
FINDINGS
OF THE
GOOSE CREEK CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
BORUSAN MANNESMANN PIPE U.S., INC.

MAY 13, 2013

Board Findings of the Goose Creek Consolidated Independent School District

FINDINGS OF THE GOOSE CREEK CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT BOARD OF
TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
BORUSAN MANNESMANN PIPE U.S., INC.

STATE OF TEXAS

§

COUNTY OF CHAMBERS

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On the 13th day of May, 2013, a public meeting of the Board of Trustees of the Goose Creek Consolidated Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Borusan Mannesmann Pipe U.S., Inc. (Borusan Mannesmann) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Goose Creek Consolidated Independent School District makes the following findings with respect to the application of Borusan Mannesmann, and the economic impact of that application:

On December 10, 2012, the Superintendent of Schools of the Goose Creek Consolidated Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Borusan Mannesmann for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. An Amended Application was submitted on March 6, 2013. A copy of the Amended Application is attached as **Attachment A**.

The Applicant, Borusan Mannesmann (Texas Taxpayer Id. 32044953654), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Goose Creek Consolidated Independent School District

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on March 18, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Goose Creek Consolidated Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

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

After receipt of the Application, the District entered into negotiations with Borusan Mannesmann, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the Goose Creek Consolidated Independent School District

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Borusan Mannesmann Pipe U.S., Inc. project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of Baytown, Texas is in need of long-term improvement, based on the state's analysis of Chambers County data.

Based on information provided by the Comptroller's Office that focused on the county level, Chambers County is the 91st largest county in the state in terms of population. Population growth in Chambers County is up; the population of Chambers County grew by 2.5 percent between 2009 and 2010, faster than the state average of 1.8 percent.

September 2011 employment for Chambers County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period, based on the information provided by the Comptroller's Office. Even with the increase in total employment, however, the unemployment rate in Chambers County was 10.5 percent in September 2011, higher than the state average of 8.5 percent.

Board Findings of the Goose Creek Consolidated Independent School District

Chambers County continues to have a higher per capita personal income than the state as a whole. In terms of per capita income, Chambers County's \$45,257 in 2009 ranked 13th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While the population growth and relative per capita income are generally positive trends, the higher unemployment rate reported in the analysis prepared by the Comptroller's Office indicates the need for long-term economic growth in the area served by GCCISD. The local economy in Chambers County and particularly the Baytown area will benefit from economic activity like that associated with the Borusan Mannesmann project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$59,083 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Borusan Mannesmann indicates that total employment will be approximately 80 new jobs, 65 of which will be qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 80 new jobs when fully operational. Sixty-five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (IWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Chambers County is \$82,784. That same year, the county annual average wage for all industries was \$49,712. In addition to a salary of \$59,083, each qualifying position will receive a

Board Findings of the Goose Creek Consolidated Independent School District

group health benefit plan for which the applicant will pay at least 80% of the premiums assessed for employee-only coverage.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$4.31 million on the basis of the goal of 65 new qualifying positions for the entire Borusan Mannesmann project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$280 million, resulting in a relative level of investment per qualifying job of \$4.31 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

In support of Finding 5, the economic impact evaluation states:

Table 1 depicts Borusan Mannesmann Pipe U.S., Inc.'s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Borusan Mannesmann Pipe U.S., Inc.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	329	428	757	\$23,142,730	\$25,857,270	\$49,000,000
2014	80	223	303	\$6,566,880	\$15,433,120	\$22,000,000
2015	80	215	295	\$6,632,560	\$15,367,440	\$22,000,000
2016	80	203	283	\$6,698,880	\$16,301,120	\$23,000,000
2017	80	195	275	\$6,765,840	\$16,234,160	\$23,000,000
2018	80	191	271	\$6,833,520	\$17,166,480	\$24,000,000
2019	80	188	268	\$6,901,840	\$18,098,160	\$25,000,000
2020	80	186	266	\$6,970,880	\$18,029,120	\$25,000,000
2021	80	186	266	\$7,040,560	\$18,959,440	\$26,000,000
2022	80	182	262	\$7,110,960	\$19,889,040	\$27,000,000
2023	80	186	266	\$7,182,080	\$20,817,920	\$28,000,000
2024	80	176	256	\$7,253,920	\$20,746,080	\$28,000,000
2025	80	178	258	\$7,326,400	\$20,673,600	\$28,000,000
2026	80	174	254	\$7,399,680	\$22,600,320	\$30,000,000
2027	80	178	258	\$7,473,680	\$23,526,320	\$31,000,000
2028	80	178	258	\$7,548,400	\$24,451,600	\$32,000,000

Source: CPA, REMI, Borusan Mannesmann Pipe U.S., Inc.

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2011-2012. Goose Creek CISD's ad valorem tax base in 2011-2012 was \$8.4 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Goose Creek CISD's estimated wealth per WADA was \$320,472. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Chambers County, Lee College, Chambers County Improvement District #1, Cedar Bayou Navigation and Chambers-Liberty Navigation District with all property tax incentives sought being granted using estimated market value from Borusan Mannesmann Pipe U.S., Inc.'s application. Borusan Mannesmann Pipe U.S., Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Borusan Mannesmann Pipe U.S., Inc. project on the region if all taxes are assessed.

Board Findings of the Goose Creek Consolidated Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Goose Creek CISO I&S Levy	Goose Creek CISO M&O Levy	Goose Creek CISO M&O and I&S Tax Levies (Before Credit Credited)	Goose Creek CISO M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	Chamber-Liberty Navigation District Tax Levy	Cedar Bayou Navigation District Tax Levy	Chambers County Improvement District #1 Tax Levy	Lee College Tax Levy	Estimated Total Property Taxes
				0.2921	1.0400			0.4968	0.0181	0.0200	0.6000	0.2410	
2014	\$101,000,000	\$101,000,000		\$295,051	\$1,050,400	\$1,345,451	\$1,345,451	\$0	\$18,241	\$20,200	\$606,000	\$243,410	\$2,233,302
2015	\$147,260,000	\$147,260,000		\$430,191	\$1,531,504	\$1,961,695	\$1,961,695	\$0	\$26,595	\$29,452	\$883,560	\$354,897	\$3,256,198
2016	\$141,534,800	\$30,000,000		\$413,466	\$312,000	\$725,466	\$725,466	\$0	\$25,561	\$28,307	\$849,209	\$341,099	\$1,969,641
2017	\$135,824,104	\$30,000,000		\$396,783	\$312,000	\$708,783	\$429,082	\$0	\$24,530	\$27,165	\$814,945	\$327,336	\$1,623,057
2018	\$130,127,622	\$30,000,000		\$380,142	\$312,000	\$692,142	\$412,441	\$0	\$23,501	\$26,026	\$780,766	\$313,608	\$1,556,341
2019	\$124,445,069	\$30,000,000		\$363,541	\$312,000	\$675,541	\$395,840	\$0	\$22,475	\$24,889	\$746,670	\$299,913	\$1,489,787
2020	\$118,776,168	\$30,000,000		\$346,981	\$312,000	\$658,981	\$379,280	\$0	\$21,451	\$23,755	\$712,657	\$286,251	\$1,423,394
2021	\$113,120,645	\$30,000,000		\$330,459	\$312,000	\$642,459	\$362,758	\$0	\$20,430	\$22,624	\$678,724	\$272,621	\$1,357,157
2022	\$107,478,232	\$30,000,000		\$313,976	\$312,000	\$625,976	\$346,275	\$0	\$19,411	\$21,496	\$644,869	\$259,023	\$1,291,073
2023	\$101,848,667	\$30,000,000		\$297,531	\$312,000	\$609,531	\$329,830	\$0	\$18,394	\$20,370	\$611,092	\$245,455	\$1,225,140
2024	\$96,231,694	\$96,231,694		\$281,122	\$1,000,810	\$1,281,931	\$1,281,931	\$478,069	\$17,379	\$19,246	\$577,390	\$231,918	\$2,605,935
2025	\$90,627,060	\$90,627,060		\$264,749	\$942,521	\$1,207,270	\$1,207,270	\$450,226	\$16,367	\$18,125	\$543,762	\$218,411	\$2,454,163
2026	\$90,034,519	\$90,034,519		\$263,018	\$936,359	\$1,199,377	\$1,199,377	\$447,282	\$16,260	\$18,007	\$540,207	\$216,983	\$2,438,117
2027	\$89,453,828	\$89,453,828		\$261,321	\$930,320	\$1,191,641	\$1,191,641	\$444,398	\$16,155	\$17,891	\$536,723	\$215,584	\$2,422,392
2028	\$88,884,752	\$88,884,752		\$259,659	\$924,401	\$1,184,060	\$1,184,060	\$441,571	\$16,053	\$17,777	\$533,309	\$214,212	\$2,406,981
						Total	\$12,752,398	\$2,261,546	\$302,802	\$335,329	\$10,059,883	\$4,040,720	\$29,752,678

Assumes School Value Limitation and Tax Abatement from Chambers County

Source: CPA, Borusan Mannesmann Pipe U.S., Inc.

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives													
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Goose Creek CISO I&S Levy	Goose Creek CISO M&O Levy	Goose Creek CISO M&O and I&S Tax Levies	Chambers County Tax Levy	Chamber-Liberty Navigation District Tax Levy	Cedar Bayou Navigation District Tax Levy	Chambers County Improvement District #1 Tax Levy	Lee Collge Tax Levy	Estimated Total Property Taxes	
			Tax Rate ¹	0.2921	1.0400		0.4968	0.0181	0.0200	0.6000	0.2410		
2014	\$101,000,000	\$101,000,000		\$295,051	\$1,050,400	\$1,345,451	\$501,758	\$18,241	\$20,200	\$606,000	\$243,410	\$2,735,060	
2015	\$147,260,000	\$147,260,000		\$430,191	\$1,531,504	\$1,961,695	\$731,573	\$26,595	\$29,452	\$883,560	\$354,897	\$3,987,771	
2016	\$141,534,800	\$141,534,800		\$413,466	\$1,471,962	\$1,885,428	\$703,131	\$25,561	\$28,307	\$849,209	\$341,099	\$3,832,734	
2017	\$135,824,104	\$135,824,104		\$396,783	\$1,412,571	\$1,809,354	\$674,761	\$24,530	\$27,165	\$814,945	\$327,336	\$3,678,090	
2018	\$130,127,622	\$130,127,622		\$380,142	\$1,353,327	\$1,733,469	\$646,461	\$23,501	\$26,026	\$780,766	\$313,608	\$3,523,830	
2019	\$124,445,069	\$124,445,069		\$363,541	\$1,294,229	\$1,657,770	\$618,231	\$22,475	\$24,889	\$746,670	\$299,913	\$3,369,948	
2020	\$118,776,168	\$118,776,168		\$346,981	\$1,235,272	\$1,582,253	\$590,068	\$21,451	\$23,755	\$712,657	\$286,251	\$3,216,435	
2021	\$113,120,645	\$113,120,645		\$330,459	\$1,176,455	\$1,506,914	\$561,972	\$20,430	\$22,624	\$678,724	\$272,621	\$3,063,284	
2022	\$107,478,232	\$107,478,232		\$313,976	\$1,117,774	\$1,431,750	\$533,941	\$19,411	\$21,496	\$644,869	\$259,023	\$2,910,489	
2023	\$101,848,667	\$101,848,667		\$297,531	\$1,059,226	\$1,356,757	\$505,974	\$18,394	\$20,370	\$611,092	\$245,455	\$2,758,042	
2024	\$96,231,694	\$96,231,694		\$281,122	\$1,000,810	\$1,281,931	\$478,069	\$17,379	\$19,246	\$577,390	\$231,918	\$2,605,935	
2025	\$90,627,060	\$90,627,060		\$264,749	\$942,521	\$1,207,270	\$450,226	\$16,367	\$18,125	\$543,762	\$218,411	\$2,454,163	
2026	\$90,034,519	\$90,034,519		\$263,018	\$936,359	\$1,199,377	\$447,282	\$16,260	\$18,007	\$540,207	\$216,983	\$2,438,117	
2027	\$89,453,828	\$89,453,828		\$261,321	\$930,320	\$1,191,641	\$444,398	\$16,155	\$17,891	\$536,723	\$215,584	\$2,422,392	
2028	\$88,884,752	\$88,884,752		\$259,659	\$924,401	\$1,184,060	\$441,571	\$16,053	\$17,777	\$533,309	\$214,212	\$2,406,981	
						Total	\$22,335,120	\$8,329,415	\$302,802	\$335,329	\$10,059,883	\$4,040,720	\$45,403,270

Source: CPA, Borusan Mannesmann Pipe U.S., Inc.

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$147.7 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Borusan Mannesmann project remains fully taxable for debt services taxes, with Goose Creek CISD currently levying a \$0.292 per \$100 I&S rate. The value of the Borusan Mannesmann project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base and assist it in meeting its debt service needs.

Board Finding Number 7.

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

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Goose Creek CISD as stated in **Attachment D**.

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 8, the economic impact evaluation states:

According to Borusan Mannesmann Pipe U.S., Inc.'s application, "Borusan Mannesmann Pipe U.S., Inc. is owned by a leading industrial conglomerate in Turkey, which exports its products throughout the world. This global presence provides great flexibility in facility location.

The high level of skills provided and uncompromising dedication to superior product quality is sought throughout the U.S. and the world. Locations in other U.S. states are under serious consideration for this project.”

Board Finding Number 9.

During the past two years, 23 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.054(a).

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Goose Creek CISD is \$5.8 billion. Goose Creek CISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Goose Creek CISD is classified as a “rural” district due to its population characteristics. Given that the value of industrial property in Goose Creek CISD is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32044953654) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 13.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the first year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.


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

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


Board Findings of the Goose Creek Consolidated Independent School District

Dated the 13th day of May 2013.

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By: 
Howard Sampson
President, Board of Trustees

ATTEST:

By: 
Jimmy Smith
Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

May 10, 2013

President and Members
Board of Trustees
Goose Creek Consolidated Independent School District
4544 Interstate 10 East
Baytown, Texas 77522

Re: Recommendations and Findings of the firm Concerning Application of Borusan Mannesmann Pipe U.S., Inc. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Sampson and Members of the Board of Trustees:

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

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

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

Attachment A

Application

BAKER BOTTS LLP

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March 5, 2013

BORUSAN MANNESMANN BORU
Steel Pipe and Plant
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BY CERTIFIED MAIL

Dr. Salvador Cavazos
Superintendent of Schools
Goose Creek Consolidated Independent School District
P.O. Box 30
Baytown, Texas 77522

Re: Borusan Mannesmann Pipe U.S., Inc.'s Amended Application for a Value
Limitation Agreement under Chapter 313 of the Texas Tax Code; Applicant
Submission #2

Dear Dr. Cavazos,

Borusan Mannesmann Pipe U.S., Inc. previously submitted an application for a value limitation related to a new manufacturing facility that will produce high quality tubular pipes and casings to supply the expanding oil and gas industry. One potential site for this project is within Goose Creek CISD, on an undeveloped portion of Cedar Crossing Industrial Park. Borusan now submits this amended application to correct some of its earlier projections regarding the new jobs that this project will create and other project details. This application amends the original application.

Some sections of this amended application are placed in a separate tab and separate electronic file. The material in these sections is confidential under Section 313.208 of the Texas Tax Code because it describes the specific business activities to be conducted and the specific tangible personal property to be located on the project site.

We respectfully request consideration of this Amended Application. Should you need further information about the proposed project, please contact me at (713) 229-1671.

Sincerely yours,



Renn G. Neilson
Authorized Company Consultant

RGN:rlm
Enclosures

BAKER BOTTS LLP

Dr. Salvador Cavazos

- 2 -

March 5, 2013

cc: Ann Greenberg, with enclosures
Attorney
WALSH, ANDERSON, GALLEGOS, GREEN & TREVIÑO, P.C.
via email: agreenberg@wabsa.com



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

12/10/12; Amended: 3/6/13

First Name

Dr. Salvador

Last Name

Cavazos

Title

Superintendent of Schools

School District Name

Goose Creek Consolidated Independent School District

Street Address

4544 Interstate 10 East

Mailing Address

P.O. Box 30

City

Baytown

State

Texas

ZIP

77522

Phone Number

(281) 420-4808

Fax Number

(281) 420-4842

Mobile Number (optional)

E-mail Address

salvador.cavazos@gccisd.net

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 Ann		Last Name Greenberg	
Title Attorney			
Firm Name Walsh, Anderson, Gallegos, Green & Treviño			
Street Address 505 E. Huntland Drive, Suite 600, Austin, TX 78752			
Mailing Address P.O. Box 2156			
City Austin		State TX	ZIP 78768-2156
Phone Number (512) 454-6864		Fax Number (512) 467-9318	
Mobile Number (Optional)		E-mail Address agreenberg@wabsa.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

3/6/13

Has the district determined this application complete? ☒ Yes ☐ No

If yes, date determined complete, **12/13/12; Amended 3/6/13**

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	X
2	Certification page signed and dated by authorized school district representative	2 of 16	X
3	Date application deemed complete by ISD	2 of 16	X
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	X
5	Completed company checklist	12 of 16	X
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	X

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name	Kagan		Last Name	Ari	
Title	Chief Financial Officer				
Organization	Borusan Mannesmann Pipe U.S., Inc.				
Street Address	Meclisi Mebusan Cd. 37				
Mailing Address	[same]				
City	Istanbul	State	Turkey	ZIP	34427
Phone Number	90-212-293-3165		Fax Number	90-2121-293-3165	
Mobile Number (optional)	90-532-731-4676		Business e-mail Address	kari@borusan.com	

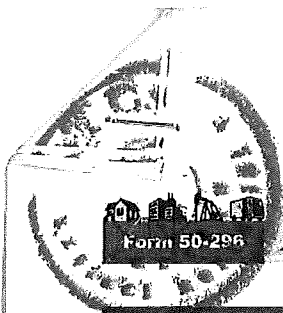
Will a company official other than the authorized business representative be responsible for responding to future information requests? ☐ Yes ☒ No

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

First Name	Last Name	
Title		
Organization		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Mobile Number (optional)	E-mail Address	

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

Will consultant be primary contact? ☒ Yes ☐ No



T.C.
BEYOĞLU BEŞİNCİ NOTERLİĞİ
Meclisi Mebusan Cad. No: 33
Salıpazarı-Beyoğlu/İSTANBUL

28 Şubat 2013

No 03190

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

Renn

Last Name

Neilson

Title

Partner

Firm Name

Baker Botts L.L.P.

Street Address

One Shell Plaza, 910 Louisiana Street

Mailing Address

[same]

City

Houston

State

TX

ZIP

77002-4995

Phone Number

(713) 229-1671

Fax Number

(713) 229-7971

Business email Address

renn.neilson@bakerbotts.com

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

Feb. 28, 2013

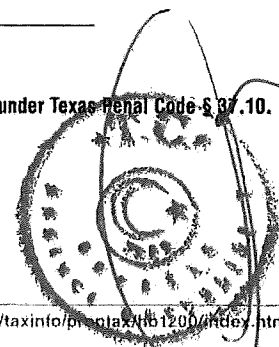
GIVEN under my hand and seal of office this _____ day of February, 2013

Notary Public, State of _____

(Notary Seal)

My commission expires _____

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.



Nº03190

Form 50-296 Nitelikli Mülke Bıçilen Değer Sınırlandırmasına İlişkin Başvuru

BAŞVURAN BİLGİLERİ – BAŞVURU ONAYLAMASI (devamı)

Yetkili Şirket Danışmanı (Varsa)

Adı: Renn Soyadı: Neilson
Pozisyonu: Ortak
Firma Adı: Baker Botts L.L.P.
Sokak Adresi: One Shell Plaza, 910 Louisiana Street
E-Mail Adresi: [aynı]
İl: Houston Eyalet: TX Posta Kodu: 77002-4995
Tel No: (713) 229-1671 Faks No: (713) 229-7971
Şirket e-mail adresi: renn.neilson@bakerbotts.com

İşbu başvuru formunu doldurmak üzere şirket adına yetkili olan kişiyim. İşbu başvurunun Teksas Ceza Kanunu 37. Bölümünde tanımlandığı üzere resmi bir belge olduğunu biliyorum. Bu başvuruda sağlanan bilgiler bilgim ve inancım dahilinde doğru ve gerçektir.

Temsil ettiğim ticari kuruluşun organize olduğu bölgenin yasaları uyarınca iyi durumda olduğunu ve Teksas Eyaletine ödenmemiş durumda herhangi bir vergi borcu olmadığını işbu belge ile onaylıyor ve teyit ediyorum.

İmza (Yetkili Şirket Temsilcisi (Başvuran))

Tarih 28.02.2013

İşbu ____ Şubat 2013 tarihinde düzenlenmiş ve tarafımdan mühürlenerek imzalanmıştır.

Noterliği

(Noterlik Mührü)

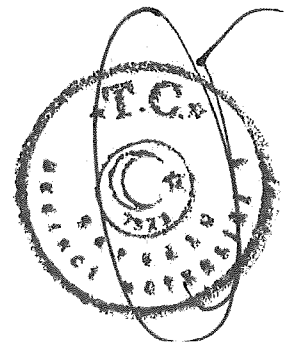
Görev sürem _____ tarihinde sona ermektedir.

İşbu başvuruda yanlış bir beyanda bulunduğunuz takdirde Teksas Ceza Kanunu 37.10 maddesi uyarınca A Sınıfı kusurlu davranıştan veya eyalet hapis suçundan ötürü suçlu bulunabilirsiniz.

Sayfa 4 (50-296 – Rev. 05-10/7)

Daha fazla bilgi için adresimizi ziyaret edebilirsiniz:

www.window.state.tx.us/taxinfo/proptax/hb1200/index.html



Türkiye Cumhuriyeti

№03190
Yev.No :(A)

28 Şubat 2013

T.C.
BEYOĞLU
5.NOTERLİĞİ

BEYOĞLU 5.NOTERİ

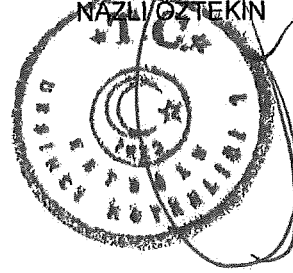
RIFAT ERTEM

MECLİSİ MEBUSAN
CADDESİ
KOPUZLAR HAN
NO:33/1 SALIPAZARI
/ İSTANBUL
Tel : 212-2516985

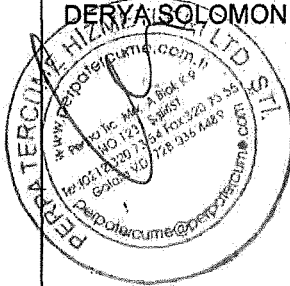
İşbu İngilizce Türkçe beyanname altındaki imzanın gösterdiği, Üsküdar Nüfus Müdürlüğü'nden verilmiş 6.10.2010 tarih, 26065 kayıt, U11 seri ve 938509 numaralı fotoğraflı Nüfus Cüzdanına göre Balıkesir ili Balıkesir Merkez ilçesi Borekçiler mahallesi / köyü 3 cilt, 94 aile sıra, 14 sıra numaralarında nüfusa kayıtlı olup, baba adı Yılmaz, ana adı Halide, doğum tarihi 6.1.1976, doğum yeri Balıkesir olan ve halen ALTUNIZADE MAH. SIRMAPERDE SK. 1D/12 ÜSKÜDAR/İSTANBUL adresinde oturduğunu, okur yazar olduğunu söyleyen, 19645513004 T.C. kimlik numaralı KAĞAN ARI, adlı kişiye ait olduğunu ve işlerinin yoğunluğu nedeni ile mahallinde ve huzurumda imzalandığını onaylarım. İkibinonüç yılı Şubat ayının yirmisekizinci günü 28.02.2013

BEYOĞLU 5. NOTERİ
RIFAT ERTEM

Adına imzaya yetkili Katibe
NAZLI ÖZTEKİN



TERCÜMAN BEYANI:
İşbu tercüme tarafımdan tercüme edilmiştir.
BEYOĞLU 5. NOTERLİĞİ
YEMİNLİ TERCÜMANI
DERYA SOLOMON



№ 03 190

MÜSTENİDATTIR
TEK BAŞINA KULLANILAMAZ.

MEDEN HALİ	DİNİ	KAN GRUĞU
EYLÜL	İSLAM	
İL	BAKIRGİSİR	İLCE
MAHALLE - NOY	BÖREKÇİLER MAHALLESİ	
ÇİFT NO.	İLİŞİME NO.	SİRA NO.
0003	01094	0014
VERİLDİĞİ YER	VERİLDİĞİ YER	VERİLDİĞİ YER
ÜSKÜDAR	İSTANBUL	İSTANBUL
KAYIT NO.	VERİLDİĞİ TARİH	
26065	06.10.2010	

ÖLÜK ALINARAK

GÖMÜLÜ CAN
SİR
NİHİS MİHİRİ A.D.

ÖCEKİ SÖYAL

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)? ☐ Yes ☒ No

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)? ☐ Yes ☒ No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Borusan Mannesmann Pipe U.S., Inc.

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

32044953654

NAICS code

331210

Is the applicant a party to any other Chapter 313 agreements? ☐ Yes ☒ No

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? ☒ Yes ☐ No

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

Corporation

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)? ☒ Yes ☐ No
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☐ NA ☒ Yes ☐ No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**Are you an entity to which Tax Code, Chapter 171 applies? ☒ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

- (1) manufacturing ☒ Yes ☐ No
- (2) research and development ☐ Yes ☒ No
- (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
- (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
- (5) renewable energy electric generation ☐ Yes ☒ No
- (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
- (7) nuclear electric power generation ☐ Yes ☒ No
- (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ NoAre you including property that is owned by a person other than the applicant? ☐ Yes ☒ NoWill any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No**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 Attachment 4

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

See Attachment 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- ☒ New Jobs ☒ Construct New Facility ☐ New Business / Start-up ☐ Expand Existing Facility
- ☐ Relocation from Out-of-State ☐ Expansion ☒ Purchase Machinery & Equipment
- ☐ Consolidation ☐ Relocation within Texas

PROJECTED TIMELINE

Begin Construction March 2013 Begin Hiring New Employees October 2013

Construction Complete December 2013 Fully Operational July 2014

Purchase Machinery & Equipment April 2013 to March 2014

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No**Note:** Improvements made before that time may not be considered qualified property.When do you anticipate the new buildings or improvements will be placed in service? July 2014

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

Texas Capital Fund

\$1,500,000

Texas Enterprise Fund

\$1,250,000

Skills Development Fund

\$ 375,000

Total

\$3,125,000

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.)

Chambers County granted a 100% abatement under Chapter 381 of the Local Government Code for ten years with a 40% payment in lieu of tax for years 3 through 10 and a \$100,000 payment in lieu of tax for years 1 and 2. Applicant is applying for an Industrial District Agreement with the City of Baytown.

THE PROPERTYIdentify county or counties in which the proposed project will be located Chambers CountyCentral Appraisal District (CAD) that will be responsible for appraising the property Chambers County CADWill 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: Chambers County - 100%

(Name and percent of project)

City: Baytown Industrial District (ETJ) 100%

(Name and percent of project)

Hospital District: N/A

(Name and percent of project)

Water District: N/A

(Name and percent of project)

Other (describe): Goose Creek CISD - 100%

(Name and percent of project)

Other (describe): See Attachment 4

(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.

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? \$130,475,000

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? March 2013

What is the anticipated date of the beginning of the qualifying time period? March 2013

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? \$288,000,000 when working capital costs over that time period are included.

Describe the qualified investment.[See 313.021(1).]

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:

- (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

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? _____

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
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
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
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.

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.

List current market value of existing property at site as of most recent tax year. A fraction of \$454,430 2012
(Market Value) (Tax Year)

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?
0

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 80

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? 65

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>)

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 \$1,051.33

110% of the county average weekly wage for manufacturing jobs in the county is \$1,750.65

110% of the county average weekly wage for manufacturing jobs in the region is \$1,136.40

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

☐ §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? \$59,083

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? \$59,083

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? N/A

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.)

Those benefits that are commensurate with the benefits generally offered in the region for manufacturing jobs (pension plans, health insurance, etc.). See also attachment 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.

Attachment 2

Proof of Payment of Application Fee

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

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

Attachment 3

Documentation of Combined Group membership under Texas Tax Code § 171.0001(7)

As of March 1, 2013, the applicant is part of a combined group for Texas franchise tax purposes with its subsidiary, Borusan Mannesmann Management, LLC. Applicant is the sole member of Borusan Mannesmann Management, LLC, a manager-managed Delaware LLC that registered to do business in Texas as of March 1, 2013.

Borusan Mannesmann Management, LLC will not own a direct interest in the property subject to the proposed value limitation agreement.

Attachment 4

Detailed Description of Project

A portion of this page has been redacted.

See Confidential Materials Item #1

Construction is anticipated to begin during the first quarter of 2013, and the project is expected to be fully operational by the 1st quarter of 2015.

Taxing Units with Jurisdiction over Project Site

Taxing Jurisdiction	Percent of Project within Jurisdiction
Chambers County Road	100%
Lee College	100%
Chambers County Improvement District #1	100%
Cedar Bayou Navigation District	100%
Chambers-Liberty Navigation District	100%

Ability to Locate Project in Another State

Borusan Mannesmann Pipe U.S., Inc. is owned by a leading industrial conglomerate in Turkey, which exports its products throughout the world. This global presence provides great flexibility in facility location. The high level of skills provided and uncompromising dedication to superior product quality is sought throughout the U.S. and the world. Locations in other U.S. states are under serious consideration for this project.

Attachment 5

Other districts in which the proposed project would be located

The proposed project site is located entirely within the boundaries of Goose Creek Consolidated Independent School District.

Attachment 6

Detailed Description of Qualified Investment

A portion of this page has been redacted.

See Confidential Materials Item #1

Attachment 7

Map of qualified investment showing location of new buildings or new improvements with vicinity map

This page has been redacted.

See Confidential Materials Item #2.



Attachment 8

Description of Qualified Property

A portion of this page has been redacted.

See Confidential Materials Item #1

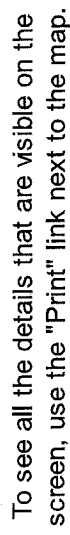
Attachment 9

**Map of qualified property showing location of new buildings or new improvements
with vicinity map**

This page has been redacted.

See Confidential Materials Item #2.

To see all the details that are visible on the screen, use the "Print" link next to the map.



Attachment 10

Description of Land

The proposed project site is described in the following six surveys and is a portion of the property covered by the appraisal district account included after the surveys.

133.67 ACRE TRACT 1

Being a tract or parcel of land containing 133.67 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 133.67 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County, Texas said corner being the northwest corner hereof;

THENCE, East, with the south line of said called 70.259 acre tract, 1,135.47 feet to a found five-eighths inch iron rod with a "Halff and Associates" plastic cap for an angle point in the south line of said called 70.259 acre tract;

THENCE, North 65° 17' 32" East, continuing with the south line of said called 70.259 acre tract, 3,515.35 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner hereof, from which said set corner a found five-eighths inch iron rod with a "Halff and Associates" plastic cap marking the southeast corner of said called 70.259 acre tract bears North 65° 17' 32" East, 132.01 feet;

THENCE, South 00° 00' 25" East, 1,943.11 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the southeast corner;

THENCE, South 80° 17' 20" West, 3,002.41 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, West, with the north line of said called 2.066 acre tract, 300.00 feet to a found five-eighths inch iron rod with a "Bury Partners" plastic cap for the northwest corner of said called 2.066 acre tract on the east right-of-way line of said Powers Road and being for the southwest corner hereof;

133.67 ACRE TRACT 1

THENCE, North, with the east right-of-way line of Powers Road, 920.19 feet to the **POINT OF BEGINNING** and containing 133.67 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

33.79 ACRE TRACT 2

Being a tract or parcel of land containing 33.79 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 33.79 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North 16° 09' 18" West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North 12° 25' West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of 02° 46' 39", a chord of North 14° 45' 59" West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of 10° 13' 33", a chord of North 08° 15' 53" West, 994.49 feet, a distance along the arc of 995.82 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the point of tangency;

THENCE, North 03° 09' 06" West, continuing with the west line of said called 1,028.275 acre tract and with east right-of-way line of said F.M. 1405, 236.54 to a found five-eighths inch iron rod with a "Baseline Corp" plastic cap, said corner being the northwest corner hereof;

THENCE, North 82° 53' 32" East, 1,200.10 feet to a found five-eighths inch iron rod with a "Baseline Corp." plastic cap on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 1,368.84 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the southeast corner hereof;

33.79 ACRE TRACT 2

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 33.79 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 1

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 1;

THENCE, East, 1,064.74 feet to a point for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,007.57 feet to a point for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 3,032.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of said called 2.066 acre tract;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

60' Wide Access Tract 1

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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February 1, 2013

60' Wide Access Tract 2

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, South, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 2;

THENCE, East, 1,069.83 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,002.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a point for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 2,997.25 feet to a point an angle point in the south line hereof;

THENCE, West, 1,074.93 feet to a point for corner on the east line of said called 2.066 acre tract;

60' Wide Access Tract 2

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 3

Being a 60 foot wide tract or parcel of land containing 1.44 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 1.44 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North 16° 09' 18" West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North 12° 25' West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of 02° 46' 39", a chord of North 14° 45' 59" West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 3;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of 00° 37' 57", a chord of North 13° 03' 41" West, 61.59 feet, a distance along the arc of 61.59 feet to a point for the northwest corner hereof;

THENCE, East, 1,048.84 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 1.44 acres of Land.

60' WIDE Access Tract 3

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 4

Being a 60 foot wide tract or parcel of land containing 2.13 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 2.13 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 4;

THENCE, East, 1,034.92 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records said corner being a re-entrant corner hereof;

THENCE, North, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a point for corner;

THENCE, East, 260.00 feet to a point for corner on the west right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said point for corner being the northeast corner hereof;

THENCE, South, with the west right-of-way line of said Powers Road, 120.00 feet to a point for the southeast corner hereof;

60' Wide Access Tract 4

THENCE, West, 1,280.30 feet to a point for corner on the east right-of-way line of said F.M. 1405, same being the west line of said called 1,028.275 acre tract, said corner on a non-tangent curve to the right and being the southwest corner hereof;

THENCE, in a northerly direction with the west line of said called 1,028.275 acre tract and with the east right-of-way line of said F.M. 1405 along said non-tangent curve to the right having a radius of 5,579.57 feet, through a central angle of 00° 38' 03", a chord of North 13° 41' 41" West, 61.76 feet, a distance along the arc of 61.76 feet to the **POINT OF BEGINNING** and containing 2.13 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

Property ID: 37419

Owner: CEDAR CROSSING LP

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Property ID:</td> <td style="padding: 2px;">37419</td> </tr> <tr> <td style="padding: 2px;">Property Legal Description:</td> <td style="padding: 2px;">15 TR 0-3-9 JIJAMS</td> </tr> <tr> <td style="padding: 2px;">Property Location:</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">Survey / Sub Division Abstract:</td> <td style="padding: 2px;"></td> </tr> </table>	Property ID:	37419	Property Legal Description:	15 TR 0-3-9 JIJAMS	Property Location:		Survey / Sub Division Abstract:		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Account Number:</td> <td style="padding: 2px;">00015-00000-00300-360900</td> </tr> <tr> <td style="padding: 2px;">Deed Information:</td> <td></td> </tr> <tr> <td style="padding: 2px;">Volume:</td> <td style="padding: 2px;">456</td> </tr> <tr> <td style="padding: 2px;">Page:</td> <td style="padding: 2px;">155</td> </tr> <tr> <td style="padding: 2px;">File Number:</td> <td style="padding: 2px;">3125-B</td> </tr> <tr> <td style="padding: 2px;">Deed Date:</td> <td style="padding: 2px;">5/22/2000</td> </tr> <tr> <td style="padding: 2px;">Block:</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">Section / Lot:</td> <td style="padding: 2px;"></td> </tr> </table>	Account Number:	00015-00000-00300-360900	Deed Information:		Volume:	456	Page:	155	File Number:	3125-B	Deed Date:	5/22/2000	Block:		Section / Lot:						
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Owner Information:																														
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Improvement Value:	0																													
Property Market Value:	454,430																													

Jur Code	Jur Name	Total Market	Homestead	Total Exemption	Taxable
00	CHAMBERS AD	454,430		0	16,530
01	CHAMBERS COUNTY	454,430		0	16,530
01R	CHAMBERS COUNTY ROAD	454,430		0	16,530
21	CITY OF BAYTOWN-INDUST	454,430		0	16,530
32	GOOSECREEK ISD	454,430		0	16,530
60	CHAMBERS-LIBERTY NAV	454,430		0	16,530
64	LEE COLLEGE	454,430		0	16,530
67	CHAMBERS CO IMP DIST #1	454,430		0	16,530

Property ID: 37419

Owner: CEDAR CROSSING LP

Land Detail

Land Sequence 1		
Acres: 413.115	Market Class: RS48A-11	Market Value: 454,430
Land Method: AC	Ag/Timber Class: ARN	Ag/Timber Value: 16,530
Land Homesiteable: NO	Land Type: NATP	Ag Code: 1D1
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Total Land Value: \$ 454,430

Property ID: 37419

Owner: CEDAR CROSSING LP

Previous Owner Information

Parcel ID	Seller	Buyer	Volume	Page	File Number	Deed Date
37419		CEDAR CROSSING LP	456	155	3125-B	5/22/2000

Attachment 11

A detailed map showing location of the land with vicinity map



Attachment 12

A description of all existing (if any) improvements

There are no existing improvements on the proposed project site.

Attachment 13

Request for Waiver of Job Creation Requirement

(Not applicable)

Applicant is not requesting a waiver of the job creation requirement.

Attachment 14

Calculation of three possible wage requirements with TWC documentation

1. 110% of the county average weekly wage for all jobs (all industries) in the county

Year	Period	Wages
2011	3Q	\$928
2011	4Q	\$978
2012	1Q	\$971
2012	2Q	\$946

Average = \$956 average weekly wage

x 1.1 (110%)

\$1,051.33 *110% of county average weekly wage for all jobs*

* * * * *

2. 110% of the county average weekly wage for manufacturing jobs in the county

Year	Period	Wages
2011	3Q	\$1,502
2011	4Q	\$1,737
2012	1Q	\$1,492
2012	2Q	\$1,635

Average = \$1,592 average weekly wage

x 1.1 (110%)

\$1,750.65 *110% of county average weekly wage for manufacturing jobs*

* * * * *

3. 110% of the county average weekly wage for manufacturing jobs in the region (Houston-Galveston Area Council)

\$53,711 average annual wage for manufacturing jobs

x 1.1 (110%)

\$59,082.10

/ 52

\$1,136.20 *110% of county average weekly wage for manufacturing jobs in region*

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	Chambers County	Total All	00	0	10	Total, All Industries	\$907
2011	2nd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$887
2011	3rd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$928
2011	4th Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$978
2012	1st Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$971
2012	2nd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$946
2012	2nd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,635
2012	1st Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,492
2011	4th Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,737
2011	3rd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,502
2011	2nd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,537
2011	1st Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,473

2011 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$22.89	\$47,610
<u>1. Panhandle Regional Planning Commission</u>	\$19.32	\$40,196
<u>2. South Plains Association of Governments</u>	\$16.45	\$34,210
<u>3. NORTEX Regional Planning Commission</u>	\$18.14	\$37,733
<u>4. North Central Texas Council of Governments</u>	\$24.03	\$49,986
<u>5. Ark-Tex Council of Governments</u>	\$16.52	\$34,366
<u>6. East Texas Council of Governments</u>	\$18.27	\$37,995
<u>7. West Central Texas Council of Governments</u>	\$17.76	\$36,949
<u>8. Rio Grande Council of Governments</u>	\$15.69	\$32,635
<u>9. Permian Basin Regional Planning Commission</u>	\$21.32	\$44,349
<u>10. Concho Valley Council of Governments</u>	\$15.92	\$33,123
<u>11. Heart of Texas Council of Governments</u>	\$18.82	\$39,150
<u>12. Capital Area Council of Governments</u>	\$26.46	\$55,047
<u>13. Brazos Valley Council of Governments</u>	\$15.71	\$33,718
<u>14. Deep East Texas Council of Governments</u>	\$15.48	\$32,207
<u>15. South East Texas Regional Planning Commission</u>	\$28.23	\$58,724
<u>16. Houston-Galveston Area Council</u>	\$25.82	\$53,711
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.38	\$42,391
<u>18. Alamo Area Council of Governments</u>	\$18.00	\$37,439
<u>19. South Texas Development Council</u>	\$13.85	\$28,806
<u>20. Coastal Bend Council of Governments</u>	\$22.35	\$46,489
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.08	\$31,365
<u>22. Texoma Council of Governments</u>	\$20.76	\$43,190
<u>23. Central Texas Council of Governments</u>	\$16.17	\$33,642
<u>24. Middle Rio Grande Development Council</u>	\$13.65	\$28,382

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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.

Attachment 15

Description of Benefits

Applicant will offer its employees a group health benefit plan for which it will pay at least 80% of the premiums assessed for employee-only coverage.

Attachment 16

Economic Impact

A Report of the Economic Impact on the State of Texas from Borusan Mannesmann Boru in Baytown, Texas

October 19, 2012

Prepared by:

Impact DataSource
4709 Cap Rock Drive
Austin, Texas 78735
(512) 892-0205
Fax (512) 892-2569
www.impactdatasource.com

ImpactDataSource

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Executive Summary

The Project

Borusan Mannesmann Boru plans a pipe manufacturing facility in Chambers County near Baytown.

The company plans to spend \$148million on the facility: \$11 million on land, \$37 million on buildings and other real property improvements and \$100 million on machinery and equipment.

The facility will create 250 permanent jobs over two years with average annual salaries of \$52,280.

Total Capital Investment and Employment that Will be Maintained

Over the first ten years, the facility will have the following total capital investment and number of permanent jobs that will be maintained at this facility:

Total Capital Investment and Permanent Employment That Will Be Maintained		
Year	Level of Capital Investment	Level of Permanent Employment
2013	\$148,000,000	125
2014	\$148,000,000	250
2015	\$148,000,000	250
2016	\$148,000,000	250
2017	\$148,000,000	250
2018	\$148,000,000	250
2019	\$148,000,000	250
2020	\$148,000,000	250
2021	\$148,000,000	250
2022	\$148,000,000	250

Economic Output During Construction

The economic impact/increase in gross state product during construction of buildings and improvements will be as follows:

Economic Impact of Construction at the Firm's Facility			
	Direct	Indirect and Induced	Total
Economic output/increase in gross state product	\$137,000,000	\$208,637,300	\$345,637,300
Peak construction employment	352	416	768
Payroll/increase in state personal income	\$24,660,000	\$33,456,222	\$58,116,222

Economic Impacts During the Facility's Operations

Total Economic Output/Increase in State Gross Product

The total annual economic output/increase in gross state product during the facility's operations is shown below.

Total Economic Output/Increase in Gross State Product During the Facility's Operations			
Year	Direct	Indirect and Induced	Total Economic Output
2013	\$0	\$0	\$0
2014	\$125,000,000	\$176,637,500	\$301,637,500
2015	\$131,250,000	\$185,469,375	\$316,719,375
2016	\$137,812,500	\$194,742,844	\$332,555,344
2017	\$144,703,125	\$204,479,986	\$349,183,111
2018	\$151,938,281	\$214,703,985	\$366,642,266
2019	\$159,535,195	\$225,439,184	\$384,974,380
2020	\$167,511,955	\$236,711,144	\$404,223,099
2021	\$175,887,553	\$248,546,701	\$424,434,254
2022	\$184,681,930	\$260,974,036	\$445,655,966
Total	\$1,378,320,540	\$1,947,704,755	\$3,326,025,295

Total Employment During the Facility's Operations

Total employment to be maintained during the facility's operations is shown below.

Total Employment During the Facility's Operations			
Year	Direct	Indirect and Induced	Total Jobs
2013	125	388	513
2014	250	777	1,027
2015	250	777	1,027
2016	250	777	1,027
2017	250	777	1,027
2018	250	777	1,027
2019	250	777	1,027
2020	250	777	1,027
2021	250	777	1,027
2022	250	777	1,027

Total Payroll/State Personal Income During the Facility's Operations

Total payroll/state personal income during the facility's operations is shown below.

Total Payroll/State Personal Income During the Facility's Operations			
Year	Direct	Indirect and Induced	Total Payroll
2013	\$6,535,000	\$14,850,788	\$21,385,788
2014	\$13,462,100	\$30,592,622	\$44,054,722
2015	\$13,865,963	\$31,510,401	\$45,376,364
2016	\$14,281,942	\$32,455,713	\$46,737,655
2017	\$14,710,400	\$33,429,384	\$48,139,784
2018	\$15,151,712	\$34,432,266	\$49,583,978
2019	\$15,606,264	\$35,465,234	\$51,071,497
2020	\$16,074,451	\$36,529,191	\$52,603,642
2021	\$16,556,685	\$37,625,067	\$54,181,752
2022	\$17,053,386	\$38,753,819	\$55,807,204

Retail Sales During Construction and Operations

Retail sales in the state during construction projects at the facility are shown below:

Retail Sales During Construction	
Retail sales during construction	\$15,110,218

Retail sales in the state during the facility's operations are shown below.

Retail Sales During the Facility's Operations	
2013	\$5,580,305
2014	\$32,890,638
2015	\$34,307,966
2016	\$35,789,538
2017	\$37,338,393
2018	\$38,957,722
2019	\$40,650,870
2020	\$42,421,354
2021	\$44,272,861
2022	\$46,209,266
Total	\$358,418,913

State Revenues

During construction, the State of Texas will receive the following revenues:

State Revenues During Construction	
State revenues during construction	\$1,732,365

During the facility's operations, the state will receive revenues as shown below.

State Revenues During the Facility's Operations	
2013	\$646,287
2014	\$2,868,462
2015	\$2,985,601
2016	\$3,107,826
2017	\$3,235,452
2018	\$3,368,662
2019	\$3,507,717
2020	\$3,652,889
2021	\$3,804,465
2022	\$3,962,748
Total	\$31,140,109

Details of information summarized above in this executive summary are on the following pages.

A Report of the Economic Impact of Borusan Mannesmann Boru

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the economic impact of Borusan Mannesmann Boru's proposed facility in Baytown, Texas on the state during the first ten years of the construction and operations of the facility and the fiscal impact on the State of Texas during this same period.

A Description of the Facility and Its Operations

Borusan Mannesmann Boru plans a pipe manufacturing facility in Chambers County near Baytown.

The company plans to spend \$148million on the facility: \$11 million on land, \$37 million on buildings and other real property improvements and \$100 million on machinery and equipment.

The facility will create 250 permanent jobs over two years with average annual salaries of \$52,280.

Timeline for Permanent Employment and Investment

The facility's timeline for total jobs to be created and investment over the next ten years will be as follows:

Timeline for Permanent Employment and Investment					
Year	Number of New Workers to be Hired Each Year	Land	Buildings and Other Real Property Improvements	Machinery and Equipment	Total Capital Investment
2013	125	\$11,000,000	\$37,000,000	\$100,000,000	\$148,000,000
2014	125	\$0	\$0	\$0	\$0
2015		\$0	\$0	\$0	\$0
2016		\$0	\$0	\$0	\$0
2017		\$0	\$0	\$0	\$0
2018		\$0	\$0	\$0	\$0
2019		\$0	\$0	\$0	\$0
2020		\$0	\$0	\$0	\$0
2021		\$0	\$0	\$0	\$0
2022		\$0	\$0	\$0	\$0
Total	250	\$11,000,000	\$37,000,000	\$100,000,000	\$148,000,000

Total Capital Investment and Total Employment

The facility's proposed capital investment and total employment will be as follows:

Total Capital Investment and Employment Over the First Ten Years	
Total capital investment	\$148,000,000
Total employment	250

Economic Impacts During Construction

The facility plans to spend the following estimated amounts constructing the facility:

Construction Costs	
2013	\$137,000,000
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0
Total	\$137,000,000

Construction Economic Output/Increase in Gross State Product

The facility's construction projects will provide direct, indirect and induced economic output/increase in gross state product, as shown below.

Economic Output/Increase in Gross State Product During Construction			
Year	Direct Construction Output	Indirect and Induced Output	Total Output
2013	\$137,000,000	\$208,637,300	\$345,637,300
2014	\$0	\$0	\$0
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
Total	\$137,000,000	\$208,637,300	\$345,637,300

An explanation of the multipliers used to calculate indirect and induced impacts is later in this report.

Construction Employment

The estimated number of construction workers to be supported by the facility's construction is shown below.

Number of Construction Workers for a \$1 Million Construction Project	
Total estimated construction	\$1,000,000
On-site labor costs as a percentage of construction costs	18%
Estimated annual construction worker's salary	\$70,000
Estimated number of construction workers for \$1 million one year construction project	2.57

The number of construction workers employed during the facility's construction is shown below.

Construction Workers Employed During Construction		
Year	Construction Costs	Number of Construction Workers
2013	\$137,000,000	352
2014	\$0	0
2015	\$0	0
2016	\$0	0
2017	\$0	0
2018	\$0	0
2019	\$0	0
2020	\$0	0
2021	\$0	0
2022	\$0	0
Total	\$137,000,000	

During construction, the following number of direct, indirect and induced jobs will be supported:

Direct, Indirect and Induced Employment During Construction			
Year	Direct Construction Employment	Indirect and Induced Employment	Total Employment
2013	352	416	768
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	0

Construction Payroll

Construction workers will have the following payrolls:

Direct Construction Payroll			
Year	Construction Costs	Median Annual Construction Salaries	Total Construction Payroll
2013	\$137,000,000	\$70,000	\$24,660,000
2014	\$0	\$72,100	\$0
2015	\$0	\$74,263	\$0
2016	\$0	\$76,491	\$0
2017	\$0	\$78,786	\$0
2018	\$0	\$81,149	\$0
2019	\$0	\$83,584	\$0
2020	\$0	\$86,091	\$0
2021	\$0	\$88,674	\$0
2022	\$0	\$91,334	\$0
Total	\$137,000,000		\$24,660,000

The direct, indirect and induced payrolls during construction will be the following:

Direct, Indirect and Induced Payroll During Construction			
Year	Direct Construction Payroll	Indirect and Induced Payroll	Total Payroll
2013	\$24,660,000	\$33,456,222	\$58,116,222
2014	\$0	\$0	\$0
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
Total	\$24,660,000	\$33,456,222	\$58,116,222

Fiscal Impacts During Construction

Taxable Sales

The percent of construction costs for building materials and the percent of total worker salaries to be spent on taxable goods and services are shown below.

Percent of Construction Costs and Worker Salaries Subject to Sales Tax	
Percent of construction costs for materials	82%
Percent of construction materials that will be subject to sales tax	0%
Percent of worker salaries spent on taxable goods and services	26%

The facility's construction projects will result in the following taxable sales:

Estimated Taxable Sales			
Year	Estimated Taxable Construction Materials	Estimated Taxable Worker Spending	Total Taxable Sales
2013	\$0	\$15,110,218	\$15,110,218
2014	\$0	\$0	\$0
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
Total	\$0	\$15,110,218	\$15,110,218

Sales Tax Collections

With a 6.25% sales tax, the state will collect the following sales tax on construction materials and on construction worker spending:

Estimated Sales Tax Collections During Construction			
Year	On Construction Materials	On Taxable Worker Spending	Total Sales Tax Collections
2013	\$0	\$944,389	\$944,389
2014	\$0	\$0	\$0
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
Total	\$0	\$944,389	\$944,389

Taxable Margins Subject to Texas Franchise Tax

If direct, indirect and induced revenues during construction are revenues for organizations subject to Texas' franchise tax, their taxable margins will be subject to the tax. If this is the case, and the estimated taxable margins of the construction companies and indirect and induced companies are 10% of revenues, then construction on this project will result in the following taxable margins:

Estimated Taxable Margins During Construction Subject to Texas' Franchise Tax			
Year	On Direct Revenues During Construction	On Indirect and Induced Revenues	Total Taxable Margins
2013	\$13,700,000	\$20,863,730	\$34,563,730
2014	\$0	\$0	\$0
2015	\$0	\$0	\$0
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
Total	\$13,700,000	\$20,863,730	\$34,563,730

Franchise Tax Collections

Texas franchise tax is a tax on "taxable margin," which is a concept similar to taxable income. Generally, an entity's taxable margin is its revenue less either its cost of goods sold or its compensation expense, but not both. If 70% of the entity's revenue is less than either of these calculations, then 70% of revenue is the taxable margin. Taxable margin must then be apportioned to business done in Texas, measured by the ratio of gross receipts from business done in Texas to gross receipts from business done everywhere. The tax rate is then applied to the apportioned margin. A half percent rate is used for taxable entities primarily engaged in retail or wholesale trade, and a 1% rate is used for all other entities.

The estimated franchise tax to be collected by the state from construction companies and indirect and induced businesses is shown below.

Estimated Franchise Tax Collections During Construction		
Year	Total Taxable Margins	Franchise Tax Collections
2013	\$34,563,730	\$345,637
2014	\$0	\$0
2015	\$0	\$0
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	\$0
2019	\$0	\$0
2020	\$0	\$0
2021	\$0	\$0
2022	\$0	\$0
Total	\$34,563,730	\$345,637

Other Taxes and Revenues from Workers

During the facility's construction, other taxes -- in addition to sales and franchise taxes -- will be collected for the State's general fund. The estimated annual collections from each worker of these other taxes during construction are the following:

Other Revenues for the State from Each Worker During Construction	
Gasoline taxes	\$38
Motor vehicle sales and use taxes	\$250
Cigarette and tobacco taxes	\$16
Alcohol beverage taxes	\$90
Net lottery proceeds	\$183
Total	\$576

Other taxes and revenues from workers for the State during construction will be the following:

Other Revenues for the State from Workers During Construction						
Year	Gasoline Taxes	Motor Vehicle Sales and Use Taxes	Cigarette and Tobacco Taxes	Alcoholic Beverage Taxes	Net Lottery Proceeds	Total Other Taxes and Revenues
2013	\$28,797	\$191,978	\$11,908	\$69,443	\$140,213	\$442,339
2014	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$28,797	\$191,978	\$11,908	\$69,443	\$140,213	\$442,339

Summary of General Fund Revenues for the State During Construction

During the facility's construction projects, the State will receive the following revenues for its general fund:

General Fund Revenues for the State During Construction				
Year	Sales Tax Collections	Franchise Tax Collections	Other Taxes and Revenues	Total Revenues
2013	\$944,389	\$345,637	\$442,339	\$1,732,365
2014	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0
Total	\$944,389	\$345,637	\$442,339	\$1,732,365

Economic Impacts During the Facility's Operations

The facility will have the following estimated annual operating expenses during the first ten years of operations:

The Facility's Estimated Annual Operating Expenses During the First Ten Years of Operations		
2013	Year 1	\$0
2014	Year 2	\$125,000,000
2015	Year 3	\$131,250,000
2016	Year 4	\$137,812,500
2017	Year 5	\$144,703,125
2018	Year 6	\$151,938,281
2019	Year 7	\$159,535,195
2020	Year 8	\$167,511,955
2021	Year 9	\$175,887,553
2022	Year 10	\$184,681,930

Economic Output During Operations

The facility's annual operating expenses will result in the following direct, indirect and induced output:

Output During Operations			
Year	Direct Operations Output	Indirect and Induced Output	Total Output
2013	\$0	\$0	\$0
2014	\$125,000,000	\$176,637,500	\$301,637,500
2015	\$131,250,000	\$185,469,375	\$316,719,375
2016	\$137,812,500	\$194,742,844	\$332,555,344
2017	\$144,703,125	\$204,479,986	\$349,183,111
2018	\$151,938,281	\$214,703,985	\$366,642,266
2019	\$159,535,195	\$225,439,184	\$384,974,380
2020	\$167,511,955	\$236,711,144	\$404,223,099
2021	\$175,887,553	\$248,546,701	\$424,434,254
2022	\$184,681,930	\$260,974,036	\$445,655,966
Total	\$1,378,320,540	\$1,947,704,755	\$3,326,025,295

Employment during Operations

The facility expects to have the following number of new jobs:

Number of Jobs to be Created		
Year	Number of New Jobs to be Created	Cumulative Number of New Jobs
2013	125	125
2014	125	250
2015	0	250
2016	0	250
2017	0	250
2018	0	250
2019	0	250
2020	0	250
2021	0	250
2022	0	250
Total	250	

Therefore, the following number of direct, indirect and induced jobs will be supported during the facility's operations:

Direct, Indirect and Induced Employment During Operations			
Year	Direct Operations Employment	Indirect and Induced Employment	Total Employment
2013	125	388	513
2014	250	777	1,027
2015	250	777	1,027
2016	250	777	1,027
2017	250	777	1,027
2018	250	777	1,027
2019	250	777	1,027
2020	250	777	1,027
2021	250	777	1,027
2022	250	777	1,027

The estimated annual payroll at the facility will be the following:

Estimated Annual Payroll	
Percent of annual increase	3.0%
Average annual salaries:	
Year 1	\$52,280
Year 2	\$53,848
Year 3	\$55,464
Year 4	\$57,128
Year 5	\$58,842
Year 6	\$60,607
Year 7	\$62,425
Year 8	\$64,298
Year 9	\$66,227
Year 10	\$68,214
Annual payroll:	
2013	\$6,535,000
2014	\$13,462,100
2015	\$13,865,963
2016	\$14,281,942
2017	\$14,710,400
2018	\$15,151,712
2019	\$15,606,264
2020	\$16,074,451
2021	\$16,556,685
2022	\$17,053,386

The direct, indirect and induced payrolls during the facility's operations will be the following:

Direct, Indirect and Induced Payroll During Operations			
Year	Direct Operations Payroll	Indirect and Induced Payroll	Total Payroll
2013	\$6,535,000	\$14,850,788	\$21,385,788
2014	\$13,462,100	\$30,592,622	\$44,054,722
2015	\$13,865,963	\$31,510,401	\$45,376,364
2016	\$14,281,942	\$32,455,713	\$46,737,655
2017	\$14,710,400	\$33,429,384	\$48,139,784
2018	\$15,151,712	\$34,432,266	\$49,583,978
2019	\$15,606,264	\$35,465,234	\$51,071,497
2020	\$16,074,451	\$36,529,191	\$52,603,642
2021	\$16,556,685	\$37,625,067	\$54,181,752
2022	\$17,053,386	\$38,753,819	\$55,807,204
Total	\$143,297,903	\$325,644,484	\$468,942,386

Fiscal Impacts During the Facility's Operations

Taxable Sales on Direct and Indirect Worker Spending

An estimated 26% of the gross salaries of direct and indirect workers will be spent on taxable goods and services. If this is the case, worker spending will result in taxable sales, as shown below.

Taxable Spending by Direct and Indirect Workers		
Year	Worker Salaries	Workers' Taxable Spending
2013	\$21,385,788	\$5,560,305
2014	\$44,054,722	\$11,454,228
2015	\$45,376,364	\$11,797,855
2016	\$46,737,655	\$12,151,790
2017	\$48,139,784	\$12,516,344
2018	\$49,583,978	\$12,891,834
2019	\$51,071,497	\$13,278,589
2020	\$52,603,642	\$13,676,947
2021	\$54,181,752	\$14,087,255
2022	\$55,807,204	\$14,509,873
Total	\$468,942,386	\$121,925,020

The Facility's Taxable Sales

The facility's expects to have the following sales subject to Texas sales tax:

The Facility's Taxable Sales	
Year	Taxable Sales
2013	\$0
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0
Total	\$0

Taxable Spending by the Facility and Indirect and Induced Companies

An estimated three percent of the facility's expenditures and ten percent of revenues of indirect and induced companies may be spent on taxable goods and services. If this is the case, the following taxable spending can be expected from the companies:

Taxable Spending by the Facility and Indirect Companies			
Year	The Facility's Taxable Estimated Spending	Estimated Spending by Indirect and Induced Companies	Total Facility and Companies' Taxable Spending
2013	\$0	\$0	\$0
2014	\$3,750,000	\$17,663,750	\$21,413,750
2015	\$3,937,500	\$18,546,938	\$22,484,438
2016	\$4,134,375	\$19,474,284	\$23,608,659
2017	\$4,341,094	\$20,447,999	\$24,789,092
2018	\$4,558,148	\$21,470,399	\$26,028,547
2019	\$4,786,056	\$22,543,918	\$27,329,974
2020	\$5,025,359	\$23,671,114	\$28,696,473
2021	\$5,276,627	\$24,854,670	\$30,131,297
2022	\$5,540,458	\$26,097,404	\$31,637,862
Total	\$41,349,616	\$194,770,475	\$236,120,092

Taxable Spending by Out-of-Town Visitors to the Facility

The facility expects the following number of out-of-town visitors:

Number of Visitors	
Annual increase in the number of visitors	10%
2013	100
2014	110
2015	121
2016	133
2017	146
2018	161
2019	177
2020	195
2021	214
2022	236

These visitors will spend the following number of days visiting the facility and spend the following amounts:

Spending by a Typical Out-of-State Visitors	
Average number of days spent visiting the facility	2
Average number of nights spent in a local hotel	2
Average daily spending in the community subject to sales tax	\$100
Average nightly room rate at a local motel	\$150
Average annual increase in nightly room rate	3.0%
Average annual increase in daily taxable spending in the community	3.0%

Therefore, taxable spending by these visitors in the community and spending on lodging subject to hotel occupancy taxes are shown below.

Spending by Out-of-Town Visitors		
Year	Taxable Spending in the Community	Spending on Lodging in the Community
2013	\$20,000	\$30,000
2014	\$22,660	\$33,000
2015	\$25,674	\$36,300
2016	\$29,088	\$39,930
2017	\$32,957	\$45,241
2018	\$37,340	\$51,258
2019	\$42,307	\$58,075
2020	\$47,934	\$65,799
2021	\$54,309	\$74,550
2022	\$61,532	\$84,465
Total	\$373,800	\$518,618

Total Taxable Sales

Taxable spending by workers and spending by the facility and related indirect and induced companies will result in the following total taxable sales:

Estimated Total Taxable Sales					
Year	Workers' Taxable Spending	The Facility's Taxable Sales	The Facility and Companies' Taxable Spending	Taxable Spending by Visitors in the Community	Total Taxable Sales
2013	\$5,560,305	\$0	\$0	\$20,000	\$5,580,305
2014	\$11,454,228	\$0	\$21,413,750	\$22,660	\$32,890,638
2015	\$11,797,855	\$0	\$22,484,438	\$25,674	\$34,307,966
2016	\$12,151,790	\$0	\$23,608,659	\$29,088	\$35,789,538
2017	\$12,516,344	\$0	\$24,789,092	\$32,957	\$37,338,393
2018	\$12,891,834	\$0	\$26,028,547	\$37,340	\$38,957,722
2019	\$13,278,589	\$0	\$27,329,974	\$42,307	\$40,650,870
2020	\$13,676,947	\$0	\$28,696,473	\$47,934	\$42,421,354
2021	\$14,087,255	\$0	\$30,131,297	\$54,309	\$44,272,861
2022	\$14,509,873	\$0	\$31,637,862	\$61,532	\$46,209,266
Total	\$121,925,020	\$0	\$236,120,092	\$373,800	\$358,418,913

Sales Tax Collections

With a 6.25% sales tax, the state will collect the following sales tax on the spending of workers, companies and visitors:

Estimated Sales Tax Collections During Operations					
Year	On Workers' Spending	On The Facility's Taxable Sales	On Taxable Companies' Spending	On Taxable Spending of Visitors in the Community	Total Sales Tax Collections
2013	\$347,519	\$0	\$0	\$1,250	\$348,769
2014	\$715,889	\$0	\$1,338,359	\$1,416	\$2,055,665
2015	\$737,366	\$0	\$1,405,277	\$1,605	\$2,144,248
2016	\$759,487	\$0	\$1,475,541	\$1,818	\$2,236,846
2017	\$782,271	\$0	\$1,549,318	\$2,060	\$2,333,650
2018	\$805,740	\$0	\$1,626,784	\$2,334	\$2,434,858
2019	\$829,912	\$0	\$1,708,123	\$2,644	\$2,540,679
2020	\$854,809	\$0	\$1,793,530	\$2,996	\$2,651,335
2021	\$880,453	\$0	\$1,883,206	\$3,394	\$2,767,054
2022	\$906,867	\$0	\$1,977,366	\$3,846	\$2,888,079
Total	\$7,620,314	\$0	\$14,757,506	\$23,363	\$22,401,182

Hotel Occupancy Tax Collections

From the overnight lodging spending of visitors to the facility, the state will collect the following hotel occupancy taxes:

Estimated Hotel Occupancy Tax Collections from Visitors		
Year	Spending on Lodging	Total Hotel Occupancy Tax Collections
2013	\$30,000	\$1,800
2014	\$33,000	\$1,980
2015	\$36,300	\$2,178
2016	\$39,930	\$2,396
2017	\$45,241	\$2,714
2018	\$51,258	\$3,075
2019	\$58,075	\$3,484
2020	\$65,799	\$3,948
2021	\$74,550	\$4,473
2022	\$84,465	\$5,068
Total	\$518,618	\$31,117

Franchise Tax Collections from the Company and Indirect and Induced Businesses

Texas franchise tax is a tax on “taxable margin,” which is a concept similar to taxable income. Generally, an entity’s taxable margin is its revenue less either its cost of goods sold or its compensation expense, but not both. If 70% of the entity’s revenue is less than either of these calculations, then 70% of revenue is the taxable margin. Taxable margin must then be apportioned to business done in Texas, measured by the ratio of gross receipts from business done in Texas to gross receipts from business done everywhere. The tax rate is then applied to the apportioned margin. A half percent rate is used for taxable entities primarily engaged in retail or wholesale trade, and a 1% rate is used for all other entities.

Estimated Taxable Margins of the Company and Indirect and Induced Companies

The facility's estimated taxable margins subject to Texas franchise tax may be 2% of operating expenses and the estimated taxable margins of indirect companies may be 10% of revenues. If this is the case, the estimated taxable margins of the company and indirect and induced companies that will be subject to corporate franchise taxes in the state of Texas are shown below.

Revenues of the Company Subject to Franchise Taxes and Taxable Margins of Indirect and Induced Companies During Operations			
Year	Taxable Margins of the Company Subject to Texas Franchise Taxes	Revenues of Indirect and Induced Businesses Subject to Franchise Taxes	Total Revenues Subject to Franchise Taxes
2013	\$0	\$0	\$0
2014	\$2,500,000	\$17,663,750	\$20,163,750
2015	\$2,625,000	\$18,546,938	\$21,171,938
2016	\$2,756,250	\$19,474,284	\$22,230,534
2017	\$2,894,063	\$20,447,999	\$23,342,061
2018	\$3,038,766	\$21,470,399	\$24,509,164
2019	\$3,190,704	\$22,543,918	\$25,734,622
2020	\$3,350,239	\$23,671,114	\$27,021,353
2021	\$3,517,751	\$24,854,670	\$28,372,421
2022	\$3,693,639	\$26,097,404	\$29,791,042
Total	\$27,566,411	\$194,770,475	\$222,336,886

Estimated Franchise Tax Payments by the Company and Indirect and Induced Companies

The estimated annual franchise tax payments to the State by the facility and indirect and induced businesses are shown below.

Estimated Franchise Tax Collections from the Facility and Indirect and Induced Businesses During Operations			
	The Facility	Indirect Businesses	Total
2013	\$0	\$0	\$0
2014	\$25,000	\$176,638	\$201,638
2015	\$26,250	\$185,469	\$211,719
2016	\$27,563	\$194,743	\$222,305
2017	\$28,941	\$204,480	\$233,421
2018	\$30,388	\$214,704	\$245,092
2019	\$31,907	\$225,439	\$257,346
2020	\$33,502	\$236,711	\$270,214
2021	\$35,178	\$248,547	\$283,724
2022	\$36,936	\$260,974	\$297,910
Total	\$275,664	\$1,947,705	\$2,223,369

Other Taxes and Revenues from Workers

During the facility's operations, other taxes -- in addition to sales and franchise taxes -- will be collected for the State's general fund. The estimated annual collections of other taxes from each worker during operations are the following:

Other Revenues for the State from Each Worker During Operations	
Gasoline taxes	\$38
Motor vehicle sales and use taxes	\$250
Cigarette and tobacco taxes	\$16
Alcoholic beverage taxes	\$90
Net lottery proceeds	\$183
Total	\$576

Other taxes and revenues for the State from workers during the facility's operations will be the following:

Other Revenues for the State from Workers During Operations						
Year	Gasoline Taxes	Motor Vehicle Sales and Use Taxes	Cigarette and Tobacco Taxes	Alcoholic Beverage Taxes	Net Lottery Proceeds	Total Other Taxes and Revenues
2013	\$19,252	\$128,344	\$7,961	\$46,425	\$93,737	\$295,718
2014	\$39,658	\$264,388	\$16,399	\$95,636	\$193,098	\$609,180
2015	\$40,848	\$272,320	\$16,891	\$98,505	\$198,891	\$627,455
2016	\$42,073	\$280,489	\$17,398	\$101,460	\$204,858	\$646,279
2017	\$43,336	\$288,904	\$17,920	\$104,504	\$211,004	\$665,667
2018	\$44,636	\$297,571	\$18,458	\$107,639	\$217,334	\$685,637
2019	\$45,975	\$306,498	\$19,011	\$110,868	\$223,854	\$706,206
2020	\$47,354	\$315,693	\$19,582	\$114,194	\$230,569	\$727,393
2021	\$48,775	\$325,164	\$20,169	\$117,620	\$237,487	\$749,214
2022	\$50,238	\$334,919	\$20,774	\$121,149	\$244,611	\$771,691
Total	\$422,144	\$2,814,291	\$174,564	\$1,018,000	\$2,055,443	\$6,484,441

The Total Revenues for the State of Texas from the Facility's Operations

The total increase in state revenues from the facility's operations are shown below.

General Fund Revenues for the State During Operations					
Year	Sales Tax Collections	Hotel Occupancy Taxes	Franchise Tax Collections	Other Taxes and Revenues	Total State Revenues
2013	\$348,769	\$1,800	\$0	\$295,718	\$646,287
2014	\$2,055,665	\$1,980	\$201,638	\$609,180	\$2,868,462
2015	\$2,144,248	\$2,178	\$211,719	\$627,455	\$2,985,601
2016	\$2,236,846	\$2,396	\$222,305	\$646,279	\$3,107,826
2017	\$2,333,650	\$2,714	\$233,421	\$665,667	\$3,235,452
2018	\$2,434,858	\$3,075	\$245,092	\$685,637	\$3,368,662
2019	\$2,540,679	\$3,484	\$257,346	\$706,206	\$3,507,717
2020	\$2,651,335	\$3,948	\$270,214	\$727,393	\$3,652,889
2021	\$2,767,054	\$4,473	\$283,724	\$749,214	\$3,804,465
2022	\$2,888,079	\$5,068	\$297,910	\$771,691	\$3,962,748
Total	\$22,401,182	\$31,117	\$2,223,369	\$6,484,441	\$31,140,109

Discussion of Indirect and Induced Impacts

This analysis calculated the direct economic impact of the facility from its construction projects and during its operations. In addition, the indirect and induced impacts were also calculated.

Indirect revenues, jobs and salaries are created in new or existing firms in the state, such as parts suppliers, that may supply goods and services to the facility. In addition, induced revenues, jobs and salaries are created and supported in new or existing businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to workers and their families.

To estimate the indirect and induced economic impact of the facility on the state, regional economic multipliers were used. Regional economic multipliers for Texas are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis: an output multiplier, an employment multiplier and an earnings multiplier.

An output multiplier was used to estimate the indirect and induced output or revenues created and supported in the state. An employment multiplier was used to estimate the number of indirect and

induced jobs created and supported in the state. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs.

The multipliers show the estimated indirect and induced revenues of other companies in the state for every dollar of revenues at the facility. An employment multiplier shows the number of indirect and induced jobs created for every direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The indirect and induced multipliers shown below were used in this analysis:

Indirect and Induced Multipliers Used in this Analysis		
	During Construction	During Operations
Output multiplier	1.5229	1.4131
Employment multiplier	1.1798	3.1070
Earnings multiplier	1.1134	2.2725

About Impact DataSource

Impact DataSource is a nineteen-year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and 25 other states. In addition, the firm has developed economic impact analysis computer programs for several clients including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Some Rates and Assumptions Used in this Analysis

State tax rates for tax revenues that go into the state's general revenue fund:

Texas business franchise tax:

Texas franchise tax is a tax on "taxable margin," which is a concept similar to taxable income. Generally, an entity's taxable margin is its revenue less either its cost of goods sold or its compensation expense, but not both. If 70% of the entity's revenue is less than either of these calculations, then 70% of revenue is the taxable margin. Taxable margin must then be apportioned to business done in Texas, measured by the ratio of gross receipts from business done in Texas to gross receipts from business done everywhere. The tax rate is then applied to the apportioned margin. A half percent rate is used for taxable entities primarily engaged in retail or wholesale trade, and a 1% rate is used for all other entities.

Sales and use tax rate	6.25%
Hotel occupancy tax rate	6%
Gasoline tax, per gallon	\$0.20
Percent of gasoline taxes going into state general revenues	25%
Motor vehicle sales and use tax	6.25%

Percent of total salaries that a typical worker spends on taxable goods and services	33%
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Estimated other taxes collected annually by the state for the general revenue fund for each worker household:

	Total Collections in 2010	Number of Households in the State (Estimated 2010)	Amount of Annual Collections Per Worker Household
Cigarette and tobacco taxes	\$138,764,873	8,948,598	\$16
Alcoholic beverage taxes	\$809,233,737	8,948,598	\$90
Net lottery proceeds	\$1,633,922,591	8,948,598	\$183
Total			\$289

Some assumptions used in this analysis:

Annual state gasoline tax collections per worker:

Miles driven per year by a typical worker	15,000
Miles per gallon	20
Number of gallons of gasoline purchased each year by a typical worker	750

Gasoline tax, per gallon	\$0.20
Gasoline taxes paid each year by a typical worker	\$150
Percent of gasoline taxes going into the general fund	25%
Gasoline taxes paid each year by a typical worker going to the general fund	\$38

Annual motor vehicle sales and use tax collections per worker:

Number of new or used automobiles purchased per 10 workers each year	2
Average value of new or used automobiles purchased by a typical worker who purchases an automobile	\$20,000
Motor vehicle sales and use tax	6.25%
Annual motor vehicle sales and use taxes paid by a typical worker	\$250.00

Estimated other taxes collected annually by the state for the general revenue fund for each worker household:

Summary of annual state taxes, other than sales taxes, collected from each worker:

Gasoline taxes	\$37.50
Motor vehicle sales and use taxes	\$250.00
Cigarette and tobacco taxes	\$15.51
Alcoholic beverage taxes	\$90.43
Net lottery proceeds	\$182.59
Total	\$576.03

Estimated annual increase in the above taxes per worker over each of the next ten years	3%
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Attachment 17

Schedule A completed and signed

Schedule A (Rev. May 2010): Investment

Applicant Name Borusan Mannesmann Pipe U.S., Inc.
 ISD Name Goose Creek Consolidated Independent School District

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
		Year	School Year (YYY-YYY)	Tax Year (Fill in actual tax year below) (YYY)	Column A: Tangible 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)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2013-2014	2013	\$0	\$0		\$0	\$0
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)				\$6,525,000	\$0		\$0	\$6,525,000
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)				\$46,475,000	\$37,000,000	\$83,475,000	\$11,000,000	\$94,475,000
	Complete tax years of qualifying time period	1	2014-2015	2014	\$47,000,000	\$0	\$47,000,000	\$0	\$47,000,000
		2	2015-2016	2015	\$0	\$0	\$0	\$140,000,000	\$140,000,000
	Value Limitation Period	3	2016-2017	2016	\$0	\$0		\$0	\$0
		4	2017-2018	2017	\$0	\$0		\$0	\$0
Tax Credit Period (with 50% cap on credit)		5	2018-2019	2018	\$0	\$0		\$0	\$0
		6	2019-2020	2019	\$0	\$0		\$0	\$0
		7	2020-2021	2020	\$0	\$0		\$0	\$0
		8	2021-2022	2021	\$0	\$0		\$0	\$0
		9	2022-2023	2022	\$0	\$0		\$0	\$0
		10	2023-2024	2023	\$0	\$0		\$0	\$0
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	\$0	\$0		\$0	\$0
		12	2025-2026	2025	\$0	\$0		\$0	\$0
		13	2026-2027	2026	\$0	\$0		\$0	\$0
Post- Settle-Up Period		14	2027-2028	2027	\$0	\$0		\$0	\$0
Post- Settle-Up Period		15	2028-2029	2028	\$0	\$0		\$0	\$0

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.
 [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
- 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 OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Feb. 28, 2013

Attachment 18

Schedule B completed and signed

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

Applicant Name Borusan Mannesmann Pipe U.S., Inc.
ISD Name Goose Creek Consolidated Independent School District

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O—after all reductions
		Year	School Year (YYYY-YYYY)					Exempted Value		
		pre- year 1	2013-2014	2013	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$1,000,000
	Complete tax years of qualifying time period	1	2014-2015	2014	\$11,000,000	\$37,000,000	\$53,000,000	\$0	\$101,000,000	\$101,000,000
		2	2015-2016	2015	\$11,000,000	\$36,260,000	\$100,000,000	\$0	\$147,260,000	\$147,260,000
	Value Limitation Period	3	2016-2017	2016	\$11,000,000	\$35,534,800	\$95,000,000	\$0	\$141,534,800	\$30,000,000
Tax Credit Period (with 50% cap on credit)		4	2017-2018	2017	\$11,000,000	\$34,824,104	\$90,000,000	\$0	\$135,824,104	\$30,000,000
		5	2018-2019	2018	\$11,000,000	\$34,127,622	\$85,000,000	\$0	\$130,127,622	\$30,000,000
		6	2019-2020	2019	\$11,000,000	\$33,445,069	\$80,000,000	\$0	\$124,445,069	\$30,000,000
		7	2020-2021	2020	\$11,000,000	\$32,776,168	\$75,000,000	\$0	\$118,776,168	\$30,000,000
		8	2021-2022	2021	\$11,000,000	\$32,120,645	\$70,000,000	\$0	\$113,120,645	\$30,000,000
		9	2022-2023	2022	\$11,000,000	\$31,478,232	\$65,000,000	\$0	\$107,478,232	\$30,000,000
		10	2023-2024	2023	\$11,000,000	\$30,848,667	\$60,000,000	\$0	\$101,848,667	\$30,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	\$11,000,000	\$30,231,694	\$55,000,000	\$0	\$96,231,694	\$96,231,694
		12	2025-2026	2025	\$11,000,000	\$29,627,060	\$50,000,000	\$0	\$90,627,060	\$90,627,060
		13	2026-2027	2026	\$11,000,000	\$29,034,519	\$50,000,000	\$0	\$90,034,519	\$90,034,519
Post- Settle-Up Period		14	2027-2028	2027	\$11,000,000	\$28,453,828	\$50,000,000	\$0	\$89,453,828	\$89,453,828
Post- Settle-Up Period		15	2028-2029	2028	\$11,000,000	\$27,884,752	\$50,000,000	\$0	\$88,884,752	\$88,884,752

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 OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Feb. 28, 2013

Attachment 19

Schedule C completed and signed

Schedule C- Application: Employment Information

Applicant Name Borusan Mannesman Pipe U.S., Inc.
 ISD Name Goose Creek Consolidated Independent School District

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	2013-2014	2013	319 FTE's	\$70,000	10	\$81,273	8	\$88,484
	Complete tax years of qualifying time period	1	2014-2015	2014	0	N/A	80	\$82,086	65	\$89,369
		2	2015-2016	2015	0	N/A	80	\$82,907	65	\$90,263
	Value Limitation Period	3	2016-2017	2016	0	N/A	80	\$83,736	65	\$91,165
Tax Credit Period (with 50% cap on credit)		4	2017-2018	2017	0	N/A	80	\$84,573	65	\$92,077
		5	2018-2019	2018	0	N/A	80	\$85,419	65	\$92,998
		6	2019-2020	2019	0	N/A	80	\$86,273	65	\$93,928
		7	2020-2021	2020	0	N/A	80	\$87,136	65	\$94,867
		8	2021-2022	2021	0	N/A	80	\$88,007	65	\$95,815
		9	2022-2023	2022	0	N/A	80	\$88,887	65	\$96,774
		10	2023-2024	2023	0	N/A	80	\$89,776	65	\$97,741
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	0	N/A	80	\$90,674	65	\$98,719
		12	2025-2026	2025	0	N/A	80	\$91,580	65	\$99,706
		13	2026-2027	2026	0	N/A	80	\$92,496	65	\$100,703
Post- Settle-Up Period		14	2027-2028	2027	0	N/A	80	\$93,421	65	\$101,710
Post- Settle-Up Period		15	2028-2029	2028	0	N/A	80	\$94,355	65	\$102,727

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

DATE

Feb. 28, 2013

Attachment 20

Schedule D completed and signed

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

Applicant
Name

Borusan Mannesman Pipe U.S., Inc.

ISD Name

Goose Creek Consolidated Independent

School District

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2013-2014	2013	\$0	\$124,000,000	\$0	0%	N/A	N/A	N/A
	Complete tax years of qualifying time period	1	2014-2015	2014	\$3,750,000	\$125,000,000	\$25,000	100%	N/A	N/A	N/A
		2	2015-2016	2015	\$3,937,500	\$131,250,000	\$26,250	100%	N/A	N/A	N/A
		3	2016-2017	2016	\$4,134,375	\$137,812,500	\$27,563	100%	N/A	N/A	N/A
		4	2017-2018	2017	\$4,341,094	\$144,703,133	\$28,941	100%	N/A	N/A	N/A
		5	2018-2019	2018	\$4,558,148	\$151,938,267	\$30,388	100%	N/A	N/A	N/A
		6	2019-2020	2019	\$4,786,056	\$159,535,200	\$31,907	100%	N/A	N/A	N/A
		7	2020-2021	2020	\$5,025,359	\$167,511,967	\$33,502	100%	N/A	N/A	N/A
		8	2021-2022	2021	\$5,276,627	\$175,887,567	\$35,178	100%	N/A	N/A	N/A
		9	2022-2023	2022	\$5,540,458	\$184,681,933	\$36,936	100%	N/A	N/A	N/A
		10	2023-2024	2023	\$5,540,458	\$184,681,933	\$36,936	100%	N/A	N/A	N/A
		11	2024-2025	2024	\$5,540,458	\$184,681,933	\$36,936	0%	N/A	N/A	N/A
		12	2025-2026	2025	\$5,540,458	\$184,681,933	\$36,936	0%	N/A	N/A	N/A
		13	2026-2027	2026	\$5,540,458	\$184,681,933	\$36,936	0%	N/A	N/A	N/A
	Post- Settle-Up Period	14	2027-2028	2027	\$5,540,458	\$184,681,933	\$36,936	0%	N/A	N/A	N/A
	Post- Settle-Up Period	15	2028-2029	2028	\$5,540,458	\$184,681,933	\$36,936	0%	N/A	N/A	N/A

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Feb. 28, 2013

Attachment 21

Map of Reinvestment Zone

The Chambers County Commissioners Court designated the reinvestment zone on February 12, 2013. As soon as it is available, applicant will supply the school district with a map of the reinvestment zone, certified to be accurate by the County, with vicinity map.

Attachment 22

Order, Resolution, or Ordinance Establishing the Zone

**ORDER DESIGNATING/CREATING
BORUSAN MANNESMANN PIPE U.S., INC. 2013 REINVESTMENT ZONE**

On February 12, 2013, at a regular, public meeting of the Commissioner's Court of CHAMBERS COUNTY, TEXAS ("the Court"), the Court conducted a hearing on the application of BORUSAN MANNESMANN PIPE U.S., INC. ("Borusan") for the creation of the BORUSAN MANNESMANN PIPE U.S., INC. 2013 REINVESTMENT ZONE ("the Reinvestment Zone").

The Court finds and declares that:

1. The Court has adopted tax abatement guidelines and policies which are now in effect, thereby electing to become eligible to participate in tax abatement.
2. Borusan has applied, in a timely and adequate fashion, for tax abatement on a proposed project to be developed within the Reinvestment Zone.
3. All notices and legal requirements have been given and/or satisfied prior to the consideration by the Court of the creation of the Reinvestment Zone. Specifically, notice of today's hearing was published in the manner required by law and notice was timely given to the presiding officer of other taxing units of government as required by law.
4. The designation of the Reinvestment Zone will contribute to the retention or expansion of primary employment and will attract major investment in the zone that will be a benefit to the property to be included in the Reinvestment Zone and will contribute to the economic development of the COUNTY and surrounding area.
5. The improvements sought to be made are feasible and practical and will be a benefit to the land to be included in the Reinvestment Zone.
6. The area requested to be designated as a reinvestment zone meets the criteria for designation as such in one of more ways as specifically provided by law.

Therefore, upon motion made by Commissioner Senae seconded by Commissioner Abemathy and unanimously passed, be it RESOLVED and ORDERED by the Court that the six contiguous tracts of land (two principal tracts and four access tracts), totaling 182.25 acres, more or less, described in the attached Exhibit "Metes and Bounds" (13 pages) are hereby designated as the BORUSAN MANNESMANN PIPE U.S., INC. 2013 REINVESTMENT ZONE and are eligible for commercial / industrial tax abatement.

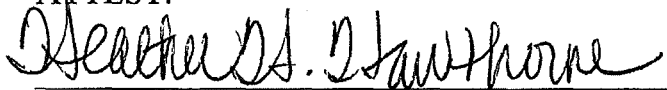
PASSED and ADOPTED February 12, 2013.

CHAMBERS COUNTY, TEXAS

By:


JUDGE JIMMY SYLVIA,
Chambers County Judge

ATTEST:



HEATHER H. HAWTHORNE, County Clerk

Metes and Bounds

133.67 ACRE TRACT 1

Being a tract or parcel of land containing 133.67 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 133.67 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County, Texas said corner being the northwest corner hereof;

THENCE, East, with the south line of said called 70.259 acre tract, 1,135.47 feet to a found five-eighths inch iron rod with a "Halff and Associates" plastic cap for an angle point in the south line of said called 70.259 acre tract;

THENCE, North 65° 17' 32" East, continuing with the south line of said called 70.259 acre tract, 3,515.35 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner hereof, from which said set corner a found five-eighths inch iron rod with a "Halff and Associates" plastic cap marking the southeast corner of said called 70.259 acre tract bears North 65° 17' 32" East, 132.01 feet;

THENCE, South 00° 00' 25" East, 1,943.11 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the southeast corner;

THENCE, South 80° 17' 20" West, 3,002.41 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, West, with the north line of said called 2.066 acre tract, 300.00 feet to a found five-eighths inch iron rod with a "Bury Partners" plastic cap for the northwest corner of said called 2.066 acre tract on the east right-of-way line of said Powers Road and being for the southwest corner hereof;

133.67 ACRE TRACT 1

THENCE, North, with the east right-of-way line of Powers Road, 920.19 feet to the **POINT OF BEGINNING** and containing 133.67 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

33.79 ACRE TRACT 2

Being a tract or parcel of land containing 33.79 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 33.79 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North 16° 09' 18" West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North 12° 25' West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of 02° 46' 39", a chord of North 14° 45' 59" West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of 10° 13' 33", a chord of North 08° 15' 53" West, 994.49 feet, a distance along the arc of 995.82 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the point of tangency;

THENCE, North 03° 09' 06" West, continuing with the west line of said called 1,028.275 acre tract and with east right-of-way line of said F.M. 1405, 236.54 to a found five-eighths inch iron rod with a "Baseline Corp." plastic cap, said corner being the northwest corner hereof;

THENCE, North 82° 53' 32" East, 1,200.10 feet to a found five-eighths inch iron rod with a "Baseline Corp." plastic cap on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 1,368.84 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the southeast corner hereof;

33.79 ACRE TRACT 2

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 33.79 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 1

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 1;

THENCE, East, 1,064.74 feet to a point for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,007.57 feet to a point for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 3,032.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of said called 2.066 acre tract;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

60' Wide Access Tract 1

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 2

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, South, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 2;

THENCE, East, 1,069.83 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,002.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a point for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 2,997.25 feet to a point an angle point in the south line hereof;

THENCE, West, 1,074.93 feet to a point for corner on the east line of said called 2.066 acre tract;

60' Wide Access Tract 2

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 3

Being a 60 foot wide tract or parcel of land containing 1.44 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 1.44 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 3;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of $00^{\circ} 37' 57''$, a chord of North $13^{\circ} 03' 41''$ West, 61.59 feet, a distance along the arc of 61.59 feet to a point for the northwest corner hereof;

THENCE, East, 1,048.84 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 1.44 acres of Land.

60' WIDE Access Tract 3

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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February 1, 2013

60' Wide Access Tract 4

Being a 60 foot wide tract or parcel of land containing 2.13 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 2.13 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 4;

THENCE, East, 1,034.92 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records said corner being a re-entrant corner hereof;

THENCE, North, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a point for corner;

THENCE, East, 260.00 feet to a point for corner on the west right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said point for corner being the northeast corner hereof;

THENCE, South, with the west right-of-way line of said Powers Road, 120.00 feet to a point for the southeast corner hereof;

60' Wide Access Tract 4

THENCE, West, 1,280.30 feet to a point for corner on the east right-of-way line of said F.M. 1405, same being the west line of said called 1,028.275 acre tract, said corner on a non-tangent curve to the right and being the southwest corner hereof;

THENCE, in a northerly direction with the west line of said called 1,028.275 acre tract and with the east right-of-way line of said F.M. 1405 along said non-tangent curve to the right having a radius of 5,579.57 feet, through a central angle of $00^{\circ} 38' 03''$, a chord of North $13^{\circ} 41' 41''$ West, 61.76 feet, a distance along the arc of 61.76 feet to the **POINT OF BEGINNING** and containing 2.13 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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February 1, 2013

Attachment 23

Legal Description of Reinvestment Zone

133.67 ACRE TRACT 1

Being a tract or parcel of land containing 133.67 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 133.67 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County, Texas said corner being the northwest corner hereof;

THENCE, East, with the south line of said called 70.259 acre tract, 1,135.47 feet to a found five-eighths inch iron rod with a "Halff and Associates" plastic cap for an angle point in the south line of said called 70.259 acre tract;

THENCE, North 65° 17' 32" East, continuing with the south line of said called 70.259 acre tract, 3,515.35 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner hereof, from which said set corner a found five-eighths inch iron rod with a "Halff and Associates" plastic cap marking the southeast corner of said called 70.259 acre tract bears North 65° 17' 32" East, 132.01 feet;

THENCE, South 00° 00' 25" East, 1,943.11 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the southeast corner;

THENCE, South 80° 17' 20" West, 3,002.41 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, West, with the north line of said called 2.066 acre tract, 300.00 feet to a found five-eighths inch iron rod with a "Bury Partners" plastic cap for the northwest corner of said called 2.066 acre tract on the east right-of-way line of said Powers Road and being for the southwest corner hereof;

133.67 ACRE TRACT 1

THENCE, North, with the east right-of-way line of Powers Road, 920.19 feet to the **POINT OF BEGINNING** and containing 133.67 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

33.79 ACRE TRACT 2

Being a tract or parcel of land containing 33.79 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 33.79 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North 16° 09' 18" West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North 12° 25' West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of 02° 46' 39", a chord of North 14° 45' 59" West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of 10° 13' 33", a chord of North 08° 15' 53" West, 994.49 feet, a distance along the arc of 995.82 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the point of tangency;

THENCE, North 03° 09' 06" West, continuing with the west line of said called 1,028.275 acre tract and with east right-of-way line of said F.M. 1405, 236.54 to a found five-eighths inch iron rod with a "Baseline Corp" plastic cap, said corner being the northwest corner hereof;

THENCE, North 82° 53' 32" East, 1,200.10 feet to a found five-eighths inch iron rod with a "Baseline Corp." plastic cap on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 1,368.84 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the southeast corner hereof;

33.79 ACRE TRACT 2

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 33.79 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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February 1, 2013

60' Wide Access Tract 1

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 1;

THENCE, East, 1,064.74 feet to a point for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,007.57 feet to a point for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 3,032.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of said called 2.066 acre tract;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

60' Wide Access Tract 1

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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February 1, 2013

60' Wide Access Tract 2

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, South, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 2;

THENCE, East, 1,069.83 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,002.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a point for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 2,997.25 feet to a point an angle point in the south line hereof;

THENCE, West, 1,074.93 feet to a point for corner on the east line of said called 2.066 acre tract;

60' Wide Access Tract 2

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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60' Wide Access Tract 3

Being a 60 foot wide tract or parcel of land containing 1.44 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 1.44 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North 16° 09' 18" West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North 12° 25' West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of 02° 46' 39", a chord of North 14° 45' 59" West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 3;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of 00° 37' 57", a chord of North 13° 03' 41" West, 61.59 feet, a distance along the arc of 61.59 feet to a point for the northwest corner hereof;

THENCE, East, 1,048.84 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 1.44 acres of Land.

60' WIDE Access Tract 3

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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60' Wide Access Tract 4

Being a 60 foot wide tract or parcel of land containing 2.13 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 2.13 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 4;

THENCE, East, 1,034.92 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records said corner being a re-entrant corner hereof;

THENCE, North, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a point for corner;

THENCE, East, 260.00 feet to a point for corner on the west right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said point for corner being the northeast corner hereof;

THENCE, South, with the west right-of-way line of said Powers Road, 120.00 feet to a point for the southeast corner hereof;

60' Wide Access Tract 4

THENCE, West, 1,280.30 feet to a point for corner on the east right-of-way line of said F.M. 1405, same being the west line of said called 1,028.275 acre tract, said corner on a non-tangent curve to the right and being the southwest corner hereof;

THENCE, in a northerly direction with the west line of said called 1,028.275 acre tract and with the east right-of-way line of said F.M. 1405 along said non-tangent curve to the right having a radius of 5,579.57 feet, through a central angle of $00^{\circ} 38' 03''$, a chord of North $13^{\circ} 41' 41''$ West, 61.76 feet, a distance along the arc of 61.76 feet to the **POINT OF BEGINNING** and containing 2.13 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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February 1, 2013

Attachment 24

Guidelines and Criteria for Reinvestment Zone

Chambers County's guidelines and criteria for designating a reinvestment zone are attached hereto.

GUIDELINES AND CRITERIA FOR TAX ABATEMENT IN CHAMBERS COUNTY

SECTION 1 INTRODUCTION

In recognition of the fact that:

- a.) The creation and retention of job opportunities that bring new wealth is the highest civic priority;
- b.) 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;
- c.) The communities within Chambers County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects;
- d.) Any tax incentives offered in Chambers County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community;
- e.) Any tax incentives should not adversely affect the competitive position of existing companies operating in Chambers County;
- f.) The abatement of property taxes, when offered to attract primary jobs in industries which bring in money from outside a community instead of merely re-circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy;
- g.) Effective September 1st, 1987, Texas law requires any eligible taxing jurisdiction to establish guidelines and criteria for tax abatement agreements prior to granting tax abatement, said guidelines and criteria to be unchanged for a two-year period unless amended by a three-quarters vote; and Chambers County has developed the following guidelines and criteria for tax abatement.

SECTION 2 DEFINITIONS

- a.) **"Abatement"** means the full or partial exemption from ad valorem taxes of the increase in value of certain real property in a reinvestment zone designated for economic development purposes.
- b.) **"Eligible Jurisdiction"** means Chambers County and any municipality, school district or college district that levies ad valorem taxes upon property located within the proposed or existing reinvestment zone.
- c.) **"Agreement"** means a contractual agreement between a property owner and an eligible jurisdiction for the purpose of tax abatement.
- d.) **"Base Year Value"** means the assessed value of eligible property on the January 1st preceding the execution of the agreement.
- e.) **"Economic Life"** means the number of years a property improvement is expected to be in service in a facility.

- f.) **“Deferred Maintenance”** means improvements necessary for continued operations, which do not improve productivity or alter the process technology.
- g.) **“Expansion”** means the addition of buildings, structures, or 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.) **“Manufacturing Facility”** means buildings and structures, including fixed 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.
- j.) **“Modernization”** means the replacement and upgrading of existing facilities, which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, of fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.
- k.) **“New Facility”** means a property previously undeveloped, which is placed into service, by means other than or in conjunction with expansion or modernization.
- l.) **“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 and which result in the creation of new permanent jobs and bring in new wealth.
- m.) **“Wholesale Distribution 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.
- n.) **“Entertainment and Recreation 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.
- o.) **“Service Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used to service goods.
- p.) **“Research Facility”** means building 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 of such goods or materials.

SECTION 3

ABATEMENT AUTHORIZED

- a.) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Wholesale Distribution Facility, Service Facility, Entertainment and Recreation Facility, or other Basic Industry.
- b.) **Creation of New Value.** Abatement may only be granted for the additional value over the base year value resulting from eligible property improvements made subsequent to and listed in tax abatement agreement between the eligible jurisdiction and the property owner subject to such limitations as the eligible jurisdiction 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 plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- e.) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for tax abatement: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; watercraft; aircraft; housing; deferred maintenance investments; 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 an economic life of less than 15 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.** In order for a facility to qualify for tax abatement, the land and eligible property must be owned and operated by the same individual or company or be leased to a facility operator whose lease term is at least 10 years.
- g.) **Value and Term of Abatement.** Tax Abatement for eligible property shall be granted effective with the January 1st valuation date immediately following the date of execution of the agreement and shall not exceed five (5) years, including construction time. The percentage of the new value created pursuant to the agreement on which taxes will be abated in each of the years for which abatement is granted shall be as follows:

1 st year	100%
2 nd year	100%
3 rd year	75%
4 th year	60%
5 th year	50%

If a modernization project includes facility replacements, the value to which abatement applies shall be the value of the new unit(s) less the value of the old unit(s).

Provided, however, that the value on which abatement is granted in any year shall not exceed the estimated increase in market value (required to be included in the tax abatement agreement in accordance with Section 6 (a), (1) resulting from construction of or improvements to eligible facilities.)

- h.) **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the proposed improvement;
 - (1) Must be reasonably expected to increase the value of property in the amount of \$500,000 or more after the period of abatement has expired;
 - (2) Must be reasonably expected to prevent the loss of employment and to create employment at the facility for at least five people on a permanent basis and the owner must agree to exercise its best efforts to insure that 50% of new employees, or a minimum of two (2) employees, are residents of Chambers County, Harris County, Jefferson County, Galveston County, Hardin County and/or Liberty County; 10% of new employees, or a minimum of two (2) employees, are residents of Chambers County; and 5% of new employees, or a minimum of one (1) employee are resident(s) of the city in which the facility is located;

- (3) Must not be expected to solely or primarily have the effect of transferring employment from one part of Chambers County to another; and
- (4) If a new facility, must be necessary because capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements.

Further, the owner of the proposed improvement must make every reasonable effort to use local resources in employees, goods and services at the facility.

- i.) **Taxability.** For tax years beginning on or after the execution of the tax abatement agreement to the end of the agreement period taxes shall be payable as follows;
 - (1) the value of ineligible property as provided in Section 3(e) shall be fully taxable;
 - (2) the base year value of existing eligible property shall be fully taxable; and
 - (3) the value of eligible property shall be taxable in the manner described in Section 3(g).

SECTION 4 APPLICATION

- a.) **Filing of Application.** Any present or potential owner of taxable property in Chambers County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County Judge of Chambers County if the property is located outside of the taxing jurisdiction of a municipality.
- b.) **Content of Application.** The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a general descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed 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 municipality or County deems appropriate for evaluating the financial capacity and other factors of the applicant. Sworn statement that no construction has been undertaken on the project.
- c.) **Notice to Eligible Jurisdiction.** Upon receipt of an approved application, Chambers County, shall notify in writing the presiding officer of the governing body of each eligible jurisdiction.
- d.) **Abatement Inapplicable to Prior Projects.** Chambers County shall not establish a reinvestment zone or enter into an abatement agreement if it finds that the request for the abatement was approved by Commissioner's Court after the construction, alteration, or installation of improvements began as related to a proposed modernization, expansion or new facility.
- e.) **Variance.** Requests for variance from the provisions of Subsections (a), (e) and (g) of Section 3 must be made in written form. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance.

SECTION 5 PUBLIC HEARING AND APPROVAL

- a.) **Public Hearing for Designation of Zone.** A resolution designating a reinvestment zone may not be adopted until the governing body has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be published at least seven (7) days prior to the hearing in a newspaper paper having general circulation in the eligible jurisdiction. The presiding officers of other eligible jurisdictions shall be notified in writing at least (7) days prior to the hearing.
- b.) **Findings Required for Agreement.** In order to enter into a tax abatement agreement, the eligible jurisdiction must find that the terms of the proposed agreement and the subject property meet these guidelines and criteria and that:
 - (1) there will be no substantial adverse effect on the provision of the jurisdiction's service or tax base; and
 - (2) the planned use of the property will not constitute a hazard to public safety, health or morals.

SECTION 6 AGREEMENT

- a.) **Contents of Agreement.** After approval, the eligible jurisdiction shall formally approve and execute an agreement with the owner of the facility which agreement 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 3(g);
 - (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 improvement list as provided in Section 4(b);
 - (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 3(a), 3(f), 3(g), 7, 8, and 9, or other provisions that may be required for uniformity or by state law; and
 - (6) amount of investment and average number of jobs involved.

Such agreement shall normally be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County. Upon execution of this agreement, it becomes the responsibility of the applicant to file with the County the necessary reports annually certifying employment and investment level as stated in the executed contract.

SECTION 7 RECAPTURE

The tax abatement agreement shall contain provisions for recapture of taxes abated in the event that 1) the improvements for which abatement was granted are not completed in accordance with agreement, 2) the owner allows ad valorem taxes owed the eligible

jurisdictions granting abatement to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of such taxes, 3) the owner discontinues operating or using the property as required by the agreement, or 4) the owner breaches any of the terms or conditions of the agreement.

SECTION 8 ADMINISTRATION

- a.) **Appraisal and Assessment.** The Chief Appraiser of the County shall annually determine an appraisal of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the affected jurisdictions, which levy taxes of the amount of the assessment.
- b.) **Access to Property.** The agreement shall stipulate that employees and/or designated representatives of the contracting eligible jurisdiction shall have access to the subject property 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 upon twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility.
- c.) **Annual Evaluations.** Upon completion of construction, the jurisdiction creating the reinvestment zone shall annually evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations of the agreement to the eligible jurisdictions.

SECTION 9 ASSIGNMENT

A tax abatement agreement may not be assigned unless written consent is first granted by the eligible jurisdiction that has entered into the agreement, which consent shall be at the sole discretion of such eligible jurisdiction. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements to, and operation of the property as the assignor, except to the extent such improvements have been completed. No assignment shall be approved by an eligible jurisdiction if the assignor or the assignee is indebted to the eligible jurisdiction for ad valorem taxes or other obligations.

SECTION 10 SUNSET PROVISIONS

- a.) These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its 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 applies only to the tax abatement under the provisions of the Property Redevelopment and Tax Abatement Act, Tex. Tax Code Ann. Chapter 312.

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

April 25, 2013

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

BORUSAN MANNESMANN PIPE U.S., 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 May 15, 2013.

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 25th day of
April 2013 A.D.

A handwritten signature in black ink, reading "Susan Combs", is positioned above the printed name and title.

Susan Combs
Texas Comptroller

Taxpayer number: 32044953654
File number: 0801472076

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

Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 18, 2013

Dr. Salvador Cavazos
Superintendent
Goose Creek Consolidated Independent School District
P.O. Box 30
Baytown, Texas 77522

Dear Superintendent Cavazos:

On December 14, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in December 10, 2012 to the Goose Creek Consolidated Independent School District (the school district) by Borusan Mannesmann Pipe U.S., Inc. (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$130.5 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Chambers County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

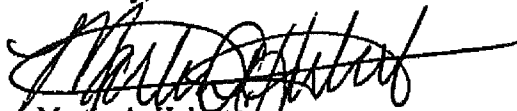
Note that any new building or other improvement existing as of the application review start date of December 14, 2012, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Borusan Mannesmann Pipe U.S., Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Goose Creek CISD
2011-2012 Enrollment in School District	21,675
County	Chambers
Total Investment in District	\$280,000,000
Qualified Investment	\$130,475,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	80
Number of qualifying jobs committed to by applicant	65
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,136
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$59,083
Investment per Qualifying Job	\$4,307,692
Estimated 15 year M&O levy without any limit or credit:	\$17,437,130
Estimated gross 15 year M&O tax benefit	\$9,582,722
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$9,503,721
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,957,904
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$7,933,409
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	54.5%
Percentage of tax benefit due to the limitation	79.6%
Percentage of tax benefit due to the credit.	20.4%

This presents the Comptroller's economic impact evaluation of Borusan Mannesmann Pipe U.S., Inc. (the project) applying to Goose Creek Consolidated Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 80 new jobs when fully operational. Sixty-five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Chambers County is \$82,784. That same year, the county annual average wage for all industries was \$49,712. In addition to a salary of \$59,083, each qualifying position will receive a group health benefit plan for which the applicant will pay at least 80% of the premiums assessed for employee-only coverage. The project's total investment is \$280 million, resulting in a relative level of investment per qualifying job of \$4.31 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Borusan Mannesmann Pipe U.S., Inc.'s application, "Borusan Mannesmann Pipe U.S., Inc. is owned by a leading industrial conglomerate in Turkey, which exports its products throughout the world. This global presence provides great flexibility in facility location. The high level of skills provided and uncompromising dedication to superior product quality is sought throughout the U.S. and the world. Locations in other U.S. states are under serious consideration for this project."

Number of new facilities in region [313.026(12)]

During the past two years, 23 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Borusan Mannesmann Pipe U.S., Inc. project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Borusan Mannesmann Pipe U.S., Inc.'s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Borusan Mannesmann Pipe U.S., Inc.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	329	428	757	\$23,142,730	\$25,857,270	\$49,000,000
2014	80	223	303	\$6,566,880	\$15,433,120	\$22,000,000
2015	80	215	295	\$6,632,560	\$15,367,440	\$22,000,000
2016	80	203	283	\$6,698,880	\$16,301,120	\$23,000,000
2017	80	195	275	\$6,765,840	\$16,234,160	\$23,000,000
2018	80	191	271	\$6,833,520	\$17,166,480	\$24,000,000
2019	80	188	268	\$6,901,840	\$18,098,160	\$25,000,000
2020	80	186	266	\$6,970,880	\$18,029,120	\$25,000,000
2021	80	186	266	\$7,040,560	\$18,959,440	\$26,000,000
2022	80	182	262	\$7,110,960	\$19,889,040	\$27,000,000
2023	80	186	266	\$7,182,080	\$20,817,920	\$28,000,000
2024	80	176	256	\$7,253,920	\$20,746,080	\$28,000,000
2025	80	178	258	\$7,326,400	\$20,673,600	\$28,000,000
2026	80	174	254	\$7,399,680	\$22,600,320	\$30,000,000
2027	80	178	258	\$7,473,680	\$23,526,320	\$31,000,000
2028	80	178	258	\$7,548,400	\$24,451,600	\$32,000,000

Source: CPA, REMI, Borusan Mannesmann Pipe U.S., Inc.

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2011-2012. Goose Creek CISD's ad valorem tax base in 2011-2012 was \$8.4 billion. The statewide average wealth per WADA was estimated at \$347-943 for fiscal 2011-2012. During that same year, Goose Creek CISD's estimated wealth per WADA was \$320,472. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Chambers County, Lee College, Chambers County Improvement District #1, Cedar Bayou Navigation and Chambers-Liberty Navigation District with all property tax incentives sought being granted using estimated market value from Borusan Mannesmann Pipe U.S., Inc.'s application. Borusan Mannesmann Pipe U.S., Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Borusan Mannesmann Pipe U.S., Inc. project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Goose Creek CISD I&S Levy	Goose Creek CISD M&O Levy	Goose Creek CISD M&O and I&S Tax Levies (Before Credit Credited)	Goose Creek CISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	Chamber-Liberty Navigation District Tax Levy	Cedar Bayou Navigation District Tax Levy	Chambers County Improvement District #1 Tax Levy	Lee College Tax Levy	Estimated Total Property Taxes
2014	\$101,000,000	\$101,000,000		0.2921	1.0400			0.4968	0.0181	0.0200	0.6000	0.2410	
2014	\$101,000,000	\$101,000,000		\$295,051	\$1,050,400	\$1,345,451	\$1,345,451	\$0	\$18,241	\$20,200	\$606,000	\$243,410	\$2,233,302
2015	\$147,260,000	\$147,260,000		\$430,191	\$1,531,504	\$1,961,695	\$1,961,695	\$0	\$26,595	\$29,452	\$883,560	\$354,897	\$3,256,198
2016	\$141,534,800	\$141,534,800		\$413,466	\$1,312,000	\$1,725,466	\$1,725,466	\$0	\$25,561	\$28,307	\$849,209	\$341,099	\$1,969,641
2017	\$135,824,104	\$135,824,104		\$396,783	\$1,212,000	\$1,608,783	\$1,608,783	\$0	\$24,530	\$27,165	\$814,945	\$327,336	\$1,623,067
2018	\$130,127,622	\$130,127,622		\$380,142	\$1,212,000	\$1,592,142	\$1,592,142	\$0	\$23,501	\$26,036	\$780,766	\$313,608	\$1,556,341
2019	\$124,445,069	\$124,445,069		\$363,541	\$1,212,000	\$1,575,541	\$1,575,541	\$0	\$22,475	\$24,889	\$746,670	\$299,913	\$1,489,787
2020	\$118,776,168	\$118,776,168		\$346,981	\$1,212,000	\$1,558,981	\$1,558,981	\$0	\$21,451	\$23,755	\$712,657	\$286,251	\$1,423,394
2021	\$113,120,645	\$113,120,645		\$330,459	\$1,212,000	\$1,542,459	\$1,542,459	\$0	\$20,430	\$22,624	\$678,724	\$272,621	\$1,357,157
2022	\$107,478,232	\$107,478,232		\$313,976	\$1,212,000	\$1,525,976	\$1,525,976	\$0	\$19,411	\$21,496	\$644,869	\$259,023	\$1,291,073
2023	\$101,848,667	\$101,848,667		\$297,531	\$1,212,000	\$1,509,531	\$1,509,531	\$0	\$18,394	\$20,370	\$611,092	\$245,455	\$1,225,140
2024	\$96,231,694	\$96,231,694		\$281,122	\$1,000,810	\$1,281,931	\$1,281,931	\$478,069	\$17,379	\$19,246	\$577,390	\$231,918	\$2,608,935
2025	\$90,627,060	\$90,627,060		\$264,749	\$942,521	\$1,207,270	\$1,207,270	\$450,226	\$16,367	\$18,125	\$543,762	\$218,411	\$2,454,163
2026	\$90,034,519	\$90,034,519		\$263,018	\$936,359	\$1,199,377	\$1,199,377	\$447,282	\$16,260	\$18,007	\$540,207	\$216,983	\$2,438,117
2027	\$89,453,828	\$89,453,828		\$261,321	\$930,320	\$1,191,641	\$1,191,641	\$444,398	\$16,155	\$17,891	\$536,723	\$215,584	\$2,422,392
2028	\$88,884,752	\$88,884,752		\$259,659	\$924,401	\$1,184,060	\$1,184,060	\$441,571	\$16,053	\$17,777	\$533,309	\$214,212	\$2,406,981
						Total	\$12,752,398	\$2,261,546	\$302,802	\$335,329	\$10,059,883	\$4,040,720	\$29,752,678

Assumes School Value Limitation and Tax Abatement from Chambers County

Source: CPA, Borusan Mannesmann Pipe U.S., Inc.

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Goose Creek CISD I&S Levy	Goose Creek CISD M&O Levy	Goose Creek CISD I&S and M&O Tax Levies	Chambers County Tax Levy	Chamber-Liberty Navigation District Tax Levy	Cedar Bayou Navigation District Tax Levy	Chambers County Improvement District #1 Tax Levy	Lee College Tax Levy	Estimated Total Property Taxes	
			Tax Rate ¹	0.2921	1.0400			0.4968	0.0181	0.0200	0.6000	0.2410	
2014	\$101,000,000	\$101,000,000		\$295,051	\$1,050,400	\$1,345,451	\$501,758	\$18,241	\$20,200	\$606,000	\$243,410	\$2,735,060	
2015	\$147,260,000	\$147,260,000		\$430,191	\$1,531,504	\$1,961,695	\$731,573	\$26,595	\$29,452	\$883,560	\$354,897	\$3,987,771	
2016	\$141,534,800	\$141,534,800		\$413,466	\$1,471,962	\$1,885,428	\$703,131	\$25,561	\$28,307	\$849,209	\$341,099	\$3,832,734	
2017	\$135,824,104	\$135,824,104		\$396,783	\$1,412,571	\$1,809,354	\$674,761	\$24,530	\$27,165	\$814,945	\$327,336	\$3,678,090	
2018	\$130,127,622	\$130,127,622		\$380,142	\$1,353,327	\$1,733,469	\$646,461	\$23,501	\$26,036	\$780,766	\$313,608	\$3,523,830	
2019	\$124,445,069	\$124,445,069		\$363,541	\$1,294,229	\$1,657,770	\$618,231	\$22,475	\$24,889	\$746,670	\$299,913	\$3,369,948	
2020	\$118,776,168	\$118,776,168		\$346,981	\$1,235,272	\$1,582,253	\$590,068	\$21,451	\$23,755	\$712,657	\$286,251	\$3,216,435	
2021	\$113,120,645	\$113,120,645		\$330,459	\$1,176,455	\$1,506,914	\$561,972	\$20,430	\$22,624	\$678,724	\$272,621	\$3,063,284	
2022	\$107,478,232	\$107,478,232		\$313,976	\$1,117,774	\$1,431,750	\$533,941	\$19,411	\$21,496	\$644,869	\$259,023	\$2,910,489	
2023	\$101,848,667	\$101,848,667		\$297,531	\$1,059,226	\$1,356,757	\$505,974	\$18,394	\$20,370	\$611,092	\$245,455	\$2,788,042	
2024	\$96,231,694	\$96,231,694		\$281,122	\$1,000,810	\$1,281,931	\$478,069	\$17,379	\$19,246	\$577,390	\$231,918	\$2,608,935	
2025	\$90,627,060	\$90,627,060		\$264,749	\$942,521	\$1,207,270	\$450,226	\$16,367	\$18,125	\$543,762	\$218,411	\$2,454,163	
2026	\$90,034,519	\$90,034,519		\$263,018	\$936,359	\$1,199,377	\$447,282	\$16,260	\$18,007	\$540,207	\$216,983	\$2,438,117	
2027	\$89,453,828	\$89,453,828		\$261,321	\$920,320	\$1,191,641	\$444,398	\$16,155	\$17,891	\$536,723	\$215,584	\$2,422,392	
2028	\$88,884,752	\$88,884,752		\$259,659	\$924,401	\$1,184,060	\$441,571	\$16,053	\$17,777	\$533,309	\$214,212	\$2,406,981	
						Total	\$22,335,120	\$8,329,415	\$302,802	\$335,329	\$10,059,883	\$4,040,720	\$45,403,270

Source: CPA, Borusan Mannesmann Pipe U.S., Inc.

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$17,437,130. The estimated gross 15 year M&O tax benefit, or levy loss, is \$9,582,722.

Attachment 3 is an economic overview of Chambers County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael L. Williams
Commissioner

March 13, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Borusan Mannesmann Pipe US project for the Goose Creek Consolidated Independent School District (GCCISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Borusan Mannesmann Pipe US project on GCCISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/bd



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael L. Willston
Commissioner

March 13, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Borusan Mannesmann Pipe US project on the number and size of school facilities in Goose Creek Consolidated Independent School District (GCCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the GCCISD superintendent, Dr. Salvador Cavazos, the TEA has found that the Borusan Mannesmann Pipe US project would not have a significant impact on the number or size of school facilities in GCCISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/bd

Chambers County

Population

- Total county population in 2010 for Chambers County: 32,332 , up 2.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Chambers County was the state's 91th largest county in population in 2010 and the 25 th fastest growing county from 2009 to 2010.
- Chambers County's population in 2009 was 68.9 percent Anglo (above the state average of 46.7 percent), 10.5 percent African-American (below the state average of 11.3 percent) and 18.4 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Chambers County:

Mont Belvieu:	2,913	Anahuac:	2,081
Beach City:	2,058	Old River-Winfree:	1,812
Cove:	307		

Economy and Income

Employment

- September 2011 total employment in Chambers County: 14,359 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Chambers County unemployment rate: 10.5 percent, up from 9.4 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Chambers County's ranking in per capita personal income in 2009: 13th with an average per capita income of \$45,257, down 1.5 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Chambers County averaged \$22.26 million annually from 2007 to 2010. County total agricultural values in 2010 were up 44.2 percent from 2009. Major agriculture related commodities in Chambers County during 2010 included:

• Aquaculture	• Rice	• Hunting	• Hay	• Other Beef
---------------	--------	-----------	-------	--------------
- 2011 oil and gas production in Chambers County: 758,413.0 barrels of oil and 3.6 million Mcf of gas. In September 2011, there were 182 producing oil wells and 62 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Chambers County during the fourth quarter 2010: \$53.17 million, up 18.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Mont Belvieu:	\$21.65 million, up 88.2 percent from the same quarter in 2009.
Anahuac:	\$2.21 million, up 1.5 percent from the same quarter in 2009.
Old River-Winfree:	\$0.00
Cove:	\$1.05 million, up 24.0 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Chambers County through the fourth quarter of 2010: \$192.70 million, down 1.9 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Mont Belvieu:	\$64.92 million, up 14.8 percent from the same period in 2009.
Anahuac:	\$8.73 million, down 5.0 percent from the same period in 2009.
Old River-Winfree:	\$0.00
Cove:	\$3.77 million, up 5.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Chambers County during 2010: \$192.70 million, down 1.9 percent from 2009.
- Chambers County sent an estimated \$12.04 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.

■ Taxable sales during 2010 in the city of:

Mont Belvieu:	\$64.92 million, up 14.8 percent from 2009.
Anahuac:	\$8.73 million, down 5.0 percent from 2009.
Old River-Winfree:	\$0.00
Cove:	\$3.77 million, up 5.7 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Chambers County based on the sales activity month of August 2011: \$251,094.84, down 9.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Mont Belvieu:	\$237,085.85, down 10.2 percent from August 2010.
Anahuac:	\$5,641.51, down 28.2 percent from August 2010.
Old River-Winfree*:	\$4,805.15, up 184.3 percent from August 2010.
Cove:	\$3,562.33, down 17.8 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Chambers County based on sales activity months from September 2010 through August 2011: \$3.65 million, up 68.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Mont Belvieu:	\$3.47 million, up 73.2 percent from fiscal 2010.
Anahuac:	\$87,555.03, down 15.7 percent from fiscal 2010.
Old River-Winfree*:	\$49,878.98, up 149.7 percent from fiscal 2010.
Cove:	\$46,617.53, up 27.9 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Chambers County based on sales activity months through August 2011: \$2.81 million, up 89.1 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Mont Belvieu:	\$2.69 million, up 93.5 percent from the same period in 2010.
Anahuac:	\$53,193.97, down 8.5 percent from the same period in 2010.
Old River-Winfree*:	\$37,220.66, up 185.7 percent from the same period in 2010.
Cove:	\$28,490.84, up 19.7 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Chambers County based on sales activity in the 12 months ending in August 2011: \$3.65 million, up 68.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Mont Belvieu:	\$3.47 million, up 73.2 percent from the previous 12-month period.
Anahuac:	\$87,555.03, down 15.7 percent from the previous 12-month period.
Old River-Winfree*:	\$49,878.98, up 149.7 percent from the previous 12-month period.
Cove:	\$46,617.53, up 27.9 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through October 2011:

Mont Belvieu:	\$3.08 million, up 82.7 percent from the same period in 2010.
Anahuac:	\$67,392.60, down 15.2 percent from the same period in 2010.
Old River-Winfree*:	\$44,170.61, up 170.2 percent from the same period in 2010.
Cove:	\$34,087.81, up 16.4 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Chambers County based on sales activity months in 2010: \$2.33 million, up 8.0 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Mont Belvieu:	\$2.17 million, up 11.7 percent from 2009.
Anahuac:	\$92,526.01, down 38.1 percent from 2009.
Old River-Winfree*:	\$25,685.64, up 20.4 percent from 2009.
Cove:	\$41,933.79, down 3.1 percent from 2009.

*On 10/1/2010, the city of Old River-Winfree's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

Property Tax

- As of January 2009, property values in Chambers County: \$6.94 billion, down 6.3 percent from January 2008 values. The property tax base per person in Chambers County is \$220,680, above the statewide average of \$85,809. About 2.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Chambers County's ranking in state expenditures by county in fiscal year 2010: 87th. State expenditures in the county for FY2010: \$129.70 million, up 0.2 percent from FY2009.
- In Chambers County, 8 state agencies provide a total of 47 jobs and \$470,459.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

- Department of Public Safety	- Department of Transportation
- Parks & Wildlife Department	- AgriLife Extension Service
- Health & Human Services Commission	

Higher Education

- Community colleges in Chambers County fall 2010 enrollment:
 - None.
- Chambers County is in the service area of the following:
 - Galveston College with a fall 2010 enrollment of 2,318. Counties in the service area include:
 - Chambers County
 - Galveston County
 - Jefferson County
 - Lee College with a fall 2010 enrollment of 6,719. Counties in the service area include:
 - Chambers County
 - Hardin County
 - Harris County
 - Liberty County
 - San Jacinto Community College with a fall 2010 enrollment of 32,105. Counties in the service area include:
 - Chambers County
 - Harris County
- Institutions of higher education in Chambers County fall 2010 enrollment:
 - None.

School Districts

- Chambers County had 3 school districts with 17 schools and 6,678 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Anahuac ISD had 1,286 students in the 2009-10 school year. The average teacher salary was \$44,844. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
 - Barbers Hill ISD had 4,096 students in the 2009-10 school year. The average teacher salary was \$55,305. The percentage of students meeting the 2010 TAKS passing standard for all tests was 90 percent.
 - East Chambers ISD had 1,296 students in the 2009-10 school year. The average teacher salary was \$45,678. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED BORUSAN
MANNESMANN PIPE U.S., INC. PROJECT ON THE FINANCES OF
THE GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY
VALUE LIMITATION**

March 1, 2013

Final Report REVISED

PREPARED BY



Estimated Impact of the Proposed Borusan Mannesmann Pipe U.S., Inc. Project on the Finances of the Goose Creek Consolidated Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Borusan Mannesmann Pipe U.S., Inc. (Borusan Mannesmann) has requested that the Goose Creek Consolidated Independent School District (GCCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to GCCISD on December 10, 2012, Borusan Mannesmann proposes to make a capital investment of \$148 million to construct a new oil casing and tubing manufacturing project in GCCISD.

The Borusan Mannesmann project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, GCCISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning in the 2016-17 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and after, with GCCISD currently levying a \$0.292 per \$100 I&S tax rate. The full taxable value of the investment is expected to reach \$147.3 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project in future years.

In the case of the Borusan Mannesmann project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. GCCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$78,998), with the current estimates showing no revenue losses beyond that year.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$9.5 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but requires some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 815 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 209 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. As a result of these changes, the number of ASATR districts fell to 421, with an estimated 603 formula districts in operation.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the

Borusan Mannesmann project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year is maintained until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Borusan Mannesmann Pipe U.S., Inc. project are factored into the base model used here. A previously-approved Chapter 313 value limitation is also incorporated into the base. The impact of the limitation value for the proposed Borusan Mannesmann project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 19,920 students in average daily attendance (ADA) in analyzing the effects of the Borusan Mannesmann project on the finances of GCCISD. The District's local tax base reached \$8.6 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 per \$100 is used throughout this analysis. GCCISD has estimated state property wealth per weighted ADA or WADA of approximately \$336,521 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for GCCISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Borusan Mannesmann facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Borusan Mannesmann value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17

school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, GCCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$78,998). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. The formula loss of -\$78,998 cited above between the base and the limitation models is based on an assumption of \$1.2 million in M&O tax savings for Borusan Mannesmann when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase of \$1.1 million in ASATR funding would offset most of the reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses little financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings to the company in the first year that the \$30 million value limitation takes effect.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. The Comptroller’s Property Tax Assistance Division makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$7.6 million over the life of the agreement. In addition, Borusan Mannesmann would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$1.96 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key GCCISD revenue loss is expected to total approximately -\$78,998 over the course of the agreement, which is limited to the third year under these estimates and current law. The potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$9.5 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Borusan Mannesmann under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Borusan Mannesmann project remains fully taxable for debt services taxes, with GCCISD currently levying a \$0.292 per \$100 I&S tax rate. The value of the Borusan Mannesmann project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to assist the District in meeting its debt service obligations. The full value of the investment is expected to reach \$147 million in the 2015-16 school year.

The Borusan Mannesmann project is not expected to affect GCCISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population. While 80 permanent jobs are expected when the new plant is in operation, a variety of housing options in the region make it uncertain where these workers would locate. Given that the District has approximately 20,000 students in ADA, the addition of new students associated with increased employment from the Borusan Mannesmann plant should be manageable under the current circumstances.

Conclusion

The proposed Borusan Mannesmann oil casing and tubing manufacturing project enhances the tax base of GCCISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$9.5 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of GCCISD in meeting its future debt service obligations.

Table 1 – Base District Information with Borusan Mannesmann Pipe U.S., Inc. Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2013-14	19,920.49	26,231.72	\$1.0400	\$0.2921	\$8,723,920,464	\$8,723,920,464	\$8,827,534,861	\$8,827,534,861	\$336,521	\$336,521
1	2014-15	19,920.49	26,231.72	\$1.0400	\$0.2921	\$8,889,053,412	\$8,889,053,412	\$8,901,109,769	\$8,901,109,769	\$339,326	\$339,326
2	2015-16	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,827,605,556	\$8,827,605,556	\$9,066,242,717	\$9,066,242,717	\$340,562	\$340,562
3	2016-17	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,821,880,356	\$8,710,345,556	\$9,004,794,861	\$9,004,794,861	\$338,254	\$338,254
4	2017-18	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,816,169,660	\$8,710,345,556	\$8,999,069,661	\$8,887,534,861	\$338,039	\$333,850
5	2018-19	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,810,473,178	\$8,710,345,556	\$8,993,358,965	\$8,887,534,861	\$337,825	\$333,850
6	2019-20	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,804,790,625	\$8,710,345,556	\$8,987,662,483	\$8,887,534,861	\$337,611	\$333,850
7	2020-21	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,799,121,724	\$8,710,345,556	\$8,981,979,930	\$8,887,534,861	\$337,397	\$333,850
8	2021-22	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,793,466,201	\$8,710,345,556	\$8,976,311,029	\$8,887,534,861	\$337,184	\$333,850
9	2022-23	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,787,823,788	\$8,710,345,556	\$8,970,655,506	\$8,887,534,861	\$336,972	\$333,850
10	2023-24	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,860,089,038	\$8,788,240,371	\$8,965,013,093	\$8,887,534,861	\$336,760	\$333,850
11	2024-25	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,851,632,728	\$8,851,632,728	\$9,037,278,343	\$8,965,429,676	\$339,474	\$336,776
12	2025-26	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,841,769,088	\$8,841,769,088	\$9,028,822,033	\$9,028,822,033	\$339,157	\$339,157
13	2026-27	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,836,917,541	\$8,836,917,541	\$9,018,958,393	\$9,018,958,393	\$338,786	\$338,786
14	2027-28	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,832,077,844	\$8,832,077,844	\$9,014,106,846	\$9,014,106,846	\$338,604	\$338,604
15	2028-29	19,920.49	26,621.38	\$1.0400	\$0.2921	\$8,827,437,659	\$8,827,437,659	\$9,009,267,149	\$9,009,267,149	\$338,422	\$338,422

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$87,222,862	\$46,921,467	\$6,371,751	\$0	\$0	\$3,484,379	\$2,724,979	\$0	\$146,725,437
1	2014-15	\$88,841,245	\$46,185,681	\$5,489,153	\$0	\$0	\$3,549,030	\$2,723,262	\$0	\$146,788,372
2	2015-16	\$88,239,026	\$46,490,762	\$7,869,178	\$0	\$0	\$3,524,973	\$2,682,189	\$0	\$148,806,128
3	2016-17	\$88,205,224	\$47,105,271	\$7,288,471	\$0	\$0	\$3,523,623	\$2,723,502	\$0	\$148,846,091
4	2017-18	\$88,148,114	\$47,162,526	\$0	\$0	\$0	\$3,521,341	\$2,725,711	\$0	\$141,557,692
5	2018-19	\$88,091,148	\$47,219,636	\$0	\$0	\$0	\$3,519,065	\$2,727,913	\$0	\$141,557,762
6	2019-20	\$88,034,319	\$47,276,603	\$0	\$0	\$0	\$3,516,795	\$2,730,110	\$0	\$141,557,828
7	2020-21	\$87,977,627	\$47,333,432	\$0	\$0	\$0	\$3,514,530	\$2,732,302	\$0	\$141,557,891
8	2021-22	\$87,921,069	\$47,390,124	\$0	\$0	\$0	\$3,512,271	\$2,734,488	\$0	\$141,557,952
9	2022-23	\$87,864,642	\$47,446,682	\$0	\$0	\$0	\$3,510,017	\$2,736,669	\$0	\$141,558,010
10	2023-24	\$88,571,750	\$47,503,109	\$0	\$0	\$0	\$3,538,265	\$2,762,656	\$0	\$142,375,780
11	2024-25	\$88,474,504	\$46,780,420	\$0	\$0	\$0	\$3,534,380	\$2,709,294	\$0	\$141,498,598
12	2025-26	\$88,377,836	\$46,864,987	\$0	\$0	\$0	\$3,530,518	\$2,712,175	\$0	\$141,485,516
13	2026-27	\$88,330,288	\$46,963,629	\$0	\$0	\$0	\$3,528,619	\$2,717,539	\$0	\$141,540,075
14	2027-28	\$88,282,857	\$47,012,146	\$0	\$0	\$0	\$3,526,724	\$2,719,440	\$0	\$141,541,167
15	2028-29	\$88,237,381	\$47,060,546	\$0	\$0	\$0	\$3,524,907	\$2,721,393	\$0	\$141,544,227

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$87,222,862	\$46,921,467	\$6,371,751	\$0	\$0	\$3,484,379	\$2,724,979	\$0	\$146,725,437
1	2014-15	\$88,841,245	\$46,185,681	\$5,489,153	\$0	\$0	\$3,549,030	\$2,723,262	\$0	\$146,788,372
2	2015-16	\$88,239,026	\$46,490,762	\$7,869,178	\$0	\$0	\$3,524,973	\$2,682,189	\$0	\$148,806,128
3	2016-17	\$87,089,821	\$47,105,271	\$8,403,874	\$0	\$0	\$3,479,064	\$2,689,062	\$0	\$148,767,093
4	2017-18	\$87,089,821	\$48,277,930	\$0	\$0	\$0	\$3,479,064	\$2,770,443	\$0	\$141,617,258
5	2018-19	\$87,089,821	\$48,277,930	\$0	\$0	\$0	\$3,479,064	\$2,770,443	\$0	\$141,617,258
6	2019-20	\$87,089,821	\$48,277,930	\$0	\$0	\$0	\$3,479,064	\$2,770,443	\$0	\$141,617,258
7	2020-21	\$87,089,821	\$48,277,930	\$0	\$0	\$0	\$3,479,064	\$2,770,443	\$0	\$141,617,258
8	2021-22	\$87,089,821	\$48,277,930	\$0	\$0	\$0	\$3,479,064	\$2,770,443	\$0	\$141,617,258
9	2022-23	\$87,089,821	\$48,277,930	\$0	\$0	\$0	\$3,479,064	\$2,770,443	\$0	\$141,617,258
10	2023-24	\$87,853,228	\$48,277,930	\$0	\$0	\$0	\$3,509,561	\$2,794,728	\$0	\$142,435,447
11	2024-25	\$88,474,504	\$47,498,943	\$0	\$0	\$0	\$3,534,380	\$2,759,330	\$0	\$142,267,157
12	2025-26	\$88,377,836	\$46,864,987	\$0	\$0	\$0	\$3,530,518	\$2,712,175	\$0	\$141,485,516
13	2026-27	\$88,330,288	\$46,963,629	\$0	\$0	\$0	\$3,528,619	\$2,717,539	\$0	\$141,540,075
14	2027-28	\$88,282,857	\$47,012,146	\$0	\$0	\$0	\$3,526,724	\$2,719,440	\$0	\$141,541,167
15	2028-29	\$88,237,381	\$47,060,546	\$0	\$0	\$0	\$3,524,907	\$2,721,393	\$0	\$141,544,227

Table 4 -- Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$1,115,404	\$0	\$1,115,404	\$0	\$0	-\$44,558	-\$34,440	\$0	-\$78,998
4	2017-18	-\$1,058,294	\$1,115,404	\$0	\$0	\$0	-\$42,277	\$44,732	\$0	\$59,566
5	2018-19	-\$1,001,327	\$1,058,294	\$0	\$0	\$0	-\$40,001	\$42,529	\$0	\$59,496
6	2019-20	-\$944,498	\$1,001,327	\$0	\$0	\$0	-\$37,731	\$40,332	\$0	\$59,430
7	2020-21	-\$887,806	\$944,498	\$0	\$0	\$0	-\$35,466	\$38,141	\$0	\$59,367
8	2021-22	-\$831,248	\$887,806	\$0	\$0	\$0	-\$33,207	\$35,955	\$0	\$59,306
9	2022-23	-\$774,822	\$831,248	\$0	\$0	\$0	-\$30,953	\$33,774	\$0	\$59,248
10	2023-24	-\$718,522	\$774,821	\$0	\$0	\$0	-\$28,704	\$32,072	\$0	\$59,667
11	2024-25	\$0	\$718,523	\$0	\$0	\$0	\$0	\$50,037	\$0	\$768,560
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial Impact of the Borusan Mannesmann Pipe U.S., Inc. Project Property Value Limitation Request Submitted to GCCISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$1,000,000	\$1,000,000	\$0	\$1.040	\$10,400	\$10,400	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$101,000,000	\$101,000,000	\$0	\$1.040	\$1,050,400	\$1,050,400	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$147,260,000	\$147,260,000	\$0	\$1.040	\$1,531,504	\$1,531,504	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$141,534,800	\$30,000,000	\$111,534,800	\$1.040	\$1,471,962	\$312,000	\$1,159,962	\$0	\$1,159,962	-\$78,998	\$1,080,964
4	2017-18	\$135,824,104	\$30,000,000	\$105,824,104	\$1.040	\$1,412,571	\$312,000	\$1,100,571	\$279,701	\$1,380,271	\$0	\$1,380,271
5	2018-19	\$130,127,622	\$30,000,000	\$100,127,622	\$1.040	\$1,353,327	\$312,000	\$1,041,327	\$279,701	\$1,321,028	\$0	\$1,321,028
6	2019-20	\$124,445,069	\$30,000,000	\$94,445,069	\$1.040	\$1,294,229	\$312,000	\$982,229	\$279,701	\$1,261,929	\$0	\$1,261,929
7	2020-21	\$118,776,168	\$30,000,000	\$88,776,168	\$1.040	\$1,235,272	\$312,000	\$923,272	\$279,701	\$1,202,973	\$0	\$1,202,973
8	2021-22	\$113,120,645	\$30,000,000	\$83,120,645	\$1.040	\$1,176,455	\$312,000	\$864,455	\$279,701	\$1,144,155	\$0	\$1,144,155
9	2022-23	\$107,478,232	\$30,000,000	\$77,478,232	\$1.040	\$1,117,774	\$312,000	\$805,774	\$279,701	\$1,085,474	\$0	\$1,085,474
10	2023-24	\$101,848,667	\$30,000,000	\$71,848,667	\$1.040	\$1,059,226	\$312,000	\$747,226	\$279,701	\$1,026,927	\$0	\$1,026,927
11	2024-25	\$96,231,694	\$96,231,694	\$0	\$1.040	\$1,000,810	\$1,000,810	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$90,627,060	\$90,627,060	\$0	\$1.040	\$942,521	\$942,521	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$90,034,519	\$90,034,519	\$0	\$1.040	\$936,359	\$936,359	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$89,453,828	\$89,453,828	\$0	\$1.040	\$930,320	\$930,320	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$88,884,752	\$88,884,752	\$0	\$1.040	\$924,401	\$924,401	\$0	\$0	\$0	\$0	\$0
Totals						\$17,447,530	\$9,822,715	\$7,624,815	\$1,957,904	\$9,582,719	-\$78,998	\$9,503,721
Tax Credit for Value Over Limit in First 2 Years								Year 1 \$738,400	Year 2 \$1,219,504	Max Credits \$1,957,904		
								Credits Earned		\$1,957,904		
								Credits Paid		<u>\$1,957,904</u>		
								Excess Credits Unpaid		\$0		

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Attachment F

Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

036/Chambers

101-911/Goose Creek CISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	275,016,470	N/A	275,016,470	275,016,470
B. Multi-Family Residences	377,730	N/A	377,730	377,730
C. Vacant Lots	5,455,620	N/A	5,455,620	5,455,620
D. Rural Real(Taxable)	15,185,370	N/A	15,185,370	15,185,370
F1. Commercial Real	10,948,040	N/A	10,948,040	10,948,040
F2. Industrial Real	1,889,398,664	N/A	1,889,398,664	1,889,398,664
G. Oil, Gas, Minerals	17,591,211	N/A	17,591,211	17,591,211
J. Utilities	36,032,284	N/A	36,032,284	36,032,284
L1. Commercial Personal	4,368,570	N/A	4,368,570	4,368,570
L2. Industrial Personal	700,476,845	N/A	700,476,845	700,476,845
M. Other Personal	1,202,850	N/A	1,202,850	1,202,850
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	1,540,150	N/A	1,540,150	1,540,150

S. Special Inventory	788,770	N/A	788,770	788,770
Subtotal	2,958,382,574		2,958,382,574	2,958,382,574
Less Total Deductions	236,827,294		236,827,294	236,827,294
Total Taxable Value	2,721,555,280		2,721,555,280	2,721,555,280 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	14,778,490	N/A	14,778,490
Prod Value Qualified Acres	406,880	N/A	406,880
Taxable Value	15,185,370		15,185,370

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
2,740,091,080	2,721,555,280	2,728,763,890	2,710,228,090	2,721,555,280	2,710,228,090

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
18,535,800	11,327,190

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

exemption

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
2,740,091,080	2,721,555,280	2,728,763,890	2,710,228,090	2,721,555,280	2,710,228,090

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

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

101/Harris

101-911/Goose Creek CISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	2,145,529,800	N/A	2,145,529,800	2,145,529,800
B. Multi-Family				

Residences	217,599,519	N/A	217,599,519	217,599,519
C. Vacant Lots	105,735,895	N/A	105,735,895	105,735,895
D. Rural Real(Taxable)	38,216,094	N/A	38,216,094	38,216,094
F1. Commercial Real	664,310,432	N/A	664,310,432	664,310,432
F2. Industrial Real	2,842,295,436	N/A	2,842,295,436	2,842,295,436
G. Oil, Gas, Minerals	71,009,120	N/A	71,009,120	71,009,120
J. Utilities	143,582,305	N/A	143,582,305	143,582,305
L1. Commercial Personal	269,018,421	N/A	269,018,421	269,018,421
L2. Industrial Personal	402,256,647	N/A	402,256,647	402,256,647
M. Other Personal	28,897,499	N/A	28,897,499	28,897,499
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	3,842,788	N/A	3,842,788	3,842,788
S. Special Inventory	28,467,584	N/A	28,467,584	28,467,584
Subtotal	6,960,761,540		6,960,761,540	6,960,761,540
Less Total Deductions	942,507,382		942,507,382	942,507,382
Total Taxable Value	6,018,254,158		6,018,254,158	6,018,254,158 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	37,093,138	N/A	37,093,138
Prod Value Qualified Acres	1,122,956	N/A	1,122,956
Taxable Value	38,216,094		38,216,094

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
6,191,924,362	6,018,254,158	6,107,707,568	5,934,037,364	6,044,520,739	5,960,303,945

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
173,670,204	84,216,794

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
6,191,924,362	6,018,254,158	6,107,707,568	5,934,037,364	6,044,520,739	5,960,303,945

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead

exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

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

101-911/Goose Creek CISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	2,420,546,270	N/A	2,420,546,270	2,420,546,270
B. Multi-Family Residences	217,977,249	N/A	217,977,249	217,977,249
C. Vacant Lots	111,191,515	N/A	111,191,515	111,191,515
D. Rural Real(Taxable)	53,401,464	N/A	53,401,464	53,401,464
F1. Commercial Real	675,258,472	N/A	675,258,472	675,258,472
F2. Industrial Real	4,731,694,100	N/A	4,731,694,100	4,731,694,100
G. Oil, Gas, Minerals	88,600,331	N/A	88,600,331	88,600,331
J. Utilities	179,614,589	N/A	179,614,589	179,614,589
L1. Commercial Personal	273,386,991	N/A	273,386,991	273,386,991
L2. Industrial Personal	1,102,733,492	N/A	1,102,733,492	1,102,733,492
M. Other Personal	30,100,349	N/A	30,100,349	30,100,349

N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	5,382,938	N/A	5,382,938	5,382,938
S. Special Inventory	29,256,354	N/A	29,256,354	29,256,354
Subtotal	9,919,144,114		9,919,144,114	9,919,144,114
Less Total Deductions	1,179,334,676		1,179,334,676	1,179,334,676
Total Taxable Value	8,739,809,438		8,739,809,438	8,739,809,438 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	51,871,628	N/A	51,871,628
Prod Value Qualified Acres	1,529,836	N/A	1,529,836
Taxable Value	53,401,464		53,401,464

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Attachment G

Participation Agreement

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

by and between

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

and

BORUSAN MANNESMANN PIPE U.S., INC.

Texas Taxpayer No. 32044953654

Dated

May 13, 2013

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

STATE OF TEXAS §

COUNTY OF CHAMBERS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES is executed and delivered by and between the **GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **BORUSAN MANNESMANN PIPE U.S., INC.**, Texas Taxpayer Identification Number 32044953654, and its successors and assigns, hereinafter referred to as the “Applicant.” The Applicant and the District are each hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.” Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on or about December 10, 2012 the Superintendent of Schools of the District, acting as agent of the Board of Trustees of the District (the “Board of Trustees”), received from Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on December 10, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Applicant, and on December 13, 2012, the Superintendent acknowledged receipt of a completed Application and the requisite application fee as established by the District pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local), and on December 14, 2012, determined the Application to be complete; and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the “Comptroller”) for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, pursuant to 34 Texas Administrative Code § 9.1054, the Application was delivered for review to the Chambers County Appraisal District (the “Appraisal District”); and,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code § 313.025(d), and on March 18, 2013, the Comptroller’s Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code, which was presented to the Board of Trustees at the May

13, 2013 public hearing held in connection with the Board's consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.026 and has carefully considered the Comptroller's positive recommendation for the project; and,

WHEREAS, on May 13, 2013, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on May 13, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and, (iv) each criterion referenced in Texas Tax Code § 313.025(e) has been met; and,

WHEREAS, on May 13, 2013, the Board of Trustees determined that the Limitation on Appraised Value requested by Applicant, as defined in Section 2.6, below, is consistent with the minimum values set out by Texas Tax Code, §§ 313.022(b) and 313.052, as such Limitation on Appraised Value was computed as of the date of this Agreement; and,

WHEREAS, on May 10, 2013, the District received written notification pursuant to 34 Texas Administrative Code § 9.1055(e)(2)(A) that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on March 18, 2013 that the Application be approved; and,

WHEREAS, on May 13, 2013, the Board of Trustees approved the form of this Agreement for a limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1 Authority

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code §§ 313.027 and 313.051.

Section 1.2 Term of the Agreement

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below.

The period beginning with the Commencement Date and ending on December 31, 2015 is referred to herein as the "Qualifying Time Period." For the avoidance of doubt, the Limitation on Appraised Value described in Section 2.6 shall not begin until January 1, 2016 and shall not apply during the Qualifying Time Period.

Unless sooner terminated as provided herein, the Limitation on Appraised Value shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below, and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencement Date through December 31, 2013)	January 1, 2013	2013–14	2013	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014–15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015–16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
3	January 1, 2016	2016–17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017–18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018–19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019–20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020–21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021–22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2022	2022–23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2023	2023–24	2023	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2024	2024–25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2025	2025–26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026–27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Agreement for Limitation on Appraised Value

Between Goose Creek Consolidated Independent School District and Borusan Mannesmann Pipe U.S., Inc.

May 13, 2013

Page 4

Section 1.3 Definitions

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended, as it existed on the date of this Agreement.

“Affiliate” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition “control” when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the course of this Agreement, less any amounts paid by the Applicant to or on behalf of the District under Article IV.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code § 42.005, by multiplying the District’s 2013–2014 average daily attendance times \$100, or any larger amount allowed by Texas Tax Code § 313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any

amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) as amended and supplemented by Applicant. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining this Agreement with the District. The Application was originally filed with the District by the Applicant on or about December 10, 2012, and was certified by the Comptroller's office to constitute a complete final Application as of December 14, 2012. The term also includes all amendments and supplements thereto submitted by Applicant.

"Application Date" means December 10, 2012, the date on which the Application was filed with the District.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"Commencement Date" means May 13, 2013, the date upon which this Agreement was approved by the District's Board of Trustees.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth in Title 34 of the Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Chambers County, Texas.

"District" or "School District" means the Goose Creek Consolidated Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means December 31, 2026, except for any final payment obligations hereunder.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property, or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or

otherwise; (c) the action, judgment, or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (including broad-based extraordinary economic events, but excluding other financial causes, except as otherwise provided above), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment/Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII, Section 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"New Tax Benefit" means an amount (but not less than zero) equal to (i) the amount of the maintenance and operations ad valorem taxes which the Applicant would have paid to the

District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III of this Agreement.

"New Jobs" means "new jobs" as defined by 34 Texas Administrative Code § 9.1051(14)(C), which the Applicant will create in connection with the project described in the Application. In accordance with the requirements of Texas Tax Code § 313.024(d), eighty percent (80%) of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means New Jobs created by Applicant which meet the requirements of Texas Tax Code §§ 313.021(3) and 313.051(b).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Tax Credit" means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant's Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules relating thereto.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (i.e., the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth in Title 19, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1 Location Within a Qualified Reinvestment or Enterprise Zone

The Applicant's Qualified Property and Qualified Investment will be located within an area designated by the County as a reinvestment zone under Chapter 312 of the Texas Tax Code on February 12, 2013. The legal description of the reinvestment zone is attached to this Agreement as Exhibit 1 and is incorporated herein by reference for all purposes.

Section 2.2 Location of Qualified Property and Qualified Investment

Applicant's Qualified Property will include and be located on, and Applicant's Qualified Investment will be located on, Land described in the legal description that is attached to this Agreement as Exhibit 2 and is incorporated herein by reference for all purposes. The Parties agree that the boundaries of the Land may not be materially changed from the configuration described in Exhibit 2 without each Party's express authorization.

Section 2.3 Description of Qualified Investment and Qualified Property

The Qualified Investment and/or Qualified Property that is subject to the Limitation on Appraised Value is described in Exhibit 3, which is attached hereto and incorporated herein by reference for all purposes. The Applicant's Qualified Investment shall be that property described in Exhibit 3 that is placed in service under the terms of the Application during the Qualifying Time Period. The Applicant's Qualified Property shall be all property described in Exhibit 3, including, but not limited to, the Applicant's Qualified Investment, which: (1) is owned by the Applicant; (2) is first placed in service after the Application Date; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in Exhibit 3 shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement.

Property owned by the Applicant which is not described on Exhibit 3 may not be considered to be Qualified Property unless the Applicant:

- (i) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific

description of the additional property to which the Applicant requests that the Limitation on Appraised Value apply;

- (ii) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (iii) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4 Applicant's Obligations to Provide Current Inventory of Qualified Property

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Property located on the Land, or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) comprising the Applicant's Qualified Property to which the Limitation on Appraised Value applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5 Qualifying Use

Applicant will use the Applicant's Qualified Investment and Applicant's Qualified Property described above in Section 2.3 as a manufacturing facility. As such, such property will qualify for a Limitation on Appraised Value under Texas Tax Code § 313.024(b)(1).

Section 2.6 Limitation on Appraised Value

So long as the Applicant makes a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the following eight (8) Tax Years—2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023—the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (i) the Market Value of the Applicant's Qualified Property; or
- (ii) Thirty Million Dollars (\$30,000,000.00).

This "Limitation on Appraised Value" is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code § 313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1 Intent of the Parties

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code § 313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District, including making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

Section 3.2 Calculating the Amount of Loss of Revenues by the District

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "Revenue Protection Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The Revenue Protection Amount owed by the Applicant to the District means the Original M&O Revenue minus the New M&O Revenue;

Where:

- (i) "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax actually levied for the applicable year.
- (ii) "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- (i) The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- (ii) For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).
- (iii) If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- (iv) All calculations made for years three (3) through ten (10) of this Agreement under Subsection ii of this Section 3.2 of this Agreement will reflect the Limitation on Appraised Value for such year.
- (v) All calculations made under this Section 3.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or any other factors not contained in this Agreement.

Section 3.3 Compensation for Loss of Other Revenues

In addition to the amounts determined pursuant to Section 3.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (i) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute;
- (ii) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment; and
- (iii) any other loss of District revenues which are, or may be, attributable to the payment by the Applicant to or on behalf of any other third party beneficiary.

Section 3.4 Calculations to Be Made by Third Party

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5 Data Used for Calculations

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax rolls submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax rolls or any other changes in student counts, tax collections, or other data.

Section 3.6 Delivery of Calculations

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2, 3.3, Article IV, and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7 Payment by Applicant

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which

this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of any expenses under this Section 3.7 and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8 Resolution of Disputes

Should the Applicant disagree with the certification prepared pursuant to Section 3.6, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees, in writing, within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9 Effect of Property Value Appeal or Other Adjustment

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District.

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

Section 3.10 Effect of Statutory Changes

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this

Agreement, the Applicant shall make payments to the District, up to the Revenue Protection Amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the Revenue Protection Amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1 Supplemental Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the "Supplemental Payments" set forth in this Article IV.

(i) Amounts Exclusive of Indemnity Amounts

It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1.

(ii) Adherence to Statutory Limits on Supplemental Payments

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

(iii) Explicit Identification of Payments to District

The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement.

Section 4.2 Stipulated Supplemental Payment Amount - Subject to Aggregate Limit

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (i) the Applicant's "Stipulated Supplemental Payment Amount," which is defined as Forty Percent (40%) of the Net Tax Benefit; or,
- (ii) the Aggregate Limit.

Section 4.3 Annual Calculation of Stipulated Supplemental Payment Amount

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full year (Tax Year 2016), the Stipulated Supplemental Payment Amount described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 4.4 Calculation of Annual Supplemental Payments to the District and Application of Aggregate Limit

For each Tax Year during the term of this Agreement, beginning with Tax Year Three (Tax Year 2016) and continuing thereafter through Tax Year Thirteen (Tax Year 2026), the District, or its successor beneficiary, should one be designated under Section 4.6, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the payment of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 4.2 and 4.3, above, for such Tax Year, exceeds the Aggregate Limit for that Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District.

Any of the Applicant's Stipulated Supplemental Payment Amount, which cannot be paid to the District prior to the end of Tax Year Thirteen (Tax Year 2026), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5 Procedures for Supplemental Payment Calculations

- (i) All calculations required by this Article IV shall be made by the Third Party selected pursuant to Section 3.4.
- (ii) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (iii) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6 District's Option to Designate Successor Beneficiary

At any time during this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the board of Trustees. Any such designation will

become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section 4.6 shall not alter the Aggregate Limit on Supplemental Payments.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 5.1 Annual Limitation After First Three Years

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2016 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Sections 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2 Option to Cancel Agreement

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is

delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties' respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1 Applicant's Entitlement to Tax Credits

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

Section 6.2 District's Obligations with Respect to Tax Credits

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and the Comptroller's Rules and/or the Texas Education Agency's rules.

Section 6.3 Compensation for Loss of Tax Credit Protection Revenues

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1 Data Requests

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code § 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the respective Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature, or subject to a confidentiality agreement with any third party.

Section 7.2 Reports to Other Governmental Agencies

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code § 313.032. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3 Applicant's Obligation to Maintain Viable Presence

By entering into this Agreement, the Applicant warrants that:

- (i) it will abide by all of the terms of this Agreement;
- (ii) it will Maintain Viable Presence in the District through the Final Termination Date; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence, to the extent such failure is caused by

Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,

- (iii) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4 Consequences of Early Termination or Material Breach by Applicant

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant commits a Material Breach, after the notice and cure period provided by Section 7.8 and any dispute resolution conducted pursuant to Section 7.9, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), above, in the event the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which the Tax Limitation was allowed pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5, below. For purposes of liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5 Calculation of Penalty and Interest

In determining the amount of penalty or interest, or both, due in the event of a Material Breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for a Tax Year in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the amount calculated for such Tax Year had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 Material Breach of Agreement

The Applicant shall be in "Material Breach" of this Agreement if it commits one or more of the following acts or omissions:

- (i) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application.
- (ii) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date.
- (iii) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (iv) Applicant fails to create and maintain at least the number of New Jobs and Qualifying Jobs required by Texas Tax Code, Chapter 313.
- (v) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs it committed to create and maintain as set forth in this Agreement as Qualifying Jobs no later than the last day of the tax year specified in the Application.
- (vi) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement are not barred by this provision.
- (vii) Applicant fails to comply in any material respect with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7 Limited Statutory Cure of Material Breach

In accordance with the provisions of Texas Tax Code § 313.0275, for any full Tax Year with respect to which Applicant received a Limitation on Appraised Value, the Applicant may cure a Material Breach of this Agreement described in Sections 7.6 (iv) or (v), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6 (iv) or (v) for such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code § 313.0275(b), in accordance with the provisions of Texas Tax Code § 313.0275(c).

Section 7.8 Determination of Material Breach and Termination of Agreement

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not satisfied with such response and/or that such Material Breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such Material Breach has occurred and, if so, whether such Material Breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such Material Breach occurred, if any, and whether or not any such Material Breach has been cured. In the event that the Board of Trustees determines that such a Material Breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4) and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination").

Section 7.9 Dispute Resolution

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Chambers County, Texas. The Parties agree to sign a document that designates the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) day period, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Texas Tax Code § 6.30, and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to secure payment of such fees.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceedings, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement, or undertaking made by a Party pursuant to this Agreement.

Section 7.10 Limitation of Other Damages

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11 Binding on Successors

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1 Information and Notices

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Dr. Salvador Cavazos, Superintendent
Goose Creek Consolidated Independent School District
P.O. Box 30
Baytown, Texas 77522
Fax: (281) 420-4842
E-mail: salvador.cavazos@gccisd.net

with a copy to:

Ann Greenberg
Walsh, Anderson, Gallegos, Green and Treviño, P.C.
P.O. Box 2156
Austin, Texas 78768-2156
Fax: (512) 467-9318

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

Notices to the Applicant shall be addressed to:

Borusan Mannesmann Pipe U.S., Inc.
363 North Sam Houston Parkway, Suite 1700
Houston, Texas 77060
Attention: Buddy W. Brewer

with an additional copy (which shall not constitute notice) to:

Baker Botts L.L.P.
910 Louisiana Street
Houston, Texas 77002
Attention: Renn Neilson

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

Section 8.2 Effective Date; Termination of Agreement

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees.
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on the last day of the Qualifying Time Period.

Section 8.3 Amendments to Agreement; Waivers

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment and/or Applicant's Qualified Property, additional or replacement Qualified Property not specified in Exhibit 3, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall (1) require that all property added by amendment be eligible property as defined by Tax Code, § 313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight-year statutory term.

Section 8.4 Assignment

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment or collaterally assign the Agreement or any portion of this Agreement to any party or entity providing financing to the Applicant or its Affiliate, provided

that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Tax Code § 313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5 Merger

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6 Maintenance of County Appraisal District Records

When appraising the Applicant's Qualified Property and the Applicant's Qualified investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7 Governing Law

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Chambers County, Texas.

Section 8.8 Authority to Execute Agreement

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9 Severability

If any term, provision, or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal, or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in

good faith to modify this Agreement in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state, or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10 Payment of Expenses

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs, and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 8.11 Interpretation

When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include", "includes", and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of each Party and shall not be construed for or against any Party.

Section 8.12 Execution of Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13 Accuracy of Representations Contained in Application

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all

material representation, information, and facts contained in the Application are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, then subject to the procedures required by Sections 7.8 and 7.9, this Agreement shall be invalid and void except for the enforcement of the provisions required by Comptroller's Rule § 9.1053(f)(2)(K).

Section 8.14 Publication of Documents

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Texas Tax Code § 313.103, as follows:

- (i) Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- (ii) The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- (iii) This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 30th day of May, 2013

**BORUSAN MANNESMANN PIPE U.S.,
INC.**

By: Buddy Brewer
Name: Buddy Brewer
Title: CEO

**GOOSE CREEK CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

By: Howard E. Sampson
Name: Howard E. Sampson
Title: President

ATTEST:

By: Jimmy Smith
Name: Jimmy Smith
Title: Secretary

Exhibit 1
Description of Qualified Reinvestment Zone

The Borusan Mannesmann Pipe U.S., Inc. Reinvestment Zone was originally created on February 12, 2013 by action of the Commissioners Court of Chambers County, Texas. A map of the Borusan Mannesmann Pipe U.S., Inc. Reinvestment Zone is attached as the last page of this Exhibit 1.

More specifically, the Borusan Mannesmann Pipe U.S., Inc. Reinvestment Zone contains the following property and tracts:

[EXHIBIT CONTINUED ON NEXT PAGE]

133.67 ACRE TRACT 1

Being a tract or parcel of land containing 133.67 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 133.67 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County, Texas said corner being the northwest corner hereof;

THENCE, East, with the south line of said called 70.259 acre tract, 1,135.47 feet to a found five-eighths inch iron rod with a "Halff and Associates" plastic cap for an angle point in the south line of said called 70.259 acre tract;

THENCE, North 65° 17' 32" East, continuing with the south line of said called 70.259 acre tract, 3,515.35 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner hereof, from which said set corner a found five-eighths inch iron rod with a "Halff and Associates" plastic cap marking the southeast corner of said called 70.259 acre tract bears North 65° 17' 32" East, 132.01 feet;

THENCE, South 00° 00' 25" East, 1,943.11 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the southeast corner;

THENCE, South 80° 17' 20" West, 3,002.41 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, West, with the north line of said called 2.066 acre tract, 300.00 feet to a found five-eighths inch iron rod with a "Bury Partners" plastic cap for the northwest corner of said called 2.066 acre tract on the east right-of-way line of said Powers Road and being for the southwest corner hereof;

133.67 ACRE TRACT 1

THENCE, North, with the east right-of-way line of Powers Road, 920.19 feet to the **POINT OF BEGINNING** and containing 133.67 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

33.79 ACRE TRACT 2

Being a tract or parcel of land containing 33.79 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 33.79 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of $10^{\circ} 13' 33''$, a chord of North $08^{\circ} 15' 53''$ West, 994.49 feet, a distance along the arc of 995.82 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the point of tangency;

THENCE, North $03^{\circ} 09' 06''$ West, continuing with the west line of said called 1,028.275 acre tract and with east right-of-way line of said F.M. 1405, 236.54 to a found five-eighths inch iron rod with a "Baseline Corp" plastic cap, said corner being the northwest corner hereof;

THENCE, North $82^{\circ} 53' 32''$ East, 1,200.10 feet to a found five-eighths inch iron rod with a "Baseline Corp." plastic cap on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 1,368.84 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the southeast corner hereof;

33.79 ACRE TRACT 2

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 33.79 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 1

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 1;

THENCE, East, 1,064.74 feet to a point for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,007.57 feet to a point for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 3,032.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of said called 2.066 acre tract;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

60' Wide Access Tract 1

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
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Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 2

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, South, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 2;

THENCE, East, 1,069.83 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,002.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a point for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 2,997.25 feet to a point an angle point in the south line hereof;

THENCE, West, 1,074.93 feet to a point for corner on the east line of said called 2.066 acre tract;

60' Wide Access Tract 2

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 3

Being a 60 foot wide tract or parcel of land containing 1.44 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 1.44 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North 16° 09' 18" West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North 12° 25' West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of 02° 46' 39", a chord of North 14° 45' 59" West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 3;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of 00° 37' 57", a chord of North 13° 03' 41" West, 61.59 feet, a distance along the arc of 61.59 feet to a point for the northwest corner hereof;

THENCE, East, 1,048.84 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 1.44 acres of Land.

60' WIDE Access Tract 3

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
Houston, Texas 77008
713-869-0155

Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 4

Being a 60 foot wide tract or parcel of land containing 2.13 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 2.13 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 4;

THENCE, East, 1,034.92 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records said corner being a re-entrant corner hereof;

THENCE, North, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a point for corner;

THENCE, East, 260.00 feet to a point for corner on the west right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said point for corner being the northeast corner hereof;

THENCE, South, with the west right-of-way line of said Powers Road, 120.00 feet to a point for the southeast corner hereof;

60' Wide Access Tract 4

THENCE, West, 1,280.30 feet to a point for corner on the east right-of-way line of said F.M. 1405, same being the west line of said called 1,028.275 acre tract, said corner on a non-tangent curve to the right and being the southwest corner hereof;

THENCE, in a northerly direction with the west line of said called 1,028.275 acre tract and with the east right-of-way line of said F.M. 1405 along said non-tangent curve to the right having a radius of 5,579.57 feet, through a central angle of $00^{\circ} 38' 03''$, a chord of North $13^{\circ} 41' 41''$ West, 61.76 feet, a distance along the arc of 61.76 feet to the **POINT OF BEGINNING** and containing 2.13 acres of Land.

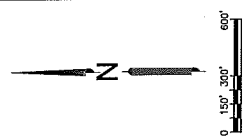
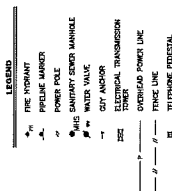
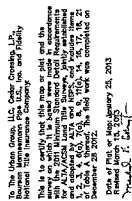
A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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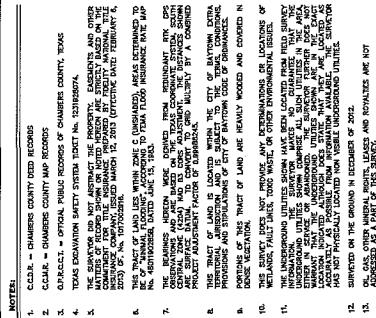
Michael F. Carrington, RPLS
Texas Registration No. 5366

February 1, 2013



THE NUMBERS INSIDE THE CIRCLES 109 CORRESPOND WITH THE NUMBERS
 SCHEDULE "B" OF THE TITLE COMMITMENT - GR. No. 10770028P0,
 ISSUED MARCH 12, 2013 (EFFECTIVE DATE: FEBRUARY 6, 2013) BY TIDEITY
 NATIONAL TITLE INSURANCE COMPANY.

JOHN STEPHEN GARDNER, 6002
10000 1/2 RD, FARM 148
VOL. 45B, PG. 148
CEDAR CRO
3 8262 ADRES
VOL. 45B, PG. 148
CALLED 29-343 ADRES
(PART 50)
VOL. 45B, PG. 155
O.P.R.C.C.I.



NOTES:

Exhibit 2
Location of Qualified Investment/Qualified Property

All Qualified Property owned by the Applicant and located within the boundaries of both the Goose Creek Consolidated Independent School District and the Borusan Mannesmann Pipe U.S., Inc. Reinvestment Zone will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the following sections of land is included, to wit:

[EXHIBIT CONTINUED ON NEXT PAGE]

133.67 ACRE TRACT 1

Being a tract or parcel of land containing 133.67 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 133.67 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County, Texas said corner being the northwest corner hereof;

THENCE, East, with the south line of said called 70.259 acre tract, 1,135.47 feet to a found five-eighths inch iron rod with a "Halff and Associates" plastic cap for an angle point in the south line of said called 70.259 acre tract;

THENCE, North 65° 17' 32" East, continuing with the south line of said called 70.259 acre tract, 3,515.35 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner hereof, from which said set corner a found five-eighths inch iron rod with a "Halff and Associates" plastic cap marking the southeast corner of said called 70.259 acre tract bears North 65° 17' 32" East, 132.01 feet;

THENCE, South 00° 00' 25" East, 1,943.11 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the southeast corner;

THENCE, South 80° 17' 20" West, 3,002.41 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, West, with the north line of said called 2.066 acre tract, 300.00 feet to a found five-eighths inch iron rod with a "Bury Partners" plastic cap for the northwest corner of said called 2.066 acre tract on the east right-of-way line of said Powers Road and being for the southwest corner hereof;

133.67 ACRE TRACT 1

THENCE, North, with the east right-of-way line of Powers Road, 920.19 feet to the **POINT OF BEGINNING** and containing 133.67 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

Baseline Corporation
1702 Seamist Drive, Suite 320
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Texas Registration No. 5366

February 1, 2013

33.79 ACRE TRACT 2

Being a tract or parcel of land containing 33.79 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 33.79 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of $10^{\circ} 13' 33''$, a chord of North $08^{\circ} 15' 53''$ West, 994.49 feet, a distance along the arc of 995.82 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the point of tangency;

THENCE, North $03^{\circ} 09' 06''$ West, continuing with the west line of said called 1,028.275 acre tract and with east right-of-way line of said F.M. 1405, 236.54 to a found five-eighths inch iron rod with a "Baseline Corp" plastic cap, said corner being the northwest corner hereof;

THENCE, North $82^{\circ} 53' 32''$ East, 1,200.10 feet to a found five-eighths inch iron rod with a "Baseline Corp." plastic cap on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 1,368.84 feet to a set five-eighths inch iron rod with "Baseline Corp." plastic cap for the southeast corner hereof;

33.79 ACRE TRACT 2

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 33.79 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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Texas Registration No. 5366

February 1, 2013

60' Wide Access Tract 1

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 1;

THENCE, East, 1,064.74 feet to a point for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,007.57 feet to a point for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 3,032.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the south line hereof;

THENCE, West, 1,069.83 feet to a set five-eighths inch iron rod with "Baseline Corp" plastic cap on the east line of said called 2.066 acre tract;

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

60' Wide Access Tract 1

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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60' Wide Access Tract 2

Being a 60 foot wide tract or parcel of land containing 5.61 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 5.61 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod with a "Halff and Associates" plastic cap on the east right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said iron rod with "Halff and Associates" plastic cap being the southwest corner of a called 70.259 acre tract described in the deed to Sumner Baytown Buildings, LLC as recorded under Volume 1012, Page 282, of the Official Public Records Chambers County;

THENCE, South, with the east right-of-way line of said Powers Road, 920.19 feet to a found five-eighths inch iron rod with "Bury Partners" plastic cap for the northwest corner of a called 2.066 acre tract described in deed to Chambers County Improvement District Number 1 recorded under Volume 978, Page 668, of the Official Public Records Chambers County, Texas;

THENCE, East, with the north line of said 2.066 acre tract, 300.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner of said called 2.066 acre tract;

THENCE, South, with the east line of said called 2.066 acre tract, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 2;

THENCE, East, 1,069.83 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for an angle point in the north line hereof;

THENCE, North 80° 17' 20" East, 3,002.41 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the northeast corner hereof;

THENCE, South 00° 00' 25" East, 60.87 feet to a point for the southeast corner hereof;

THENCE, South 80° 17' 20" West, 2,997.25 feet to a point an angle point in the south line hereof;

THENCE, West, 1,074.93 feet to a point for corner on the east line of said called 2.066 acre tract;

60' Wide Access Tract 2

THENCE, North, with the east line of said called 2.066 acre tract, 60.00 feet to the **POINT OF BEGINNING** and containing 5.61 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To convert to grid multiply by a combined project adjustment factor of 0.99988245.

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60' Wide Access Tract 3

Being a 60 foot wide tract or parcel of land containing 1.44 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 1.44 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the southwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 3;

THENCE, in a northerly direction continuing with the west line of said called 1,028.275 acre tract and the east right-of-way line of said F.M. 1405 along a curve to the right having a radius of 5,579.57 feet, through a central angle of $00^{\circ} 37' 57''$, a chord of North $13^{\circ} 03' 41''$ West, 61.59 feet, a distance along the arc of 61.59 feet to a point for the northwest corner hereof;

THENCE, East, 1,048.84 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records, said corner being the northeast corner hereof;

THENCE, South, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a set five-eighths inch iron rod with a "Baseline Corp." plastic cap for the southeast corner hereof;

THENCE, West, 1,034.92 feet to the **POINT OF BEGINNING** and containing 1.44 acres of Land.

60' WIDE Access Tract 3

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

The Bearings shown hereon were derived from redundant RTK GPS observations and are based on the Texas Coordinate System, South Central Zone (4204) NAD 83 CORS adjustment. The distances shown hereon are Surface Datum. To Convert to grid multiply by a combined project adjustment factor of 0.99988245.

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60' Wide Access Tract 4

Being a 60 foot wide tract or parcel of land containing 2.13 acres of land located in the John Ijams Survey, Abstract No. 15, Chambers County, Texas, being part of a called 1,028.275 acre tract (Part Seven) described in the deed to Cedar Crossing, L.P. as recorded under Volume 456, Page 155, of the Official Public Records Chambers County, Texas; said 2.13 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at a found five-eighths inch iron rod on the east right-of-way line of F.M. 1405, 300 feet wide as described in a deed to the State of Texas recorded under Volume 351, Page 200, of the Chambers County Deed Records, said corner being the southwest corner of said called 1,028.275 acre tract and being the northwest corner of Main Mill subdivision recorded under Volume B, Page 136, Chambers County Map Records;

THENCE, North $16^{\circ} 09' 18''$ West, with the west line of said called 1,028.275 acre tract and with the east right-of-way line of F.M. 1405, 261.81 feet to a point for the beginning of a tangent curve to the right having a radius of 5,579.57 feet from which a found five-eighths inch iron rod with a "Survcon" plastic cap bears North $12^{\circ} 25'$ West, 29.64 feet;

THENCE, in a northeasterly direction along said curve to the right through a central angle of $02^{\circ} 46' 39''$, a chord of North $14^{\circ} 45' 59''$ West, 270.45 feet, a distance along the arc of 270.47 feet to a set five-eighths inch iron rod with a "Baseline Corp." cap for the northwest corner and **POINT OF BEGINNING** of the herein described 60 foot wide Access Tract 4;

THENCE, East, 1,034.92 feet to a point for corner on the west line of a 60 foot wide Houston Lighting & Power Company easement recorded in Volume 377, Page 50 of the Chambers County Deed Records said corner being a re-entrant corner hereof;

THENCE, North, with the west line of said 60 foot wide Houston Lighting & Power Company easement, 60.00 feet to a point for corner;

THENCE, East, 260.00 feet to a point for corner on the west right-of-way line of Powers Road, a 100 foot wide street dedicated by the plat recorded in Clerk's File Number 35939, Chambers County Map Records, said point for corner being the northeast corner hereof;

THENCE, South, with the west right-of-way line of said Powers Road, 120.00 feet to a point for the southeast corner hereof;

60' Wide Access Tract 4

THENCE, West, 1,280.30 feet to a point for corner on the east right-of-way line of said F.M. 1405, same being the west line of said called 1,028.275 acre tract, said corner on a non-tangent curve to the right and being the southwest corner hereof;

THENCE, in a northerly direction with the west line of said called 1,028.275 acre tract and with the east right-of-way line of said F.M. 1405 along said non-tangent curve to the right having a radius of 5,579.57 feet, through a central angle of $00^{\circ} 38' 03''$, a chord of North $13^{\circ} 41' 41''$ West, 61.76 feet, a distance along the arc of 61.76 feet to the **POINT OF BEGINNING** and containing 2.13 acres of Land.

A separate survey map was prepared in conjunction with this metes & bounds description and is on file with Baseline Corporation job number 12.058.01.

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Exhibit 3
Description of the Applicant's Qualified Investment/Qualified Property

Borusan Mannesmann Pipe U.S., Inc. is proposing to construct, operate, and maintain a manufacturing facility. The facility will manufacture high-quality industrial oil country tubular goods through a multi-stage process. Industrial oil & gas tubular goods include casings and tubings used in drilling oil and gas wells and extracting hydrocarbons from them. Extraction of oil and gas from shale plays, an activity which has rapidly increased and is still increasing, requires higher specifications for industrial oil & gas tubular goods than those required by more conventional oil and gas wells.

The project site is currently vacant, surrounded by a few roads. The project will include a production hall (210,000 sq.ft.), a heat treat building (49,500 sq.ft.), a hydro test building (32,500 sq.ft.), a threading building (40,000 sq.ft.) and a corporate office (20,000 sq.ft.), and potentially other buildings. The project will also require site preparation and infrastructure improvements, such as the creation of a new rail spur. The project will invest substantial amounts in equipment and other property including: pads, foundations, Oto Mill, welder, hydrotester, drying table, walking beam furnace, and lab equipment. When fully operational, the project will have capacity to produce 395 tons of industrial oil & gas tubular goods each year.

Construction is anticipated to begin during the first quarter of 2013, and the project is expected to be operational by July 2014.