year that begins after the end of the Qualifying Time Period; and

ii. Ends on December 31, 2033.

E. The Final Termination Date for this Agreement is December 31, 2038.

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 Section 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. Forty Million Dollars (\$40,000,000)

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 313.022(b) 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 \$ 40,000,000.00 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 \$972.75 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 property used for manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in this Agreement, 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 in each year of this Agreement to the extent resulting from or on account of, at least in part, entering into this Agreement and application of the Tax Limitation set out in section 2.4 of this Agreement for which this Agreement was a proximate and producing cause. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. It is the intent of the Parties that the risk of any and all negative financial consequences to the District's total annual Maintenance and Operations Revenue arising out of this Agreement, to the extent allowed by law, will be borne solely by Applicant and not by District.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may well periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement; ii) are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation (or interpretation thereof), or by judicial decision at any time; and, iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. The "Lost M&O Revenue" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

- A. Notwithstanding any other provision in this Agreement, the Lost M&O Revenue owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.
- B. In making the calculations 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 as that law exists for each year for which the calculation is made.
 - 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, the negative number will be considered to be zero.
 - iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, the New M&O Revenue will reflect the Tax Limitation Amount stated in Section 2.4 for such year.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") approved each year by the District. To the extent not inconsistent with a statutory change to Applicable School Finance Law, all calculations made by the Third Party under this Agreement shall be made using 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 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2 and Article VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 which exceeds Fifteen Thousand Dollars (\$15,000.00). For any Tax Year outside of the Tax Limitation Period, Applicant shall not be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 which exceeds Seven Thousand Five Hundred Dollars (\$7,500.00).

Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the

Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in 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, because of its participation in this Agreement, Applicant shall make payments to District, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, 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 4.9. RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations prepared and delivered pursuant to Section 4.7, the Applicant may appeal the findings, in writing, to the Third-Party Consultant within thirty (30) District business days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.7 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) District business days of receipt of the Applicant's appeal, the Third- Party Consultant will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any such appeal by the Applicant of the final determination of the Third-Party Consultant may be made, in writing, to the District's Board of Trustees within thirty (30) District business days of the Applicant's receipt of the Third- Party Consultant's final determination of the certification containing the calculations in accordance with District Policy GF (Local) and exhaustion of administrative remedies under District Policy GF (Local) shall be a condition precedent to the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. REVENUE PROTECTION PAYMENT FOR FIRST YEAR OF LIMITATION. The parties agree that the amount calculated by the third party under Article IV of this Agreement for the first year of the Tax Limitation Period will be paid to the school district in three equal installments. Each installment payment is due on or before the January 31 next following the tax levy for each of the first three years of the Tax Limitation Period. All payments made by the Applicant to the District under

this Section 4.10 will be independent of, and in addition to any payments due in the future from the Applicant to the District under the Tax Limitation Agreement.

Section 4.11. 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) exceed the amount described in said clause (ii), then the payments otherwise due in future years from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV and 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. Amounts payable under this Section shall also include all costs incurred by the District in connection with the administration of any election in the District held in order to comply with the Districts obligations to comply with the requirements of Chapter 49, Texas Education Code, or any successor statute.

ARTICLE VI
SUPPLEMENTAL PAYMENTS AND
GENERAL RIGHTS AND OBLIGATIONS OF THE PARTIES

Section 6.1. SUPPLEMENTAL PAYMENTS.

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be

responsible for the supplemental payments set forth in this Article VI, (the “Supplemental Payments”). It is the express intent of the Parties that the Applicant’s obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

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

Section 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 Application;

B. Supplemental Payments may only be made during the period starting the first year 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 Average Daily Attendance for the previous school year.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO ANNUAL PAYMENT LIMIT.

A. Applicant shall pay to the District the Supplemental Payments set forth on the following schedule on the payment due dates shown on the following schedule:

| Tax Year | Payment Due Date | Amount of Supplemental Payment |
|-----------------|-------------------------|---------------------------------------|
| 2021 | January 31, 2025 | \$100 times Prior Year ADA |
| 2022 | January 31, 2025 | \$100 times Prior Year ADA |

| | | |
|------|-------------------|----------------------------|
| 2023 | January 31, 2025 | \$100 times Prior Year ADA |
| 2024 | January 31, 2025 | \$100 times Prior Year ADA |
| 2025 | January 31, 2026 | \$100 times Prior Year ADA |
| 2026 | January 31, 2027 | \$100 times Prior Year ADA |
| 2027 | January 31, 2028 | \$100 times Prior Year ADA |
| 2028 | January 31, 2029 | \$100 times Prior Year ADA |
| 2029 | January 31, 2030 | \$100 times Prior Year ADA |
| 2030 | January 31, 2031 | \$100 times Prior Year ADA |
| 2031 | January 31, 2032 | \$100 times Prior Year ADA |
| 2032 | January 31, 2033 | \$100 times Prior Year ADA |
| 2033 | January 31, 2034 | \$100 times Prior Year ADA |
| 2034 | January 31, 2035 | \$100 times Prior Year ADA |
| 2035 | January 31, 2036 | \$100 times Prior Year ADA |
| 2036 | December 31, 2036 | \$100 times Prior Year ADA |

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.3, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

C. The payment of all amounts due under this Article shall be made and shall be paid on the same date established by Section 4.6 for such Tax Year.

Section 6.5. DISTRICT’S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the District’s Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant’s payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District’s Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery

of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Supplemental Payments calculated as described above.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate, 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 ninety-six (96) 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 recapture 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 thirty (30) 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 thirty (30) 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 McLennan 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 McLennan 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 thirty (30) days provided for such payment 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 7.1 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 thirty (30) 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 \$40,000,000 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 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:

James Lenamon
Superintendent
525 Bluebonnet Pkwy

McGregor, TX 76657;
Phone: (254) 840-2828
Email: jlenamon@mcgregor-isd.org

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

Jeff Brisley
One Knauf Drive
Shelbyville, IN 46176
Phone: (317) 421-8555
Email: jeff.brisley@knaufinsulation.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.

A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

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 McLennan 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 mannerso 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 and Comptroller's office 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.

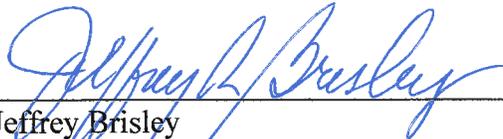
A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing 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:

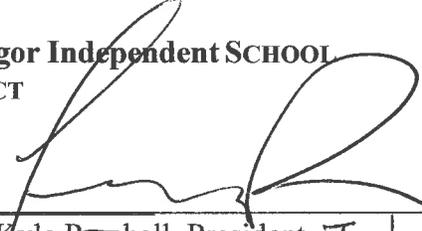
- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of 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).

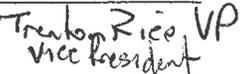
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 16th day of December, 2021

Knauf Insulation, Inc.

By: 
Jeffrey Brisley
SVP – Strategic Business Development

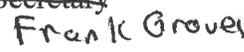
McGregor Independent SCHOOL DISTRICT

By: 
Kyle Paschall, President
Board of Trustees


Trebor Rice VP
Vice President

ATTEST


Mary Jo Williams, Secretary
Board of Trustees


Frank Groves

Knauf Insulation, Inc.

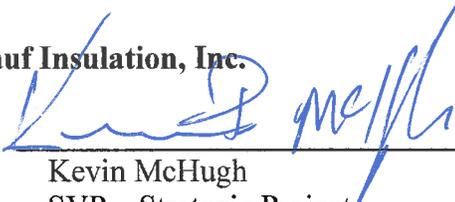
By: 
Kevin McHugh
SVP – Strategic Projects

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

-

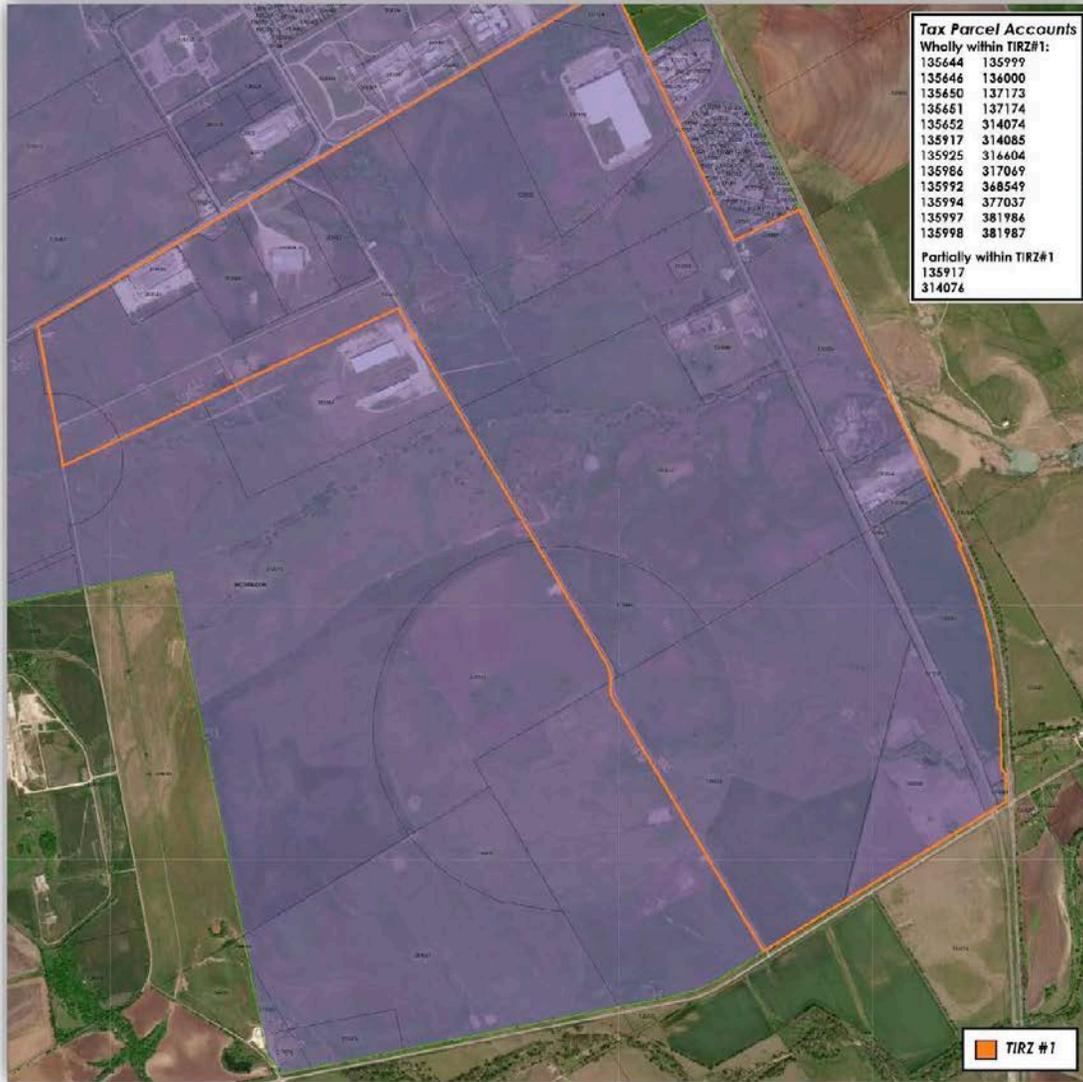
On November 18, 2019, the City of McGregor adopted an Order creating the McGregor Tax Increment Reinvestment Zone (TIRZ) #1, Preliminary Project and Financing Plan. The Resolution and Order designating the McGregor Tax Increment Reinvestment Zone (TIRZ) #1, Preliminary Project and Financing Plan is attached to this Exhibit 1. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the McGregor Tax Increment Reinvestment Zone (TIRZ) #1, Preliminary Project and Financing Plan and the McGregor Independent School District.

Reinvestment Zone

Location and Legal Descriptions of Properties

Evidence that the area qualifies as an enterprise zone as defined by the Governor's Office - Not Applicable

Legal Description of Parcels Affected by Reinvestment Zone



Reinvestment Zone Number One, City of McGregor (TIRZ#1)

LEGAL DESCRIPTION

BOUNDS DESCRIPTION OF AN APPROXIMATE 1,600 ACRE TAX INCREMENT REFINANCE ZONE TRACT

LOCATED IN THE H. & W. R. HANDLEY SURVEY, ABSTRACT 1029, THE JESSIE RUSSEL, SR. SURVEY, ABSTRACT 743 AND THE B.C. WALTERS, JR. SURVEY, ABSTRACT 092, AND THE JOHN L. JOHNSON SURVEY, ABSTRACT 484, IN THE CITY OF MCGREGOR, MCLENNAN COUNTY, TEXAS.

BEGINNING AT A POINT AT THE WEST END OF A CUT-BACK LINE IN THE WEST RIGHT-OF-WAY LINE OF STATE HIGHWAY 317 (SOUTH MAIN STREET) AT ITS INTERSECTION WITH THE NORTH RIGHT-OF-WAY LINE OF WEST BLUEBONNET PARKWAY;

THENCE AN APPROXIMATE DISTANCE OF 8,600 FEET IN A WESTERLY DIRECTION WITH THE NORTH RIGHT-OF-WAY LINE OF WEST BLUEBONNET PARKWAY, PASSING JOHNSON DRIVE AND JUDITH LANE TO A POINT AT THE NORTHERLY PROJECTION OF THE WEST OCCUPATION LINE OF AN OLD PAVED ROAD AND ENTRANCE TO CITY OF MCGREGOR WATER WELL NO. 2-B FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 2,000 FEET IN A SOUTHERLY DIRECTION PARTWAY WITH THE SAID WEST OCCUPATION LINE OF THE OLD PAVED ROAD AND PARTWAY WITH THE WEST OCCUPATION LINE OF MCGUFFEY ROAD TO A POINT IN THE SOUTH RIGHT-OF-WAY LINE OF THE OLD GULF COLORADO AND SANTA FE RAILWAY COMPANY AND ST. LOUIS SOUTHWESTERN RAILWAY COMPANY OF TEXAS RECORDED IN VOLUME 623, PAGE 133 OF THE DEED RECORDS OF MCLENNAN COUNTY, TEXAS FOR A CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 5,100 FEET IN AN EASTERLY DIRECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID RAILWAY TRACT TO A POINT 50 FEET WEST OF THE CENTER OF JUDITH DRIVE FOR A CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 10,000 IN A SOUTHERLY DIRECTION ALONG A LINE 50 FEET WEST OF AND PARALLEL WITH THE CENTER OF JUDITH DRIVE TO A POINT IN THE PRESENT CITY LIMIT LINE OF MCGREGOR ALONG FARM-TO-MARKET ROAD 2671 (MOTHER NEFF PARKWAY) FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 3,900 FEET IN AN EASTERLY DIRECTION WITH SAID CITY LIMIT LINE, PARTWAY WITH FARM-TO-MARKET ROAD 2671, PASSING STATE HIGHWAY 317 AND CONTINUING WITH MCGREGOR SOUTH LOOP TO A POINT IN THE WEST RIGHT-OF-WAY LINE OF THE BURLINGTON NORTHERN & SANTA FE RAILROAD FOR A CORNER OF THE CITY LIMIT AND THE MOST SOUTHERLY SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 8,500 FEET IN A NORTHERLY DIRECTION WITH THE EXISTING CITY LIMIT LINE, SAME BEING THE WEST RIGHT-OF-WAY LINE OF THE BURLINGTON NORTHERN & SANTA FE RAILROAD TO A POINT FOR THE SOUTHEAST CORNER OF MCGINLEY ADDITION FOR A CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 1,000 FEET IN A WESTERLY DIRECTION WITH THE SOUTH LINE OF THE MCGINLEY ADDITION TO A POINT IN THE EAST RIGHT-OF-WAY LINE OF STATE HIGHWAY 317 FOR THE SOUTHWEST CORNER OF THE MCGINLEY ADDITION AND THE HEREIN DESCRIBED TRACT;

THENCE AN APPROXIMATE DISTANCE OF 3,900 FEET IN A NORTHERLY DIRECTION WITH THE EAST RIGHT-OF-WAY LINE OF STATE HIGHWAY 317 TO A POINT FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE IN A WESTERLY DIRECTION CROSSING STATE HIGHWAY 317 ALONG THE PROJECTED NORTH RIGHT-OF-WAY LINE OF WEST BLUE BONNET PARKWAY, RETURNING TO THE POINT OF BEGINNING AND CONTAINING APPROXIMATELY 1,600 ACRES OF LAND. THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL JURISDICTION FOR WHICH IT WAS PREPARED. ALL DISTANCES CITED WITHIN THIS DESCRIPTION WERE SCALED FROM AERIAL IMAGERY AND ARE CONSIDERED APPROXIMATE.



RESOLUTION R-10-19

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MCGREGOR, TEXAS
APPROVING AND ADOPTING A PRELIMINARY REINVESTMENT ZONE
PROJECT AND FINANCING PLAN**

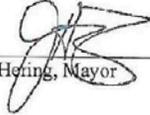
WHEREAS, the adoption of a preliminary reinvestment zone financing plan is a prerequisite to the creation of a reinvestment zone for tax increment financing purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCGREGOR, TEXAS AS FOLLOWS:

Section 1. That the document attached hereto and marked as **Exhibit "A"** which is identified as MCGREGOR TAX INCREMENT REINVESTMENT ZONE (TIRZ) #1, PRELIMINARY PROJECT AND FINANCING PLAN is hereby adopted by the City Council of the City of McGregor.

PASSED on this the 18th day of November, 2019.

CITY OF MCGREGOR, TEXAS

By: 
Jim Hering, Mayor

ATTEST:

City Secretary



**PRELIMINARY REINVESTMENT ZONE NUMBER ONE
McGREGOR, TEXAS**

**McGREGOR TAX INCREMENT REINVESTMENT
ZONE (TIRZ#1)
*PRELIMINARY PROJECT AND
FINANCING PLAN***

November 14, 2019



Page | 57

**REINVESTMENT ZONE NUMBER ONE
CITY OF MCGREGOR, TEXAS**

McGREGOR TAX INCREMENT REINVESTMENT ZONE #1

Preliminary Project Plan and Reinvestment Zone Financing Plan

**I
INTRODUCTION**

The purpose of the Preliminary Project Plan and Reinvestment Zone Financing Plan (the “Plan”) for Reinvestment Zone Number One, City of McGregor, Texas known as the McGREGOR TAX INCREMENT REINVESTMENT ZONE #1 (“McGregor TIRZ#1” or the “TIRZ”) is to establish a project and financing plan to facilitate the development of an approximately 1,600 acre industrial park which is part of a larger 8,000 acre city owned industrial park. The City initially acquired approximately 9,000 acres which was a former military base in 1997. Over the last 22 years, the City has been working with developments to facilitate construction of new industries and educational facilities within the Industrial Park. The intent of the Plan is to ensure that the redevelopment of the area and accompanying improvements will result in the long-term stability and viability of the area.

**II
OVERVIEW**

Reinvestment Zone Number One, City of McGregor, Texas, also known as McGregor TIRZ#1 will be created by City Ordinance for the purposes of revitalization and development of the area. This approximate 8,000-acre City owned industrial park is large geographically, and there are areas within the boundary that are underdeveloped, or vacant. Of the 1600 acres to be included in the TIRZ boundary, approximately 1261 acres is vacant, underdeveloped land or underutilized industrial property which impairs the redevelopment of the area for additional commercial uses. Creating the TIRZ will provide a tool that can be used to attract development to the area and turn around the decades of vacant underdeveloped properties while also facilitating new infrastructure, roads and thereby creating jobs and enhancing the quality of development for the area in a timely manner.

This Project Plan and Reinvestment Zone Financing Plan is required as a part of the TIRZ creation process. Consistent with the Project and Financing Plan, the TIRZ may facilitate redevelopment of blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed real property or other property in a blighted area, the provision of public works or public facilities, or other public purposes; and/or acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, or other lawful City of McGregor facilities to support the eligible items listed in Chapter 311 of the Texas Tax Code, which may be amended from time to time.

Multiple public partners are anticipated to participate in the TIRZ. The public partners will include McLennan County and McLennan Community College District. Their tentative participating levels are projected at 75% of the increased tax values and revenues and the partners will retain 25% of the revenues that would not be created without the TIRZ. The City is planning on participating at 75%. **The financing of the project will be based on the participation levels and developer agreements at the time they are executed.**

The proposed zone will encompass an estimated 1600 acres located west of Main Street (SH317), South of Bluebonnet Plant Road, East of Judith Road and north of Mother Neff Parkway (FM2671). (See Exhibit “3” McGregor TIRZ#1 Boundary and Vicinity Map)

Section 2.01 Criteria for Designation of a Reinvestment Zone

Based upon an assessment of the area, there is approximately 1600 acres of vacant, undeveloped, or underdeveloped land. “**But For**” the creation of the TIRZ the area may continue to lag in development for the foreseeable future. The property is located within the City of McGregor Industrial Park. The TIRZ area meets the requirements stated in Chapter 311.005 of the Texas Tax Code, for the following reasons:

- a) The area substantially arrests or impairs the sound growth of the City of McGregor, and is menace to the public health, safety, morals, or welfare in its present condition and use because of the scale of vacant, undeveloped or underdeveloped properties, lack of infrastructure and facilities in the area limits the ability to provide municipal services in an efficient and effective manner.
- b) Development will not occur in the area solely through private investment in the reasonably foreseeable future, and the infrastructure improvements necessary to serve development in the area are needed to attract development and significantly enhance the value of all the taxable real property in the zone

Section 2.02 Preliminary Project Plan Summary

The Preliminary Project Plan contemplates redevelopment and development within the zone as a result of the creation of the TIRZ Zone. The Preliminary Project Plan currently estimates a conservative Captured Appraised Value (“CAV”) over the next 30 years based on a 2% growth in real property values. This projected new CAV is based on a conservative projection of appreciation; however, the actual real property revenue growth will be used to finance project improvements.

- a) Of the estimated 1600 acres within the proposed TIRZ boundary, there are approximately 1261 acres of vacant, underdeveloped land that provide an opportunity for revitalization of those tracts.
- b) The 2019 base year value for the zone, based on County Appraisal District Pre-Certified Tax Rolls is estimated at \$51 million. There is public owned and privately-owned property proposed within the Zone boundaries. The publicly owned property includes 1160 acres and is currently tax exempt but conservatively estimated to be \$28 million in value. The private owned property includes 391 acres and is on the tax rolls at an estimated \$23 million. The estimated base year value is \$51 million and is subject to further appraisal district review.

- c) This Project Plan assumes a very conservative development projection, based on 2% annual appreciation over the life of the zone.

Section 2.03 Public Works

The Zone desires to acquire, construct, reconstruct, or install public works, facilities, or sites or other public improvements, including utilities, streets, paving, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, or parking facilities, but not including educational facilities;

Section 2.04 Cultural and Public Facilities

The Zone desires to promote the development of all lawful eligible public improvements for the economic development of the area under Chapter 311 of the Texas Tax Code. The Zone and the City may use any available legal authority to facilitate the purchase and assembly of property to accomplish the development of such public facilities and economic development in the area surrounding such facilities.

Section 2.05 Existing Land Use and Zoning Within the Zone

Exhibit 4 is a map of existing land uses within the Zone boundary. Exhibit 5 is the existing zoning designation pursuant to Chapter 311.011(b) (1) of the Texas Tax Code.

Section 2.06 Estimated Non-Project Cost Items

The City is also creating a Tax Abatement District Boundary covering 215 acres in support relief for the Personal Property of the proposed development within the Zone.

The City is also considering creating an overlapping “Chapter 380/381” District Boundary that could be used for financing non-public works projects essential to the creation of the Zone.

Section 2.07 Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and other Municipal Ordinance

The current Zoning designation are shown in Exhibit 5, Existing Zoning and is predominantly industrial of some type. The development proposed within the TIRZ #1 Boundaries will comply with the Zoning Ordinance, the Comprehensive Plan and Building Codes.

Section 2.08 Statement of Method of Relocating Persons to be Displaced as a Result of Implementing the Plan

It is not anticipated that residents will be displaced by any of the projects to be undertaken by the Zone.

III FINANCING PLAN

Section 3.01 Estimated Project Costs»

Exhibit 1 is a detailed listing of the proposed Project Costs including administrative and non-project costs. The budget for the Financing Plan will be adjusted annually according to the Engineering News Record Construction Cost Index (ENR Index) on an annual basis. Revenue ProjectionsEstimated Revenue Schedule»

Exhibit 2 is the Revenue Schedule for the Zone area. The estimate details the expected total appraised value, the CAV and the net revenue from each taxing entity participating in the zone over the life of the zone.

Section 3.03 Bond Indebtedness/Methods of Financing»

2020-2025 preliminary project costs are estimated at \$45.7 million plus financing costs. Bonds may be required to implement the Project and Financing Plan over the next 30 years. Any associated costs of issuance will be determined at the time of the actual transaction(s). Bond financing is anticipated throughout the term of the Zone.

Section 3.04 Economic Feasibility Study»

Exhibit 7 is the Market and Economic Analysis for the Zone produced by the Greater Waco Chamber of Commerce. The Economic Impact of the Proposed Project prepared by the Greater Waco Chamber of Commerce using Total Impact DataSource projects:

- a) The Project's operations are projected to support employment and other economic impacts in the community. The 164.0 workers directly employed by the Project will earn approximately \$54,000 per year on average over the next 10 years. This direct activity will support 167.2 indirect and induced workers in the community earning \$47,000 on average over the next 10 years.
- b) The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$152.0 million over the next 10 years. Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$85.2 million in taxable sales over the next 10 years.
- c) The Project's operations will support employment and other economic impacts in the community. The 164.0 workers directly employed by the Project will earn approximately \$54,000 per year on average over the next 10 years. This direct activity will support 167.2 indirect and induced workers in the community earning \$47,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$152.0 million over the next 10 years.
- d) Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$85.2 million in taxable sales over the next 10 years.

- e) The proposed project will act as another catalytic project for this unique former military installation. The proposed project will also attract additional industries to the 1600 acres of vacant or underdeveloped tracts of land. In addition, the proposed improvements outlined in the TIRZ Budget will also facilitate additional rail served and truck served industries.
- f) The proposed project investment in years 2020 to 2023 is estimated to be \$220 million in real property.

Section 3.05 Reinvestment Zone Duration

The Zone will be created for a period expiring on December 31, 2050 or upon completion of the Project and Financing Plan.

Section 3.06 Project Public Improvements Statement

Exhibit 1 is a statement listing the kind, number and location of all project public improvements pursuant to Section 311.011(c)(2) of the Texas Tax Code.

Section 3.07 Appraised and Assessed Value

Current total appraised value and estimated current assessed value are provided pursuant to Section 311.011(c) (7-8) of the Texas Tax Code and shown in Exhibit 2.

ORDINANCE O-21-19

**AN ORDINANCE OF THE CITY OF MCGREGOR, TEXAS
ADOPTING TAX ABATEMENT GUIDELINES AND
ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, notice of a public hearing on the adoption of property tax abatement guidelines was duly given, and a public hearing was held at which persons were given the opportunity speak for or against tax abatement and the tax abatement guidelines; and

WHEREAS, the City of McGregor has elected to become eligible to participate in tax abatement under Chapter 312 of the Tax Code; and

WHEREAS, Chapter 312 of the Tax Code contains various requirements relating to municipal tax abatement; and

WHEREAS, Chapter 312 of the Tax Code also requires that a municipality participating in tax abatement must adopt guidelines and criteria governing tax abatement agreements entered into by the municipality; and

WHEREAS, the City Council finds it necessary and proper to adopt guidelines which both serve as a guide to the legal requirements for tax abatement and establish criteria and requirements for tax abatement.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCGREGOR, TEXAS AS FOLLOWS:

Section 1. The “City of McGregor Tax Abatement Guidelines” attached hereto as **Exhibit “A”**, and incorporated by reference herein, are ADOPTED and shall govern the City’s participation in tax abatement under Chapter 312 of the Texas Property Tax Code.

Section 2. This Ordinance [and the Tax Abatement Guidelines adopted hereby] is effective on passage.

PASSED on this the 18th day of November, 2019.

CITY OF MCGREGOR, TEXAS

By: 
Jim Hering, Mayor

ATTEST:


City Secretary



Tax Abatement Guidelines

CITY OF MCGREGOR, TEXAS TAX ABATEMENT GUIDELINES

1. Purpose. To serve as a guide to City Staff in complying with the required procedures for participation in tax abatement under Chapter 312 of the Tax Code and to establish criteria and standards for tax abatement agreements entered into by the City.

2. Reinvestment Zones.

2.1 General. Tax abatement can ONLY be granted with regard to property located within a properly designated Reinvestment Zone. Thus, as an initial matter it must be confirmed that the property is within a Reinvestment Zone previously designated by the City. If it is not, a Reinvestment Zone must be created before any tax abatement agreement is reached.

2.2 Criteria for Reinvestment Zone. The statutory criteria for an area to be designated as a Reinvestment Zone are listed in Section 312.202 of the Tax Code. The listed criteria that will normally be applicable is that the area must “be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.” However, in some cases other criteria may be applicable, such as the area being in need of Reinvestment due to urban blight. Residential tax abatement is also provided for in Chapter 312 under certain conditions. The term “reinvestment zone” includes an “enterprise zone” designated under Chapter 2303 of the Government Code.

2.3 Process for Designating a Reinvestment Zone.

A. Designation of a Reinvestment Zone is by Ordinance. The ordinance designating a reinvestment zone must: Describe the boundaries of the zone; Find that the property meets the criteria for a zone (Section 312.202, Tax Code); State that the property within the zone is eligible for commercial-industrial tax abatement; and Make the findings required to be made after the public hearing (discussed below).

The property description must be a legal description. In most cases a zone will be designated that is coextensive with the property for which tax abatement is sought rather than designating an area wherein multiple properties are located.

The specific criteria under which the zone is being created must be stated.

B. Published Notice and Public Hearing Required. To be eligible for designation as a reinvestment zone, the City Council must hold a public hearing on the designation. At the hearing, interested persons are entitled to speak and present evidence for or against the designation. See § 312.201, Property Tax Code. Not later than the 7th day before the date of the hearing, notice of the hearing must be published in a newspaper of general circulation in the municipality; written notice must be given to the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.

Notice to the presiding officer of the governing body is considered notice to the governing body. After holding the public hearing, the City Council must make a finding that the improvements sought are feasible and practical and would be a benefit to the land included in the zone and to the City after the expiration of any tax abatement agreement. This finding will be contained in the Designation Ordinance.

3. Tax Abatement. Tax abatement can only be granted to an eligible property under a written Tax Abatement Agreement approved by the City Council. The abatement granted is only with regard to a percentage of the added taxable value (per the appraised value assigned by the McLennan County Appraisal District) created by the real property improvements and/or personal property additions on the land within the zone. The increase is calculated by reference to the Base Year, which is the year in which the Tax Abatement Agreement is entered into by the City and the Owner. The Base Year Value is based on the appraised value assigned by the McLennan County Appraisal District. Tax abatement is available with regard to qualifying projects for both new facilities and structures and for the expansion or modernization of existing facilities and structures. The term of a Tax Abatement Agreement cannot exceed 10 years. The City can provide tax abatement for the value of personal property, equipment or fixtures on Owned by the Lessee of the property upon which the personal property, equipment or fixtures are located. Abatement is not granted to the owner of the leased property.

4. Application for Tax Abatement

4.1 The property owner must generally file an application for tax abatement with the City Manager for a tax abatement to be considered by the City Council.

4.1.1 Exception. The City Council may consider as a tax abatement application a submittal which contains a description of the property, the proposed improvements and additions, any employment positions to be created or maintained, abatement terms, percentages and conditions, and other information included therein based on negotiations by City officials and legal counsel with the business, in lieu of requiring an application.

4.1.3 An Application for Tax Abatement must include the following:

- a. a legal description and common description of the real property for which tax abatement is sought;
- b. a description of any personal property for which tax abatement is sought;
- c. the proposed capital improvements to the property and any proposed additions of personal property thereon over and above what exists on the property at the date of the Application and any proposed increases in employment or retention of jobs which the Applicant is proposing as incentive for the grant of the tax abatement. This shall include the number of jobs, average wage of jobs, employment benefits to be provided, and a commitment to retain the jobs throughout the abatement period;

- d. the name, address, and telephone number of the applicant;
- e. if the applicant is other than a natural person, identification of the form of the entity and a copy of the articles of incorporation, partnership agreement, or other document establishing the entity must be provided. Where the applicant is other than a natural person, a certificate of good standing from the State Comptroller shall be provided, and a verification of the entity's status from the State Secretary of State shall be provided where applicable;
- f. the applicant must provide a current tax certificate showing that all property taxes due on the property have been paid;
- g. the applicant must provide a statement of the taxable value of the property and personal property thereon as shown on the assessment for the year of the application, and must state the estimated increase in the taxable value from its project;
- h. the Application must disclose any discharges of pollutants which are expected to accompany the Applicant's operations on the property; and
- i. the applicant shall provide a map showing the property, and the location of proposed improvements.; and
- j. estimated water and sewer requirements for the project shall be identified.

5. Tax Abatement Agreements

5.1 Tax Abatement Agreements must, by statute, contain the following terms and conditions:

- (a) list the kind, number, and location of all proposed improvements of the property;
- (b) provide access to and authorize inspection of the property by City employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
- (c) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
- (d) provide for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
- (e) contain each term agreed to by the owner of the property;
- (f) require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement; and

(g) provide that the governing body of the City may cancel or modify the agreement if the property owner fails to comply with the agreement.

See §§312.205 and 312.206, Tax Code. See Also §312.402, Tax Code. In addition, all Tax Abatement Agreements shall require compliance of the Project with applicable federal, state and local laws; including municipal zoning. The Owner must also certify that entering into the Tax Abatement Agreement will not conflict with any other binding Agreement to which the Owner is a party. If an existing development agreement exists between the Owner and the City for the Property, it is modified by operation of these Guidelines to allow for the operations and facilities contemplated herein.

5.2 An Owner must stay current on the unabated portions of property taxes on the property. Failure to do so may result in termination of the Tax Abatement Agreement.

5.3 The Tax Abatement Agreement will contain other provisions as required by the City or its legal counsel.

5.4 The duration of a tax abatement shall not exceed ten (10) years.

5.4 The Base Year Value of the property, the percentage of abatement, and the length of abatement shall be clearly set forth in the Agreement.

5.4 The "Base Year Value" is the taxable value of the property for the tax year in which the Agreement is executed.

5.5 The abatement provided by a Tax Abatement Agreement is only for the increase of the taxable value over the Base Year Value caused by the improvements and additions made by the property owner to the property which are specifically set forth in the Agreement. The abatement shall not be applied to improvements or personal property located on the property before the Tax Abatement Agreement is executed, or which are not included in the improvements or additions expressly described in the Tax Abatement Agreement. The abatement provided by the Tax Abatement Agreement shall not apply to inventory or supplies.

5.6 A Tax Abatement Agreement will generally take effect on January 1 of the next year after the improvements and/or additions are completed. A certificate of completion must be provided to the City Judge upon (or the entity administering compliance) completion of the improvements/additions. "Completion" is subject to independent verification of completion by the City (and the municipality if in a municipal reinvestment zone).

5.7 The Abatement Period may be started during construction if the parties so agree in the Tax Abatement Agreement.

5.8 The start of the Abatement Period may be deferred to a later year if the parties agree to such in the Tax Abatement Agreement.

5.9 All Tax Abatement Agreements must be approved by the City Attorney.

6. Guidelines of General Application

6.1 No member of the City Council may have an interest in property to be included in a reinvestment zone, or property for which a tax abatement is granted by the City.

6.2 No tax abatement agreement is effective until formally approved by the City Council and fully executed by all parties. NO TAX ABATEMENT CAN BE GRANTED FOR PROPERTY THAT IS NOT LOCATED WITHIN A PROPERLY ESTABLISHED REINVESTMENT ZONE.

6.3 Tax abatement will only be granted for increases in the taxable value of the property over the Base Year Value as defined in these Guidelines, and only for increases in value caused by improvements/additions identified in the applicable tax abatement agreement. The term improvements/additions include both new structures and facilities and the expansion and modernization of existing structures or facilities. In some situations, involving leases—the applicable Base Year value may be zero. According to Section 312.402 (a-3) of the Tax Code the value of fixtures and personal property placed on the leased property is what is considered for abatement.

6.4 There can be no implied promise to grant tax abatement, and tax abatement may only be granted by the City Council by formal action, taken by the City Council as a body, which approves the same.

6.5 Meetings at which a tax abatement is considered by the City Council must be posted and held in accordance with the Open Meetings Act (Chapter 551 of the Government Code). (added by H.B. 3143, 2019) The City Council must give the public notice of the meeting at which the City Council will consider approval of a Tax Abatement Agreement. The notice is posted for the meeting in the manner required by the Texas Open Meetings Act (Ch. 551, Texas Government Code) at least 30 days before the time of the meeting scheduled to consider the Tax Abatement Agreement. The Notice must contain:

- 1) The name of the property owner and the name of the applicant for the Tax Abatement Agreement;
- 2) The name and location of the Reinvestment Zone where the subject property is located;
- 3) A general description of the improvements or repairs required to be made under the Tax Abatement Agreement; and
- 4) The estimated cost of the improvements or repairs.

6.6 The conflict of interest provisions of Chapter 171 of the Local Government Code apply to actions taken by the City Council on any tax abatement.

6.7 The term and percentages of tax abatement for a project are based on rational review of the economic development benefits received, and other factors.

The proposed term/percentages should primarily be a function of the level of improvements/additions and job creation/retention. Proposals which include significant job creation/retention shall generally have priority over those which involve only improvements/additions to property. Another factor shall be the quality of the jobs proposed. Generally, a proposed abatement involving creation of near minimum wage jobs should be accorded less favorable abatement than one involving provision of jobs having more attractive wages and benefits.

Development in the McGregor Industrial Park is favored; as is the fact that such places the land back on the tax rolls. Projects that serve targeted development goals of the City are accorded more favorable treatment.

Other matters, such as whether the project will serve as an anchor for other development or is likely to create additional development are important factors. Whether the Project and potential other development stimulated by the project serves the City's growth plan. Generation of sales tax revenues and the levels thereof are a consideration.

Businesses having a regional or national impact will generally be given greater consideration. These are businesses that ship most of their production outside of the City.

When a project provides for little job creation but significant capital investment, care must be taken to properly analyze the possible impacts to the tax valuation in the future from factors such as depreciation, market changes, regulatory changes, appraisal methodologies, tax exemptions, and other relevant matters. The percentage and length of tax abatement must be carefully considered in view of the diminishing or fluctuating future value of the project. Rapid depreciation and unpredictable future valuations are factors that will be considered in setting abatement percentages and length on such projects.

Other factors such: as public infrastructure and utility requirements of the development, community impacts, direct and indirect economic impacts, environmental impacts, and the potential for future expansion may also be considered as part of the analysis.

6.8 In accordance with §312.002(d) of the Tax Code, the City's adoption of these Guidelines does not:

- (1) limit the discretion of the governing body to decide whether 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; or

(3) create 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.

6.9 Sale, Lease or Allocation to Tax Exempt Entity. If a sale, lease, or allocation of the Project or its output is made to an entity exempt from property taxation, and such results in a portion of the Project being exempt from property taxation, the City may terminate the Tax Abatement Agreement and the Abatement granted thereunder. If this occurs, the owner must repay any taxes abated related to the portion of the property that has become exempt from year 1 to when the portion of the property became tax exempt.

6.10 Alternatively, to keep the tax abatement agreement in place for the rest of the property, the Owner shall pay in a lump sum the present value of taxes that will be lost to the City with regard to the exempt portion of the property over the next 20 years using a calculation agreed to by the parties in writing, but if unable to be agreed to, resolved by binding mediation to take place in McLennan County, Texas before a mediator selected by the City from the approved list of mediators maintained by the Federal District Court in Waco..

6.11 In the event of conflict between these Guidelines and a provision of Chapter 312 of the Tax Code, Chapter 312 of the Tax Code shall control.

6.12 These Guidelines must be re-evaluated and re-approved every two years.

7. Notice Requirements.

To adopt or amend guidelines, notice of public hearing and public hearing held before adoption.

To designate a Reinvestment zone Published Notice of Public Hearing at least 7 days before hearing [Also sent to the presiding officer of the governing body of each taxing entity that includes boundaries within the reinvestment zone at least 7 days before hearing]. Public hearing held. At the end, after approving the ordinance creating the Reinvestment Zone, approve intent to enter into a proposed tax abatement Agreement. Send copy of notice of Intent and copy of proposed Tax Abatement Agreement to the presiding officer of the governing body of each taxing entity that includes boundaries within the reinvestment zone at least 7 days before meeting at which adopt Tax Abatement Agreement.

The City Council must give the public notice of the meeting at which the City Council will consider approval of a Tax Abatement Agreement. The notice is posted for the meeting in the manner required by the Texas Open Meetings Act (Ch. 551, Texas Government Code) at least 30

days before the time of the meeting scheduled to consider the Tax Abatement Agreement. The Notice must contain:

- 1) The name of the property owner and the name of the applicant for the Tax Abatement Agreement;
- 2) The name and location of the Reinvestment Zone where the subject property is located;
- 3) A general description of the improvements or repairs required to be made under the Tax Abatement Agreement; and
- 4) The estimated cost of the improvements or repairs.

8. Amendment or other Action. (added by H.B. 3143, 2019) An adoption, re-adoption, amendment, repeal, or reauthorization of these Guidelines must only occur after a public hearing is held at which members of the public have the opportunity to be heard.



EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

[see attached]

All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the McGregor Tax Increment Reinvestment Zone (TIRZ) #1, Preliminary Project and Financing Plan described in **Exhibit 1** and the McGregor Independent School District.

1622 - McGregor ISD - Project Rodeo (Knauf Insulation) Amendment # 1 August 18, 2021

Site Location – School District Map

McLennan County School District Map (Partial)

The Project Site is entirely within the McLennan County ISD

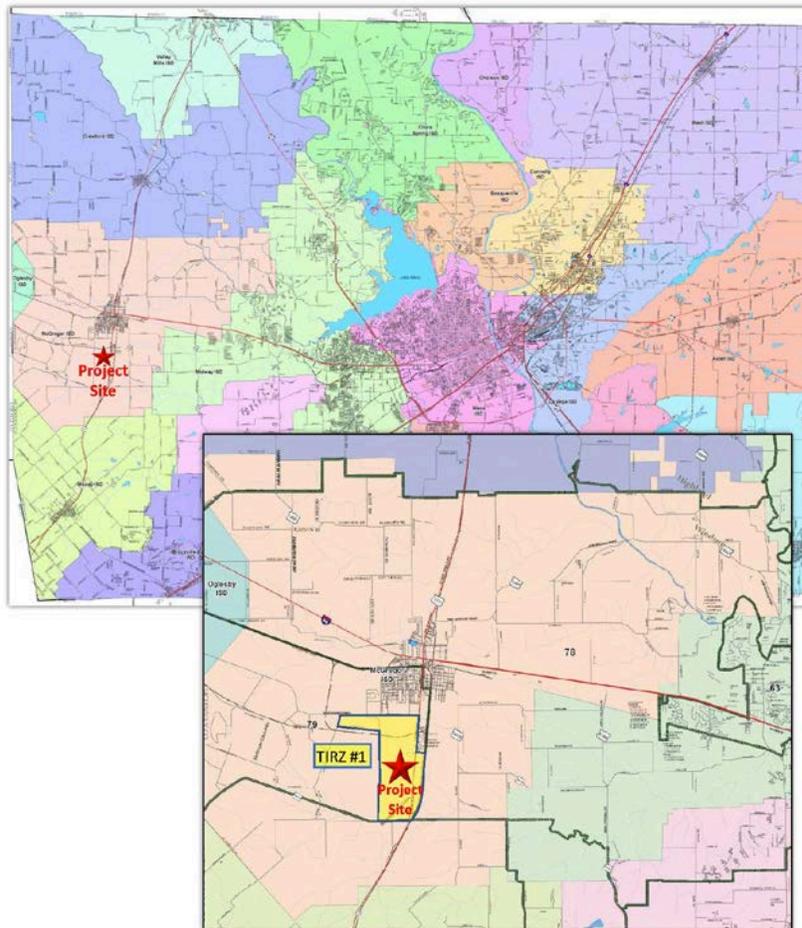


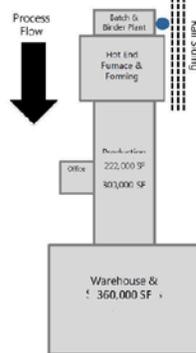
EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

1522 - McGregor ISD - Project Rodeo (Knauf Insulation) Amendment # 2 August 24, 2021

Qualified Investment Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in Q3 2021; warehouse operations should start in mid-2022. Plant construction is expected to start with completion in mid-2023. Plant commissioning is targeted for August 2023.
- Initial plans include construction of an approximately 582,000 square foot glass mineral wool insulation manufacturing (222,000 sq. ft.) and distribution facility (360,000 sq. ft.):



- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Northern Santa Fe (BNSF) and other entities.

- The proposed plant anticipates hiring approximately 151 employees starting in Q1 2021 and ramping up through Q2 2023.
- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity since the plant will be a large electric and natural gas user with significant truck and rail volumes for inbound / outbound shipments. Key feedstocks for the plant will include cullet plate (post-industrial), cullet bottle (post-consumer), borax, soda ash, apilite, limestone and sand; other supplies include packaging (poly), and facings (kraft paper and foil/kraft laminate). Off-site transportation infrastructure improvements include upgrading Judith Road to industrial quality for site access and extension of rail to the site - two turnouts from BNSF line, at-grade crossing of Hwy 317 and rail spur extension to the project site boundary; estimated road improvement cost is \$2.8 million and estimated rail improvement cost is \$10.2 million. Utility infrastructure improvements include extension of water and sewer lines (estimated cost of \$1.7 million), extension of a natural gas line (estimated cost of \$1.75 million), and construction of a new electric substation with dual feed (estimated cost \$5 – 10 million depending on provider selected and final design). No offsite infrastructure cost has been included as qualified investment.

A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.



Page | 25

Zone Boundaries Map

The Project Site is located entirely within McLennan County

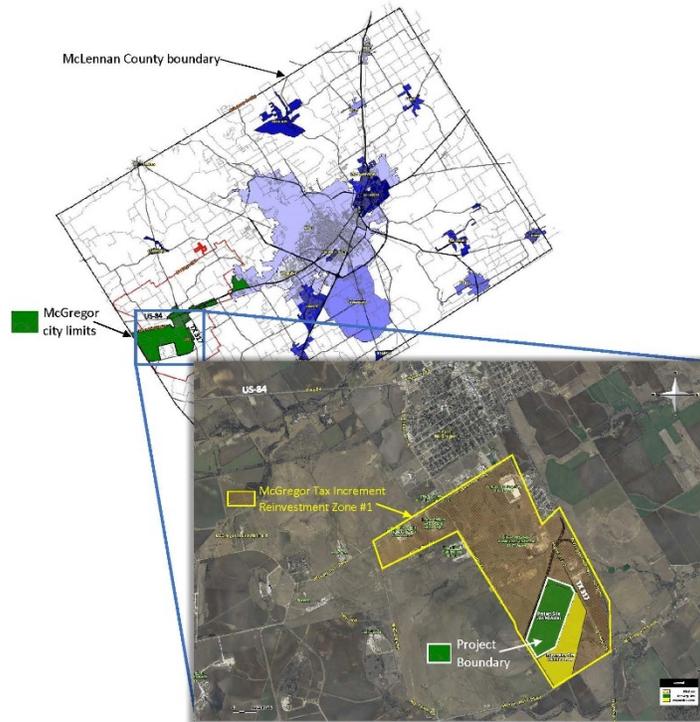


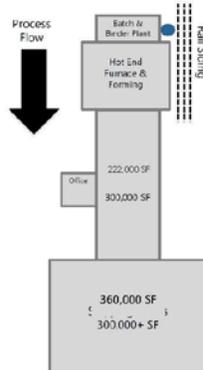
EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

1622 - McGregor ISD - Project Rodeo (Knauf Insulation) Amendment # 2 August 24, 2021

Qualified Property Detail

- Since early 2018, the company has been evaluating locations to establish a new facility to produce fiberglass insulation products including batts, blankets and loose fill insulation. The project was put on temporary hold due to the Covid-19 health crisis and other business factors, but the last stages of the location selection process were re-initiated in March 2021 given the continuing high demand for insulation to support residential and commercial construction. A final location selection and Board approval of the project is expected in July 2021.
- The project will be built as quickly as permitting allows. Warehouse construction is expected to start in Q3 2021; warehouse operations should start in mid-2022. Plant construction is expected to start with completion in mid-2023. Plant commissioning is targeted for August 2023.
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- A batch and binder plant with related equipment will be at one end of the facility where raw material will be received by rail.
- Following the batch area is the hot end furnace and forming area.
- The hot end is followed by the production bay from which the finished product moves in the warehouse and shipping area.
- The plant will be a 24/7 continuous operation with significant utility requirements (particularly electric and natural gas) and substantial transportation needs (rail and highway). Thus, site development includes major infrastructure improvements in cooperation with the City of McGregor, Burlington Northern Santa Fe (BNSF) and other entities.

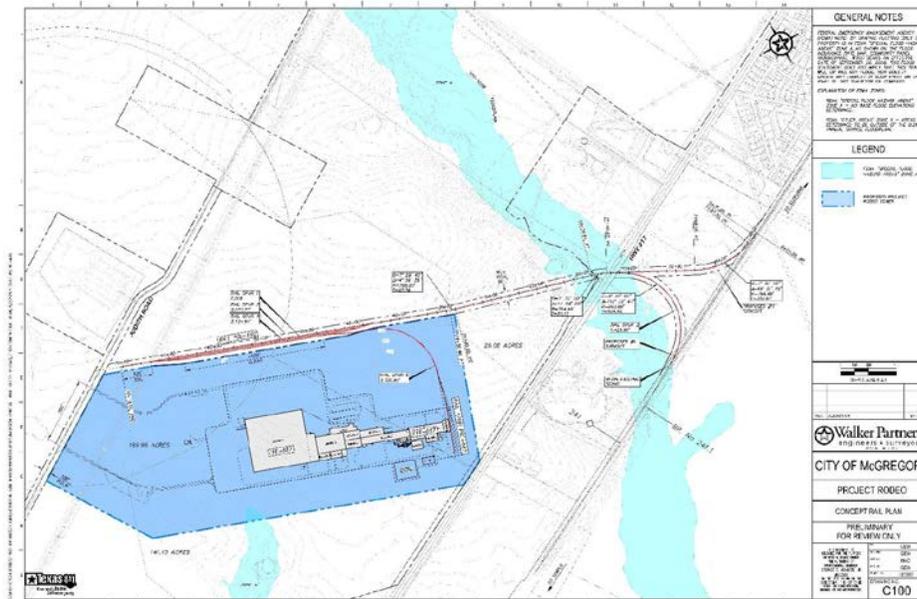
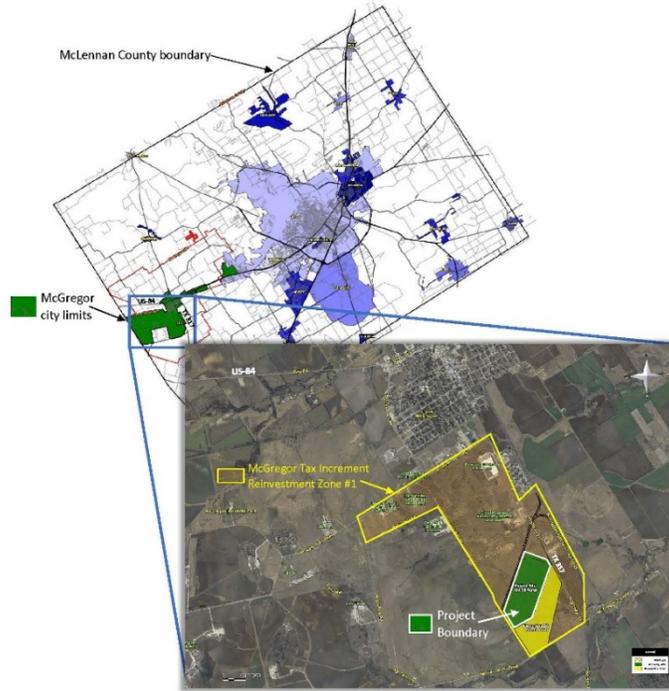
- Capital investment will total in excess of \$210 million, including approximately \$1,700,000 in land acquisition, \$47,800,000 in building, \$27,800,000 in site preparation and \$133,000,000 in business personal property.
- This project will require robust transportation infrastructure and significant utility capacity since the plant will be a large electric and natural gas user with significant truck and rail volumes for inbound / outbound shipments. Key feedstocks for the plant will include cullet plate (post-industrial), cullet bottle (post-consumer), borax, soda ash, apilite, limestone and sand; other supplies include packaging (poly), and facings (kraft paper and foil/kraft laminate). Off-site transportation infrastructure improvements include upgrading Judith Road to industrial quality for site access and extension of rail to the site - two turnouts from BNSF line, at-grade crossing of Hwy 317 and rail spur extension to the project site boundary; estimated road improvement cost is \$2.8 million and estimated rail improvement cost is \$10.2 million. Utility infrastructure improvements include extension of water and sewer lines (estimated cost of \$1.7 million), extension of a natural gas line (estimated cost of \$1.75 million), and construction of a new electric substation with dual feed (estimated cost \$5 – 10 million depending on provider selected and final design). No offsite infrastructure has been included as qualified property.

A Chapter 313 Value Limitation Agreement is essential to the competitive commercialization of the project and is requested on all of the proposed real property and improvements and fixed equipment associated with this project as described above.



Zone Boundaries Map

The Project Site is located entirely within McLennan County



Agreement for Limitation on Appraised Value
 Between McGregor ISD and Knauf Insulation, Inc.
 December 16, 2021
 Exhibit 24

Texas Economic Development Act Agreement
 Comptroller Form 50-826 (October 2020)

EXHIBIT

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 16, 2021

President and Members
Board of Trustees
McGregor Independent School District
525 Bluebonnet Parkway
McGregor, Texas 76657

Re: Recommendations and Findings of the firm Concerning Application of Knauf Insulation, Inc. (#1622) for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey".

Daniel T. Casey
Partner

www.moakcasey.com

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 14, 2021

James Lenamon
Superintendent
McGregor ISD
525 Bluebonnet Parkway
P.O. Box 356
McGregor, TX 76657

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between McGregor Independent School District and Knauf Insulation, Inc., Application 1622

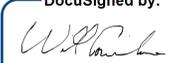
Dear Superintendent Lenamon:

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 McGregor Independent School District and Knauf Insulation, Inc. (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Jo Ann Reyes with our office. She can be reached by email at joann.reyes@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-0416, or at 512-475-0416.

Sincerely,

DocuSigned by:

8FDFC70F5753487...

Will Counihan
Director
Data Analysis & Transparency Division

cc: Dan Casey, Moak, Casey & Associates
Jeff Brisley, Knauf Insulation, Inc.
Mike Butler, ADP

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.