

# O'HANLON, MCCOLLOM & DEMERATH

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CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

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

**JUSTIN DEMERATH**

June 20, 2012

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

RE: Application to the Katy Independent School District from Weatherford Artificial Lift Systems, Inc.

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Katy Independent School District is notifying the Applicant Weatherford Artificial Lift Systems, Inc. of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on June 18, 2012. The Board voted to accept the application June 18, 2012. The application was determined completed on June 18, 2012. Please prepare the economic impact report.

Please note, no construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement. The Applicant is anticipating starting construction in June, but the start of construction is awaiting the determination of a completed application by the Comptroller's Office. We are requesting an expedited review of the application, so that the applicant may begin construction at the project site.

As you are aware, regional wage information is published annually and based upon the Texas Workforce Commission (TWC) OES data. According to the TWC, the new OES survey information will not be available until the end of June or July. A new publication will only be created if the information is available and at the request of your office. Therefore, the school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

Letter to Local Government Assistance & Economic Analysis Division

June 20, 2012

Page 2 of 2

A paper copy of the application will be hand delivered to your office tomorrow morning. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Waller County Appraisal District.

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon  
School District Consultant

Cc: Chief Appraiser  
Waller County Appraisal District

Alton Frailey, Katy ISD

APPLICATION FOR APPRAISED VALUE  
LIMITATION ON QUALIFIED PROPERTY  
(TAX CODE, CHAPTER 313, SUBCHAPTER B  
OR C)

SUBMITTED TO  
KATY ISD  
ON BEHALF OF  
WEATHERFORD ARTIFICIAL LIFT SYSTEMS,  
INC.



# Application for Appraised Value Limitation on Qualified Property

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

**Form 50-296**  
(Revised May 2010)

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application.

This notice must include:

- the date on which the school district received the application;
- the date the school district determined that the application was complete;
- the date the school board decided to consider the application; and
- a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

**Authorized School District Representative**

Date application received by district

June 18, 2012

First Name

Alton

Last Name

Frailey

Title

Superintendent

School District Name

Katy Independent School District

Street Address

6301 South Stadium Lane

Mailing Address

City

Katy

State

Texas

ZIP

77494

Phone Number

(281) 396-2304

Fax Number

Mobile Number (optional)

E-mail Address

altonfrailey@katyisd.org

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

Will consultant be primary contact? .....  Yes  No



Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name

Kevin

Last Name

O'Hanlon

Title

Consultant

Firm Name

O'Hanlon, McCollom & Demerath

Street Address

808 West Avenue

Mailing Address

808 West Avenue

City

Austin

State

Texas

ZIP

78701

Phone Number

512-494-9949

Fax Number

512-494-9919

Mobile Number (Optional)

E-mail Address

kohanlon@808west.com

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

Signature (Authorized School District Representative)

Date

June 18, 2012

Has the district determined this application complete?  Yes  No

If yes, date determined complete. June 18, 2012

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Date application received by the ISD	1 of 16	<input checked="" type="checkbox"/>
2 Certification page signed and dated by authorized school district representative	2 of 16	<input checked="" type="checkbox"/>
3 Date application deemed complete by ISD	2 of 16	<input checked="" type="checkbox"/>
4 Certification pages signed and dated by applicant or authorized business representative	4 of 16	<input checked="" type="checkbox"/>
5 Completed company checklist	12 of 16	<input checked="" type="checkbox"/>
6 School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	<input type="checkbox"/> Will Supplement

**APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name <b>Joseph</b>		Last Name <b>Henry</b>	
Title <b>Senior Vice President</b>			
Organization <b>Weatherford International, Inc.</b>			
Street Address <b>2000 St. James Place</b>			
Mailing Address			
City <b>Houston</b>		State <b>Texas</b>	ZIP <b>77056</b>
Phone Number <b>713-836-4000</b>		Fax Number <b>713-836-5019</b>	
Mobile Number (optional)		Business e-mail Address	

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

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

First Name <b>Jeffory</b>		Last Name <b>Stringer</b>	
Title <b>Real Estate Manager, U.S. Gulf Coast Region</b>			
Organization <b>Weatherford International, Inc.</b>			
Street Address <b>2000 St. James Place</b>			
Mailing Address			
City <b>Houston</b>		State <b>Texas</b>	ZIP <b>77056</b>
Phone Number <b>713-836-4414</b>		Fax Number <b>713-836-5019</b>	
Mobile Number (optional) <b>713-469-0605</b>		E-mail Address <b>jeffory.stringer@weatherford.com</b>	

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

Will consultant be primary contact?  Yes  No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

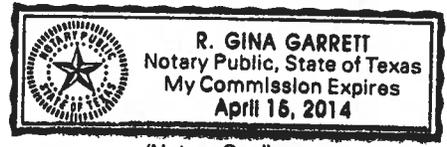
First Name <b>Stephen</b>		Last Name <b>Robinson</b>	
Title <b>Partner</b>			
Firm Name <b>Allen Boone Humphries Robinson LLP</b>			
Street Address <b>3200 Southwest Freeway</b>			
Mailing Address <b>Suite 2600</b>			
City <b>Houston</b>		State <b>Texas</b>	ZIP <b>77027</b>
Phone Number <b>713-860-6408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

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

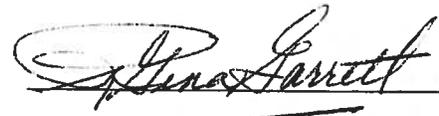
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant)) 	Date <b>JUNE 15, 2012</b>
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GIVEN under my hand and seal of office this 15 day of JUNE, 2012



(Notary Seal)

  
Notary Public, State of TEXAS

My commission expires April 15, 2014

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

FEES AND PAYMENTS

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

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

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)?

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Weatherford Artificial Lift Systems, Inc.

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

17522042500

NAICS code

333132

Is the applicant a party to any other Chapter 313 agreements?

If yes, please list name of school district and year of agreement.

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State?

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Weatherford Artificial Lift Systems, Inc.

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?

2. Is the applicant current on all tax payments due to the State of Texas?

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology
(7) nuclear electric power generation
(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)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

SEE DESCRIPTION UNDER TAB 4

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

SEE DESCRIPTION UNDER TAB 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- Checkboxes for: New Jobs, Relocation from Out-of-State, Consolidation, Construct New Facility, Expansion, Relocation within Texas, New Business / Start-up, Expand Existing Facility, Purchase Machinery & Equipment.

PROJECTED TIMELINE

Begin Construction June 2012, Construction Complete 1st Quarter 2013, Purchase Machinery & Equipment Fall 2012-1st Quarter 2013, Begin Hiring New Employees Fall 2012, Fully Operational 1st Quarter 2013

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? Fall 2012

**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
Total	_____

Will other incentives be offered by local units of government?  Yes  No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

**Waller County - Tax Abatement**

**THE PROPERTY**

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

Central Appraisal District (CAD) that will be responsible for appraising the property Waller County Appraisal District

Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Waller - 100% City: None  
(Name and percent of project) (Name and percent of project)

Hospital District: None Water District: Brookshire-Katy Drainage District - 100%  
(Name and percent of project) (Name and percent of project)

Other (describe): Waller-Harris ESD - 100% Other (describe): \_\_\_\_\_  
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD?  Yes  No

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

**INVESTMENT**

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

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30,000,000

What is the amount of appraised value limitation for which you are applying? \$30,000,000

What is your total estimated *qualified* investment? \$90,500,000

**NOTE:** See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? November 2012

What is the anticipated date of the beginning of the qualifying time period? November 2012

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$124,139,420

Describe the qualified investment.[See 313.021(1).] **(See Attached description and map behind Tab 6 of all proposed real property improvements and fixed equipment**

- Attach the following items to this application:
- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
  - (2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
  - (3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period?  Yes  No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying?  Yes  No
- (2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement?  Yes  No
- (3) on the same parcel of land as the building for which you are applying for an appraised value limitation?  Yes  No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period?  Yes  No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)?  Yes  No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property?  Yes  No

**QUALIFIED PROPERTY**

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application: **The qualified property also includes a 177 acre unimproved tract of land described behind Tab 10.**

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
- (2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
- (3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

**Land See description behind Tab 10.**

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?  Yes  No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? June 2012

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

Will the project be on leased land?  Yes  No

**QUALIFIED PROPERTY (CONTINUED)**

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

1. Legal description of the land **See description behind Tab 10.**
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property **See Tax Certificate behind Tab 10.**
3. Owner **Currently C-2 Pederson Road LLC**
4. The current taxable value of the land. Attach estimate if land is part of larger parcel. **Market Value: \$1,028,590; Ag Value - \$28,190**
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable. **[to come]**

**Miscellaneous**

Is the proposed project a building or new improvement to an existing facility?  Yes  No

Attach a description of any existing improvements and include existing appraisal district account numbers. **Not applicable**

List current market value of existing property at site as of most recent tax year. **Not applicable**

Is any of the existing property subject to a value limitation agreement under Tax Code 313?  Yes  No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation?  Yes  No

**WAGE AND EMPLOYMENT INFORMATION**

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

The last complete calendar quarter before application review start date is the:  
 First Quarter  Second Quarter  Third Quarter  Fourth Quarter of 2012 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC?  
793

**Note:** For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application.

Total number of new jobs that will have been created when fully operational 245

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement?  Yes  No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)?  Yes  No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. **Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).**

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 196

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html>) **No**

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

**WAGE AND EMPLOYMENT INFORMATION (CONTINUED)**

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$928.12  
 110% of the county average weekly wage for manufacturing jobs in the county is \$1198.45  
 110% of the county average weekly wage for manufacturing jobs in the region is \$1,078.88

Please identify which Tax Code section you are using to estimate the wage standard required for this project: **See calculations behind Tab 14**

§313.021(5)(A) or  §313.021(5)(B) or  §313.021(3)(E)(ii), or  §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? 56,102

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? 56,105

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)?  Yes  No

Will each qualifying job require at least 1,600 of work a year?  Yes  No

Will any of the qualifying jobs be jobs transferred from one area of the state to another?  Yes  No

Will any of the qualifying jobs be retained jobs?  Yes  No

Will any of the qualifying jobs be created to replace a previous employee?  Yes  No

Will any required qualifying jobs be filled by employees of contractors?  Yes  No

If yes, what percent? \_\_\_\_\_

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job?  Yes  No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

See attached list of benefits behind Tab 15

**ECONOMIC IMPACT**

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)?  Yes  No

Is Schedule A completed and signed for all years and attached?  Yes  No

Is Schedule B completed and signed for all years and attached?  Yes  No

Is Schedule C (Application) completed and signed for all years and attached?  Yes  No

Is Schedule D completed and signed for all years and attached?  Yes  No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

## CONFIDENTIALITY NOTICE

**Property Tax Limitation Agreement Applications**  
**Texas Government Code Chapter 313**  
**Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.



## COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	✓
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size. Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

\*To be submitted with application or before date of final application approval by school board.

**1**

2

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)*

**3**



## TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

May 24, 2012

### CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

**WEATHERFORD ARTIFICIAL LIFT SYSTEMS, INC.**

is, as of this date, in good standing with this office having no franchise  
tax reports or payments due at this time. This certificate is valid through  
the date that the next franchise tax report will be due August 15, 2012.

This certificate does not make a representation as to the status of the  
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted  
entity is subject to franchise tax as required by law. This certificate is  
not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 24th day of  
May 2012 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 17522042500  
File number: 0009297006

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

**4**

## PROJECT DESCRIPTION

Weatherford Artificial Lift Systems, Inc. is building a manufacturing facility for oil field service equipment, specifically pumping units. The facility will consist of 4 buildings - an office building which will be approximately 40,000 square feet and three manufacturing buildings that are ±524,000 square feet. The products to be manufactured are pumping units for oil/gas. See detailed description of the machinery.

### Ability to Relocate

Weatherford Artificial Lift Systems, Inc. is part of Weatherford International, Inc. Weatherford International, Inc. is one of the largest oilfield services companies, headquartered in Switzerland, with operations in more than 730 locations in 100 countries and employs more than 50,000 people worldwide. While Weatherford has the ability to build facilities worldwide, current market conditions make it favorable to build a new manufacturing facility for pumping units in the Houston area.



# CAPEX – Machine Shop

QTY	Description	Unit Value (USD)	Total (USD)
2	MILLING	\$ 350.000	\$ 700.000
1	KEY SEATING	\$ 200.000	\$ 200.000
3	TURNING (LATHE)	\$ 580.000	\$1.740.000
2	VERTICAL LATHE (INTEGREX TYPE)	\$ 1.200.000	\$2.400.000
1	DRILLING	\$ 450.000	\$ 450.000
3	BORING	\$ 1.000.000	\$3.000.000
2	DRILLING PRESS	\$ 50.000	\$ 100.000
2	RADIAL DRILL	\$ 50.000	\$ 100.000
1	MACHINING TOOLS	\$ 300.000	\$ 300.000
1	MACHININT FIXTURES	\$ 900.000	\$ 900.000
2	CNC LATHE	\$ 250.000	\$ 500.000
8	jib cranes	\$18.000	\$144.000

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# CAPEX - Machine Shop (Cont..)

QTY	Description	Unit Value (USD)	Total (USD)
1	FACE&CENTER DRILL (ENDOMATIC-SHAFTS/PINIONS)	\$400.000	\$ 400.000
1	MACH CENTER (GANTRY TYPE-GEARCASE/CRANK)	\$1.600.000	\$1.600.000
1	MACHINING CENTER (PRE ROUGH GEARS)	\$1.000.000	\$1.000.000
23	MACHINE FOUNDATIONS	\$20.000	\$ 460.000
1	COORDINATE MEASURING MACHINE (ZEISS)	\$220.000	\$ 220.000
8	OVERHEAD CRANE	\$128.125	\$1.025.000
11	SYKES	\$1.100.000	\$12.100.000
3	HOBGING MACHINE	\$1.000.000	\$3.000.000
1	RESHARPENING MACHINE	\$320.000	\$320.000
2	GRINDING MACHINE	\$100.000	\$200.000
11	JIGS AND FIXTURE	\$2.000	\$21.310
11	OPERATORS PLATFORM	\$5.000	\$55.000
1	400 TON Horizontal Press	\$200.000	\$200.000
5	Assembly carts	\$15.000	\$75.000
1	Tools and Fixtures	\$200.000	\$200.000
1	Assembly Line	\$120.000	\$120.000
<b>SUBTOTAL-1</b>			<b>\$31.5M</b>



# CAPEX – Fab Shop

QTY	Description	Unit Value (USD)	Total (USD)
1	BEAM CUTTING	\$1,000,000	\$1,000,000
1	Beam Saw Mitre	\$350,000	\$350,000
1	Grit Blasting Both for Welded Structures	\$1,500,000	\$1,500,000
1	Grit Blasting Burning Table	\$500,000	\$500,000
1	Grit Blasting Heavy Beams Stage 2	\$500,000	\$500,000
1	Painting & Drying Booths System	\$1,000,000	\$1,000,000
7	Fitting (Welding Machines)	\$5,000	\$35,000
1	Welding Robotic System	\$1,300,000	\$1,300,000
2	Burning Table	\$120,000	\$240,000
1	Main Beam Turning Fixture Peddinghaus	\$56,000	\$56,000
1	Horsehead Bending Machine	\$50,000	\$50,000
1	Saw	\$40,000	\$45,238
1	Shearing	\$40,000	\$40,000
1	Press	\$40,000	\$40,000
10	Fitting/Welding Cells Jib Cranes	\$12,000	\$120,000
12	Overhead Crane	\$125,000	\$1,500,000
<b>SUBTOTAL-2</b>			<b>\$8.3M</b>



# CAPEX – FA&FT Shop

QTY	Description	Unit Value (USD)	Total (USD)
1	Beam Cutting	\$1,000,000	\$1,000,000
1	Grit Blasting Both for Welded Structures	\$1,500,000	\$1,500,000
1	Grit Blasting Burning Table	\$500,000	\$500,000
1	Grit Blasting Heavy Beams Stage 2	\$500,000	\$500,000
1	Painting & Drying Booths System	\$1,000,000	\$1,000,000
7	Fitting (Welding Machines)	\$5,000	\$35,000
1	Welding Robotic System	\$900,000	\$900,000
1	Burning Table	\$120,000	\$120,000
1	GearBox Line	\$200,000	\$200,000
1	Shearing	\$40,000	\$40,000
1	Press	\$40,000	\$40,000
10	Fitting/Welding Cells Jib Cranes	\$12,000	\$120,000
13	Overhead Crane	\$125,000	\$1,625,000
<b>SUBTOTAL-3</b>			<b>\$7.6M</b>



# CAPEX - Consolidated

SUBTOTAL-1	\$31.5M
SUBTOTAL-2	\$8.3M
SUBTOTAL-3	\$7.6M
<b>TOTAL</b>	<b>\$47.4M</b>

## **ATTACHMENT 5**

The Project is 100% located in Waller ISD.

6

Buildings and Equipment

Office Building "A"	\$5,000,000
Manufacturing Building "B"	\$13,300,000
Manufacturing Building "C"	\$14,800,000
Manufacturing Building "D"	\$6,300,000
Site Work	\$4,200,000
Lay Down/Storage	\$3,700,000
Fixed Equipment*	<u>\$48,000,000</u>
 Total	 \$95,300,000

\*See attached Equipment List for list of fixed equipment and approximate values.



# CAPEX – Machine Shop

QTY	Description	Unit Value (USD)	Total (USD)
2	MILLING	\$ 350.000	\$ 700.000
1	KEY SEATING	\$ 200.000	\$ 200.000
3	TURNING (LATHE)	\$ 580.000	\$1.740.000
2	VERTICAL LATHE (INTEGREG TYPE)	\$ 1.200.000	\$2.400.000
1	DRILLING	\$ 450.000	\$ 450.000
3	BORING	\$ 1.000.000	\$3.000.000
2	DRILLING PRESS	\$ 50.000	\$ 100.000
2	RADIAL DRILL	\$ 50.000	\$ 100.000
1	MACHINING TOOLS	\$ 300.000	\$ 300.000
1	MACHININT FIXTURES	\$ 900.000	\$ 900.000
2	CNC LATHE	\$ 250.000	\$ 500.000
8	lib cranes	\$18.000	\$144.000

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# CAPEX - Machine Shop (Cont...)

QTY	Description	Unit Value (USD)	Total (USD)
1	FACE&CENTER DRILL (ENDOMATIC-SHAFTS/PINIONS)	\$400.000	\$ 400.000
1	MACH CENTER (GANTRY TYPE-GEARCASE/CRANK)	\$1.600.000	\$1.600.000
1	MACHINING CENTER (PRE ROUGH GEARS)	\$1.000.000	\$1.000.000
23	MACHINE FOUNDATIONS	\$20.000	\$ 460.000
1	COORDINATE MEASURING MACHINE (ZEISS)	\$220.000	\$ 220.000
8	OVERHEAD CRANE	\$128.125	\$1.025.000
11	SYKES	\$1.100.000	\$12.100.000
3	HOBBING MACHINE	\$1.000.000	\$3.000.000
1	RESHARPENING MACHINE	\$320.000	\$320.000
2	GRINDING MACHINE	\$100.000	\$200.000
11	JIGS AND FIXTURE	\$2.000	\$21.310
11	OPERATORS PLATFORM	\$5.000	\$55.000
1	400 TON Horizontal Press	\$200.000	\$200.000
5	Assembly carts	\$15.000	\$75.000
1	Tools and Fixtures	\$200.000	\$200.000
1	Assembly Line	\$120.000	\$120.000
<b>SUBTOTAL-1</b>			<b>\$31.5M</b>



# CAPEX - Fab Shop

QTY	Description	Unit Value (USD)	Total (USD)
1	BEAM CUTTING	\$1,000.000	\$1,000.000
1	Beam Saw Mitre	\$350.000	\$350.000
1	Grit Blasting Both for Welded Structures	\$1,500.000	\$1,500.000
1	Grit Blasting Burning Table	\$500.000	\$500.000
1	Grit Blasting Heavy Beams Stage 2	\$500.000	\$500.000
1	Painting & Drying Booths System	\$1,000.000	\$1,000.000
7	Fitting (Welding Machines)	\$5.000	\$35.000
1	Welding Robotic System	\$1,300.000	\$1,300.000
2	Burning Table	\$120.000	\$240.000
1	Main Beam Turning Fixture Peddinghaus	\$56.000	\$56.000
1	Horsehead Bending Machine	\$50.000	\$50.000
1	Saw	\$40.000	\$45.238
1	Shearing	\$40.000	\$40.000
1	Press	\$40.000	\$40.000
10	Fitting/Welding Cells Jib Cranes	\$12.000	\$120.000
12	Overhead Crane	\$125.000	\$1,500.000
<b>SUBTOTAL-2</b>			<b>\$8.31M</b>



# CAPEX - FA&FT Shop

QTY	Description	Unit Value (USD)	Total (USD)
1	Beam Cutting	\$1,000.000	\$1,000.000
1	Grit Blasting Both for Welded Structures	\$1,500.000	\$1,500.000
1	Grit Blasting Burning Table	\$500.000	\$500.000
1	Grit Blasting Heavy Beams Stage 2	\$500.000	\$500.000
1	Painting & Drying Booths System	\$1,000.000	\$1,000.000
7	Fitting (Welding Machines)	\$5.000	\$35.000
1	Welding Robotic System	\$900.000	\$900.000
1	Burning Table	\$120.000	\$120.000
1	GearBox Line	\$200.000	\$200.000
1	Shearing	\$40.000	\$40.000
1	Press	\$40.000	\$40.000
10	Fitting/Welding Cells Jib Cranes	\$12.000	\$120.000
13	Overhead Crane	\$125.000	\$1,625.000
<b>SUBTOTAL-3</b>			<b>\$7.6M</b>



# CAPEX - Consolidated

SUBTOTAL-1	\$31.5M
SUBTOTAL-2	\$8.3M
SUBTOTAL-3	\$7.6M
<b>TOTAL</b>	<b>\$47.4M</b>

7





**COMMERCIAL DRIVEWAY @ ENTRY TO  
PEDERSON ROAD BUSINESS PARK**



**SK01**

**CLAY**  
DEVELOPMENT & CONSTRUCTION INC.

COMMERCIAL DESIGN-BUILDERS

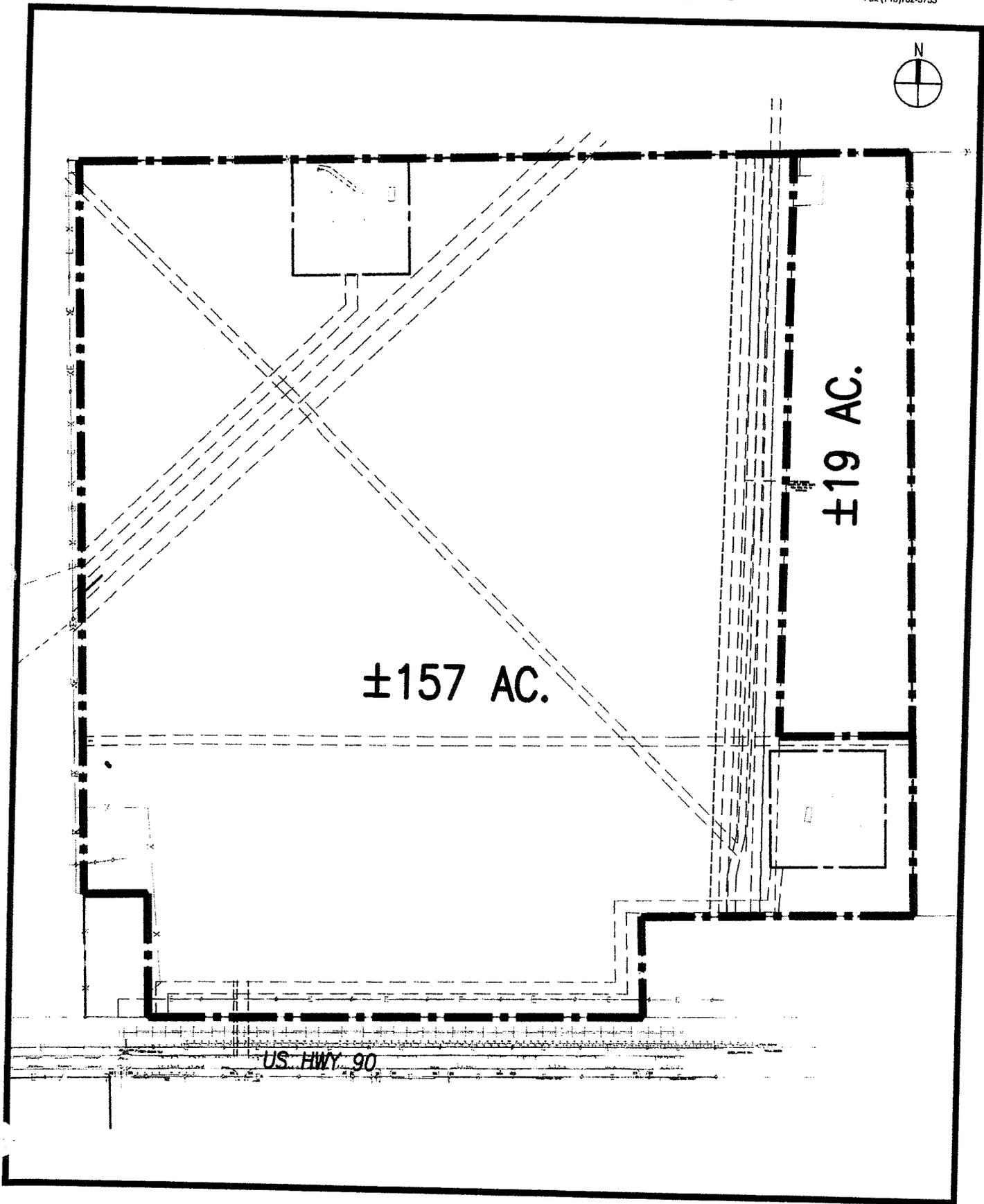
5599 San Felipe, Suite 1440, Houston, TX 77056

[www.claydevelopment.com](http://www.claydevelopment.com) 713.789.2529 (ofc).

# EXHIBIT A

## LEGAL DESCRIPTION

**CLAY**  
DEVELOPMENT & CONSTRUCTION, INC.  
COMMERCIAL DESIGN-BUILDERS  
5599 San Felipe St., Suite 1440  
Houston, TX 77056  
Phone (713)789-2529  
Fax (713)782-3755

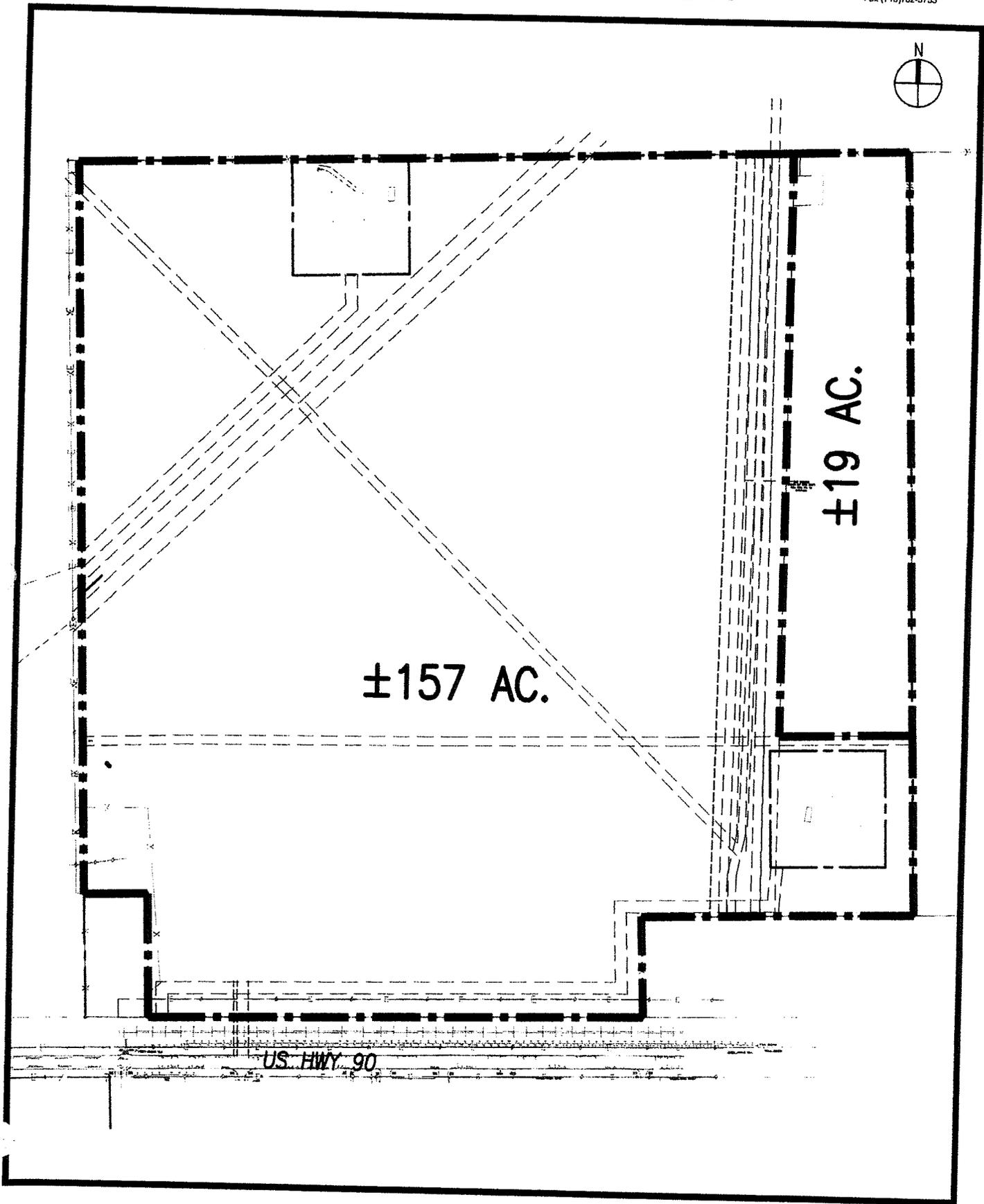


8

# EXHIBIT A

## LEGAL DESCRIPTION

**CLAY**  
DEVELOPMENT & CONSTRUCTION, INC.  
COMMERCIAL DESIGN-BUILDERS  
5599 San Felipe St., Suite 1440  
Houston, TX 77056  
Phone (713)789-2529  
Fax (713)782-3755



**SCHEDULE A**  
(continued)

4. Legal description of land:

FIELD NOTES FOR A 176.149 ACRE TRACT OF LAND IN THE T. S. REESE SURVEY, ABSTRACT 334, AND THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 107, ABSTRACT 170, WALLER COUNTY, TEXAS, SAID 176.149 ACRE TRACT BEING THE RESIDUE OF THAT CERTAIN CALLED 198 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOLUME 412, PAGE 44, DEED RECORDS, WALLER COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a 1-inch iron pipe found in the north right-of-way line of the adjoining M. K. & T. Railroad right-of-way for the southeast corner of an adjoining called 1.9921 acre tract described in deed recorded in Volume 349, Page 491, Deed Records, Waller County, Texas, for the lower southwest corner and Place of Beginning of the herein described 176.149 acre tract of land, from which point a 5/8 inch iron rod found for the southwest corner of said called 198 acre tract and the southwest corner of said adjoining called 1.9921 acre tract bears South 88 degrees 42 minutes 26 seconds West, 209.14 feet;

THENCE North 01 degree 14 minutes 00 seconds West (adjoiner called North 00 degrees 01 minute 04 seconds West) along the common line of the herein described tract and said adjoining called 1.9921 acre tract, 415.06 feet (adjoiner called 414.69 feet) to a 1/2 inch iron rod found for a reentry corner to the herein described tract, same being the northeast corner of said adjoining called 1.9921 acre tract;

THENCE South 88 degrees 29 minutes 13 seconds West (adjoiner called South 89 degrees 44 minutes 09 seconds West) continuing along said common line, at 209.40 feet (adjoiner called 209.37 feet) pass a 1/2 inch iron rod found on said line for the called northwest corner of said adjoining called 1.9921 acre tract, and continuing for a total distance of 212.89 feet to a 1/4 inch iron pipe with cap marked "Kalkomey Surveying" set in the west line of said T. S. Reese Survey, Abstract 334, same being the east line of the adjoining E. B. Couch Survey, Abstract 295, for the upper southwest corner of the herein described tract, said point also being in the west line of said called 198 acre tract, same being the east line of an adjoining called 19.36 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, described in Volume 0514, Page 926, Official Records, Waller County, Texas;

THENCE North 01 degree 45 minutes 05 seconds West along the west line of the herein described tract, the west line of said called 198 acre tract, and the west line of said T. S. Reese Survey, Abstract 334, same being the east line of said adjoining E. B. Couch Survey, Abstract 295, the east line of said adjoining called 19.36 acre tract, the east line of an adjoining called 11.2461 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, and the east line of an adjoining called 1.0655 acre tract recorded in Volume 0893, Page 781, Official Records, Waller County, Texas, at 2,454.68 feet pass a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" found on said line for the northeast corner of said adjoining called 1.0655 acre tract, same being the southeast corner of an adjoining called 18.895 acre tract recorded in Volume 0603, Page 750, Official Records, Waller County, Texas, described in Volume 0560, Page 393, Official Records, Waller County, Texas, and continuing for a total distance of 2,462.65 feet to a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" set on said line for the northwest corner of the herein described tract and the northwest corner of said called 198 acre tract;

THENCE North 88 degrees 04 minutes 39 seconds East along the north line of the herein described tract and the north line of said called 198 acre tract, at 10.39 feet pass a 1-inch iron pipe found on said line for the called southwest corner of an adjoining called 200 acre tract recorded in Volume 0553, Page 096, Official Records, Waller County, Texas, at 28.87 feet pass a 1-inch iron pipe found 0.40 feet north of said

**SCHEDULE A**  
(continued)

line, and continuing for a total distance of 2,789.83 feet to a ½ inch iron rod found for the northeast corner of the herein described tract, same being the northwest corner of an adjoining called 21.713 acre tract described in deed recorded in Volume 0553, Page 101, Official Records, Waller County, Texas, from which point a 1-inch iron pipe found for the northeast corner of said called 198 acre tract and the northeast corner of said adjoining called 21.713 acre tract, same being the southeast corner of said adjoining called 200 acre tract bears North 88 degrees 04 minutes 39 seconds East, 368.30 feet (adjoiner called South 89 degrees 49 minutes East, 368.21 feet);

THENCE South 01 degree 47 minutes 53 seconds East (adjoiner called South 01 degree 17 minutes 46 seconds East) along the east line of the herein described tract, same being the west line of said adjoining called 21.713 acre tract, 2,567.39 feet (adjoiner called 2,566.43 feet) to a ½ inch iron rod found for the upper southeast corner of the herein described tract, same being the southwest corner of said adjoining called 21.713 acre tract, and being in the south line of said T. S. Reese Survey, Abstract 334, same being the north line of the adjoining W. W. Bains Survey, Abstract 385, and the north line of an adjoining tract of land in deed to R. & Y. Interests, Ltd. recorded in Volume 0575, Page 029, Official Records, Waller County, Texas, from which point a ½ inch iron rod found for the upper southeast corner of said called 198 acre tract and the southeast corner of said adjoining called 21.713 acre tract bears North 88 degrees 29 minutes 33 seconds East, 368.56 feet (adjoiner called South 89 degrees 24 minutes 28 seconds East, 368.21 feet);

THENCE South 88 degrees 29 minutes 33 seconds West along the upper south line of the herein described tract, the upper south line of said called 198 acre tract, and the south line of said T. S. Reese Survey, Abstract 334, same being the north line of said adjoining W. W. Bains Survey, Abstract 385, and the north line of said adjoining R. & Y. Interests, Ltd. tract, 925.08 feet to a 1-inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 198 acre tract, same being the northwest corner of said adjoining W. W. Bains Survey, Abstract 385, and the northwest corner of said adjoining R. & Y. Interest, Ltd. tract, said point also being the northeast corner of the aforementioned H. & T. C. Railroad Company Survey Section 107, Abstract 170;

THENCE South 02 degrees 08 minutes 14 seconds East along the lower east line of the herein described tract, the lower east line of said called 198 acre tract, and the east line of said H. & T. C. Railroad Company Survey Section 107, Abstract 170, same being the west line of said adjoining W. W. Bains Survey, Abstract 385, and the west line of said adjoining R. & Y. Interests, Ltd. tract, 338.02 feet to a ½ inch iron pipe found for the lower southeast corner of the herein described tract and the lower southeast corner of said called 198 acre tract, same being the southwest corner of said adjoining R. & Y. Interests, Ltd. tract, and being in the north line of the aforementioned adjoining M. K. & T. Railroad right-of-way;

THENCE South 88 degrees 45 minutes 03 seconds West along the lower south line of the herein described tract and the lower south line of said called 198 acre tract, same being the north right-of-way line of said adjoining M. K. & T. Railroad right-of-way, 1,660.05 feet to the Place of Beginning and containing 176.149 acres of land, more or less.

NOTE: THIS COMPANY DOES NOT REPRESENT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE ARE CORRECT.

**END OF SCHEDULE A**

Buildings and Equipment

Office Building "A"	\$5,000,000
Manufacturing Building "B"	\$13,300,000
Manufacturing Building "C"	\$14,800,000
Manufacturing Building "D"	\$6,300,000
Site Work	\$4,200,000
Lay Down/Storage	\$3,700,000
Fixed Equipment*	<u>\$48,000,000</u>
 Total	 \$95,300,000

\*See attached Equipment List for list of fixed equipment and approximate values.



# CAPEX – Machine Shop

QTY	Description	Unit Value (USD)	Total (USD)
2	MILLING	\$ 350.000	\$ 700.000
1	KEY SEATING	\$ 200.000	\$ 200.000
3	TURNING (LATHE)	\$ 580.000	\$1.740.000
2	VERTICAL LATHE (INTEGREX TYPE)	\$ 1.200.000	\$2.400.000
1	DRILLING	\$ 450.000	\$ 450.000
3	BORING	\$ 1.000.000	\$3.000.000
2	DRILLING PRESS	\$ 50.000	\$ 100.000
2	RADIAL DRILL	\$ 50.000	\$ 100.000
1	MACHINING TOOLS	\$ 300.000	\$ 300.000
1	MACHININT FIXTURES	\$ 900.000	\$ 900.000
2	CNC LATHE	\$ 250.000	\$ 500.000
8	lib cranes	\$18.000	\$144.000

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# CAPEX - Machine Shop (Cont...)

QTY	Description	Unit Value (USD)	Total (USD)
1	FACE&CENTER DRILL (ENDOMATIC-SHAFTS/PINIONS)	\$400.000	\$ 400.000
1	MACH CENTER (GANTRY TYPE-GEARCASE/CRANK)	\$1.600.000	\$1.600.000
1	MACHINING CENTER (PRE ROUGH GEARS)	\$1.000.000	\$1.000.000
23	MACHINE FOUNDATIONS	\$20.000	\$ 460.000
1	COORDINATE MEASURING MACHINE (ZEISS)	\$220.000	\$ 220.000
8	OVERHEAD CRANE	\$128.125	\$1.025.000
11	SYKES	\$1.100.000	\$12.100.000
3	HOBBING MACHINE	\$1.000.000	\$3.000.000
1	RESHARPENING MACHINE	\$320.000	\$320.000
2	GRINDING MACHINE	\$100.000	\$200.000
11	JIGS AND FIXTURE	\$2.000	\$21.310
11	OPERATORS PLATFORM	\$5.000	\$55.000
1	400 TON Horizontal Press	\$200.000	\$200.000
5	Assembly carts	\$15.000	\$75.000
1	Tools and Fixtures	\$200.000	\$200.000
1	Assembly Line	\$120.000	\$120.000
<b>SUBTOTAL-1</b>			<b>\$31.5M</b>



# CAPEX - Fab Shop

QTY	Description	Unit Value (USD)	Total (USD)
1	BEAM CUTTING	\$1,000.000	\$1,000.000
1	Beam Saw Mitre	\$350.000	\$350.000
1	Grit Blasting Both for Welded Structures	\$1,500.000	\$1,500.000
1	Grit Blasting Burning Table	\$500.000	\$500.000
1	Grit Blasting Heavy Beams Stage 2	\$500.000	\$500.000
1	Painting & Drying Booths System	\$1,000.000	\$1,000.000
7	Fitting (Welding Machines)	\$5.000	\$35.000
1	Welding Robotic System	\$1,300.000	\$1,300.000
2	Burning Table	\$120.000	\$240.000
1	Main Beam Turning Fixture Peddinghaus	\$56.000	\$56.000
1	Horsehead Bending Machine	\$50.000	\$50.000
1	Saw	\$40.000	\$45.238
1	Shearing	\$40.000	\$40.000
1	Press	\$40.000	\$40.000
10	Fitting/Welding Cells Jib Cranes	\$12.000	\$120.000
12	Overhead Crane	\$125.000	\$1,500.000
<b>SUBTOTAL-2</b>			<b>\$8.31M</b>



# CAPEX - FA&FT Shop

QTY	Description	Unit Value (USD)	Total (USD)
1	Beam Cutting	\$1,000.000	\$1,000.000
1	Grit Blasting Both for Welded Structures	\$1,500.000	\$1,500.000
1	Grit Blasting Burning Table	\$500.000	\$500.000
1	Grit Blasting Heavy Beams Stage 2	\$500.000	\$500.000
1	Painting & Drying Booths System	\$1,000.000	\$1,000.000
7	Fitting (Welding Machines)	\$5.000	\$35.000
1	Welding Robotic System	\$900.000	\$900.000
1	Burning Table	\$120.000	\$120.000
1	GearBox Line	\$200.000	\$200.000
1	Shearing	\$40.000	\$40.000
1	Press	\$40.000	\$40.000
10	Fitting/Welding Cells Jib Cranes	\$12.000	\$120.000
13	Overhead Crane	\$125.000	\$1,625.000
<b>SUBTOTAL-3</b>			<b>\$7.6M</b>



# CAPEX - Consolidated

SUBTOTAL-1	\$31.5M
SUBTOTAL-2	\$8.3M
SUBTOTAL-3	\$7.6M
<b>TOTAL</b>	<b>\$47.4M</b>

9



DRAWN SITE

TENNESSEE GAS

DOW PIPELINE TO BE RELOCATED

FUTURE RAIL SPUR (NOT INCLUDED)

DETENTION POND SITE ±10 ACRES

8" CONCRETE PAVING

TRUCK PARKING (15 SPACES)

FUTURE TRUCK PARKING (15)

INDUSTRIAL DRIVE

TRUCK PARKING (15 SPACES)

FUTURE TRUCK PARKING (15)

INDUSTRIAL DRIVE

TRUCK PARKING (15 SPACES)

FUTURE TRUCK PARKING (15)

INDUSTRIAL DRIVE

TRUCK PARKING (15 SPACES)

FUTURE TRUCK PARKING (15)



**COMMERCIAL DRIVEWAY @ ENTRY TO  
PEDERSON ROAD BUSINESS PARK**



**SK01**

**CLAY**  
DEVELOPMENT & CONSTRUCTION INC.

COMMERCIAL DESIGN-BUILDERS

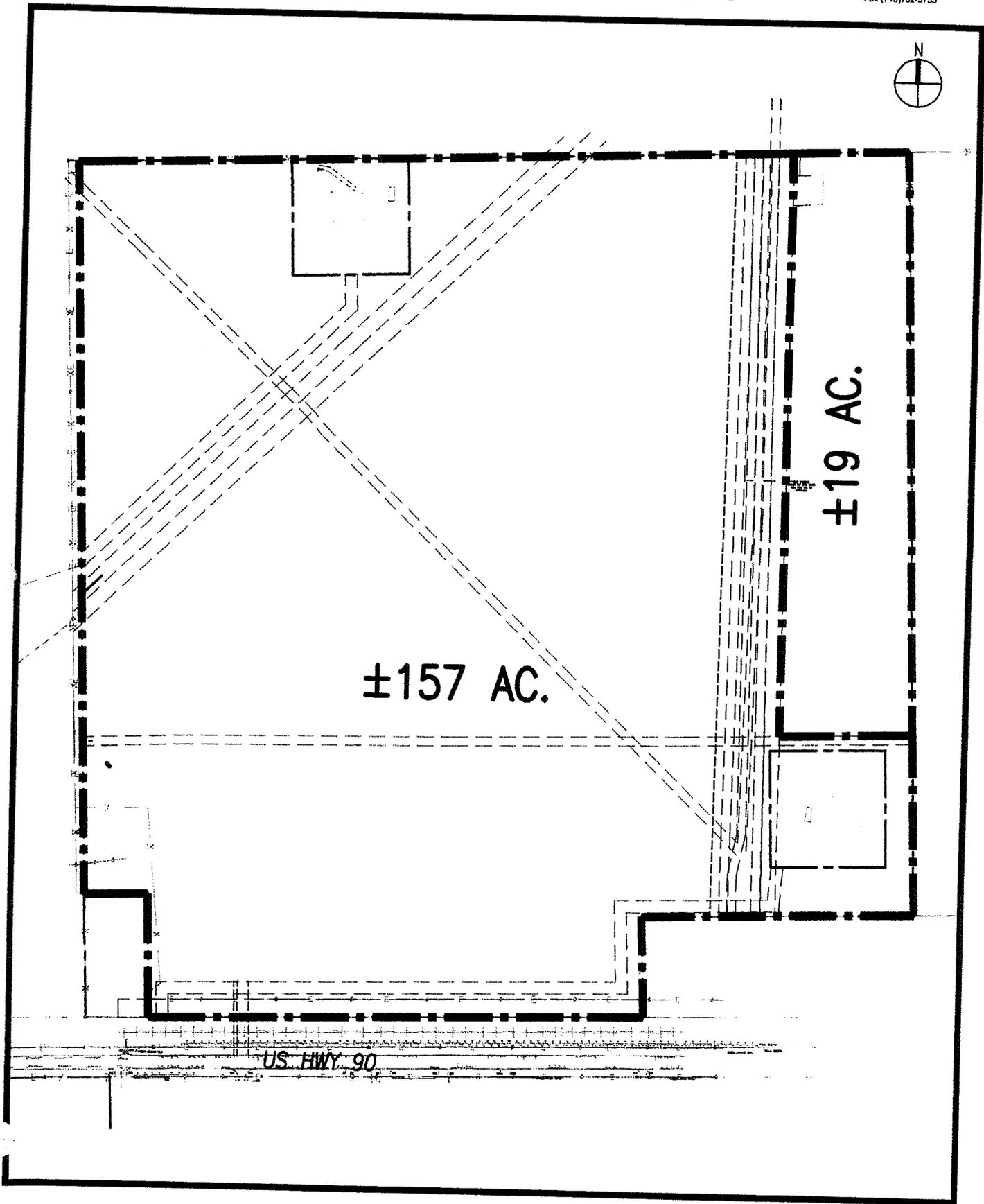
5599 San Felipe, Suite 1440, Houston, TX 77056

[www.claydevelopment.com](http://www.claydevelopment.com) 713.789.2529 (ofc).

# EXHIBIT A

## LEGAL DESCRIPTION

**CLAY**  
DEVELOPMENT & CONSTRUCTION, INC.  
COMMERCIAL DESIGN-BUILDERS  
5599 San Felipe St., Suite 1440  
Houston, TX 77056  
Phone (713)789-2529  
Fax (713)782-3755

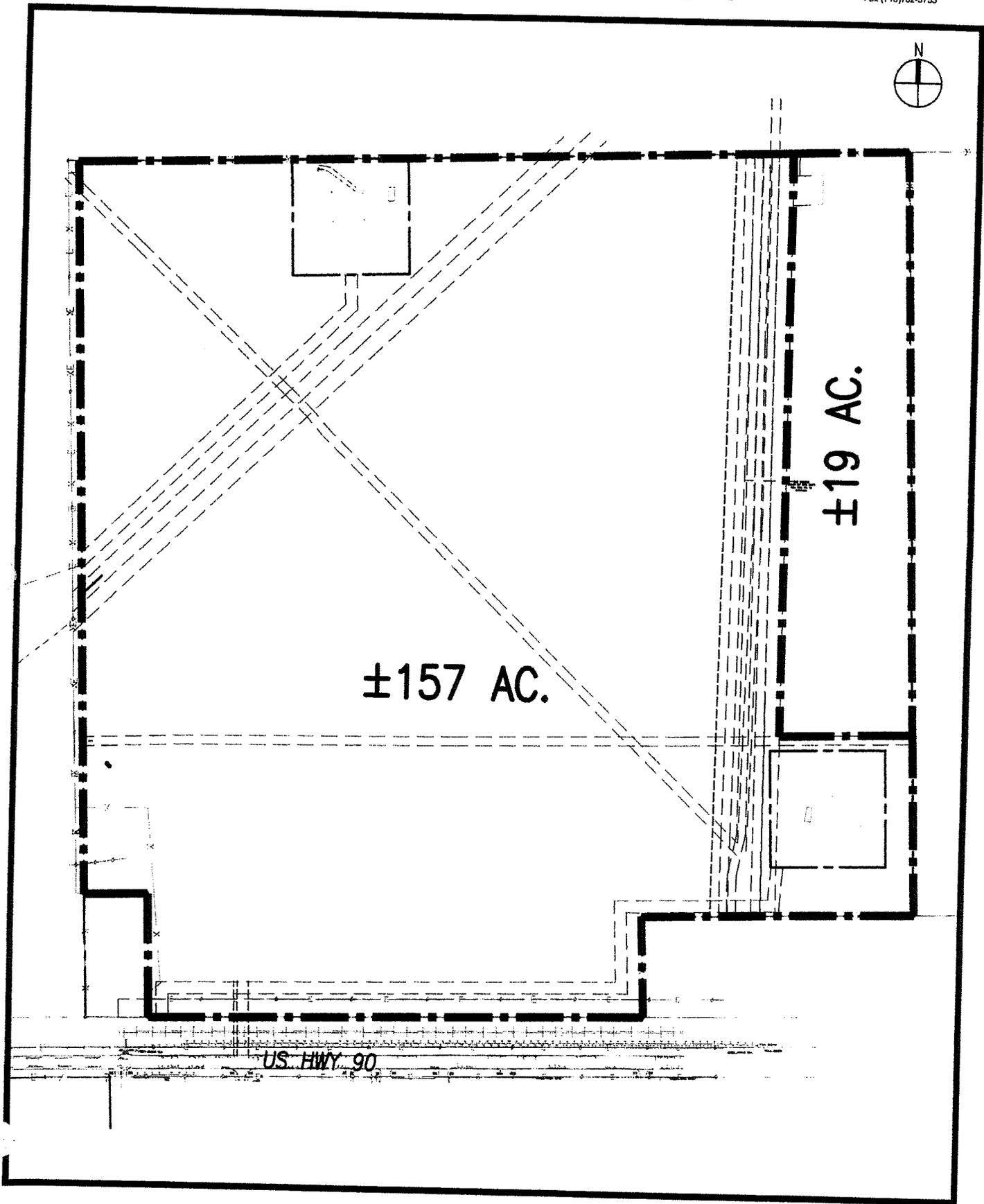


**10**

# EXHIBIT A

## LEGAL DESCRIPTION

**CLAY**  
DEVELOPMENT & CONSTRUCTION, INC.  
COMMERCIAL DESIGN-BUILDERS  
5599 San Felipe St., Suite 1440  
Houston, TX 77056  
Phone (713)789-2529  
Fax (713)782-3755



**SCHEDULE A**  
(continued)

4. Legal description of land:

FIELD NOTES FOR A 176.149 ACRE TRACT OF LAND IN THE T. S. REESE SURVEY, ABSTRACT 334, AND THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 107, ABSTRACT 170, WALLER COUNTY, TEXAS, SAID 176.149 ACRE TRACT BEING THE RESIDUE OF THAT CERTAIN CALLED 198 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOLUME 412, PAGE 44, DEED RECORDS, WALLER COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a 1-inch iron pipe found in the north right-of-way line of the adjoining M. K. & T. Railroad right-of-way for the southeast corner of an adjoining called 1.9921 acre tract described in deed recorded in Volume 349, Page 491, Deed Records, Waller County, Texas, for the lower southwest corner and Place of Beginning of the herein described 176.149 acre tract of land, from which point a 5/8 Inch iron rod found for the southwest corner of said called 198 acre tract and the southwest corner of said adjoining called 1.9921 acre tract bears South 88 degrees 42 minutes 26 seconds West, 209.14 feet;

THENCE North 01 degree 14 minutes 00 seconds West (adjoiner called North 00 degrees 01 minute 04 seconds West) along the common line of the herein described tract and said adjoining called 1.9921 acre tract, 415.06 feet (adjoiner called 414.69 feet) to a ½ inch iron rod found for a reentry corner to the herein described tract, same being the northeast corner of said adjoining called 1.9921 acre tract;

THENCE South 88 degrees 29 minutes 13 seconds West (adjoiner called South 89 degrees 44 minutes 09 seconds West) continuing along said common line, at 209.40 feet (adjoiner called 209.37 feet) pass a ½ inch iron rod found on said line for the called northwest corner of said adjoining called 1.9921 acre tract, and continuing for a total distance of 212.89 feet to a 1/4 inch Iron pipe with cap marked "Kalkomey Surveying" set in the west line of said T. S. Reese Survey, Abstract 334, same being the east line of the adjoining E. B. Couch Survey, Abstract 295, for the upper southwest corner of the herein described tract, said point also being in the west line of said called 198 acre tract, same being the east line of an adjoining called 19.36 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, described in Volume 0514, Page 926, Official Records, Waller County, Texas;

THENCE North 01 degree 45 minutes 05 seconds West along the west line of the herein described tract, the west line of said called 198 acre tract, and the west line of said T. S. Reese Survey, Abstract 334, same being the east line of said adjoining E. B. Couch Survey, Abstract 295, the east line of said adjoining called 19.36 acre tract, the east line of an adjoining called 11.2461 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, and the east line of an adjoining called 1.0655 acre tract recorded in Volume 0893, Page 781, Official Records, Waller County, Texas, at 2,454.68 feet pass a ½ inch iron pipe with cap marked "Kalkomey Surveying" found on said line for the northeast corner of said adjoining called 1.0655 acre tract, same being the southeast corner of an adjoining called 18.895 acre tract recorded in Volume 0603, Page 750, Official Records, Waller County, Texas, described in Volume 0560, Page 393, Official Records, Waller County, Texas, and continuing for a total distance of 2,462.65 feet to a ½ inch iron pipe with cap marked "Kalkomey Surveying" set on said line for the northwest corner of the herein described tract and the northwest corner of said called 198 acre tract;

THENCE North 88 degrees 04 minutes 39 seconds East along the north line of the herein described tract and the north line of said called 198 acre tract, at 10.39 feet pass a 1-inch iron pipe found on said line for the called southwest corner of an adjoining called 200 acre tract recorded in Volume 0553, Page 096, Official Records, Waller County, Texas, at 28.87 feet pass a 1-inch iron pipe found 0.40 feet north of said

**SCHEDULE A**  
(continued)

line, and continuing for a total distance of 2,789.83 feet to a ½ inch iron rod found for the northeast corner of the herein described tract, same being the northwest corner of an adjoining called 21.713 acre tract described in deed recorded in Volume 0553, Page 101, Official Records, Waller County, Texas, from which point a 1-inch iron pipe found for the northeast corner of said called 198 acre tract and the northeast corner of said adjoining called 21.713 acre tract, same being the southeast corner of said adjoining called 200 acre tract bears North 88 degrees 04 minutes 39 seconds East, 368.30 feet (adjoiner called South 89 degrees 49 minutes East, 368.21 feet);

THENCE South 01 degree 47 minutes 53 seconds East (adjoiner called South 01 degree 17 minutes 46 seconds East) along the east line of the herein described tract, same being the west line of said adjoining called 21.713 acre tract, 2,567.39 feet (adjoiner called 2,566.43 feet) to a ½ inch iron rod found for the upper southeast corner of the herein described tract, same being the southwest corner of said adjoining called 21.713 acre tract, and being in the south line of said T. S. Reese Survey, Abstract 334, same being the north line of the adjoining W. W. Bains Survey, Abstract 385, and the north line of an adjoining tract of land in deed to R. & Y. Interests, Ltd. recorded in Volume 0575, Page 029, Official Records, Waller County, Texas, from which point a ½ inch iron rod found for the upper southeast corner of said called 198 acre tract and the southeast corner of said adjoining called 21.713 acre tract bears North 88 degrees 29 minutes 33 seconds East, 368.56 feet (adjoiner called South 89 degrees 24 minutes 28 seconds East, 368.21 feet);

THENCE South 88 degrees 29 minutes 33 seconds West along the upper south line of the herein described tract, the upper south line of said called 198 acre tract, and the south line of said T. S. Reese Survey, Abstract 334, same being the north line of said adjoining W. W. Bains Survey, Abstract 385, and the north line of said adjoining R. & Y. Interests, Ltd. tract, 925.08 feet to a 1-inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 198 acre tract, same being the northwest corner of said adjoining W. W. Bains Survey, Abstract 385, and the northwest corner of said adjoining R. & Y. Interest, Ltd. tract, said point also being the northeast corner of the aforementioned H. & T. C. Railroad Company Survey Section 107, Abstract 170;

THENCE South 02 degrees 08 minutes 14 seconds East along the lower east line of the herein described tract, the lower east line of said called 198 acre tract, and the east line of said H. & T. C. Railroad Company Survey Section 107, Abstract 170, same being the west line of said adjoining W. W. Bains Survey, Abstract 385, and the west line of said adjoining R. & Y. Interests, Ltd. tract, 338.02 feet to a ½ inch iron pipe found for the lower southeast corner of the herein described tract and the lower southeast corner of said called 198 acre tract, same being the southwest corner of said adjoining R. & Y. Interests, Ltd. tract, and being in the north line of the aforementioned adjoining M. K. & T. Railroad right-of-way;

THENCE South 88 degrees 45 minutes 03 seconds West along the lower south line of the herein described tract and the lower south line of said called 198 acre tract, same being the north right-of-way line of said adjoining M. K. & T. Railroad right-of-way, 1,660.05 feet to the Place of Beginning and containing 176.149 acres of land, more or less.

NOTE: THIS COMPANY DOES NOT REPRESENT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE ARE CORRECT.

**END OF SCHEDULE A**

WALLER COUNTY APPRAISAL DISTRICT

CERTIFICATE OF OWNERSHIP

THE STATE OF TEXAS §

COUNTY OF WALLER §

I, the undersigned, herby certify that I have examined the appraisal rolls of Waller County, Texas, and find that the property described in Exhibit A attached hereto, is assessed on the appraisal rolls of Waller County, Texas, for the tax year 2011 in the names(s) of: C-2 PEDERSON ROAD LLC

Exhibit A: C-2 PEDERSON ROAD LLC

Existing or Parent Accounts on Last Certified Roll with Appraised Values:

ACCOUNT #	ACREAGE	MARKET VALUE	AG-USE PROD. VALUE (TAXABLE)
PID: 11044	11.92	\$135,190	\$2,030
PID: 13479	164.2271	\$893,400	\$27,920

CERTIFIED this 16 day of May, 2012.



Waller County Appraisal District

By: [Signature]

Name: Chris Barzilla

Title: Waller County Chief Appraiser

9798262112 >>

WALLER COUNTY APPRAISAL DISTRICT  
 ROBERTY 13479 R  
 15 A333400 A-334 T S RESETRACT 2ACRES  
 4.2271 PART OF 176.149 ACRES

OWNER ID 304839  
 PROPERTY APPRAISAL INFORMATION 2011  
 C-2 PEDERSON ROAD LLC  
 % CLAY DEVELOPMENT & CONSTRUCTION INC  
 P O BOX 37109  
 HOUSTON, TX 77237-7109

Endites	Values
CAD 100%	IMPROVEMENTS 0
DBK 100%	LAND MARKET + 893,400
ESD 100%	MARKET VALUE = 893,400
GWA 100%	PRODUCTIVITY LOSS - 865,480
REH 100%	APPRAISED VALUE = 27,920
SCT 100%	HS CAP LOSS - 0
	ASSESSED VALUE = 27,920

Ref ID: R13479  
 Map ID 914158

APPR VAL METHOD: Cost

EXEMPTIONS

GENERAL  
 FILITES FRL LAST APPR LAST APPR YR 2011  
 PHOTOGRAPHY LAST APPR. DATE 01/01/2010  
 ROAD ACCESS NEXT INSP. DATE 01/01/2006  
 ZONING  
 EXT REASON REMOVE AREA FAC

MARKS

SKETCH COMMANDS

BUILDING PERMITS  
 ISSUE DT PERMIT TYPE PERMIT AREA ST PERMIT VAL

ALEDT PRICE GRANTOR DEED INFO  
 2002/2008 \*\*\*\*\* NOTHERAL BESSIE SWDV / 1091 / 821  
 2/01/2008 \*\*\*\*\* WARD DAVID SWDV / 1091 / 843

RUBD: A333400 100.00% NBHD: KW2 IMPROVEMENT INFORMATION  
 TYPE DESCRIPTION METH CLASS/SUBC AREA UNIT PRICE/UNITS BUILT EFF YR COND. VALUE DEPR PRYS ECON FUND COMP ADJ ADJ VALUE IMPROVEMENT FEATURES

RUBD: A333400 100.00% NBHD: KW2 100.00%  
 DESCRIPTION 1S IMPROVED PASTURE G/S TABLE DS N K-2 SC HS DS N A METH  
 Comment: 2009 AG LEFT OFF IN ERR RICHRS, CHG FRAYAY TO PASTURE A  
 DIMENSIONS 184.2271 AC 8,500.00 1,395,930 0.64 1.00 A  
 LAND INFORMATION IRR Waks: 0 Capacity: 0  
 UNIT PRICE GROSS VALUE ADJ MASSADJ VAL SRC  
 IRR Acres: 0  
 MKT VAL AG APPLY AG CLASS AG TABLE AG UNIT PRG AG VALUE  
 893,400 YES 1D1 305 170.00 27,920  
 693,400 27,920

WALLER COUNTY APPRAISAL DISTRICT  
 OPERY 11044 R

3rd Description  
 S A317000 A-170 H & T C R R CO, TRACT 4 ACRES  
 9219, PART OF 176.149 ACRES

OWNER ID  
 304839  
 OWNERSHIP  
 100.00%

PROPERTY APPRAISAL INFORMATION 2011  
 C-2 PEDERSON ROAD LLC  
 % CLAY DEVELOPMENT & CONSTRUCTION INC  
 P O BOX 37109  
 HOUSTON, TX 77237-7109

Entireties  
 CAD 100%  
 DBX 100%  
 ESD 100%  
 GVA 100%  
 RFM 100%  
 SKT 100%

Values  
 IMPROVEMENTS 0  
 LAND MARKET 135,190  
 MARKET VALUE 135,190  
 PRODUCTIVITY LOSS 133,160  
 APPRAISED VALUE 2,030  
 HS CAP LOSS 0  
 ASSESSED VALUE 2,030

1000-004-000-101 RefID: R11044  
 Map ID 914158

ACRES: 11.9219  
 EFF. ACRES: 176.1490

APPR VAL METHOD: Cost

EXEMPTIONS

ASSESSED VALUE = 2,030

US HWY 90 TX  
 GENERAL  
 LAST APPR. 2011  
 LAST MSP. DATE 01/01/2010  
 NEXT INSP. DATE  
 PLTIES  
 POGRAPHY  
 AD ACCESS  
 NING  
 XT REASON  
 MARKS

SKETCH COMMANDS

BUILDING PERMITS  
 SUE DT PERMIT TYPE PERMIT AREA ST PERMIT VAL

DE DT PRICE GRANTOR DEED INFO  
 02/2008 \*\*\*\*\* MOTHERAL BESSIE SWD / 1091 / 821  
 10/12/008 \*\*\*\*\* WARD DAVID SWDV / 1091 / 843

UBD: A317000 100.00% NBHD:KVM1  
 TYPE DESCRIPTION HTID CLASS:SUBCL AREA LIND PRE:COUNTS BUILT EFF YR COND. VALUE DEPR PHYS ECON FURNG COLRF ADJ ADJ VALUE  
 IMPROVEMENT INFORMATION

IMPROVEMENT FEATURES

JBD: A317000 100.00% NBHD:KVM1 100.00%  
 DESCRIPTION D5 IMPROVED PASTURE CLS TABLE SG HS METH DIMENSIONS UNIT PRICE GROSS VALUE ADJ MASSADJ VAL SRC  
 11.9219 AC 27,000.00 321,990 0.42 1.00 A  
 MENT ACCESS THWY 90; NO FRONTAGE 2009 AG LEFT OFF IN ERROR PER CHRIS, CHG FRAYATO PASTURE BK A  
 LAND INFORMATION HRR Wats: 0 Capacity: 0  
 MKT VAL 135,190  
 RIR Acres: 0  
 AG APPLY YES  
 AG CLASS 101  
 AG TABLE 305  
 AG UNIT PRG 170.00  
 OB Wats: 0  
 AG VALUE 2,030  
 135,190  
 2,030

**11**





**COMMERCIAL DRIVEWAY @ ENTRY TO  
PEDERSON ROAD BUSINESS PARK**



**SK01**

**CLAY**  
DEVELOPMENT & CONSTRUCTION INC.

COMMERCIAL DESIGN-BUILDERS

5599 San Felipe, Suite 1440, Houston, TX 77056

[www.claydevelopment.com](http://www.claydevelopment.com) 713.789.2529 (ofc).

**14**

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

COG	Wages	
	Hourly	Annual
<b>Texas</b>		
<u>1. Panhandle Regional Planning Commission</u>	\$18.60	\$38,683
<u>2. South Plains Association of Governments</u>	\$16.21	\$33,717
<u>3. NORTEX Regional Planning Commission</u>	\$18.34	\$38,153
<u>4. North Central Texas Council of Governments</u>	\$23.45	\$48,777
<u>5. Ark-Tex Council of Governments</u>	\$15.49	\$32,224
<u>6. East Texas Council of Governments</u>	\$17.63	\$36,672
<u>7. West Central Texas Council of Governments</u>	\$17.48	\$36,352
<u>8. Rio Grande Council of Governments</u>	\$15.71	\$32,683
<u>9. Permian Basin Regional Planning Commission</u>	\$19.90	\$41,398
<u>10. Concho Valley Council of Governments</u>	\$15.33	\$31,891
<u>11. Heart of Texas Council of Governments</u>	\$17.91	\$37,257
<u>12. Capital Area Council of Governments</u>	\$25.37	\$52,778
<u>13. Brazos Valley Council of Governments</u>	\$15.24	\$31,705
<u>14. Deep East Texas Council of Governments</u>	\$15.71	\$32,682
<u>15. South East Texas Regional Planning Commission</u>	\$27.56	\$57,333
<u>16. Houston-Galveston Area Council</u>	\$24.52	\$51,002
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.07	\$41,738
<u>18. Alamo Area Council of Governments</u>	\$17.28	\$35,952
<u>19. South Texas Development Council</u>	\$13.27	\$27,601
<u>20. Coastal Bend Council of Governments</u>	\$21.55	\$44,822
<u>21. Lower Rio Grande Valley Development Council</u>	\$14.35	\$29,846
<u>22. Texoma Council of Governments</u>	\$18.10	\$37,651
<u>23. Central Texas Council of Governments</u>	\$17.21	\$35,788
<u>24. Middle Rio Grande Development Council</u>	\$13.21	\$27,471

Source: Texas Occupational Employment and Wages

Data published: June 2011

Data published annually, next update will be June 2012.

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

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

*110% of \$51,002 = \$56,102*

2011	1st Qtr	Waller County	Private	00	0	10	Total, All Industries	\$771
2011	2nd Qtr	Waller County	Private	00	0	10	Total, All Industries	\$810
2011	3rd Qtr	Waller County	Private	00	0	10	Total, All Industries	\$846
2011	4th Qtr	Waller County	Private	00	0	10	Total, All Industries	\$948

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*Average - \$843.75*  
*X 110% = \$928.12*

# Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Waller County	Private	31	2	31-33	Manufacturing	\$1,067
2011	2nd Qtr	Waller County	Private	31	2	31-33	Manufacturing	\$1,092
2011	3rd Qtr	Waller County	Private	31	2	31-33	Manufacturing	\$1,070
2011	4th Qtr	Waller County	Private	31	2	31-33	Manufacturing	\$1,129

*Average - \$1089.50*

*x 110% = \$1198.45*

**15**

# Comprehensive Benefits Package

---

- ▶ Life Insurance
- ▶ AD&D
- ▶ Short-term Disability
- ▶ Long-term Disability
- ▶ Critical Illness
- ▶ Business Travel Insurance
- ▶ Employee Assistance Program
- ▶ Medical
- ▶ Dental
- ▶ Vision
- ▶ Flexible Spending Accounts
- ▶ Additional AD&D
- ▶ Additional Life Insurance
- ▶ Additional Critical Illness
- ▶ Legal Plan
- ▶ 401(k) Plan
- ▶ Accident
- ▶ Whole Life

**ATTACHMENT 16**

The economic impact study will be performed by the Comptroller at a future date.

**17**

Applicant Name  
 Weatherford Artificial Lift Systems, Inc.  
 Katy Independent School District

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below)	Column A: Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	1	2013	24,250,000	21,000,000	45,250,000	11,739,420	45,250,000
	2	2014	24,250,000	21,000,000	45,250,000	11,739,420	45,250,000
	3	2015		100,000			100,000
	4	2016		100,000			100,000
	5	2017		100,000			100,000
	6	2018		100,000			100,000
	7	2019		100,000			100,000
	8	2020		100,000			100,000
	9	2021		100,000			100,000
	10	2022		100,000			100,000
	11	2023		100,000			100,000
	12	2024		100,000			100,000
	13	2025		100,000			100,000
	14	2026		100,000			100,000
	15	2027		100,000			100,000
Credit Settle-Up Period	Complete tax years of qualifying time period						
	Value Limitation Period						
Post-Settle-Up Period	Continue to Maintain Viable Presence						
	Post-Settle-Up Period						

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D) (For the purposes of investment, please list amount invested each year, not cumulative totals.)

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

*[Signature]*  
 DATE JUNE 15, 2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

**18**

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

Form 50-296

Applicant Name  
ISD Name

Weatherford Airlift Systems, Inc.

Katy Independent School District

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Qualified Property		Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O - after all reductions
					Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value			
pre-year 1	2012-2013	2012							
1	2013-2014	2013	11,739,420	20,300,000	21,825,000	0	53,864,420	53,864,420	
2	2014-2015	2014	11,739,420	39,900,000	41,225,000	0	81,125,000	81,125,000	
3	2015-2016	2015	11,739,420	38,500,000	36,375,000	0	74,875,000	30,000,000	
4	2016-2017	2016	11,739,420	37,196,667	31,525,000	0	67,721,667	30,000,000	
5	2017-2018	2017	11,739,420	35,793,333	26,675,000	0	62,468,333	30,000,000	
6	2018-2019	2018	11,739,420	34,486,667	32,175,000	0	66,661,667	30,000,000	
7	2019-2020	2019	11,739,420	33,080,000	26,175,000	0	59,255,000	30,000,000	
8	2020-2021	2020	11,739,420	31,770,000	20,175,000	0	51,945,000	30,000,000	
9	2021-2022	2021	11,739,420	30,360,000	14,225,000	0	44,585,000	30,000,000	
10	2022-2023	2022	11,739,420	29,046,667	22,075,000	0	51,121,667	30,000,000	
11	2023-2024	2023	11,739,420	27,633,333	19,925,000	0	47,558,333	47,558,333	
12	2024-2025	2024	11,739,420	26,316,667	17,775,000	0	44,091,667	44,091,667	
13	2025-2026	2025	11,739,420	24,900,000	15,625,000	0	40,525,000	40,525,000	
14	2026-2027	2026	11,739,420	23,580,000	13,475,000	0	37,055,000	37,055,000	
15	2027-2028	2027	11,739,420	22,160,000	11,325,000	0	33,485,000	33,485,000	

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

*[Signature]*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

JUNE 15, 2012

DATE

19

**Schedule C- Application: Employment Information**

Form 50-296

Applicant Name: Weatherford Artificial Lift Systems, Inc.  
 ISD Name: Katy Independent School District

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2012-2013	2012	48,000 hrs	40,000	50	61,186	40	56,105
	1	2013-2014	2013	16,000 hrs	40,000	245	63,022	196	56,105
	2	2014-2015	2014			245	64,913	196	56,105
	3	2015-2016	2015			245	66,860	196	56,105
	4	2016-2017	2016			245	68,866	196	56,105
	5	2017-2018	2017			245	70,932	196	56,105
	6	2018-2019	2018			245	73,060	196	56,105
	7	2019-2020	2019			245	75,252	196	56,105
	8	2020-2021	2020			245	77,509	196	56,105
	9	2021-2022	2021			245	79,834	196	56,105
	10	2022-2023	2022			245	82,229	196	56,105
	11	2023-2024	2023			245	84,696	196	56,105
	12	2024-2025	2024			245	87,237	196	56,105
	13	2025-2026	2025			245	89,854	196	56,105
	14	2026-2027	2026			245	92,550	196	56,105
	15	2027-2028	2027			245	95,326	196	56,105
	Complete tax years of qualifying time period								
	Value Limitation Period								
	Credit Settle-Up Period (with 50% cap on credit)								
	Continue to Maintain Viable Presence								
	Post- Settle-Up Period								
	Post- Settle-Up Period								

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

JUNE 15, 2012  
 DATE

**20**

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

Applicant Name

Weatherford Artificial Lift Systems, Inc.

ISD Name

Katy Independent School District

Form 50-296

Other Property Tax Abatements Sought

Sales Tax Information

Franchise Tax

Other

	Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Sales Taxable Expenditures		Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012-2013	2012	0	0	0	0	0	0	0
Complete tax years of qualifying time period	1	2013-2014	2013	4,865,015	5,686,556	0	100%	0	0	0
	2	2014-2015	2014	7,297,523	8,529,894	0	100%	0	0	0
Value Limitation Period	3	2015-2016	2015	9,730,031	11,373,112	0	100%	0	0	0
	4	2016-2017	2016	9,730,031	11,373,112	0	100%	0	0	0
	5	2017-2018	2017	14,595,046	11,373,112	0	100%	0	0	0
	6	2018-2019	2018	14,595,046	11,373,112	0	100%	0	0	0
	7	2019-2020	2019	14,595,046	11,373,112	0	100%	0	0	0
Tax Credit Period (with 50% cap on credit)	8	2020-2021	2020	14,595,046	11,373,112	0	100%	0	0	0
	9	2021-2022	2021	14,595,046	11,373,112	0	100%	0	0	0
	10	2022-2023	2022	14,595,046	11,373,112	0	100%	0	0	0
Credit Settle-Up Period	11	2023-2024	2023	14,595,046	11,373,112	0	100%	0	0	0
	12	2024-2025	2024	14,595,046	11,373,112	0	100%	0	0	0
	13	2025-2026	2025	14,595,046	11,373,112	0	100%	0	0	0
Post-Settle-Up Period	14	2026-2027	2026	14,595,046	11,373,112	0	100%	0	0	0
Post-Settle-Up Period	15	2027-2028	2027	14,595,046	11,373,112	0	100%	0	0	0

For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

JUNE 15, 2012

DATE

## Explanation of Franchise Tax Reporting on Schedule D

Schedule D, Column H reflects no franchise tax due from applicant. Weatherford International is structured so that the plants generally do not have outside sales. Weatherford plants produce product, and in the case of Weatherford Artificial Lift Systems, it would transfer the product to the Odessa or Longview distribution centers which hold the finished inventory. At that point, a sale would be recorded. The Texas franchise tax would be reported in those distribution centers, not at the plant in Waller County.

**21**



**22**

STATE OF TEXAS  
COUNTY OF WALLER

IN THE COMMISSIONERS COURT  
OF WALLER COUNTY, TEXAS

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

BE IT REMEMBERED at a meeting of Commissioners Court of Waller County, Texas, held on the 13th day of June, 2012, on motion made by Pokluda, Commissioner of Precinct No 2, and seconded by Kitzman, Commissioner of Precinct No 4, the following Order was adopted:

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

WHEREAS, it is in the best interest of the county to designate the Weatherford Artificial Lift Systems, Inc. facility near Katy, Texas, a reinvestment zone, pursuant to Sections 312.401 and 312.201 of the Tax Code (The Property Redevelopment and Tax Abatement Act)

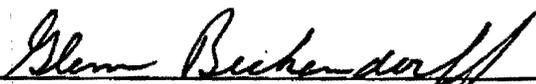
IT IS THEREFORE ORDERED BY THE COMMISSIONERS COURT OF WALLER COUNTY, TEXAS

- Section 1. That the Commissioners Court hereby designates the Weatherford Artificial Lift Systems, Inc., a Delaware Corporation , 2000 St. James Place Houston, Texas 77056 (mailing purposes only), Waller County, Texas, further described in the legal description attached hereto as Exhibit "A", and made apart hereof for all purposes, as a Reinvestment Zone (the "Zone");
- Section 2 That the Commissioners Court finds that the Zone area meets the qualifications of the Texas Redevelopment and Tax Abatement Act;
- Section 3. That the Commissioners Court has heretofore adopted Tax Abatement and Incentives Policy Guidelines & Criteria for Waller County;
- Section 4 That the Commissioners Court held a public hearing to consider this Order on the 13th day of June, 2012
- Section 5. The Commissioners Court finds that such improvements are feasible and will benefit the Zone after the expiration of the agreement

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

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

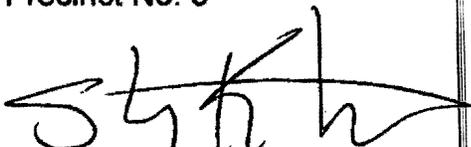
Signed this 13th day of June 2012.

  
\_\_\_\_\_  
GLENN BECKENDORFF  
County Judge

\_\_\_\_\_  
COMMISSIONER ODIS STYERS  
Precinct No. 1 (Absent)

  
\_\_\_\_\_  
COMMISSIONER SYLVIA CEDILLO  
Precinct No. 3

  
\_\_\_\_\_  
COMMISSIONER FRANK POKLUDA  
Precinct No. 2

  
\_\_\_\_\_  
COMMISSIONER STAN KITZMAN  
Precinct No. 4

**SCHEDULE A**  
(continued)

4. Legal description of land:

FIELD NOTES FOR A 176.149 ACRE TRACT OF LAND IN THE T. S. REESE SURVEY, ABSTRACT 334, AND THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 107, ABSTRACT 170, WALLER COUNTY, TEXAS, SAID 176.149 ACRE TRACT BEING THE RESIDUE OF THAT CERTAIN CALLED 198 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOLUME 412, PAGE 44, DEED RECORDS, WALLER COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a 1-inch iron pipe found in the north right-of-way line of the adjoining M. K. & T. Railroad right-of-way for the southeast corner of an adjoining called 1.9921 acre tract described in deed recorded in Volume 349, Page 491, Deed Records, Waller County, Texas, for the lower southwest corner and Place of Beginning of the herein described 176.149 acre tract of land, from which point a 5/8 inch iron rod found for the southwest corner of said called 198 acre tract and the southwest corner of said adjoining called 1.9921 acre tract bears South 88 degrees 42 minutes 26 seconds West, 209.14 feet;

THENCE North 01 degree 14 minutes 00 seconds West (adjoiner called North 00 degrees 01 minute 04 seconds West) along the common line of the herein described tract and said adjoining called 1.9921 acre tract, 415.06 feet (adjoiner called 414.69 feet) to a 1/2 inch iron rod found for a reentry corner to the herein described tract, same being the northeast corner of said adjoining called 1.9921 acre tract;

THENCE South 88 degrees 29 minutes 13 seconds West (adjoiner called South 89 degrees 44 minutes 09 seconds West) continuing along said common line, at 209.40 feet (adjoiner called 209.37 feet) pass a 1/2 inch iron rod found on said line for the called northwest corner of said adjoining called 1.9921 acre tract and continuing for a total distance of 212.89 feet to a 1/4 inch iron pipe with cap marked "Kalkomey Surveying" set in the west line of said T. S. Reese Survey, Abstract 334, same being the east line of the adjoining E. B. Couch Survey, Abstract 295, for the upper southwest corner of the herein described tract, said point also being in the west line of said called 198 acre tract, same being the east line of an adjoining called 19.36 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, described in Volume 0514, Page 926, Official Records, Waller County, Texas;

THENCE North 01 degree 45 minutes 05 seconds West along the west line of the herein described tract, the west line of said called 198 acre tract, and the west line of said T. S. Reese Survey, Abstract 334, same being the east line of said adjoining E. B. Couch Survey, Abstract 295, the east line of said adjoining called 19.36 acre tract, the east line of an adjoining called 11.2461 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, and the east line of an adjoining called 1.0655 acre tract recorded in Volume 0893, Page 781, Official Records, Waller County, Texas, at 2,454.68 feet pass a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" found on said line for the northeast corner of said adjoining called 1.0655 acre tract, same being the southeast corner of an adjoining called 18.895 acre tract recorded in Volume 0603, Page 750, Official Records, Waller County, Texas, described in Volume 0560, Page 393, Official Records, Waller County, Texas, and continuing for a total distance of 2,462.65 feet to a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" set on said line for the northwest corner of the herein described tract and the northwest corner of said called 198 acre tract;

THENCE North 88 degrees 04 minutes 39 seconds East along the north line of the herein described tract and the north line of said called 198 acre tract, at 10.39 feet pass a 1-inch iron pipe found on said line for the called southwest corner of an adjoining called 200 acre tract recorded in Volume 0553, Page 096, Official Records, Waller County, Texas, at 28.87 feet pass a 1-inch iron pipe found 0.40 feet north of said

**SCHEDULE A**  
(continued)

line, and continuing for a total distance of 2,789.83 feet to a ½ inch iron rod found for the northeast corner of the herein described tract, same being the northwest corner of an adjoining called 21.713 acre tract described in deed recorded in Volume 0553, Page 101, Official Records, Waller County, Texas, from which point a 1-inch iron pipe found for the northeast corner of said called 198 acre tract and the northeast corner of said adjoining called 21.713 acre tract, same being the southeast corner of said adjoining called 200 acre tract bears North 88 degrees 04 minutes 39 seconds East, 368.30 feet (adjoiner called South 89 degrees 49 minutes East, 368.21 feet);

THENCE South 01 degree 47 minutes 53 seconds East (adjoiner called South 01 degree 17 minutes 46 seconds East) along the east line of the herein described tract, same being the west line of said adjoining called 21.713 acre tract, 2,567.39 feet (adjoiner called 2,566.43 feet) to a ½ inch iron rod found for the upper southeast corner of the herein described tract, same being the southwest corner of said adjoining called 21.713 acre tract, and being in the south line of said T. S. Reese Survey, Abstract 334, same being the north line of the adjoining W. W. Bains Survey, Abstract 385, and the north line of an adjoining tract of land in deed to R. & Y. Interests, Ltd. recorded in Volume 0575, Page 029, Official Records, Waller County, Texas, from which point a ½ inch iron rod found for the upper southeast corner of said called 198 acre tract and the southeast corner of said adjoining called 21.713 acre tract bears North 88 degrees 29 minutes 33 seconds East, 368.56 feet (adjoiner called South 89 degrees 24 minutes 28 seconds East, 368.21 feet);

THENCE South 88 degrees 29 minutes 33 seconds West along the upper south line of the herein described tract, the upper south line of said called 198 acre tract, and the south line of said T. S. Reese Survey, Abstract 334, same being the north line of said adjoining W. W. Bains Survey, Abstract 385, and the north line of said adjoining R. & Y. Interests, Ltd. tract, 925.08 feet to a 1-inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 198 acre tract, same being the northwest corner of said adjoining W. W. Bains Survey, Abstract 385, and the northwest corner of said adjoining R. & Y. Interest, Ltd. tract, said point also being the northeast corner of the aforementioned H. & T. C. Railroad Company Survey Section 107, Abstract 170;

THENCE South 02 degrees 08 minutes 14 seconds East along the lower east line of the herein described tract, the lower east line of said called 198 acre tract, and the east line of said H. & T. C. Railroad Company Survey Section 107, Abstract 170, same being the west line of said adjoining W. W. Bains Survey, Abstract 385, and the west line of said adjoining R. & Y. Interests, Ltd. tract, 338.02 feet to a ½ inch iron pipe found for the lower southeast corner of the herein described tract and the lower southeast corner of said called 198 acre tract, same being the southwest corner of said adjoining R. & Y. Interests, Ltd. tract, and being in the north line of the aforementioned adjoining M. K. & T. Railroad right-of-way;

THENCE South 88 degrees 45 minutes 03 seconds West along the lower south line of the herein described tract and the lower south line of said called 198 acre tract, same being the north right-of-way line of said adjoining M. K. & T. Railroad right-of-way, 1,660.05 feet to the Place of Beginning and containing 176.149 acres of land, more or less.

NOTE: THIS COMPANY DOES NOT REPRESENT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE ARE CORRECT.

**END OF SCHEDULE A**

STATE OF TEXAS  
COUNTY OF WALLER

IN THE COMMISSIONERS COURT  
OF WALLER COUNTY, TEXAS

ORDER DESIGNATING A REINVESTMENT ZONE  
PURSUANT TO SECTIONS 312.401 AND 312 201 OF THE TAX CODE  
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WHEREAS, the Commissioners Court of Waller County, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in the county and to provide employment to residents of the area; and,

WHEREAS, it is in the best interest of the county to designate the Weatherford Artificial Lift Systems, Inc. facility near Katy, Texas, a reinvestment zone, pursuant to Sections 312.401 and 312.201 of the Tax Code (The Property Redevelopment and Tax Abatement Act)

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

- Section 1. That the Commissioners Court hereby designates the Weatherford Artificial Lift Systems, Inc., a Delaware Corporation, 2000 St. James Place Houston, Texas 77056 (mailing purposes only), Waller County, Texas, further described in the legal description attached hereto as Exhibit "A", and made apart hereof for all purposes, as a Reinvestment Zone (the "Zone");
- Section 2 That the Commissioners Court finds that the Zone area meets the qualifications of the Texas Redevelopment and Tax Abatement Act;
- Section 3. That the Commissioners Court has heretofore adopted Tax Abatement and Incentives Policy Guidelines & Criteria for Waller County;
- Section 4 That the Commissioners Court held a public hearing to consider this Order on the 13th day of June, 2012
- Section 5. The Commissioners Court finds that such improvements are feasible and will benefit the Zone after the expiration of the agreement

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

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

Signed this 13th day of June 2012.

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**GLENN BECKENDORFF**  
County Judge

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**COMMISSIONER ODIS STYERS**  
Precinct No. 1 (Absent)

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**COMMISSIONER SYLVIA CEDILLO**  
Precinct No. 3

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**COMMISSIONER FRANK POKLUDA**  
Precinct No. 2

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**COMMISSIONER STAN KITZMAN**  
Precinct No. 4

**SCHEDULE A**  
(continued)

4. Legal description of land:

FIELD NOTES FOR A 176.149 ACRE TRACT OF LAND IN THE T. S. REESE SURVEY, ABSTRACT 334, AND THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 107, ABSTRACT 170, WALLER COUNTY, TEXAS, SAID 176.149 ACRE TRACT BEING THE RESIDUE OF THAT CERTAIN CALLED 198 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOLUME 412, PAGE 44, DEED RECORDS, WALLER COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING at a 1-inch Iron pipe found in the north right-of-way line of the adjoining M. K. & T. Railroad right-of-way for the southeast corner of an adjoining called 1.9921 acre tract described in deed recorded in Volume 349, Page 491, Deed Records, Waller County, Texas, for the lower southwest corner and Place of Beginning of the herein described 176.149 acre tract of land, from which point a 5/8 Inch Iron rod found for the southwest corner of said called 198 acre tract and the southwest corner of said adjoining called 1.9921 acre tract bears South 88 degrees 42 minutes 26 seconds West, 209.14 feet;

THENCE North 01 degree 14 minutes 00 seconds West (adjoiner called North 00 degrees 01 minute 04 seconds West) along the common line of the herein described tract and said adjoining called 1.9921 acre tract, 415.06 feet (adjoiner called 414.69 feet) to a 1/2 inch Iron rod found for a reentry corner to the herein described tract, same being the northeast corner of said adjoining called 1.9921 acre tract;

THENCE South 88 degrees 29 minutes 13 seconds West (adjoiner called South 89 degrees 44 minutes 09 seconds West) continuing along said common line, at 209.40 feet (adjoiner called 209.37 feet) pass a 1/2 inch Iron rod found on said line for the called northwest corner of said adjoining called 1.9921 acre tract, and continuing for a total distance of 212.89 feet to a 1/4 inch Iron pipe with cap marked "Kalkomey Surveying" set in the west line of said T. S. Reese Survey, Abstract 334, same being the east line of the adjoining E. B. Couch Survey, Abstract 295, for the upper southwest corner of the herein described tract, said point also being in the west line of said called 198 acre tract, same being the east line of an adjoining called 19.36 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, described in Volume 0514, Page 926, Official Records, Waller County, Texas;

THENCE North 01 degree 45 minutes 05 seconds West along the west line of the herein described tract, the west line of said called 198 acre tract, and the west line of said T. S. Reese Survey, Abstract 334, same being the east line of said adjoining E. B. Couch Survey, Abstract 295, the east line of said adjoining called 19.36 acre tract, the east line of an adjoining called 11.2461 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, and the east line of an adjoining called 1.0655 acre tract recorded in Volume 0893, Page 781, Official Records, Waller County, Texas, at 2,454.68 feet pass a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" found on said line for the northeast corner of said adjoining called 1.0655 acre tract, same being the southeast corner of an adjoining called 18.895 acre tract recorded in Volume 0603, Page 750, Official Records, Waller County, Texas, described in Volume 0560, Page 393, Official Records, Waller County, Texas, and continuing for a total distance of 2,462.65 feet to a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" set on said line for the northwest corner of the herein described tract and the northwest corner of said called 198 acre tract;

THENCE North 88 degrees 04 minutes 39 seconds East along the north line of the herein described tract and the north line of said called 198 acre tract, at 10.39 feet pass a 1-inch Iron pipe found on said line for the called southwest corner of an adjoining called 200 acre tract recorded in Volume 0553, Page 096, Official Records, Waller County, Texas, at 28.87 feet pass a 1-inch iron pipe found 0.40 feet north of said

**SCHEDULE A**

(continued)

line, and continuing for a total distance of 2,789.83 feet to a ½ inch iron rod found for the northeast corner of the herein described tract, same being the northwest corner of an adjoining called 21.713 acre tract described in deed recorded in Volume 0553, Page 101, Official Records, Waller County, Texas, from which point a 1-inch iron pipe found for the northeast corner of said called 198 acre tract and the northeast corner of said adjoining called 21.713 acre tract, same being the southeast corner of said adjoining called 200 acre tract bears North 88 degrees 04 minutes 39 seconds East, 368.30 feet (adjoiner called South 89 degrees 49 minutes East, 368.21 feet);

THENCE South 01 degree 47 minutes 53 seconds East (adjoiner called South 01 degree 17 minutes 46 seconds East) along the east line of the herein described tract, same being the west line of said adjoining called 21.713 acre tract, 2,567.39 feet (adjoiner called 2,566.43 feet) to a ½ inch iron rod found for the upper southeast corner of the herein described tract, same being the southwest corner of said adjoining called 21.713 acre tract, and being in the south line of said T. S. Reese Survey, Abstract 334, same being the north line of the adjoining W. W. Bains Survey, Abstract 385, and the north line of an adjoining tract of land in deed to R. & Y. Interests, Ltd. recorded in Volume 0575, Page 029, Official Records, Waller County, Texas, from which point a ½ inch iron rod found for the upper southeast corner of said called 198 acre tract and the southeast corner of said adjoining called 21.713 acre tract bears North 88 degrees 29 minutes 33 seconds East, 368.56 feet (adjoiner called South 89 degrees 24 minutes 28 seconds East, 368.21 feet);

THENCE South 88 degrees 29 minutes 33 seconds West along the upper south line of the herein described tract, the upper south line of said called 198 acre tract, and the south line of said T. S. Reese Survey, Abstract 334, same being the north line of said adjoining W. W. Bains Survey, Abstract 385, and the north line of said adjoining R. & Y. Interests, Ltd. tract, 925.08 feet to a 1-inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 198 acre tract, same being the northwest corner of said adjoining W. W. Bains Survey, Abstract 385, and the northwest corner of said adjoining R. & Y. Interest, Ltd. tract, said point also being the northeast corner of the aforementioned H. & T. C. Railroad Company Survey Section 107, Abstract 170;

THENCE South 02 degrees 08 minutes 14 seconds East along the lower east line of the herein described tract, the lower east line of said called 198 acre tract, and the east line of said H. & T. C. Railroad Company Survey Section 107, Abstract 170, same being the west line of said adjoining W. W. Bains Survey, Abstract 385, and the west line of said adjoining R. & Y. Interests, Ltd. tract, 338.02 feet to a ½ inch iron pipe found for the lower southeast corner of the herein described tract and the lower southeast corner of said called 198 acre tract, same being the southwest corner of said adjoining R. & Y. Interests, Ltd. tract, and being in the north line of the aforementioned adjoining M. K. & T. Railroad right-of-way;

THENCE South 88 degrees 45 minutes 03 seconds West along the lower south line of the herein described tract and the lower south line of said called 198 acre tract, same being the north right-of-way line of said adjoining M. K. & T. Railroad right-of-way, 1,660.05 feet to the Place of Beginning and containing 176.149 acres of land, more or less.

NOTE: THIS COMPANY DOES NOT REPRESENT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE ARE CORRECT.

**END OF SCHEDULE A**

**23**

**SCHEDULE A**  
(continued)

4. Legal description of land:

FIELD NOTES FOR A 176.149 ACRE TRACT OF LAND IN THE T. S. REESE SURVEY, ABSTRACT 334, AND THE H. & T. C. RAILROAD COMPANY SURVEY SECTION 107, ABSTRACT 170, WALLER COUNTY, TEXAS, SAID 176.149 ACRE TRACT BEING THE RESIDUE OF THAT CERTAIN CALLED 198 ACRE TRACT DESCRIBED IN DEED RECORDED IN VOLUME 412, PAGE 44, DEED RECORDS, WALLER COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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THENCE North 01 degree 14 minutes 00 seconds West (adjoiner called North 00 degrees 01 minute 04 seconds West) along the common line of the herein described tract and said adjoining called 1.9921 acre tract, 415.06 feet (adjoiner called 414.69 feet) to a 1/2 inch iron rod found for a reentry corner to the herein described tract, same being the northeast corner of said adjoining called 1.9921 acre tract;

THENCE South 88 degrees 29 minutes 13 seconds West (adjoiner called South 89 degrees 44 minutes 09 seconds West) continuing along said common line, at 209.40 feet (adjoiner called 209.37 feet) pass a 1/2 inch iron rod found on said line for the called northwest corner of said adjoining called 1.9921 acre tract, and continuing for a total distance of 212.89 feet to a 1/4 inch iron pipe with cap marked "Kalkomey Surveying" set in the west line of said T. S. Reese Survey, Abstract 334, same being the east line of the adjoining E. B. Couch Survey, Abstract 295, for the upper southwest corner of the herein described tract, said point also being in the west line of said called 198 acre tract, same being the east line of an adjoining called 19.36 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, described in Volume 0514, Page 926, Official Records, Waller County, Texas;

THENCE North 01 degree 45 minutes 05 seconds West along the west line of the herein described tract, the west line of said called 198 acre tract, and the west line of said T. S. Reese Survey, Abstract 334, same being the east line of said adjoining E. B. Couch Survey, Abstract 295, the east line of said adjoining called 19.36 acre tract, the east line of an adjoining called 11.2461 acre tract recorded in Volume 0610, Page 049, Official Records, Waller County, Texas, and the east line of an adjoining called 1.0655 acre tract recorded in Volume 0893, Page 781, Official Records, Waller County, Texas, at 2,454.68 feet pass a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" found on said line for the northeast corner of said adjoining called 1.0655 acre tract, same being the southeast corner of an adjoining called 18.895 acre tract recorded in Volume 0603, Page 750, Official Records, Waller County, Texas, described in Volume 0560, Page 393, Official Records, Waller County, Texas, and continuing for a total distance of 2,462.65 feet to a 1/2 inch iron pipe with cap marked "Kalkomey Surveying" set on said line for the northwest corner of the herein described tract and the northwest corner of said called 198 acre tract;

THENCE North 88 degrees 04 minutes 39 seconds East along the north line of the herein described tract and the north line of said called 198 acre tract, at 10.39 feet pass a 1-inch iron pipe found on said line for the called southwest corner of an adjoining called 200 acre tract recorded in Volume 0553, Page 096, Official Records, Waller County, Texas, at 28.87 feet pass a 1-inch iron pipe found 0.40 feet north of said

**SCHEDULE A**  
(continued)

line, and continuing for a total distance of 2,789.83 feet to a ½ inch iron rod found for the northeast corner of the herein described tract, same being the northwest corner of an adjoining called 21.713 acre tract described in deed recorded in Volume 0553, Page 101, Official Records, Waller County, Texas, from which point a 1-inch iron pipe found for the northeast corner of said called 198 acre tract and the northeast corner of said adjoining called 21.713 acre tract, same being the southeast corner of said adjoining called 200 acre tract bears North 88 degrees 04 minutes 39 seconds East, 368.30 feet (adjoiner called South 89 degrees 49 minutes East, 368.21 feet);

THENCE South 01 degree 47 minutes 53 seconds East (adjoiner called South 01 degree 17 minutes 46 seconds East) along the east line of the herein described tract, same being the west line of said adjoining called 21.713 acre tract, 2,557.39 feet (adjoiner called 2,566.43 feet) to a ½ inch iron rod found for the upper southeast corner of the herein described tract, same being the southwest corner of said adjoining called 21.713 acre tract, and being in the south line of said T. S. Reese Survey, Abstract 334, same being the north line of the adjoining W. W. Bains Survey, Abstract 385, and the north line of an adjoining tract of land in deed to R. & Y. Interests, Ltd. recorded in Volume 0575, Page 029, Official Records, Waller County, Texas, from which point a ½ inch iron rod found for the upper southeast corner of said called 198 acre tract and the southeast corner of said adjoining called 21.713 acre tract bears North 88 degrees 29 minutes 33 seconds East, 368.56 feet (adjoiner called South 89 degrees 24 minutes 28 seconds East, 368.21 feet);

THENCE South 88 degrees 29 minutes 33 seconds West along the upper south line of the herein described tract, the upper south line of said called 198 acre tract, and the south line of said T. S. Reese Survey, Abstract 334, same being the north line of said adjoining W. W. Bains Survey, Abstract 385, and the north line of said adjoining R. & Y. Interests, Ltd. tract, 925.08 feet to a 1-inch iron pipe found for a reentry corner to the herein described tract and a reentry corner to said called 198 acre tract, same being the northwest corner of said adjoining W. W. Bains Survey, Abstract 385, and the northwest corner of said adjoining R. & Y. Interest, Ltd. tract, said point also being the northeast corner of the aforementioned H. & T. C. Railroad Company Survey Section 107, Abstract 170;

THENCE South 02 degrees 08 minutes 14 seconds East along the lower east line of the herein described tract, the lower east line of said called 198 acre tract, and the east line of said H. & T. C. Railroad Company Survey Section 107, Abstract 170, same being the west line of said adjoining W. W. Bains Survey, Abstract 385, and the west line of said adjoining R. & Y. Interests, Ltd. tract, 338.02 feet to a ½ inch iron pipe found for the lower southeast corner of the herein described tract and the lower southeast corner of said called 198 acre tract, same being the southwest corner of said adjoining R. & Y. Interests, Ltd. tract, and being in the north line of the aforementioned adjoining M. K. & T. Railroad right-of-way;

THENCE South 88 degrees 45 minutes 03 seconds West along the lower south line of the herein described tract and the lower south line of said called 198 acre tract, same being the north right-of-way line of said adjoining M. K. & T. Railroad right-of-way, 1,660.05 feet to the Place of Beginning and containing 176.149 acres of land, more or less.

NOTE: THIS COMPANY DOES NOT REPRESENT THE ABOVE ACREAGE AND/OR SQUARE FOOTAGE ARE CORRECT.

**END OF SCHEDULE A**

**24**

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

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

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

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

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

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

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

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

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

**DEFINITIONS - Section I**

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

designated by Waller County.

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

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

**ABATEMENT AUTHORIZED - Section II**

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

necessary to the operation and administration of the facility.

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

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

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

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

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

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

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

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

### APPLICATION - Section III

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

impacts.

- c. Upon receipt of a completed application and prior to acting on the application, the County Judge shall (1) notify in writing the presiding officer of the legislative body of each taxing unit in which the property to be subject to the agreement is located not later than the seventh day before the public hearing and (2) publish in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon the application, Waller County shall through public hearing afford the applicant and the designated representative of any affected jurisdiction, and any other interested person, opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on Commissioners' Court agenda to be posted at least seven (7) days prior to the hearing.
- d. Waller County, not more than 60 days after receipt of the application, shall by order either approve or disapprove the application for tax abatement at a regularly scheduled meeting by a majority vote. The county judge shall notify the applicant of approval or disapproval. If disapproved, a Commissioner may request a second review, in which case a new application and hearing shall be required.
- e. Waller County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or construction of new facility.
- f. **Variance.** Requests for variance from the provisions of Section II may be made in written form to the Commissioners' Court. Such request shall include all the items listed in Section III (b), together with a complete description of the circumstances which prompt the applicant to request a variance. The approval process for a variance request requires a three-fourths (3/4) vote of the governing body and shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the Commissioners' Court.
- g. **Confidentiality Required.** Information that is provided to the County in connection with an application or request for Tax Abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which Tax Abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. That information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.

#### **PUBLIC HEARING - Section IV**

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

#### **AGREEMENT - Section V**

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

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

#### RECAPTURE - Section VI

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

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

#### **ADMINISTRATION - Section VII**

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

#### **ASSIGNMENT - Section VIII**

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

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

#### **SUNSET PROVISION - Section IX**

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

#### **DISCRETION OF THE COUNTY - Section X**

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

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