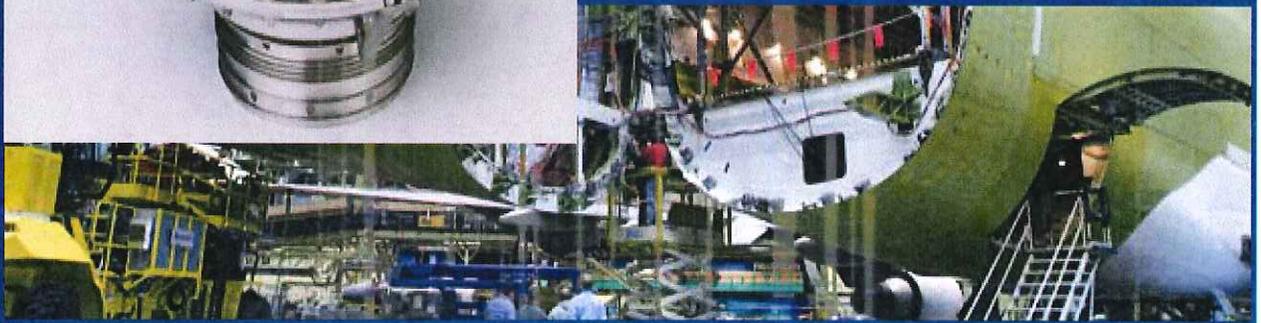


**FINDINGS OF THE FLED OAK
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
TRIUMPH AEROSTRUCTURES, LLC**



May 20, 2013

**FINDINGS
OF THE
RED OAK INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
TRIUMPH AEROSTRUCTURES, LLC**

MAY 20, 2013

Board Findings of the Red Oak Independent School District

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 Ellis 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 Red Oak 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 Red Oak 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 Triumph, 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**.

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 Triumph Aerostructures, LLC 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 Ellis County, Texas is in need of long-term improvement, based on the state's analysis of Ellis County data.

Based on information provided by the Comptroller's Office that focused on the county level, Ellis County is the 26th largest county in the state in terms of population. Population growth in Ellis County is up; the state population grew by 1.8 percent and the population of Ellis County grew by 2.3 percent between 2009 and 2010.

September 2011 employment for Ellis County was up 1.7 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Ellis County was 8.8 percent in September 2011, higher than the state average of 8.5 percent.

Ellis County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Ellis County's \$32,059 in 2009 ranked 135th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

Board Findings of the Red Oak Independent School District

The local economy in Ellis County will benefit from economic activity like that associated with the Triumph 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. Income growth is needed to move Ellis County closer to the state average.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$55,598 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 county average manufacturing wage. Triumph indicates that total employment will be approximately 35 new jobs, 28 of which will be qualifying jobs.

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

After construction, the project will create 35 new jobs when fully operational. Twenty-eight 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 North Central Texas Council of Governments Region, where Ellis County is located was \$49,986 in 2011. The annual average manufacturing wage for 2011-2012 for Ellis County is \$50,544. That same year, the county annual average wage for all industries was \$37,180. In addition to a salary of \$55,598, each qualifying position will receive benefits such as medical insurance, dental insurance, vision, wellness, hearing, employee and optional life insurance, optional dependent life insurance, stock purchase plan, group legal services and 401(k) plan.

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 \$4.32 million on the basis of the goal of 35 new qualifying positions for the entire Triumph project.

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

Board Findings of the Red Oak Independent School District

The project's total investment is \$121 million, resulting in a relative level of investment per qualifying job of \$4.32 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:

The transfer of existing employees and tangible personal property from Dallas to Red Oak will not present any significant negative economic impact since the analysis that was conducted uses the state as the geographic scope rather than the city or county where the economic activity is expected to take place. Even if the geographic scope of the analysis were more granular, the estimated negative impacts would not be significant.

The annual estimated reduction of property tax revenue from Triumph/Vought closing the Jefferson Boulevard facility in Dallas is approximately \$1,978,857 for the City of Dallas, County of Dallas, Grand Prairie ISD, and other units of local government.

Table 1 depicts Triumph Aerostructures, LLC'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.

Board Findings of the Red Oak Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Triumph Aerostructures, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	197	226	423	\$8,070,648	\$14,929,352	\$23,000,000
2014	35	80	115	\$1,987,440	\$6,012,560	\$8,000,000
2015	35	74	109	\$1,987,440	\$6,012,560	\$8,000,000
2016	35	65	100	\$1,987,440	\$6,012,560	\$8,000,000
2017	35	58	93	\$1,987,440	\$6,012,560	\$8,000,000
2018	35	57	92	\$1,987,440	\$6,012,560	\$8,000,000
2019	35	55	90	\$1,987,440	\$6,012,560	\$8,000,000
2020	35	55	90	\$1,987,440	\$6,012,560	\$8,000,000
2021	35	59	94	\$1,987,440	\$6,012,560	\$8,000,000
2022	35	57	92	\$1,987,440	\$7,012,560	\$9,000,000
2023	35	61	96	\$1,987,440	\$8,012,560	\$10,000,000
2024	35	57	92	\$1,987,440	\$7,012,560	\$9,000,000
2025	35	63	98	\$1,987,440	\$8,012,560	\$10,000,000
2026	35	61	96	\$1,987,440	\$9,012,560	\$11,000,000
2027	35	65	100	\$1,987,440	\$8,012,560	\$10,000,000
2028	35	67	102	\$1,987,440	\$9,012,560	\$11,000,000

Source: CPA, REMI, Triumph Aerostructures, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Red Oak ISD's ad valorem tax base in 2011-2012 was \$1.15 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Red Oak ISD's estimated wealth per WADA was \$173,403. 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, Ellis County, and the city of Red Oak with all property tax incentives sought being granted using estimated market value from Triumph Aerostructures, LLC's application. Triumph Aerostructures, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and city. Table 3 illustrates the estimated tax impact of the Triumph Aerostructures, LLC project on the region if all taxes are assessed.

Board Findings of the Red Oak Independent School District

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Red Oak ISD I&S Levy	Red Oak ISD M&O Levy	Red Oak ISD M&O and I&S Tax Levies (Before Credit Credited)	Red Oak ISD M&O and I&S Tax Levies (After Credit Credited)	Ellis County (including Road and Bridge) Tax Levy	City of Red Oak Tax Levy	Estimated Total Property Taxes
				0.3700	1.1700			0.4136	0.6490	
2014	\$107,251,641	\$107,251,641		\$396,831	\$1,254,844	\$1,651,675	\$1,651,675	\$133,078	\$69,606	\$1,854,359
2015	\$109,072,580	\$109,072,580		\$403,569	\$1,276,149	\$1,679,718	\$1,679,718	\$135,337	\$141,576	\$1,956,631
2016	\$106,130,158	\$80,000,000		\$392,682	\$936,000	\$1,328,682	\$1,328,682	\$131,686	\$206,635	\$1,667,003
2017	\$103,893,219	\$80,000,000		\$384,405	\$936,000	\$1,320,405	\$1,226,263	\$128,910	\$202,280	\$1,557,453
2018	\$100,025,755	\$80,000,000		\$370,095	\$936,000	\$1,306,095	\$1,211,953	\$124,112	\$194,750	\$1,530,815
2019	\$94,885,139	\$80,000,000		\$351,075	\$936,000	\$1,287,075	\$1,192,933	\$117,733	\$184,741	\$1,495,408
2020	\$93,782,545	\$80,000,000		\$346,995	\$936,000	\$1,282,995	\$1,188,853	\$116,365	\$182,595	\$1,487,813
2021	\$89,794,046	\$80,000,000		\$332,238	\$936,000	\$1,268,238	\$1,174,096	\$371,387	\$174,829	\$1,720,312
2022	\$86,252,764	\$80,000,000		\$319,135	\$936,000	\$1,255,135	\$1,160,993	\$356,741	\$167,934	\$1,685,668
2023	\$83,086,253	\$80,000,000		\$307,419	\$936,000	\$1,243,419	\$1,149,277	\$343,644	\$161,769	\$1,654,690
2024	\$80,244,913	\$80,244,913		\$296,906	\$938,865	\$1,235,772	\$1,235,772	\$331,892	\$260,395	\$1,828,059
2025	\$77,551,961	\$77,551,961		\$286,942	\$907,358	\$1,194,300	\$1,194,300	\$320,754	\$251,656	\$1,766,710
2026	\$74,872,922	\$74,872,922		\$277,030	\$876,013	\$1,153,043	\$1,153,043	\$309,674	\$242,963	\$1,705,679
2027	\$72,211,155	\$72,211,155		\$267,181	\$844,871	\$1,112,052	\$1,112,052	\$298,665	\$234,325	\$1,645,042
2028	\$70,026,155	\$70,026,155		\$259,097	\$819,306	\$1,078,403	\$1,078,403	\$289,627	\$227,235	\$1,595,265
						Total	\$18,738,013	\$3,509,605	\$2,903,290	\$25,150,907

Assumes School Value Limitation and Tax Abatements from Ellis County (including Road & Bridge) and City of Red Oak.

Source: CPA, Triumph Aerostructures, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Red Oak ISD I&S Levy	Red Oak ISD M&O Levy	Red Oak ISD M&O and I&S Tax Levies	Ellis County (including Road and Bridge) Tax Levy	City of Red Oak Tax Levy	Estimated Total Property Taxes	
				0.3700	1.1700		0.4136	0.6490		
2014	\$107,251,641	\$107,251,641		\$396,831	\$1,254,844	\$1,651,675	\$443,592	\$696,063	\$2,791,330	
2015	\$109,072,580	\$109,072,580		\$403,569	\$1,276,149	\$1,679,718	\$451,123	\$707,881	\$2,838,722	
2016	\$106,130,158	\$106,130,158		\$392,682	\$1,241,723	\$1,634,404	\$438,953	\$688,785	\$2,762,142	
2017	\$103,893,219	\$103,893,219		\$384,405	\$1,215,551	\$1,599,956	\$429,701	\$674,267	\$2,703,924	
2018	\$100,025,755	\$100,025,755		\$370,095	\$1,170,301	\$1,540,397	\$413,706	\$649,167	\$2,603,269	
2019	\$94,885,139	\$94,885,139		\$351,075	\$1,110,156	\$1,461,231	\$392,444	\$615,805	\$2,469,480	
2020	\$93,782,545	\$93,782,545		\$346,995	\$1,097,256	\$1,444,251	\$387,884	\$608,649	\$2,440,784	
2021	\$89,794,046	\$89,794,046		\$332,238	\$1,050,590	\$1,382,828	\$371,387	\$582,763	\$2,336,979	
2022	\$86,252,764	\$86,252,764		\$319,135	\$1,009,157	\$1,328,293	\$356,741	\$559,780	\$2,244,814	
2023	\$83,086,253	\$83,086,253		\$307,419	\$972,109	\$1,279,528	\$343,644	\$539,230	\$2,162,402	
2024	\$80,244,913	\$80,244,913		\$296,906	\$938,865	\$1,235,772	\$331,892	\$520,789	\$2,088,453	
2025	\$77,551,961	\$77,551,961		\$286,942	\$907,358	\$1,194,300	\$320,754	\$503,312	\$2,018,367	
2026	\$74,872,922	\$74,872,922		\$277,030	\$876,013	\$1,153,043	\$309,674	\$485,925	\$1,948,642	
2027	\$72,211,155	\$72,211,155		\$267,181	\$844,871	\$1,112,052	\$298,665	\$468,650	\$1,879,367	
2028	\$70,026,155	\$70,026,155		\$259,097	\$819,306	\$1,078,403	\$289,627	\$454,470	\$1,822,500	
						Total	\$20,775,851	\$5,579,786	\$8,755,537	\$35,111,174

Source: CPA, Triumph Aerostructures, LLC

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 \$109.1 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Triumph project remains fully taxable for debt services taxes, with Red Oak ISD currently levying a \$0.37 per \$100 I&S rate. The value of the Triumph 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.

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 Triumph 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 Red Oak ISD 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 Triumph Aerostructures, LLC's application, "Triumph Group, Inc. and its subsidiaries are a global leader in manufacturing and overhauling aerospace structures, systems, and components. Operating in 64 locations worldwide, Triumph Group designs, engineers, manufactures, repairs, and overhauls a broad portfolio of

Board Findings of the Red Oak Independent School District

aerostructures, aircraft components, accessories, subassemblies and systems. The Applicant has sent out multiple Economic Development Survey Packages regarding locations both outside and within the State of Texas as a part of its cost/benefit analysis to identify preferred potential locations. Triumph Group has the ability to locate a new facility in many locations within the United States, as well as other countries.

Board Finding Number 9.

During the past two years, no projects in the North Central Texas 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 Triumph. 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 Eighty 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 value for Red Oak ISD is \$1.15 billion. Red Oak ISD is categorized as a Subchapter B school district. Red Oak ISD is classified as a "non-rural" district due to its population characteristics. Given that the value of property value in Red Oak ISD is more than \$1 billion but less than \$10 billion, it is classified as a Category II district which can offer a minimum value limitation of \$80 million.

Board Findings of the Red Oak Independent School District

Board Finding Number 12.

The Applicant (Taxpayer Id. 32042042732) 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 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 Red Oak 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 Red Oak Independent School District.

Board Findings of the Red Oak Independent School District

Dated the 20th day of May 2013.

RED OAK INDEPENDENT SCHOOL DISTRICT

By: _____
Henry Lozano, President, Board of Trustees

ATTEST:

By: _____
Mark Stanfill, Secretary, Board of Trustees

Attachment A
Application

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

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

JUSTIN DEMERATH

December 18, 2012

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

RE: Application to the Red Oak Independent School District from Triumph
Aerostructures, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Red Oak Independent School District is notifying the Applicant Triumph Aerostructures, LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the Application to the school district on December 17, 2012. The Board voted to accept the application on December 17, 2012. The application has been determined complete by the District as of December 18, 2012. **The Company has requested an expedited review by your office of this application.** Because the project is so valuable to the area, Ellis County and the City of Red Oak also request that an expedited review be made of this Application.

In September, 2012, prior to this Application, the Applicant constructed a building at the site that is the subject of this Application. In addition to new equipment, the Applicant will be relocating personal business property to the site. The Applicant now plans to consolidate and expand operations at the Red Oak site. This decision to consolidate and expand operations at this site is one of the reasons that the Applicant is now seeking a value limitation agreement. However, further development has been halted pending a determination of completeness by the Office of the Comptroller. The Applicant has provided detailed information about the location and value of the property that is excluded from this Application and has specifically noted that the existing property is not to be considered to be part of its application to the Red Oak ISD. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement.

Letter to Local Government Assistance & Economic Analysis Division
December 18, 2012
Page 2 of 2

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

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

Please feel free to contact me with questions.

Sincerely,

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

Kevin O'Hanlon
School District Consultant



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 December 17, 2012
First Name Scott	Last Name Niven	
Title Superintendent		
School District Name Red Oak ISD		
Street Address 156 Louise Ritter Blvd.		
Mailing Address 156 Louise Ritter Blvd.		
City Red Oak	State TX	ZIP 75154
Phone Number 972-617-2941	Fax Number 972-617-4333	
Mobile Number (optional)	E-mail Address scott.niven@redoakisd.org	

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

Will consultant be primary contact? Yes No

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name **Bob** Last Name **Popinski**
 Title _____
 Firm Name **Moak, Casey & Associates**
 Street Address **400 W. 15th Street, Suite 1410**
 Mailing Address **400 W. 15th Street, Suite 1410**
 City **Austin** State **TX** ZIP **78701**
 Phone Number **512-485-7878** Fax Number **512-485-7888**
 Mobile Number (Optional) _____ Email Address **bpopinski@moakcasey.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 **12-17-12**

Has the district determined this application complete? Yes No

If yes, date determined complete. December 18, 2012

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(o)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	will

will supplement



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Jeffrey		Last Name McRae	
Title President, Integrated Programs Division			
Organization Triumph Aerostructures - Vought Aircraft Division			
Street Address 9314 W. Jefferson			
Mailing Address 9314 W. Jefferson			
City Dallas		State TX	ZIP 75211
Phone Number 972-946-8080		Fax Number 972-946-4222	
Mobile Number (optional) 972-514-2137		Business e-mail Address jmcr@triumphgroup.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 Wendy		Last Name Hargus	
Title Vice President, Finance			
Organization Triumph Aerostructures - Vought Aircraft Division			
Street Address 9314 W. Jefferson			
Mailing Address 9314 W. Jefferson			
City Dallas		State TX	ZIP 75211
Phone Number 972-946-5030		Fax Number 972-946-5632	
Mobile Number (optional) 214-356-3755		E-mail Address whargus@triumphgroup.com	

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

David

Last Name

Black

Title

Senior Manager

Firm Name

Thomson Reuters

Street Address

2395 Midway Road, MS 135

Mailing Address

City

Carrollton

State

TX

ZIP

75006

Phone Number

972-250-8013

Fax Number

Business email Address

david.black@thomsonreuters.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.

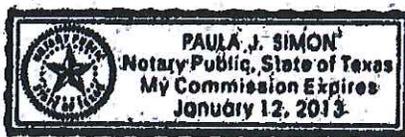
Signature (Authorized Business Representative (Applicant))

[Handwritten Signature]

Date

17 Dec 2012

GIVEN under my hand and seal of office this 17th day of December, 2012



(Notary Seal)

Paula J. Simon
Notary Public, State of Texas

My commission expires Jan 12, 2013

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

FEES AND PAYMENTS

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

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

Please answer only either A OR B:

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

Triumph Aerostructures, LLC.

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

32042042732

NAICS code

336411

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.

N/A

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.)

Limited Liability Company

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

PROJECT DESCRIPTION

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

See Attachment No. 4

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

See Attachment No. 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 1Q 2013, Begin Hiring New Employees 2Q 2013, Construction Complete 1Q 2014, Fully Operational 4Q 2014, Purchase Machinery & Equipment 2Q 2013 to 2Q 2016

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)?

When do you anticipate the new buildings or improvements will be placed in service? 4Q 2014



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Texas Military Revolving Loan Fund (BRAC)	\$80M - \$100M
_____	_____
_____	_____
Total	_____

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

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

Tax Abatement Agreements with the City of Red Oak, Ellis County

THE PROPERTY

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

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

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

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

County: Ellis (Including Road and Bridge) - 100% City: Red Oak - 100%
(Name and percent of project) (Name and percent of project)

Hospital District: _____ Water District: _____
(Name and percent of project) (Name and percent of project)

Other (describe): _____ Other (describe): _____
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

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

INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? \$80,000,000

What is the amount of appraised value limitation for which you are applying? \$80,000,000

What is your total estimated qualified investment? \$100,000,000

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? April 2013

What is the anticipated date of the beginning of the qualifying time period? April 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? \$121,100,000

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? December 31, 2012

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

1. Legal description of the land
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. Existing building not included in tax rolls yet 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? 3,310

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.

N/A

Total number of new jobs that will have been created when fully operational 35

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? 28

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 \$786.50

110% of the county average weekly wage for manufacturing jobs in the county is \$1069.20

110% of the county average weekly wage for manufacturing jobs in the region is \$1057.40

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

[X] §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? \$55,598.40

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? \$55,598.40

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

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

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

Will any of the qualifying jobs be retained jobs? [] Yes [X] No

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

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

If yes, what percent? _____

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

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

See Attachment No. 15

ECONOMIC IMPACT

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

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

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

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

Is Schedule D completed and signed for all years and attached? [X] 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.

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 NO. 3

Section: Applicant Business Structure

104252 0.000
TX2012 06-168
Ver. 3.0 (Rev. 9-11/4)

Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

contact: Sheila Spagnolo, VP
610-251-1007

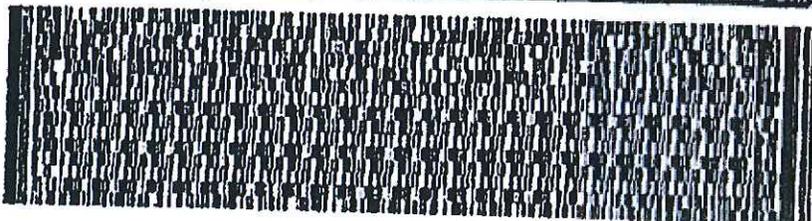
Reporting entity taxpayer number 510347963	Report year 2012	Reporting entity taxpayer name TRIUMPH GROUP, INC. & SUBSIDIARIES
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Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate VOUGHT COMMERCIAL AIRCRAFT COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 954568095	3. Affiliate NAICS code 336410
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 040110	7. Affiliate reporting end date m m d d y y 033111
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00	
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 145270.00	
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	
1. Legal name of affiliate TRIUMPH AEROSTRUCTURES HOLDINGS, LLC		2. Affiliate taxpayer number (if none, use FEI number) 272891121	3. Affiliate NAICS code 551112
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 040110	7. Affiliate reporting end date m m d d y y 033111
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 1396672445.00	
10. Gross receipts in Texas (before eliminations) 30607180.00		11. Cost of goods sold or compensation (before eliminations) 1206415420.00	
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	
1. Legal name of affiliate TRIUMPH INTERIORS, LLC		2. Affiliate taxpayer number (if none, use FEI number) 204720061	3. Affiliate NAICS code
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 040110	7. Affiliate reporting end date m m d d y y 033111
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00	
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00	
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at window.texas.gov/commonowner/. This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-187) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1062

105283 8.000

TX2012 05-166

Texas Franchise Tax Affiliate Schedule

Ver. 3.0 (Rev. 8-11/4)

Tcode 13253 Annual

Reporting entity taxpayer number 510347963	Report year 2012	Reporting entity taxpayer name TRIUMPH GROUP, INC. & SUBSIDIARIES
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Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

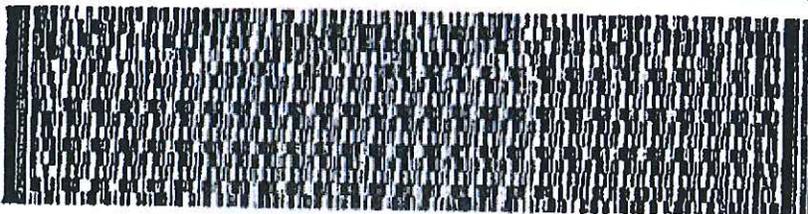
1. Legal name of affiliate TRIUMPH INSULATION SYSTEMS, LLC		2. Affiliate taxpayer number (if none, use FEI number) 880351614		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 040110		7. Affiliate reporting end date m m d d y y 033111	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

1. Legal name of affiliate TRIUMPH AEROSTRUCTURES, LLC		2. Affiliate taxpayer number (if none, use FEI number) 272570489		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 040110		7. Affiliate reporting end date m m d d y y 033111	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y		7. Affiliate reporting end date m m d d y y	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at window.texas.gov/commonowner. This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-107) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1082

ATTACHMENTS 4, 6, 8 AND 12

I. DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

OVERVIEW

The project will expand the Triumph Aerostructures Manufacturing Facilities site located in Red Oak Independent School District in Ellis County, Texas (the "Red Oak Site"). Triumph Aerostructures produces large aircraft structural components for both commercial and military aircraft. The project increases the physical footprint at the Red Oak Site to allow the transfer of work from another location in addition to new business. It is currently estimated that the project facilities will begin operation in the first quarter of 2014.

PROJECT DESCRIPTION

The project proposed in this Application includes construction of new improvements containing approximately 600,000 square feet and acquiring new machinery, equipment and other tangible personal property to be located at, in or about the new improvements and the existing building. None of this investment has been included in any previous project of the Applicant at the Red Oak Site.

QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The types of items currently planned as part of the project include, but are not limited to, a manufacturing assembly / composite fabrication / manufacturing research & development laboratory complex, together with engineering, technical and administrative office areas, that will include, but are not limited to, refrigerated storage of composite materials; automated material preparation and deposition; autoclave curing of composite structure; inert gas storage and conversion equipment; automated trimming of cured composite materials and non-destructive inspection; mechanical assembly of aircraft components with the installation and functional testing of systems components; surface preparation and painting; loading and shipping of components; environmental temperature, humidity and airborne contaminate controls; roadway improvements; storm and sanitary sewer improvements; railroad spur and track additions; building utility systems for electrical power, potable water, compressed air, vacuum systems; crane systems for assembly movement and loading; aircraft program tooling, company-owned portable durable tooling, over-the-road transportation vehicles, internal service vehicles, factory and office furnishings, information technology and computer equipment, and moveable personal property; as well as a laboratory dedicated to manufacturing research and development.

The items included in the project description do not include assets or improvements owned by the Applicant at the time of this Application which are or will be located within the reinvestment zone encompassing the Red Oak Site prior to the date on which this Application is declared complete by the Texas Comptroller of Public Accounts.

II. PRE-EXISTING PROPERTY AND EXPLANATION OF SCHEDULE A VALUES

EXISTING BUILDING

In September 2012, and prior to the filing of this Application, the Applicant completed the construction of one existing building containing approximately 255,000 square feet. Construction costs for the existing building total approximately \$24.4 million. The existing building is located at the Red Oak Site, but is not included in the project for purposes of this Application.

RELOCATED PROPERTY

The Applicant will also relocate some machinery, equipment and other tangible personal property from its facilities in Dallas County, Texas, to the new improvements and the existing building at the Red Oak Site. The relocated items are not included in the project for purposes of this Application. For the tax year 2012, the relocated items are included in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850, which also includes inventory, machinery, equipment and other tangible personal property that are not being relocated to the Red Oak Site. The estimated portion of the 2012 taxable value in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850 that is attributable to items to be relocated to the Red Oak Site is summarized below:

2012 Total Taxable Value	\$135,718,480
Less: 2012 Taxable Value of Inventory	<u>\$(70,506,000)</u>
Net 2012 Taxable Value of Non-Inventory	<u>\$65,212,480</u>

Estimated 2012 Taxable Value of Tangible Personal Property to be Relocated to the Red Oak Site (48.8%)	<u>\$31,810,966</u>
--	---------------------

APPRAISAL DISTRICT ACCOUNT NUMBERS

The Applicant will request that the Ellis County Appraisal District:

- create new property account numbers for the property that is the subject of this Application in order to track the increased value attributable to the qualified property;
- create a new property account number for the existing building (or add the existing building to an existing account number for the tract of land underlying the existing building) that is not included in the project for purposes of this Application in order to separately track the value attributable to the existing building; and
- create a new property account number or numbers for the relocated property that is not included in the project for purposes of this Application in order to separately track the value attributable to the relocated property.

OTHER INVESTMENT

The Applicant has also invested \$2,018,602 in the purchase of the land for the project.

II. ABILITY TO LOCATE OR RELOCATE TO ANOTHER STATE OR ANOTHER REGION OF THE STATE

Triumph Group, Inc. and its subsidiaries are a global leader in manufacturing and overhauling aerospace structures, systems and components. Operating in 64 locations worldwide, Triumph Group designs, engineers, manufactures, repairs and overhauls a broad portfolio of aerostructures, aircraft components, accessories, subassemblies and systems.

The Applicant have sent out multiple Economic Development Survey Packages regarding locations both outside and within the State of Texas as part of its cost/benefit analysis to identify preferred potential locations. Triumph Group has the ability to locate a new facility in many locations within the United States, as well as other countries.

A possible appraised value limitation agreement with the Red Oak Independent School District would be a contributing factor for a decision by the Applicant to consolidate and expand operations at the Red Oak Site.

ATTACHMENTS 7 & 9

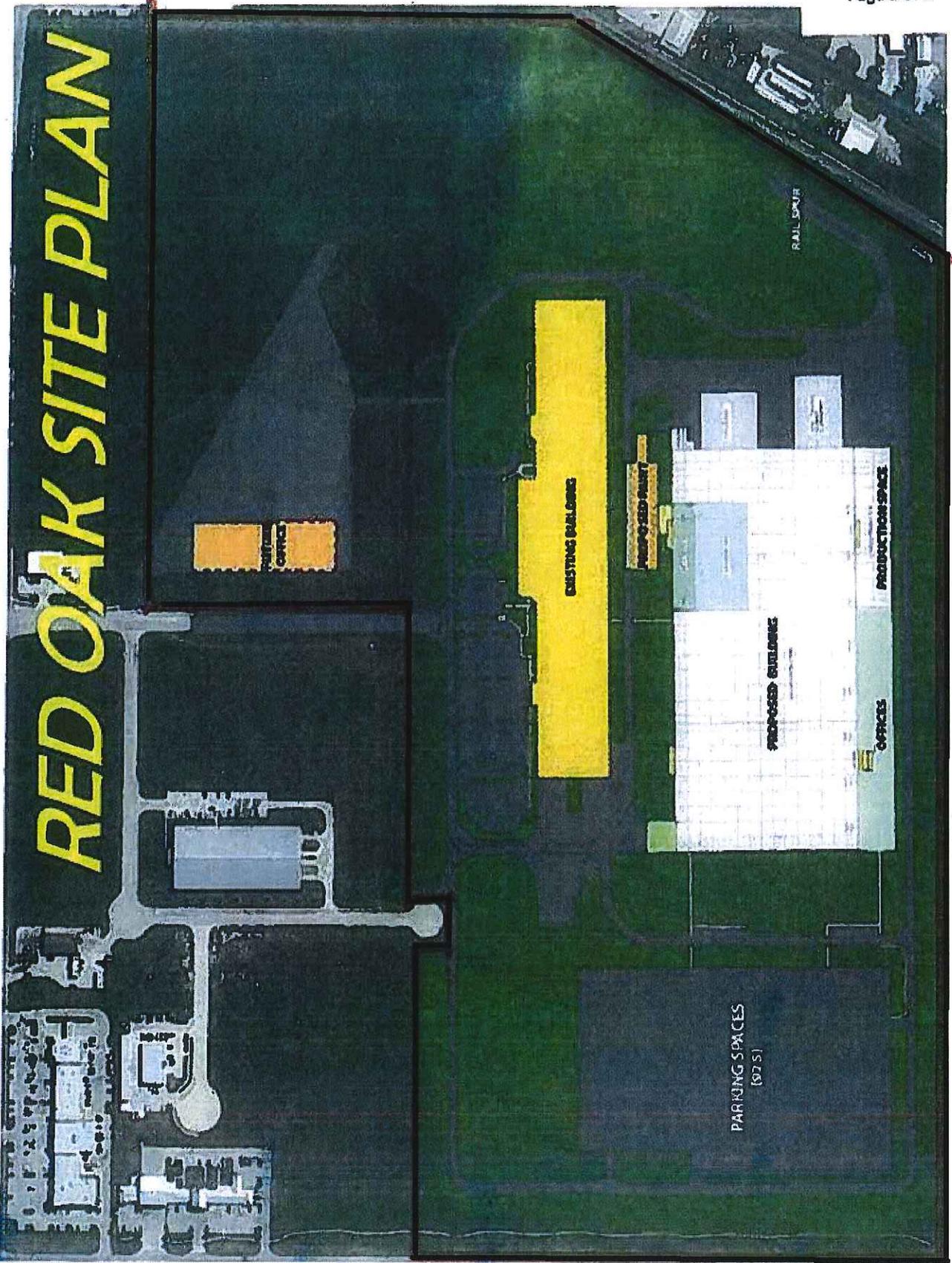
Maps of Qualified Investment and Property



Existing building excluded from Qualified Investment/Qualified Property

RED OAK SITE PLAN

Reinvestment Zone
boundary



11/14/2014 10:00 AM

ATTACHMENTS 10 AND 11

Description of Land - The legal description of the approximately 122.887-acre tract of land is attached. Under an economic development agreement with the City of Red Oak, Texas, approximately 30.329 acres included in the 122.887-acre tract will be transferred to the Applicant for a nominal amount upon completion of certain improvements included in the project. In addition, the Applicant also have a stand-alone option to acquire the 30.329 acre tract.

Current Taxable Value - Attached

Detailed Map of Land - Attached

City of Red Oak Resolution and Ordinance - Attached

LEGAL DESCRIPTION

BEING a tract of land situated in the Benjamin E. Frazier Survey, Abstract No. 371, City of Red Oak, Ellis County, Texas and being part of a tract of land described in Special Warranty Deed to City of Red Oak Industrial Development Corporation recorded in Volume 1586, Page 312, Deed Records of Ellis County, Texas and being more particularly described as follows:

BEGINNING at a point in the west right-of-way line of the M.K. & T. Railroad at the southernmost corner of Lot 2, Block A, Lots 1 and 2 in Block A of Access Self Storage Addition, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet H, Page 626, Map Records of Ellis County, Texas;

THENCE with said west right-of-way line, South 28°20'46" West, a distance of 1218.31 feet to the northeast corner of Lot 45, Block A, Quail Run Estates, Phase Two, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet F, Page 296, Map Records of Ellis County, Texas;

THENCE with the north line of said Quail Run Estates, Phase Two, South 89°50'38" West, a distance of 2535.36 feet to a point in North Methodist Road;

THENCE with the west line of said City of Red Oak Industrial Development Corporation tract, North 00°15'00" East, a distance of 1458.25 feet to a point for corner;

THENCE departing said west line, South 89°59'35" East, a distance of 819.09 feet to a point in the west right-of-way line of Crockett Lane (a 65-foot wide right-of-way);

THENCE with said west right-of-way line, South 01°14'57" West, a distance of 86.62 feet to the southwest corner of the southerly terminus of said Crockett Lane;

THENCE with said southerly terminus, South 89°45'00" East, a distance of 65.00 feet to the southeast corner of said southerly terminus;

THENCE with said east right-of-way line, North 00°14'57" East, a distance of 166.07 feet to the southwest corner of Lot 1, Block D, Red Oak Industrial Park, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet E, Page 73, Map Records of Ellis County, Texas;

THENCE with the south line of said Lot 1, Block D, South 89°45'03" East, at a distance of 669.18 feet, passing the southeast corner of said Lot 1, Block D, continuing, in all a total distance of 749.18 feet to a point for corner;

THENCE North 00°14'57" East, at a distance of 533.39 feet, passing the southeast corner of the southerly terminus of Austin Boulevard (an 80-foot wide right-of-way), continuing, with the east right-of-way line of said Austin Boulevard, in all a total distance of 647.39 feet to the southernmost end of a right-of-way corner clip at the intersection of

said east right-of-way line and the south right-of-way line of Bowie Drive (a 65-foot wide right-of-way line);

THENCE with said right-of-way corner clip, North $45^{\circ}14'57''$ East, a distance of 35.36 feet to the northernmost end of said right-of-way corner clip;

THENCE South $89^{\circ}45'03''$ East, at a distance of 28.49 feet, passing the southeast corner of the easterly terminus of said Bowie drive, continuing, departing said easterly terminus, in all a distance of 793.32 feet to the beginning of a non-tangent curve to the right having a central angle of $06^{\circ}59'45''$, a radius of 5350.99 feet, a chord bearing and distance of South $86^{\circ}15'19''$ East, 652.94 feet;

THENCE in a southeasterly direction, with said curve to the right, an arc distance of 653.35 feet to a point in the west line of said Lot 1, Block A, at the end of said curve;

THENCE with said west line of Lot 1, Block A, South $00^{\circ}03'18''$ East, a distance of 1081.09 feet to the **POINT OF BEGINNING** and containing 122.887 acres or 5,352,965 square feet of land.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

2012 TAX STATEMENT
JOHN BRIDGES, RTA, CTA, CSTA
ELLIS COUNTY TAX ASSESSOR-COLLECTOR
109 S. JACKSON ST. ROOM - T125
WAXAHACHIE, TEXAS 75165

Certified Owner

www.elliscountytax.com

Legal Description

LOT 1 BLKA TRIUMPH AEROSTRUCTURES
28.678 AC

TRIUMPH AEROSTRUCTURES REAL ESTATE INVES
9314 W JEFFERSON BLVD
DALLAS TX 75211-9301

Legal Acres: 28.6780
Parcel Address: 300 AUSTIN BLVD 75154



Account No: 255110

As of Date October 29, 2012 Print Date October 29, 2012

Market Value	Appraised Value	Assessed Value	Capped Value	Homestead Value	Agriculture Value	Non-Qualifying Value
Land: \$378,550	\$378,550	\$378,550				\$378,550
Taxing Unit	ASSESSED Value 100%	Code	Exemptions Amount	Taxable Value	Tax Rate	2012 Tax Due
ELLIS COUNTY	\$378,550		\$0	\$378,550	.38008100	\$1,438.83
LTRD	\$378,550		\$0	\$378,550	.03350800	\$128.84
RED OAK ISD	\$378,550		\$0	\$378,550	1.54000000	\$5,828.67
CITY OF RED OAK	\$378,550		\$0	\$378,550	.04600000	\$2,460.79
TOTAL LEVY:						\$9,852.13
TOTAL TAX PAID TO DATE:						\$0.00
TOTAL TAX REMAINING DUE:						\$9,852.13
STATEMENT WAS ALSO SENT TO A MORTGAGE COMPANY IF APPLICABLE. OVER 65 OR DISABLED MAY BE ELIGIBLE FOR QUARTER PAY. APPLY FOR EXEMPTIONS AT APPRAISAL DISTRICT AT NO COST 972-937-3552						
Exemptions:						
AMOUNT DUE IF PAID BY END OF MONTH:						
OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	JANUARY 2013	FEBRUARY 2013	MARCH 2013	
\$9,852.13	\$9,852.13	\$9,852.13	\$9,852.13	\$10,541.79	\$10,738.82	
PLEASE PUT YOUR ACCOUNT NUMBER ON ALL CORRESPONDENCE						
TAXES ARE DUE UPON RECEIPT, TAXES WILL BECOME DELINQUENT FEB 1, 2013 PENALTY AND INTEREST WILL BE ADDED MONTHLY BEGINNING FEB 1, 2013 AS FOLLOWS						
FEBRUARY - 7% MARCH - 9% APRIL - 11% MAY - 13% JUNE - 15% JULY - 18% + UP TO 20% ATTORNEY FEE						

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT

PAY TAXES ONLINE AT WWW.ELLISCOUNTYTAX.COM WITH VISA OR MASTERCARD OR DISCOVER OR ECHECK

ACCOUNT NUMBER	CAD NUMBER	PAY BY:	AMOUNT DUE:
255110	72881190100100111	JANUARY 31, 2013	\$9,852.13
		AMOUNT PAID:	

TRIUMPH AEROSTRUCTURES REAL ESTATE INVES 9314 W JEFFERSON BLVD DALLAS TX 75211	PAY TO: JOHN BRIDGES, RTA, CTA, CSTA TAX ASSESSOR-COLLECTOR P. O. DRAWER 188 - WAXAHACHIE, TEXAS 75168-0188 PHONE: 972-825-5150
--	--



2012 TAX STATEMENT
JOHN BRIDGES, RTA, CTA, CSTA
ELLIS COUNTY TAX ASSESSOR-COLLECTOR
109 S. JACKSON ST. ROOM - T125
WAXAHACHIE, TEXAS 75165

Certified Owner

www.elliscountytax.com

Legal Description

LOT 3 BLKA TRIUMPH AEROSTRUCTURES
61.928 AC

TRIUMPH AEROSTRUCTURES REAL ESTATE INVES
9314 W JEFFERSON BLVD
DALLAS TX 75211-9301

Legal Acres: 61.9280
Parcel Address:



Account No: 255112

As of Date October 29, 2012 Print Date October 29, 2012

Market Value	Appraised Value	Assessed Value	Capped Value	Homestead Value	Agriculture Value	Non-Qualifying Value	
Land	Improvement						
\$688,820	\$688,820	\$688,820				\$688,820	
Taxing Unit		ASSESSED Value 100%	Exemptions		Taxable Value	Tax Rate	2012 Tax Due
ELLIS COUNTY		\$688,820			\$0	.38000100	\$2,542.12
LTRD		\$688,820			\$0		\$224.11
RED OAK ISD		\$688,820			\$0	1.54000000	\$10,299.83
CITY OF RED OAK		\$688,820			\$0	.84900000	\$5,340.84
TOTAL LEVY:							\$17,408.70
TOTAL TAX PAID TO DATE:							0.00
TOTAL TAX REMAINING DUE:							\$17,408.70
STATEMENT WAS ALSO SENT TO A MORTGAGE COMPANY IF APPLICABLE.							
OVER 65 OR DISABLED MAY BE ELIGIBLE FOR QUARTER PAY.							
APPLY FOR EXEMPTIONS AT APPRAISAL DISTRICT AT NO COST 972-657-3562							
Exemptions:							
AMOUNT DUE IF PAID BY END OF MONTH:							
OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	JANUARY 2013	FEBRUARY 2013	MARCH 2013		
\$17,408.70	\$17,408.70	\$17,408.70	\$17,408.70	\$18,825.17	\$18,973.30		
PLEASE PUT YOUR ACCOUNT NUMBER ON ALL CORRESPONDENCE							
TAXES ARE DUE UPON RECEIPT, TAXES WILL BECOME DELINQUENT FEB 1, 2013 PENALTY AND INTEREST WILL BE ADDED MONTHLY BEGINNING FEB. 1, 2013 AS FOLLOWS							
FEBRUARY - 7% MARCH - 9% APRIL - 11% MAY - 13% JUNE - 15% JULY - 18% + UP TO 20% ATTORNEY FEE							

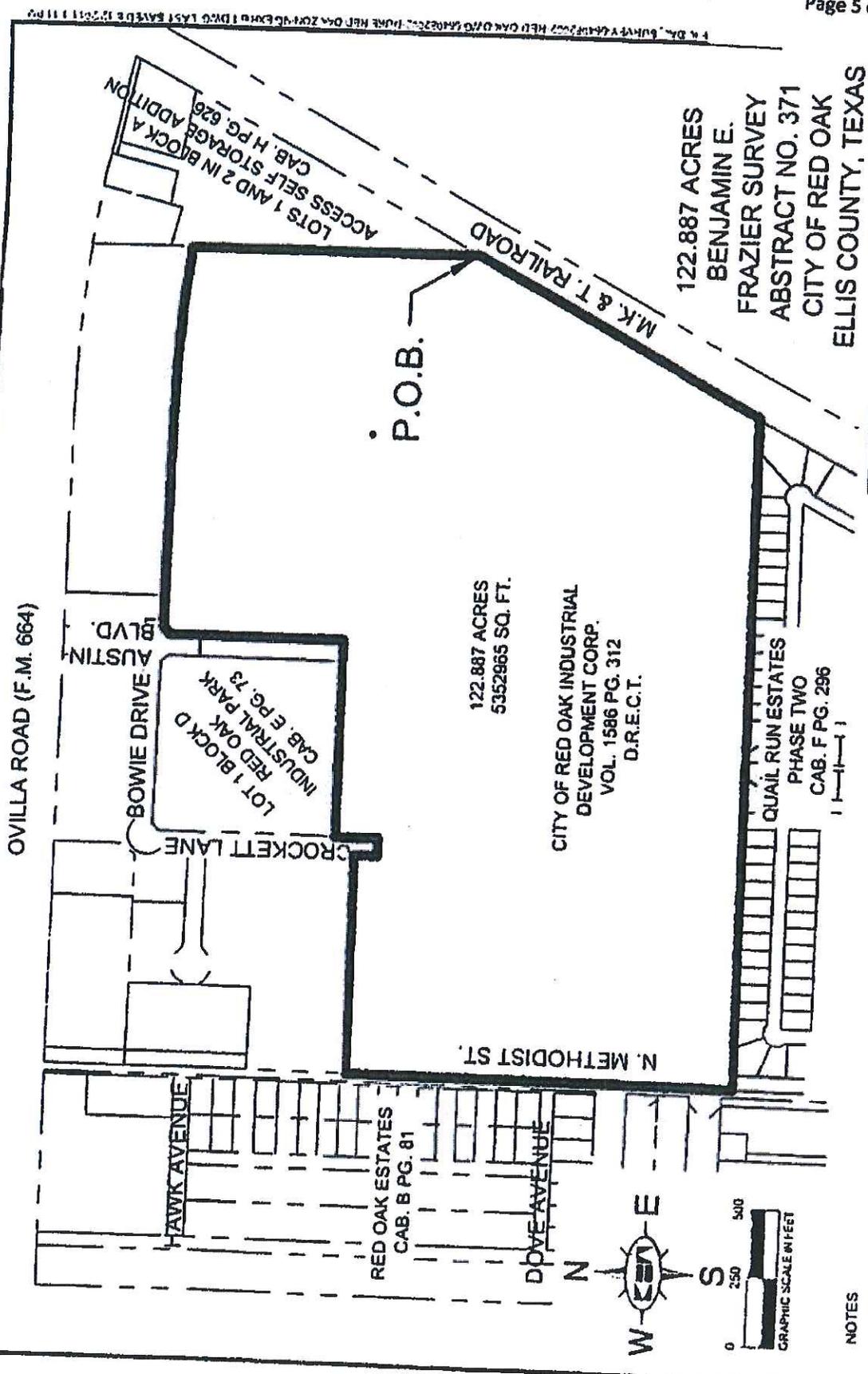
PLEASE DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT

PAY TAXES ONLINE AT WWW.ELLISCOUNTYTAX.COM WITH VISA OR MASTERCARD OR DISCOVER OR ECHECK

ACCOUNT NUMBER	CAD NUMBER	PAY BY:	AMOUNT DUE:
255112	72881190100300111	JANUARY 31, 2013	\$17,408.70
AMOUNT PAID:			

TRIUMPH AEROSTRUCTURES REAL ESTATE INVES 9314 W JEFFERSON BLVD DALLAS TX 75211	PAY TO: JOHN BRIDGES, RTA, CTA, CSTA TAX ASSESSOR-COLLECTOR P. O. DRAWER 188 WAXAHACHIE, TEXAS 75168-0188 PHONE: 972-825-5150
--	--





Kimley-Horn and Associates, Inc.
 12700 Park Center Drive, Suite 1000
 Dallas, Texas 75241
 Tel No (972) 770-1700
 Fax No (972) 238-3435

Scale	1" = 50'
Drawn by	SHD
Checked by	DAW
Date	AUG 2011
Project No.	06-0000002
Sheet No.	1 of 1

NOTES
 This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

ATTACHMENT NO. 14

Section: Wage and Employment Information

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="checkbox"/> Year	<input type="checkbox"/> Period	<input type="checkbox"/> Area	<input type="checkbox"/> Ownership	<input type="checkbox"/> Division	<input type="checkbox"/> Level	<input type="checkbox"/> Ind Code	<input type="checkbox"/> Industry	<input type="checkbox"/> Avg Weekly Wages
2012	1st Qtr	Ellis County	Private	00	0	10	Total, All Industries	\$719
2012	2nd Qtr	Ellis County	Private	00	0	10	Total, All Industries	\$693
2011	3rd Qtr	Ellis County	Private	00	0	10	Total, All Industries	\$721
2011	4th Qtr	Ellis County	Private	00	0	10	Total, All Industries	\$727

\$2,860.00
+ 4
\$ 715.00
x 110%
\$ 786.50

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
2012	1st Qtr	Elis County	Private	31	2	31-33	Manufacturing	\$988
2012	2nd Qtr	Elis County	Private	31	2	31-33	Manufacturing	\$951
2011	3rd Qtr	Elis County	Private	31	2	31-33	Manufacturing	\$1,005
2011	4th Qtr	Elis County	Private	31	2	31-33	Manufacturing	\$944
								<u>\$3,888.00</u>
								÷ 4
								<u>\$ 972.00</u>
								x 110%
								<u>\$1,069.20</u>

**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.

\$49,986.00
x 110%
\$54,984.60
+ 52 weeks
\$ 1,057.40

ATTACHMENT NO. 15

Section: Description of Benefits

**Triumph Aerostructures
Salaried Benefits
2013 Plan Year**

Type of Benefit	Plan
Medical	Aetna 90/10
Medical	Aetna 80/20
Medical	Aetna High Deductible Health Savings Account 80/20
Medical	Waive Coverage
Dental	Delta Dental - Delta Basic - Preventative
Dental	Delta Dental - Delta Care without Orthodontia
Dental	Delta Dental - Delta Care Plus with Orthodontia
Dental	Waive Coverage
Vision	Aetna Medical
Vision	VSP B - Supplemental Vision
Vision	VSP C - Supplemental Vision
Wellness	100% Covered
Hearing	No Deductible, 1 exam per year, 1 hearing aid per ear every 3 benefit plan years, \$750 max per ear/per benefit plan year.
Employee Life Insurance	Basic Life Insurance - \$50,000 - no cost to employee
Optional Life Insurance	Available to employee to elect coverage of 1-8 times your pay
Optional Dependent Life Insurance	Spouse Coverage - \$10,000, \$25,000 or \$50,000
Optional Dependent Life Insurance	Child Coverage - \$5,000 per child or \$10,000 per child
Stock Purchase Plan	Employee Stock Purchase Plan - Triumph Stock - Administered by ComputerShare
Group Legal Services	Provided by Hyatt Legal
401(k) Plan	Triumph Group 401(k) Plan - Administered by Vanguard

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

Form 50-296

Applicant Name ISD Name	Red Oak	Year	Aug-May School Year (YYYY- YYYY)	Prop Tax as of Jan 1 Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value Exempted Value	Estimated Taxable Value	
					Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Total Market Value of tangible personal property in the new building or		Final taxable value for MAO - after all reductions	Final taxable value for MAO - after all reductions
		pre-year 1	2013-2014	2013	2,018,602	0	0		2,018,602	2,018,602
		1	2014-2015	2014	2,018,602	60,893,729	44,339,310		107,251,641	107,251,641
		2	2015-2016	2015	2,018,602	58,200,000	48,853,978		109,072,580	109,072,580
		3	2016-2017	2016	2,018,602	57,300,000	46,811,555		106,130,158	80,000,000
		4	2017-2018	2017	2,018,602	56,400,000	45,474,617		103,893,219	80,000,000
		5	2018-2019	2018	2,018,602	55,500,000	42,507,153		100,025,755	80,000,000
		6	2019-20	2019	2,018,602	54,600,000	38,266,536		94,885,139	80,000,000
		7	2020-21	2020	2,018,602	53,700,000	38,063,943		93,782,545	80,000,000
		8	2021-22	2021	2,018,602	52,800,000	34,975,443		89,794,046	80,000,000
		9	2022-23	2022	2,018,602	51,900,000	32,334,162		86,252,764	80,000,000
		10	2023-24	2023	2,018,602	51,000,000	30,067,651		83,086,253	80,000,000
		11	2024-25	2024	2,018,602	50,100,000	28,126,311		80,244,913	80,244,913
		12	2025-26	2025	2,018,602	49,200,000	26,333,358		77,551,961	77,551,961
		13	2026-27	2026	2,018,602	48,300,000	24,554,320		74,872,922	74,872,922
		14	2027-28	2027	2,018,602	47,400,000	22,792,553		72,211,155	72,211,155
		15	2028-29	2028	2,018,602	46,500,000	21,507,552		70,026,155	70,026,155

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

17 DEC 2012
DATE

Schedule C- Application: Employment Information

Triumph Aerostructures
Red Oak

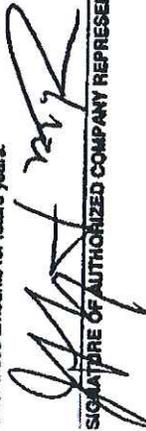
Applicant Name
ISD Name

Form 50-296

Year pre-year 1	School Year (YYYY-YYYY)	Calendar Year (Fill in actual Calendar year) YYYY	Construction		New Jobs		Qualifying Jobs	
			Column A: Number of Construction Man Hours	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
	2013-2014	2013	337,956.0	\$37,440	35	\$ 56,784	28	\$ 56,784
	2014-2015	2014			35	\$ 56,784	28	\$ 56,784
	2015-2016	2015			35	\$ 56,784	28	\$ 56,784
	2016-2017	2016			35	\$ 56,784	28	\$ 56,784
	2017-2018	2017			35	\$ 56,784	28	\$ 56,784
	2018-2019	2018			35	\$ 56,784	28	\$ 56,784
	2019-20	2019			35	\$ 56,784	28	\$ 56,784
	2020-21	2020			35	\$ 56,784	28	\$ 56,784
	2021-22	2021			35	\$ 56,784	28	\$ 56,784
	2022-23	2022			35	\$ 56,784	28	\$ 56,784
	2023-24	2023			35	\$ 56,784	28	\$ 56,784
	2024-25	2024			35	\$ 56,784	28	\$ 56,784
	2025-26	2025			35	\$ 56,784	28	\$ 56,784
	2026-27	2026			35	\$ 56,784	28	\$ 56,784
	2027-28	2027			35	\$ 56,784	28	\$ 56,784
	2028-29	2028			35	\$ 56,784	28	\$ 56,784

Notes: For job definitions see TAC §8.1051(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

12 DEC 2012
DATE

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

Applicant Name

Triumph Aerostructures

Form 50-296

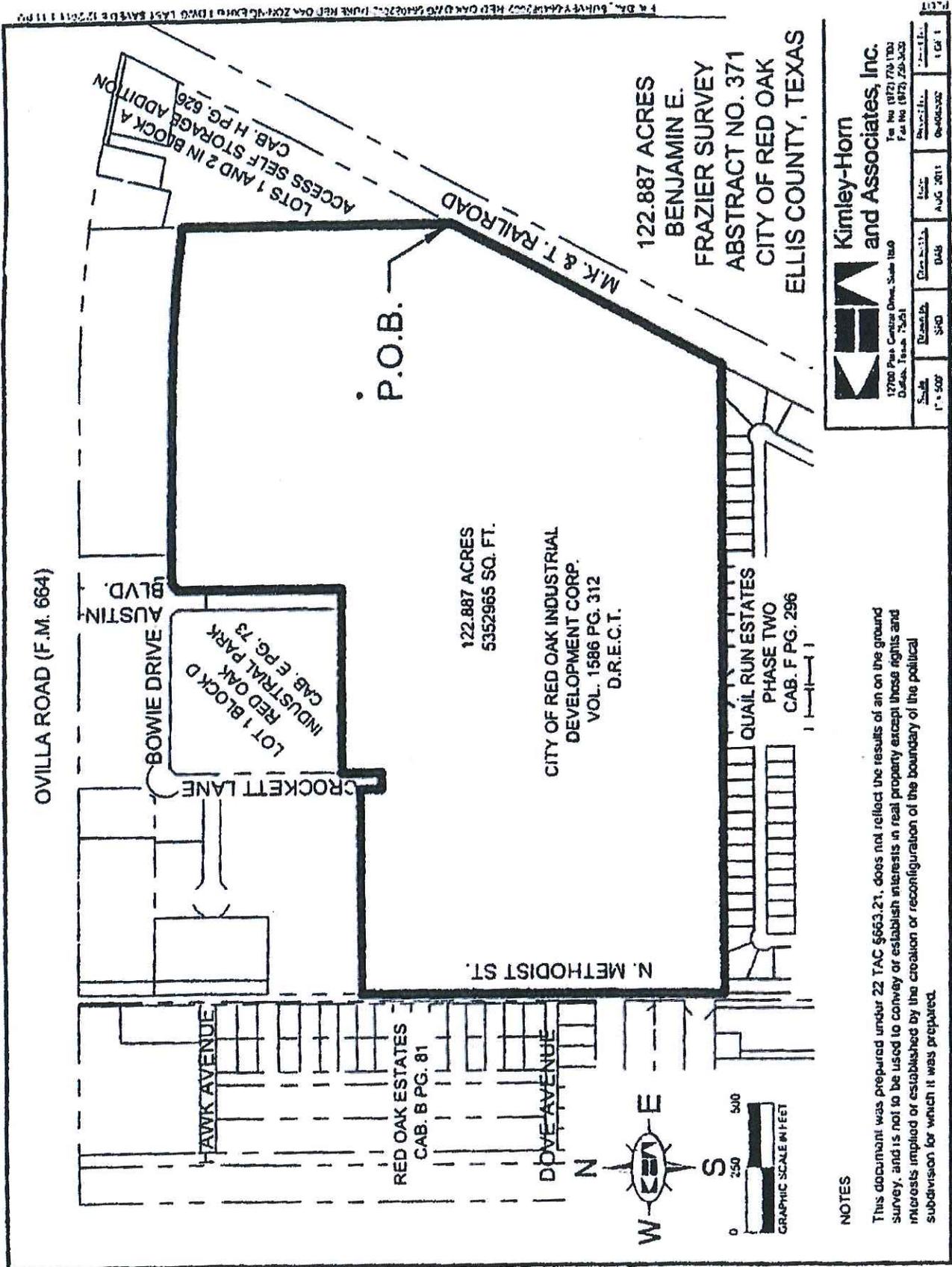
	Sales Tax Information			Franchise Tax				Other Property Tax Abatements Sought			
	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	\$ 28,750,000	\$ 68,050,000	\$ 38,000	70%	100%	0%	0%		
Complete tax years of qualifying time period	1	2014-2015	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	90%	0%	0%		
	2	2015-2016	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	80%	0%	0%		
	3	2016-2017	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	70%	0%	0%		
	4	2017-2018	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	70%	0%	0%		
	5	2018-2019	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	70%	0%	0%		
	6	2019-20	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	70%	0%	0%		
	7	2020-21	\$ 4,200,000	\$ 1,000,000	\$ 38,000	70%	70%	0%	0%		
	8	2021-22	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	70%	0%	0%		
	9	2022-23	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	70%	0%	0%		
	10	2023-24	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	70%	0%	0%		
	11	2024-25	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	50%	0%	0%		
	12	2025-26	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	50%	0%	0%		
	13	2026-27	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	50%	0%	0%		
	14	2027-28	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	50%	0%	0%		
	15	2028-29	\$ 4,200,000	\$ 1,000,000	\$ 38,000	0%	50%	0%	0%		
Tax Credit Period (with 50% cap on credit)											
Credit Settle-Up Period											
Post-Settle-Up Period											
Post-Settle-Up Period											

*For planning, construction and operation of the facility.

17 DEC 2012

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE



Kimley-Horn and Associates, Inc.
 17700 Park Center Drive, Suite 1300
 Dallas, Texas 75241
 Tel No (972) 770-1700
 Fax No (972) 770-3030

Scale	1" = 500'
Quantity	SFO
Drawn by	DAH
Date	AUG 2011
Sheet No.	04-003302
Sheet 1 of 1	

NOTES
 This document was prepared under 22 TAC §663.27, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.



LEGAL DESCRIPTION

BEING a tract of land situated in the Benjamin E. Frazier Survey, Abstract No. 371, City of Red Oak, Ellis County, Texas and being part of a tract of land described in Special Warranty Deed to City of Red Oak Industrial Development Corporation recorded in Volume 1586, Page 312, Deed Records of Ellis County, Texas and being more particularly described as follows:

BEGINNING at a point in the west right-of-way line of the M.K. & T. Railroad at the southernmost corner of Lot 2, Block A, Lots 1 and 2 in Block A of Access Self Storage Addition, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet H, Page 626, Map Records of Ellis County, Texas;

THENCE with said west right-of-way line, South 28°20'46" West, a distance of 1218.31 feet to the northeast corner of Lot 45, Block A, Quail Run Estates, Phase Two, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet F, Page 296, Map Records of Ellis County, Texas;

THENCE with the north line of said Quail Run Estates, Phase Two, South 89°50'38" West, a distance of 2535.36 feet to a point in North Methodist Road;

THENCE with the west line of said City of Red Oak Industrial Development Corporation tract, North 00°15'00" East, a distance of 1458.25 feet to a point for corner;

THENCE departing said west line, South 89°59'35" East, a distance of 819.09 feet to a point in the west right-of-way line of Crockett Lane (a 65-foot wide right-of-way);

THENCE with said west right-of-way line, South 01°14'57" West, a distance of 86.62 feet to the southwest corner of the southerly terminus of said Crockett Lane;

THENCE with said southerly terminus, South 89°45'00" East, a distance of 65.00 feet to the southeast corner of said southerly terminus;

THENCE with said east right-of-way line, North 00°14'57" East, a distance of 166.07 feet to the southwest corner of Lot 1, Block D, Red Oak Industrial Park, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet E, Page 73, Map Records of Ellis County, Texas;

THENCE with the south line of said Lot 1, Block D, South 89°45'03" East, at a distance of 669.18 feet, passing the southeast corner of said Lot 1, Block D, continuing, in all a total distance of 749.18 feet to a point for corner;

THENCE North 00°14'57" East, at a distance of 533.39 feet, passing the southeast corner of the southerly terminus of Austin Boulevard (an 80-foot wide right-of-way), continuing, with the east right-of-way line of said Austin Boulevard, in all a total distance of 647.39 feet to the southernmost end of a right-of-way corner clip at the intersection of

said east right-of-way line and the south right-of-way line of Bowie Drive (a 65-foot wide right-of-way line);

THENCE with said right-of-way corner clip, North $45^{\circ}14'57''$ East, a distance of 35.36 feet to the northernmost end of said right-of-way corner clip;

THENCE South $89^{\circ}45'03''$ East, at a distance of 28.49 feet, passing the southeast corner of the easterly terminus of said Bowie drive, continuing, departing said easterly terminus, in all a distance of 793.32 feet to the beginning of a non-tangent curve to the right having a central angle of $06^{\circ}59'45''$, a radius of 5350.99 feet, a chord bearing and distance of South $86^{\circ}15'19''$ East, 652.94 feet;

THENCE in a southeasterly direction, with said curve to the right, an arc distance of 653.35 feet to a point in the west line of said Lot 1, Block A, at the end of said curve;

THENCE with said west line of Lot 1, Block A, South $00^{\circ}03'18''$ East, a distance of 1081.09 feet to the **POINT OF BEGINNING** and containing 122.887 acres or 5,352,965 square feet of land.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

AN RESOLUTION OF THE CITY OF RED OAK, TEXAS

RESOLUTION NO. 11-034R

A RESOLUTION OF THE CITY OF RED OAK, TEXAS, ADOPTING GUIDELINES AND CRITERIA FOR TAX ABATEMENT AGREEMENTS WITHIN THE CITY OF RED OAK; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, economic development through the creation of a new industry and expansion of existing industry that results in new wealth and/or job opportunities is important for the well being of the local economy; and

WHEREAS, tax abatement is one of the principal means by which the public sector and the private sector can forge a partnership to promote real economic growth within the community; and

WHEREAS, the City of Red Oak must compete with other localities throughout the United States currently offering tax incentives to attract new facilities and plant modernization projects; and

WHEREAS, the abatement of property taxes, when offered to attract new and expanded businesses has been shown to be an effective method of enhancing and diversifying City economy and creating community and area wealth; and

WHEREAS, Chapter 312 of the TEXAS TAX CODE requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to the granting of any future tax abatement or creation of a reinvestment zone; and

WHEREAS, the city council has previously adopted appropriate guidelines, which have expired; and

WHEREAS, the city council desires to adopt new guidelines for tax abatement criteria; and

WHEREAS, these Guidelines and Criteria shall not be construed as implying or suggesting the City of Red Oak is under obligation to provide tax abatements or other incentives to any applicant; and all applicants shall be considered on a case-by-case basis.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RED OAK, ELLIS COUNTY, TEXAS, THAT:

SECTION 1.

That the City Council hereby establishes guidelines and criteria governing property tax abatement agreements as set forth on Exhibit A, which is attached hereto and incorporated herein, as the "City of Red Oak Tax Abatement Guidelines and Criteria." The City of Red Oak Tax Abatement Guidelines and Criteria shall be effective for two (2) years from the date of adoption and may only be amended or repealed by a three-fourths (¾) vote of the city council as provided by law.

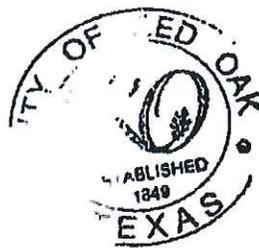
SECTION 2.

All provisions of resolutions of the City of Red Oak, Texas, in conflict with the provisions of this resolution be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this resolution shall remain in full force and effect.

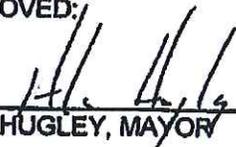
SECTION 3.

This resolution shall take effect immediately from and after its passage, as the law and charter in such cases provide.

DULY PASSED by the City Council of the City of Red Oak, Texas, on the 8th day of August, 2011.



APPROVED:


ALAN HUGLEY, MAYOR

ATTEST:


CYNTHIA OLGUIN, CITY SECRETARY

APPROVED AS TO FORM:

ROBERT E. HAGER, CITY ATTORNEY
(REH/cdb)

EXHIBIT A

**CITY OF RED OAK
TAX ABATEMENT GUIDELINES AND CRITERIA**

POLICY STATEMENT

The City of Red Oak is committed to the promotion of quality development in all parts of the City and to the ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of Red Oak will, on a case-by-case basis, give consideration to providing tax abatement as a stimulation for economic development in Red Oak. It is the policy of the City that said consideration will be provided in accordance with the procedures and criteria outlined in this document. However, nothing herein shall imply or suggest that the City is under obligation to provide any incentive to any applicant. All applications shall be considered on a case-by-case basis.

DEFINITIONS - Section 1.

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain improvements on real property and/or tangible personal property in a reinvestment zone designated by the City of Red Oak for economic development purposes.
- (b) "Agreement" means a contractual agreement between a property owner and a taxing jurisdiction for the purpose of tax abatement.
- (c) "Base Year Value" means the assessed value of either the applicant's subject real property and improvements on January 1 of the year of the execution of the agreement plus the agreed upon value of any property improvements made after January 1 but before execution of the agreement, and/or the assessed value of any tangible personal property located on the owner's real property at any time prior to the abatement period covered by the agreement.
- (d) "Deferred Maintenance" means improvements necessary for the continued operation which do not improve productivity or alter the process technology.
- (e) "Economic Life" means the number of years a property improvement is expected to be in service in a Facility.
- (f) "Enterprise Zone" means an area designated pursuant to the Texas Enterprise Zone Act (Chapter 2303, Government Code).
- (g) "Expansion" means the addition of buildings, structures, fixed machinery, equipment, or tangible personal property for the purpose of increasing production capacity.
- (h) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (i) "Lease" means a relationship whereby the business applying for a tax abatement has a contract for exclusive possession of either the real property on which improvements are to be made and/or moveable personal property to be used for the operation of the business for a defined period of time.

EXHIBIT A

(j) "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology, or substantially lowers the unit cost of operation and/or extends the economic life of the facility. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery, or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing, or completion of Deferred Maintenance.

(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) "Personal Property" means equipment and/or tools, used or bought or leased for use, in the operation of the business applying for tax abatement, other than that which was located on the real property at any time before the period covered by the tax abatement agreement, and other than inventory, supplies, and/or office equipment.

(m) "Real Property" means the area of land defined by legal description as being owned or leased by the business applying for a tax abatement, including any improvements thereto, which is to be improved and valued for property tax purposes, and which is to be included in the Reinvestment Zone.

(n) "Reinvestment Zone" means an area designated as such for the purposes of tax abatement as authorized by the City in accordance with The Property Tax Code Annotated Chapter 312.201 et seq (of Subchapter B) (Vernon 1992) and (Supp. 1995), as amended.

ABATEMENT AUTHORIZED - Section 2

- (a) Eligible Facilities. Upon application, eligible facilities shall be considered for Tax Abatement as hereinafter provided.
- (b) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the City of Red Oak and the property owner or lessee, subject to such limitations as the City of Red Oak may require.
- (c) New and Existing Facilities. Abatement may be granted to the taxable value of the New Facilities and improvements to existing Facilities for the purpose of Modernization or Expansion.
- (d) Eligible Property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment site improvements, related fixed improvements, tangible personal property, and the increased value of the Real Property.
- (e) Ineligible Property. The following types of property shall be fully taxable and ineligible for Tax Abatement: supplies; inventory; Deferred Maintenance; property to be rented or leased except as provided in Section (f); and property that is associated with any activity which is illegal under federal, state and local law.

(f) Owned/Leased Facilities. If a Leased Facility is granted abatement, the agreement shall be executed with the owner and lessee. Prior to any tax abatement agreement being executed, a copy of the lease shall be provided to the City.

(g) Economic Qualification. In order to be eligible for designation as a reinvestment zone and receive value added tax abatement, the planned improvement:

- (1) must be expected to have an increased appraised ad valorem tax value of at least \$500,000 based upon the Ellis County Appraisal District's assessment of eligible property. However, this requirement may be waived at the discretion of City Council; or
- (2) must be expected to prevent the loss of payroll, or retain, increase, or create payroll in Red Oak, Texas.

(h) Standards for Tax Abatement. Any request for tax abatement may be reviewed by the City Council appointed Board of the City of Red Oak Industrial Development Corporation. This committee may serve as a recommending body to the City Council whether tax abatement should be offered in each individual case. A determination for a tax abatement shall be based upon a subjective evaluation of the following criteria, as well as others, to determine whether to grant tax abatement and, if so, the percentage of value to be abated and the duration of the tax abatement:

- (1) value of land and existing improvements, if any;
- (2) type and value of proposed improvements;
- (3) Economic Life of proposed investments;
- (4) number of existing jobs to be retained by proposed improvements;
- (5) number of type of new jobs to be created by proposed improvements;
- (6) amount of local payroll to be created;
- (7) whether the new jobs to be created will be filled by persons residing or projected to reside within the City of Red Oak;

- (8) amount of local sales taxes to be generated directly;
- (9) amount property tax base valuation will be increased during the term of Abatement and after the expiration of the Abatement;
- (10) whether the applicant is qualified for the freeport exemption, and if so, what percentage of inventory valuations qualify and the dollar value of exemption each year for each taxing entity;
- (11) the costs to be incurred by the City of Red Oak to provide infrastructure or services directly resulting from the new improvements;
- (12) the amount of ad valorem taxes to be paid to the City of Red Oak during the abatement period considering (a) the existing valued base year; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period;
- (13) the population growth of the City of Red Oak that occurs directly as a result of the proposed improvements and how this will effect the Red Oak ISD and infrastructure needs of the City;
- (14) the types and values of public improvements, if any, to be made by applicant seeking abatement;
- (15) whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (16) the impact on the business opportunities of existing businesses;
- (17) the attraction of other new businesses to the area;
- (18) the overall compatibility with the zoning ordinance and comprehensive plan for the City Council;
- (19) whether the project is environmentally compatible with no negative impact on quality of life perceptions;
- (20) any other factor(s) related to the proposed improvements that may have an effect, positive or negative, on the City of Red Oak and other affected taxing entities.

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

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

- (1) there would be a substantial adverse effect on the provision of government service or tax base;
- (2) the applicant has insufficient financial capacity;
- (3) planned or potential use of the property would constitute a hazard to public safety, health or morals;
- (4) violation of other codes or laws; or
- (5) any other reason deemed appropriate by the City Council of the City of Red Oak.

(j) Taxability. From the execution of the Abatement to the end of the Agreement period taxes shall be payable as follows:

- (1) the value of the ineligible property as provided in Section 2(e) shall be fully taxable; and
- (2) the base year value of existing eligible property as determined each year shall be fully taxable.

(k) The additional value of new eligible property shall be fully taxable at the end of the Abatement period.

(l) The adoption of these guidelines and criteria for tax abatement shall not limit the discretion of the City Council to decide whether to enter into a specific tax abatement agreement and shall not create any property, contract or other legal right in any person to have the City Council consider or grant a specific application or request for tax abatement.

(m) Property that is in a Reinvestment Zone and that is owned or leased by a member of the City Council or planning and zoning commission is excluded from property tax abatement.

APPLICATION - Section 3.

(a) Any present or potential owner of taxable property in Red Oak, Texas may request the creation of a reinvestment zone and tax abatement by filing a written request with the City of Red Oak. The application may then be forwarded to the City of Red Oak Industrial Development Corporation for review and possible recommendation to the City Council of the City of Red Oak for that final disposition.

(b) The application shall consist of a completed application form which shall provide detailed

STATE ADMINISTRATION - Section 6

Pursuant to Chapter 312 of the Texas Tax Code, as amended, the City is required to deliver to the Texas Department of Commerce or its successor and the State Comptroller before April 1 of the year following which a Reinvestment Zone is designated or a tax abatement agreement is executed a report providing all of the information required by Chapter 312. The Director of Economic Development for the City is established as the City Liaison with the State for this purpose.

SUNSET PROVISIONS - Section 7.

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by three-quarters vote of the City Council of the City of Red Oak, at which time all reinvestment zones and Tax Abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria may be modified, renewed, or eliminated.

March 11, 2013

**VIA ELECTRONIC MAIL TO: gary.price@cpa.state.tx.us
AND FIRST CLASS MAIL**

Mr. Gary Price
Economic Development and Analysis
Comptroller of Public Accounts
of the State of Texas
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Re: Application No. 258 to the Red Oak Independent School District from Triumph
Aerostructures, LLC

Dear Mr. Price:

We are writing in response to the requests for additional information contained in the Completeness Letter dated December 20, 2012, and your e-mail of January 9, 2013. In this letter, we are also supplementing the Application to add a co-applicant.

Requests for Additional Information

You have requested additional information concerning the relocation of jobs, resources or assets to Red Oak from other Texas sites, and specifically:

- The other sites in Texas that are (or may be) involved, the taxable value of property at those sites, employees and contractors currently at those sites, plans for those facilities and workers, and timeline.
- Details regarding the final location of the transferred tangible personal property and the new tangible personal property listed in Schedule A to the application, i.e., how much of each of those classes of property is going to be in the non-qualified-property-existing building, and how much is going to be in the new, qualifying-property-building.

In response to your requests, attached are the following:

1. Attachment 1: A Project Narrative that provides additional information concerning the project, including matters relating to the potential relocation of the

Mr. Gary Price
Comptroller of Public Accounts
March 11, 2013
Page 2

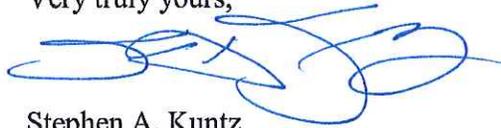
Applicant's largest manufacturing facility currently located at 9314 W. Jefferson Blvd., in the City of Dallas, Dallas County, Texas to the Red Oak Project.

2. Attachment 2: A Description of Relocated Assets that provides details concerning the assets that under current projections, would be relocated from the 9314 W. Jefferson Blvd., Dallas, Texas location to the Red Oak Site.
3. Attachment 3: An Estimated Headcount to be Relocated to Red Oak Project Site that provides details concerning the current estimate of the number of employees, by classification, that would be relocated from the 9314 W. Jefferson Blvd., Dallas, Texas location to the Red Oak Site.

Please do not hesitate to call me at (713) 651-5241 if you have any questions or need any additional information.

Thank you for your consideration.

Very truly yours,



Stephen A. Kuntz

Attachments

cc: Mr. Kevin O'Hanlon
O'Hanlon, McCollom & Demerath
808 West Avenue
Austin, Texas 78701
(w/attachments)
Via Electronic Mail To: kohanlon@808west.com

TRIUMPH AEROSTRUCTURES, LLC PROJECT

Red Oak ISD No. 258

Attachment 1

Project Narrative

Description of the Project

The project includes the construction and acquisition of manufacturing facilities and the related infrastructure and tangible personal property (collectively, the "Project") for Triumph Aerostructures-Vought Aircraft Division, an aerospace and aircraft related manufacturing, research and development, engineering and administrative services company (the "Company"). It is anticipated that the new construction of improvements and the installation of the related infrastructure and new equipment and other tangible personal property for the manufacturing facilities for the Company will cost approximately \$102 million. The Project will be constructed on approximately 130 acres of land (the "Red Oak Project Site") located within the city limits of the City of Red Oak (the "City") located in Ellis County, Texas.

Triumph Aerostructures has six manufacturing locations in the U.S. The Company plans to relocate its largest manufacturing facility (generating approximately \$300 million in annual sales) currently located at the former Naval Weapons Industrial Reserve Plant, 9314 W. Jefferson Blvd., in the City of Dallas, Dallas County, Texas. The U.S. Navy completed the sale of the Jefferson Blvd. property to a private real estate development company on October 5, 2012. With the new ownership of the Jefferson Blvd. facilities, Triumph has made a determination that it can no longer sustain a viable operation at the Jefferson Blvd. facilities. This has led Triumph to launch a nationwide search for either a location to build a new facility or a location with existing facilities that would accommodate the Company's operations. Triumph has solicited and received numerous viable economic development proposals from States and communities outside of Texas.

An appraised value limitation agreement (Chapter 313) with Red Oak Independent School District is a critical part of a broader incentive package offered collectively by the City of Red Oak, Ellis County and Red Oak Independent School District and is a necessary element of that package in order to relocate these jobs in the State of Texas and to create new jobs in the State of Texas, as discussed below.

Upon completion of the Project, the Company estimates that approximately 800+ full-time jobs will be transferred to the Red Oak Project Site from the Jefferson Blvd. location, which will allow all of these jobs to be retained within the State of Texas. In addition, the Company will create approximately 35 new jobs associated with the Project. This is a significant influx of jobs into this community and is expected to bring significant economic growth into the City and Ellis County.

The Company has recently completed construction of a manufacturing building currently located at the Red Oak Project Site (the "Existing Building"). The Existing Building will be used for manufacturing a new commercial wing. The Existing Building is not included as a part of this Application. The new construction of additional facilities at the Red Oak Project Site (the "New Qualified Property Facilities") and the purchase of new tangible personal property (the "New Qualified TPP") is estimated to cost approximately \$102 million, which is in addition to the equipment and other tangible personal property (the "Relocated Non-Qualified TPP") to be moved from the Jefferson Blvd. location to the New Qualified Property Facilities. The New Qualified TPP will be located in both the New Qualified Property Facilities and the Existing Building, and the Relocated Non-Qualified TPP will be located in both the New Qualified Property Facilities and the Existing Building. The Company currently projects that a majority of both the New Qualified TPP and the Relocated Non-Qualified TPP will be located in the New Qualified Property Facilities.

In connection with the relocation, the balance of the equipment and other tangible personal property currently located at the Jefferson Blvd. site will be abandoned and sold or scrapped. When the relocation is completed, no further operations will be conducted by the Company at the Jefferson Blvd. location.

Construction of the New Qualified Property Facilities began in the 1st quarter of 2013 and is projected to be completed in the 1st quarter of 2014. The Relocated Non-Qualified TPP will be moved to the New Qualified Property Facilities as completion occurs. Similarly, jobs will be transferred to the Red Oak Project Site from the Jefferson Blvd. location as the New Qualified Property Facilities are completed and equipped and the Existing Building is equipped.

Company History

Triumph Aerostructures' heritage evolves from a world-class family tree: Grumman, Northrop, Stinson, Textron, Avco and Vought. The Vought name extends back to the military aircraft company founded by aviation pioneer, Chance Milton Vought. In 1917, with Birdseye B. Lewis, Vought organized the Lewis & Vought Corp. Among the more than 15,000 aircraft produced by Chance Vought's legacy companies, some notable models include the VE-7 Bluebird, the OS2U Kingfisher, the F4U Corsair, the F-8 Crusader, the A-7 Corsair II, and major portions of the B-1B and B-2 Bombers.

Triumph Aerostructures was formed in June 2010 when Triumph Group, Inc. (TGI) acquired Vought Aircraft Industries.

Description of the Company

Triumph Aerostructures-Vought Aircraft Division (Triumph Aerostructures), a subsidiary of Triumph Group Inc., is a leading global manufacturer of aerostructures for commercial, military and business jet aircraft generating approximately \$2 billion in sales annually. Products include fuselages, wings, empennages, nacelles and helicopter cabins. The Company's customer base consists of the world's

leading aerospace prime contractors, and more than 80 percent of its programs are sole-source, long-term contracts.

Triumph Aerostructures is positioned as a Tier I Integrator that designs, produces and delivers large-scale complex aero structures and offers a full range of design, testing, manufacturing and support capabilities. The Company excels in its role as a Tier I Integrator — filling the gap between prime contractors and traditional subcontractors by integrating the supply base and providing large, complex aerostructures on a turnkey basis. The Company's key capabilities include: Research and Development, Design and Tooling, Assembly and Integration, Testing, and Maintenance, Repair and Overhaul. These capabilities are best suited for the design and manufacture of wings, empennages, fuselage sections, control surfaces, nacelles and other structural components.

Planned Business Base at the Red Oak Project Site

The scope of work at the Red Oak Project Site will include both military and commercial programs. Current programs include:

- Major sections for the C-17 Globemaster III Cargo Aircraft, including the Tail section, nacelles and aerial refueling receptacle
- Wings for Global Hawk UAV
- Cabin structure for BLACK HAWK UH-60 variants;
- Empennage for the V-22 Osprey;
- Wings for Gulfstream G550 and G500 (operated under the designation C-37A by the U.S. Air Force); and
- Flight control surfaces for the C-5 Galaxy.

TRIUMPH AEROSTRUCTURES, LLC PROJECT

Red Oak ISD No. 258

Attachment 2

Description of Relocated Assets

The Applicant will relocate certain machinery, equipment and other tangible personal property from its facilities located at 9314 W. Jefferson Blvd., in the City of Dallas, Dallas County, Texas, to the new improvements at the Red Oak Site. The relocated items are not included in the project for purposes of this Application. For the tax year 2012, the relocated items are included in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850, which also includes inventory, machinery, equipment and other tangible personal property that are not being relocated to the Red Oak Site. The total 2012 taxable value for the assets in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850 was \$135,718,480.00, including \$70,000,000.00 of inventory.

Set forth below is a schedule that summarizes the taxable value of the manufacturing assets that are currently projected to be relocated to the Red Oak Site from the 9314 W. Jefferson Blvd., Dallas, Texas location:

<u>Description</u>	<u>2012 Taxable Value</u>
Computers	\$741,086.03
Forklifts	629,618.73
Furniture & Fixtures	487,003.04
Golf Carts	1,109.90
Machine Shop – Machinery & Equipment	9,856,405.05
Machinery & Equipment	2,068,188.44
Manufacturing Test Equipment	1,492,949.86
Office Equipment	410,391.61
Short Life – Machinery & Equipment	650,016.96
Total 2012 Taxable Value	<u>\$16,336,769.62</u>

The Applicant currently projects that a majority of the relocated assets will be located in the new improvements at the Red Oak Site.

The assets that are not being relocated to the Red Oak Site will be abandoned and sold or scrapped. When the relocation is completed, no further operations will be conducted by the Applicant at the 9314 W. Jefferson Blvd., Dallas, Texas location.

Please note the following with respect to the foregoing information:

1. The tax year 2012 is the latest tax year for which taxable value information is available, and accordingly, the information shown is for assets and taxable values as of January 1, 2012. Since that date, assets included in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850 have been retired and disposed of, and new assets have been acquired.

2. The above schedule of values is Applicant's estimate of the 2012 taxable value in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850 that is attributable to items that are projected to be relocated to the new improvements at the Red Oak Site. The Applicant is continuing to review the assets currently located at the 9314 W. Jefferson Blvd., Dallas, Texas location in order to make a final decision as to which tangible personal property will be relocated to the Red Oak Site. All tangible personal property not relocated to the Red Oak Site will be liquidated.

3. In order to ensure that no relocated property is incorrectly linked to the value limitation, the Applicant will track and identify the assets ultimately relocated to the Red Oak Site and will request that the Ellis County Appraisal District:
 - create new property account numbers for the property that is the subject of this Application in order to track the increased value attributable to the qualified property;

 - create a new property account number for the existing building (or add the existing building to an existing account number for the tract of land underlying the existing building) that is not included in the project for purposes of this Application in order to separately track the value attributable to the existing building; and

 - create a new property account number or numbers for the relocated property that is not included in the project for purposes of this Application in order to separately track the value attributable to the relocated property.

TRIUMPH AEROSTRUCTURES, LLC PROJECT

Red Oak ISD No. 258

Attachment 3

Estimated Headcount to be Relocated to Red Oak Project Site

Estimated Headcount to be Relocated to Red Oak Site		
	Headcount	Estimated Average Annual Salary & Wage per person
UAW - Hourly	519	\$ 72,833
Professional	119	\$ 64,177
Technical	123	\$ 84,722
Managerial	86	\$ 122,229
Total	847	\$ 78,358

These employees support the following current programs:

- C-17
- Gulfstream 550
- V22
- H60 - Black Hawk
- GF-135
- Global Hawk/ BAMS

Attachment B
Certificate of Account Status



Franchise Tax Account Status

As of: 05/14/2013 09:05:33 AM

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

TRIUMPH AEROSTRUCTURES, LLC	
Texas Taxpayer Number	32042042732
Mailing Address	350 N SAINT PAUL ST STE 2900 DALLAS, TX 75201-4234
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
SOS Registration Date	06/11/2010
Texas SOS File Number	0801281114
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	350 NORTH ST. PAUL ST., STE. 2900 DALLAS, TX 75201

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

Scott Niven
Superintendent
Red Oak Independent School District
156 Louise Ritter Blvd.
Red Oak, Texas 75154

Dear Superintendent Niven:

On December 20, 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 on December 17, 2012 to the Red Oak Independent School District (the school district) by Triumph Aerostructures, LLC (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 B; 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 non-rural school district in Category 2 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter B, applicable to non-rural school districts. The amount of proposed qualified investment (\$100 million) is consistent with the proposed appraised value limitation sought (\$80 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 Ellis 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 B.

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 20, 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	Triumph Aerostructures, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Red Oak
2011-2012 Enrollment in School District	5,519
County	Ellis
Total Investment in District	\$121,100,000
Qualified Investment	\$100,000,000
Limitation Amount	\$80,000,000
Number of total jobs committed to by applicant	35
Number of qualifying jobs committed to by applicant	28
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,069
Minimum Weekly Wage Required Tax Code, 313.021(5)(A)	\$1,069
Minimum Annual Wage committed to by applicant for qualified jobs	\$55,598
Investment per Qualifying Job	\$4,325,000
Estimated 15 year M&O levy without any limit or credit:	\$15,784,250
Estimated gross 15 year M&O tax benefit	\$2,037,837
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):	\$1,684,362
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$658,993
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$14,099,888
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	10.7%
Percentage of tax benefit due to the limitation	67.7%
Percentage of tax benefit due to the credit.	32.3%

This presents the Comptroller's economic impact evaluation of Triumph Aerostructures, LLC (the project) applying to Red Oak 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 35 new jobs when fully operational. Twenty-eight 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 North Central Texas Council of Governments Region, where Ellis County is located was \$49,986 in 2011. The annual average manufacturing wage for 2011-2012 for Ellis County is \$50,544. That same year, the county annual average wage for all industries was \$37,180. In addition to a salary of \$55,598, each qualifying position will receive benefits such as medical insurance, dental insurance, vision, wellness, hearing, employee and optional life insurance, optional dependent life insurance, stock purchase plan, group legal services and 401(k) plan. The project's total investment is \$121.1 million, resulting in a relative level of investment per qualifying job of \$4.3 million.

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

According to Triumph Aerostructures, LLC's application, "Triumph Group, Inc. and its subsidiaries are a global leader in manufacturing and overhauling aerospace structures, systems, and components. Operating in 64 locations worldwide, Triumph Group designs, engineers, manufactures, repairs, and overhauls a broad portfolio of aerostructures, aircraft components, accessories, subassemblies and systems. The Applicant has sent out multiple Economic Development Survey Packages regarding locations both outside and within the State of Texas as a part of its cost/benefit analysis to identify preferred potential locations. Triumph Group has the ability to locate a new facility in many locations within the United States, as well as other countries.

A possible appraised value limitation agreement with the Red Oak Independent School District would be a contributing factor for a decision by the Applicant to consolidate and expand operations at the Red Oak Site."

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

During the past two years, no projects in the North Central Texas 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 Triumph Aerostructures, LLC 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)]

The transfer of existing employees and tangible personal property from Dallas to Red Oak will not present any significant negative economic impact since the analysis that was conducted uses the state as the geographic scope rather than the city or county where the economic activity is expected to take place. Even if the geographic scope of the analysis were more granular, the estimated negative impacts would not be significant.

Using online mapping tools (<http://goo.gl/maps/OrLRj>) shows that the distance between the two locations is approximately 26.1 road miles. The mapping tools estimate that it would take around 33 minutes to traverse this distance. This is still a reasonable travel time for the facility's workers since the most current Census data on mean travel time to work (<http://quickfacts.census.gov/qfd/states/48000.html>) in the DFW Metroplex is estimated to be a little under 29 minutes. Based on this, it is not anticipated that workers will move residences to work at the new site. Furthermore, it is safe to assume that their decisions as to where to make consumer purchases, which generates sales tax revenues, will not be considerably significantly either.

The annual estimated reduction of property tax revenue from Triumph/Vought closing the Jefferson Boulevard facility in Dallas is approximately \$1,978,857 for the City of Dallas, County of Dallas, Grand Prairie ISD, and other units of local government.

Table 1 depicts Triumph Aerostructures, LLC'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 Triumph Aerostructures, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	197	226	423	\$8,070,648	\$14,929,352	\$23,000,000
2014	35	80	115	\$1,987,440	\$6,012,560	\$8,000,000
2015	35	74	109	\$1,987,440	\$6,012,560	\$8,000,000
2016	35	65	100	\$1,987,440	\$6,012,560	\$8,000,000
2017	35	58	93	\$1,987,440	\$6,012,560	\$8,000,000
2018	35	57	92	\$1,987,440	\$6,012,560	\$8,000,000
2019	35	55	90	\$1,987,440	\$6,012,560	\$8,000,000
2020	35	55	90	\$1,987,440	\$6,012,560	\$8,000,000
2021	35	59	94	\$1,987,440	\$6,012,560	\$8,000,000
2022	35	57	92	\$1,987,440	\$7,012,560	\$9,000,000
2023	35	61	96	\$1,987,440	\$8,012,560	\$10,000,000
2024	35	57	92	\$1,987,440	\$7,012,560	\$9,000,000
2025	35	63	98	\$1,987,440	\$8,012,560	\$10,000,000
2026	35	61	96	\$1,987,440	\$9,012,560	\$11,000,000
2027	35	65	100	\$1,987,440	\$8,012,560	\$10,000,000
2028	35	67	102	\$1,987,440	\$9,012,560	\$11,000,000

Source: CPA, REMI, Triumph Aerostructures, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Red Oak ISD's ad valorem tax base in 2011-2012 was \$1.15 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Red Oak ISD's estimated wealth per WADA was \$173,403. 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, Ellis County, and the city of Red Oak with all property tax incentives sought being granted using estimated market value from Triumph Aerostructures, LLC's application. Triumph Aerostructures, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and city. Table 3 illustrates the estimated tax impact of the Triumph Aerostructures, LLC project on the region if all taxes are assessed.

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	Red Oak ISD I&S Levy	Red Oak ISD M&O Levy	Red Oak ISD M&O and I&S Tax Levies (Before Credit Credited)	Red Oak ISD M&O and I&S Tax Levies (After Credit Credited)	Ellis County (including Road and Bridge) Tax Levy	City of Red Oak Tax Levy	Estimated Total Property Taxes
				0.3700	1.1700			0.4136	0.6490	
2014	\$107,251,641	\$107,251,641		\$396,831	\$1,254,844	\$1,651,675	\$1,651,675	\$133,078	\$69,606	\$1,854,359
2015	\$109,072,580	\$109,072,580		\$403,569	\$1,276,149	\$1,679,718	\$1,679,718	\$135,337	\$141,576	\$1,956,631
2016	\$106,130,158	\$80,000,000		\$392,682	\$936,000	\$1,328,682	\$1,328,682	\$131,686	\$206,635	\$1,667,003
2017	\$103,893,219	\$80,000,000		\$384,405	\$936,000	\$1,320,405	\$1,226,263	\$128,910	\$202,280	\$1,557,453
2018	\$100,025,755	\$80,000,000		\$370,095	\$936,000	\$1,306,095	\$1,211,953	\$124,112	\$194,750	\$1,530,815
2019	\$94,885,139	\$80,000,000		\$351,075	\$936,000	\$1,287,075	\$1,192,933	\$117,733	\$184,741	\$1,495,408
2020	\$93,782,545	\$80,000,000		\$346,995	\$936,000	\$1,282,995	\$1,188,853	\$116,365	\$182,595	\$1,487,813
2021	\$89,794,046	\$80,000,000		\$332,238	\$936,000	\$1,268,238	\$1,174,096	\$371,387	\$174,829	\$1,720,312
2022	\$86,252,764	\$80,000,000		\$319,135	\$936,000	\$1,255,135	\$1,160,993	\$356,741	\$167,934	\$1,685,668
2023	\$83,086,253	\$80,000,000		\$307,419	\$936,000	\$1,243,419	\$1,149,277	\$343,644	\$161,769	\$1,654,690
2024	\$80,244,913	\$80,244,913		\$296,906	\$938,865	\$1,235,772	\$1,235,772	\$331,892	\$260,395	\$1,828,059
2025	\$77,551,961	\$77,551,961		\$286,942	\$907,358	\$1,194,300	\$1,194,300	\$320,754	\$251,656	\$1,766,710
2026	\$74,872,922	\$74,872,922		\$277,030	\$876,013	\$1,153,043	\$1,153,043	\$309,674	\$242,963	\$1,705,679
2027	\$72,211,155	\$72,211,155		\$267,181	\$844,871	\$1,112,052	\$1,112,052	\$298,665	\$234,325	\$1,645,042
2028	\$70,026,155	\$70,026,155		\$259,097	\$819,306	\$1,078,403	\$1,078,403	\$289,627	\$227,235	\$1,595,265
						Total	\$18,738,013	\$3,509,605	\$2,903,290	\$25,150,907

Assumes School Value Limitation and Tax Abatements from Ellis County (including Road & Bridge) and City of Red Oak.

Source: CPA, Triumph Aerostructures, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Red Oak ISD I&S Levy	Red Oak ISD M&O Levy	Red Oak ISD M&O and I&S Tax Levies	Ellis County (including Road and Bridge) Tax Levy	City of Red Oak Tax Levy	Estimated Total Property Taxes	
				0.3700	1.1700		0.4136	0.6490		
2014	\$107,251,641	\$107,251,641		\$396,831	\$1,254,844	\$1,651,675	\$443,592	\$696,063	\$2,791,330	
2015	\$109,072,580	\$109,072,580		\$403,569	\$1,276,149	\$1,679,718	\$451,123	\$707,881	\$2,838,722	
2016	\$106,130,158	\$106,130,158		\$392,682	\$1,241,723	\$1,634,404	\$438,953	\$688,785	\$2,762,142	
2017	\$103,893,219	\$103,893,219		\$384,405	\$1,215,551	\$1,599,956	\$429,701	\$674,267	\$2,703,924	
2018	\$100,025,755	\$100,025,755		\$370,095	\$1,170,301	\$1,540,397	\$413,706	\$649,167	\$2,603,269	
2019	\$94,885,139	\$94,885,139		\$351,075	\$1,110,156	\$1,461,231	\$392,444	\$615,805	\$2,469,480	
2020	\$93,782,545	\$93,782,545		\$346,995	\$1,097,256	\$1,444,251	\$387,884	\$608,649	\$2,440,784	
2021	\$89,794,046	\$89,794,046		\$332,238	\$1,050,590	\$1,382,828	\$371,387	\$582,763	\$2,336,979	
2022	\$86,252,764	\$86,252,764		\$319,135	\$1,009,157	\$1,328,293	\$356,741	\$559,780	\$2,244,814	
2023	\$83,086,253	\$83,086,253		\$307,419	\$972,109	\$1,279,528	\$343,644	\$539,230	\$2,162,402	
2024	\$80,244,913	\$80,244,913		\$296,906	\$938,865	\$1,235,772	\$331,892	\$520,789	\$2,088,453	
2025	\$77,551,961	\$77,551,961		\$286,942	\$907,358	\$1,194,300	\$320,754	\$503,312	\$2,018,367	
2026	\$74,872,922	\$74,872,922		\$277,030	\$876,013	\$1,153,043	\$309,674	\$485,925	\$1,948,642	
2027	\$72,211,155	\$72,211,155		\$267,181	\$844,871	\$1,112,052	\$298,665	\$468,650	\$1,879,367	
2028	\$70,026,155	\$70,026,155		\$259,097	\$819,306	\$1,078,403	\$289,627	\$454,470	\$1,822,500	
						Total	\$20,775,851	\$5,579,786	\$8,755,537	\$35,111,174

Source: CPA, Triumph Aerostructures, LLC

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 \$15,784,250. The estimated gross 15 year M&O tax benefit, or levy loss, is \$2,037,837.

Attachment 3 is an economic overview of Ellis 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.



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 Triumph Aerostructures project for the Red Oak Independent School District (ROISD). 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 Triumph Aerostructures project on ROISD 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,

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

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. 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:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Triumph Aerostructures project on the number and size of school facilities in Red Oak Independent School District (ROISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the ROISD chief financial officer, Vickie Benbow, the TEA has found that the Triumph Aerostructures project would not have a significant impact on the number or size of school facilities in ROISD.

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", written over a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/bd

Alma: \$540,199.00, down 17.3 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 Ellis County through the fourth quarter of 2010: \$936.58 million, up 4.9 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Waxahachie:	\$416.61 million, up 3.2 percent from the same period in 2009.
Ennis:	\$190.03 million, up 2.6 percent from the same period in 2009.
Midlothian:	\$123.40 million, up 4.2 percent from the same period in 2009.
Red Oak:	\$68.94 million, up 5.4 percent from the same period in 2009.
Ovilla:	\$4.53 million, up 2.7 percent from the same period in 2009.
Ferris:	\$25.32 million, up 16.4 percent from the same period in 2009.
Italy:	\$10.52 million, up 7.6 percent from the same period in 2009.
Palmer:	\$4.04 million, up 1.9 percent from the same period in 2009.
Oak Leaf:	\$735,170.00, up 9.1 percent from the same period in 2009.
Maypearl:	\$2.80 million, up 6.9 percent from the same period in 2009.
Milford:	\$181,346.00, down 12.8 percent from the same period in 2009.
Garrett:	\$2.16 million, down 19.2 percent from the same period in 2009.
Pecan Hill:	\$91,613.00, down 0.3 percent from the same period in 2009.
Bardwell:	\$483,422.00, down 21.1 percent from the same period in 2009.
Alma:	\$2.13 million, down 14.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Ellis County during 2010: \$936.58 million, up 4.9 percent from 2009.
- Ellis County sent an estimated \$58.54 million (or 0.34 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Waxahachie:	\$416.61 million, up 3.2 percent from 2009.
Ennis:	\$190.03 million, up 2.6 percent from 2009.
Midlothian:	\$123.40 million, up 4.2 percent from 2009.
Red Oak:	\$68.94 million, up 5.4 percent from 2009.
Ovilla:	\$4.53 million, up 2.7 percent from 2009.
Ferris:	\$25.32 million, up 16.4 percent from 2009.
Italy:	\$10.52 million, up 7.6 percent from 2009.
Palmer:	\$4.04 million, up 1.9 percent from 2009.
Oak Leaf:	\$735,170.00, up 9.1 percent from 2009.
Maypearl:	\$2.80 million, up 6.9 percent from 2009.
Milford:	\$181,346.00, down 12.8 percent from 2009.
Garrett:	\$2.16 million, down 19.2 percent from 2009.
Pecan Hill:	\$91,613.00, down 0.3 percent from 2009.
Bardwell:	\$483,422.00, down 21.1 percent from 2009.
Alma:	\$2.13 million, down 14.7 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 Ellis County based on the sales activity month of August 2011: \$1.70 million, up 5.1 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Waxahachie:	\$799,265.76, up 6.6 percent from August 2010.
Ennis:	\$295,134.70, up 0.4 percent from August 2010.
Midlothian:	\$348,865.88, down 0.3 percent from August 2010.
Red Oak:	\$169,533.02, up 17.8 percent from August 2010.
Ovilla:	\$19,273.15, up 42.8 percent from August 2010.
Ferris:	\$18,055.49, up 5.3 percent from August 2010.
Italy:	\$18,883.56, down 10.0 percent from August 2010.
Palmer:	\$14,311.61, up 19.0 percent from August 2010.

Oak Leaf:	\$3,658.06, up 14.3 percent from August 2010.
Maypearl*:	\$6,612.75, up 35.0 percent from August 2010.
Milford:	\$824.82, down 14.1 percent from August 2010.
Garrett:	\$1,461.90, down 52.9 percent from August 2010.
Pecan Hill:	\$142.52, down 41.5 percent from August 2010.
Bardwell:	\$606.56, down 1.1 percent from August 2010.
Alma:	\$3,468.06, up 33.0 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 Ellis County based on sales activity months from September 2010 through August 2011: \$20.93 million, up 6.6 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Waxahachie:	\$10.29 million, up 5.8 percent from fiscal 2010.
Ennis:	\$3.67 million, up 5.2 percent from fiscal 2010.
Midlothian:	\$3.94 million, up 10.5 percent from fiscal 2010.
Red Oak:	\$1.88 million, up 7.9 percent from fiscal 2010.
Ovilla:	\$229,635.85, up 7.7 percent from fiscal 2010.
Ferris:	\$261,178.73, up 6.8 percent from fiscal 2010.
Italy:	\$272,612.48, up 0.6 percent from fiscal 2010.
Palmer:	\$187,713.05, up 4.5 percent from fiscal 2010.
Oak Leaf:	\$37,572.91, down 2.1 percent from fiscal 2010.
Maypearl*:	\$85,187.29, up 5.3 percent from fiscal 2010.
Milford:	\$11,836.77, down 1.2 percent from fiscal 2010.
Garrett:	\$21,518.11, down 0.8 percent from fiscal 2010.
Pecan Hill:	\$4,734.15, up 35.9 percent from fiscal 2010.
Bardwell:	\$8,822.95, down 27.4 percent from fiscal 2010.
Alma:	\$34,570.25, down 6.8 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 Ellis County based on sales activity months through August 2011: \$13.80 million, up 7.1 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Waxahachie:	\$6.71 million, up 7.1 percent from the same period in 2010.
Ennis:	\$2.38 million, up 1.7 percent from the same period in 2010.
Midlothian:	\$2.68 million, up 12.8 percent from the same period in 2010.
Red Oak:	\$1.27 million, up 9.0 percent from the same period in 2010.
Ovilla:	\$151,253.52, up 8.7 percent from the same period in 2010.
Ferris:	\$180,193.23, up 11.2 percent from the same period in 2010.
Italy:	\$174,625.71, down 5.6 percent from the same period in 2010.
Palmer:	\$122,286.85, up 3.6 percent from the same period in 2010.
Oak Leaf:	\$25,022.92, down 9.8 percent from the same period in 2010.
Maypearl*:	\$56,141.80, up 4.6 percent from the same period in 2010.
Milford:	\$7,570.27, up 6.5 percent from the same period in 2010.
Garrett:	\$14,206.80, up 11.1 percent from the same period in 2010.
Pecan Hill:	\$2,967.34, up 25.6 percent from the same period in 2010.
Bardwell:	\$6,080.80, down 25.4 percent from the same period in 2010.
Alma:	\$22,158.84, down 13.1 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 Ellis County based on sales activity in the 12 months ending in August 2011: \$20.93 million, up 6.6 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Waxahachie:	\$10.29 million, up 5.8 percent from the previous 12-month period.
Ennis:	\$3.67 million, up 5.2 percent from the previous 12-month period.
Midlothian:	\$3.94 million, up 10.5 percent from the previous 12-month period.
Red Oak:	\$1.88 million, up 7.9 percent from the previous 12-month period.
Ovilla:	\$229,635.85, up 7.7 percent from the previous 12-month period.
Ferris:	\$261,178.73, up 6.8 percent from the previous 12-month period.
Italy:	\$272,612.48, up 0.6 percent from the previous 12-month period.
Palmer:	\$187,713.05, up 4.5 percent from the previous 12-month period.
Oak Leaf:	\$37,572.91, down 2.1 percent from the previous 12-month period.
Maypearl*:	\$85,187.29, up 5.3 percent from the previous 12-month period.
Milford:	\$11,836.77, down 1.2 percent from the previous 12-month period.
Garrett:	\$21,518.11, down 0.8 percent from the previous 12-month period.
Pecan Hill:	\$4,734.15, up 35.9 percent from the previous 12-month period.
Bardwell:	\$8,822.95, down 27.4 percent from the previous 12-month period.
Alma:	\$34,570.25, down 6.8 percent from the previous 12-month period.

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

■ **Payment to the cities from January 2011 through October 2011:**

Waxahachie:	\$8.65 million, up 6.9 percent from the same period in 2010.
Ennis:	\$3.03 million, up 3.5 percent from the same period in 2010.
Midlothian:	\$3.31 million, up 11.0 percent from the same period in 2010.
Red Oak:	\$1.57 million, up 8.4 percent from the same period in 2010.
Ovilla:	\$188,539.22, up 6.9 percent from the same period in 2010.
Ferris:	\$220,867.67, up 9.3 percent from the same period in 2010.
Italy:	\$220,188.22, down 2.5 percent from the same period in 2010.
Palmer:	\$153,449.01, up 2.5 percent from the same period in 2010.
Oak Leaf:	\$30,844.32, down 5.8 percent from the same period in 2010.
Maypearl*:	\$68,893.77, up 1.2 percent from the same period in 2010.
Milford:	\$9,805.27, down 2.3 percent from the same period in 2010.
Garrett:	\$16,612.12, up 1.0 percent from the same period in 2010.
Pecan Hill:	\$4,026.89, up 37.6 percent from the same period in 2010.
Bardwell:	\$7,454.70, down 24.4 percent from the same period in 2010.
Alma:	\$27,968.32, down 10.2 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 Ellis County based on sales activity months in 2010: \$20.02 million, up 3.5 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Waxahachie:	\$9.85 million, up 1.7 percent from 2009.
Ennis:	\$3.63 million, up 3.2 percent from 2009.
Midlothian:	\$3.64 million, up 6.6 percent from 2009.
Red Oak:	\$1.77 million, up 5.7 percent from 2009.
Ovilla:	\$217,593.74, up 13.4 percent from 2009.
Ferris:	\$243,020.61, down 2.9 percent from 2009.
Italy:	\$283,049.79, up 9.6 percent from 2009.
Palmer:	\$183,512.00, up 8.2 percent from 2009.
Oak Leaf:	\$40,302.13, up 12.3 percent from 2009.
Maypearl*:	\$82,695.06, up 17.2 percent from 2009.
Milford:	\$11,377.42, down 5.3 percent from 2009.
Garrett:	\$20,096.29, down 24.2 percent from 2009.
Pecan Hill:	\$4,128.57, down 12.4 percent from 2009.
Bardwell:	\$10,894.88, down 13.5 percent from 2009.
Alma:	\$37,896.71, up 5.6 percent from 2009.

*On 1/1/2010, the city of Maypearl's local sales tax rate increased by 0.00 from 1.750 percent to 1.750 percent.

Property Tax

- As of January 2009, property values in Ellis County: \$12.27 billion, up 0.5 percent from January 2008 values. The property tax base per person in Ellis County is \$80,870, below the statewide average of \$85,809. About 0.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Ellis County's ranking in state expenditures by county in fiscal year 2010: 36th. State expenditures in the county for FY2010: \$408.31 million, up 0.1 percent from FY2009.
- In Ellis County, 13 state agencies provide a total of 176 jobs and \$1.81 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Family and Protective Services
 - Department of Transportation
 - Department of Public Safety
 - Health & Human Services Commission
 - Department of Criminal Justice

Higher Education

- Community colleges in Ellis County fall 2010 enrollment:
 - None.
- Ellis County is in the service area of the following:
 - Navarro College with a fall 2010 enrollment of 9,982. Counties in the service area include:
 - Ellis County
 - Freestone County
 - Leon County
 - Limestone County
 - Navarro County
- Institutions of higher education in Ellis County fall 2010 enrollment:
 - Southwestern Assemblies of God University, an Independent University, had 2,064 students.

School Districts

- Ellis County had 10 school districts with 56 schools and 31,282 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.)
 - Avalon ISD had 324 students in the 2009-10 school year. The average teacher salary was \$43,107. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
 - Ennis ISD had 5,828 students in the 2009-10 school year. The average teacher salary was \$49,222. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.
 - Ferris ISD had 2,422 students in the 2009-10 school year. The average teacher salary was \$43,860. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.
 - Italy ISD had 634 students in the 2009-10 school year. The average teacher salary was \$38,807. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.
 - Maypearl ISD had 1,102 students in the 2009-10 school year. The average teacher salary was \$45,167. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Midlothian ISD had 7,298 students in the 2009-10 school year. The average teacher salary was \$47,682. The percentage of students meeting the 2010 TAKS passing standard for all tests was 88 percent.
 - Milford ISD had 252 students in the 2009-10 school year. The average teacher salary was \$40,815. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
 - Palmer ISD had 1,125 students in the 2009-10 school year. The average teacher salary was \$74,661. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Red Oak ISD had 5,389 students in the 2009-10 school year. The average teacher salary was \$47,529. The percentage of students meeting the 2010 TAKS passing standard for all tests was 77 percent.
 - Waxahachie ISD had 6,908 students in the 2009-10 school year. The average teacher salary was \$47,872. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.

Attachment E
Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED TRIUMPH
AEROSTRUCTURES, LLC PROJECT ON THE FINANCES OF THE
RED OAK INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

January 18, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Triumph Aerostructures, LLC Project on the Finances of the Red Oak Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Triumph Aerostructures, LLC (Triumph) has requested that the Red Oak Independent School District (ROISD) 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 ROISD on December 17, 2012, Triumph proposes to invest \$100 million to construct a new aircraft structural component facility project in ROISD.

The Triumph 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, ROISD may offer a minimum value limitation of \$80 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 \$80 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes. ROISD levies a \$1.17 per \$100 M&O tax rate as a result of previous voter approval in a tax rate election, which is the maximum permitted under current law.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with ROISD currently levying a \$0.370 per \$100 I&S tax rate. Based on this initial assessment, it appears that increased I&S tax collections largely offset state aid available to the District under the Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA) programs.

In the case of the Triumph 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. ROISD would experience a revenue loss as a result of the implementation of the value limitation in the initial 2016-17 school year (-\$353,475).

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$1.7 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. In the case of ROISD, while the District has received ASATR in previous years, this source of funding does not appear to be a factor in the estimates presented here for the Triumph project.

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 Triumph 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 and thereafter, until the 2017-18 school year. As noted previously, ASATR funding does not appear to be a factor in the estimates presented below. The projected taxable values of the Triumph Aerostructures project are factored into the base model used here. The impact of the limitation value for the proposed Triumph project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 5,338 students in average daily attendance (ADA) in analyzing the effects of the Triumph project on the finances of ROISD. The District's local tax base reached \$1.2 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 \$1.17 per \$100 is used throughout this analysis. ROISD has estimated state property wealth per weighted ADA or WADA of approximately \$173,330 for the 2012-13 school year, which is an indicator of modest property wealth. 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 ROISD 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 Triumph 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 Triumph 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, ROISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$353,475). 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, as well as the last 11 cents of tax effort subject to equalization at \$319,500 per WADA. Both portions of the District’s ROISD Tier II tax effort are affected by the one-year lag in state property values.

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 now 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 \$1.17 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 \$1.4 million over the life of the agreement. In addition, Triumph 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 \$0.7 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 ROISD revenue losses are expected to total approximately -\$353,475 in the initial year that the value limitation takes effect under the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$1.7 million over the life of the agreement.

Facilities Funding Impact

The Triumph project remains fully taxable for debt services taxes, with ROISD currently levying a \$0.370 per \$100 I&S rate. An analysis of EDA and IFA state facilities support suggests the additional I&S taxes as a result of the Triumph project value largely offset state aid earned under the state facilities programs.

The initial phase of the Triumph project is expected to result in 35 permanent jobs once the new plant goes into operation. The initial phase is not expected not expected to have a significant effect on ROISD in terms of enrollment. What is hoped is that continued expansion at the Triumph site will generate substantial economic activity in the area, bolstering employment opportunities and increasing the number of residences in the area. It is difficult at this phase of the project to quantify that activity.

Conclusion

The proposed Triumph aircraft structural component facility project to be located within ROISD reflects additional 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 \$1.7 million. (This amount is net of any anticipated revenue losses for the District.)

Table 1 – Base District Information with Triumph Aerostructures 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	5,338.12	6,629.92	\$1.1700	\$0.3700	\$1,183,880,157	\$1,183,880,157	\$1,149,161,975	\$1,149,161,975	\$173,330	\$173,330
1	2014-15	5,338.12	6,629.92	\$1.1700	\$0.3700	\$1,291,131,798	\$1,291,131,798	\$1,149,161,975	\$1,149,161,975	\$173,330	\$173,330
2	2015-16	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,292,952,737	\$1,292,952,737	\$1,256,413,616	\$1,256,413,616	\$186,714	\$186,714
3	2016-17	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,290,010,315	\$1,263,880,157	\$1,258,234,555	\$1,258,234,555	\$186,985	\$186,985
4	2017-18	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,287,773,376	\$1,263,880,157	\$1,255,292,133	\$1,229,161,975	\$186,547	\$182,664
5	2018-19	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,283,905,912	\$1,263,880,157	\$1,253,055,194	\$1,229,161,975	\$186,215	\$182,664
6	2019-20	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,278,765,296	\$1,263,880,157	\$1,249,187,730	\$1,229,161,975	\$185,640	\$182,664
7	2020-21	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,277,662,702	\$1,263,880,157	\$1,244,047,114	\$1,229,161,975	\$184,876	\$182,664
8	2021-22	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,273,674,203	\$1,263,880,157	\$1,242,944,520	\$1,229,161,975	\$184,712	\$182,664
9	2022-23	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,270,132,921	\$1,263,880,157	\$1,238,956,021	\$1,229,161,975	\$184,120	\$182,664
10	2023-24	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,266,966,410	\$1,263,880,157	\$1,235,414,739	\$1,229,161,975	\$183,593	\$182,664
11	2024-25	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,264,125,070	\$1,264,125,070	\$1,232,248,228	\$1,229,161,975	\$183,123	\$182,664
12	2025-26	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,261,432,118	\$1,261,432,118	\$1,229,406,888	\$1,229,406,888	\$182,701	\$182,701
13	2026-27	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,258,753,079	\$1,258,753,079	\$1,226,713,936	\$1,226,713,936	\$182,300	\$182,300
14	2027-28	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,256,091,312	\$1,256,091,312	\$1,224,034,897	\$1,224,034,897	\$181,902	\$181,902
15	2028-29	5,338.12	6,729.08	\$1.1700	\$0.3700	\$1,253,906,312	\$1,253,906,312	\$1,221,373,130	\$1,221,373,130	\$181,507	\$181,507

*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	\$11,538,137	\$22,237,024	\$0	\$0	\$0	\$1,960,808	\$2,772,641	\$0	\$38,508,609
1	2014-15	\$12,589,255	\$22,237,024	\$0	\$0	\$0	\$2,139,437	\$3,025,227	\$0	\$39,990,943
2	2015-16	\$12,607,101	\$21,654,726	\$0	\$0	\$0	\$2,142,470	\$2,658,772	\$0	\$39,063,069
3	2016-17	\$12,578,264	\$21,636,515	\$0	\$0	\$0	\$2,137,569	\$2,645,758	\$0	\$38,998,106
4	2017-18	\$12,556,341	\$21,665,941	\$0	\$0	\$0	\$2,133,843	\$2,652,340	\$0	\$39,008,465
5	2018-19	\$12,518,438	\$21,688,312	\$0	\$0	\$0	\$2,127,402	\$2,652,851	\$0	\$38,987,004
6	2019-20	\$12,468,058	\$21,726,988	\$0	\$0	\$0	\$2,118,840	\$2,656,915	\$0	\$38,970,801
7	2020-21	\$12,457,252	\$21,778,397	\$0	\$0	\$0	\$2,117,004	\$2,674,330	\$0	\$39,026,982
8	2021-22	\$12,418,162	\$21,789,423	\$0	\$0	\$0	\$2,110,361	\$2,670,175	\$0	\$38,988,121
9	2022-23	\$12,383,456	\$21,829,310	\$0	\$0	\$0	\$2,104,463	\$2,678,059	\$0	\$38,995,288
10	2023-24	\$12,352,423	\$21,864,725	\$0	\$0	\$0	\$2,099,189	\$2,685,022	\$0	\$39,001,359
11	2024-25	\$12,324,576	\$21,896,392	\$0	\$0	\$0	\$2,094,457	\$2,691,236	\$0	\$39,006,660
12	2025-26	\$12,298,184	\$21,924,806	\$0	\$0	\$0	\$2,089,972	\$2,696,509	\$0	\$39,009,471
13	2026-27	\$12,271,928	\$21,951,737	\$0	\$0	\$0	\$2,085,510	\$2,701,237	\$0	\$39,010,412
14	2027-28	\$12,245,841	\$21,978,529	\$0	\$0	\$0	\$2,081,077	\$2,705,950	\$0	\$39,011,397
15	2028-29	\$12,224,427	\$22,005,148	\$0	\$0	\$0	\$2,077,438	\$2,711,632	\$0	\$39,018,645

Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		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	\$11,538,137	\$22,237,024	\$0	\$0	\$0	\$1,960,808	\$2,772,641	\$0	\$38,508,609
1	2014-15	\$12,589,255	\$22,237,024	\$0	\$0	\$0	\$2,139,437	\$3,025,227	\$0	\$39,990,943
2	2015-16	\$12,607,101	\$21,654,726	\$0	\$0	\$0	\$2,142,470	\$2,658,772	\$0	\$39,063,069
3	2016-17	\$12,322,176	\$21,636,515	\$0	\$0	\$0	\$2,094,049	\$2,591,892	\$0	\$38,644,631
4	2017-18	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
5	2018-19	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
6	2019-20	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
7	2020-21	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
8	2021-22	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
9	2022-23	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
10	2023-24	\$12,322,176	\$21,927,256	\$0	\$0	\$0	\$2,094,049	\$2,702,725	\$0	\$39,046,206
11	2024-25	\$12,324,576	\$21,927,256	\$0	\$0	\$0	\$2,094,457	\$2,703,252	\$0	\$39,049,541
12	2025-26	\$12,298,184	\$21,924,806	\$0	\$0	\$0	\$2,089,972	\$2,696,509	\$0	\$39,009,471
13	2026-27	\$12,271,928	\$21,951,737	\$0	\$0	\$0	\$2,085,510	\$2,701,237	\$0	\$39,010,412
14	2027-28	\$12,245,841	\$21,978,529	\$0	\$0	\$0	\$2,081,077	\$2,705,950	\$0	\$39,011,397
15	2028-29	\$12,224,427	\$22,005,148	\$0	\$0	\$0	\$2,077,438	\$2,711,632	\$0	\$39,018,645

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		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	-\$256,088	\$0	\$0	\$0	\$0	-\$43,520	-\$53,867	\$0	-\$353,475
4	2017-18	-\$234,165	\$261,315	\$0	\$0	\$0	-\$39,794	\$50,386	\$0	\$37,741
5	2018-19	-\$196,262	\$238,944	\$0	\$0	\$0	-\$33,353	\$49,874	\$0	\$59,202
6	2019-20	-\$145,882	\$200,268	\$0	\$0	\$0	-\$24,791	\$45,810	\$0	\$75,405
7	2020-21	-\$135,076	\$148,859	\$0	\$0	\$0	-\$22,955	\$28,396	\$0	\$19,224
8	2021-22	-\$95,986	\$137,833	\$0	\$0	\$0	-\$16,312	\$32,550	\$0	\$58,085
9	2022-23	-\$61,280	\$97,946	\$0	\$0	\$0	-\$10,414	\$24,666	\$0	\$50,918
10	2023-24	-\$30,247	\$62,531	\$0	\$0	\$0	-\$5,140	\$17,703	\$0	\$44,847
11	2024-25	\$0	\$30,864	\$0	\$0	\$0	\$0	\$12,016	\$0	\$42,880
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 Triumph Aerostructures Project Property Value Limitation Request Submitted to ROISD at \$1.17 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	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$107,251,641	\$107,251,641	\$0	\$1.170	\$1,254,844	\$1,254,844	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$109,072,580	\$109,072,580	\$0	\$1.170	\$1,276,149	\$1,276,149	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$106,130,158	\$80,000,000	\$26,130,158	\$1.170	\$1,241,723	\$936,000	\$305,723	\$0	\$305,723	-\$353,475	-\$47,752
4	2017-18	\$103,893,219	\$80,000,000	\$23,893,219	\$1.170	\$1,215,551	\$936,000	\$279,551	\$94,142	\$373,693	\$0	\$373,693
5	2018-19	\$100,025,755	\$80,000,000	\$20,025,755	\$1.170	\$1,170,301	\$936,000	\$234,301	\$94,142	\$328,443	\$0	\$328,443
6	2019-20	\$94,885,139	\$80,000,000	\$14,885,139	\$1.170	\$1,110,156	\$936,000	\$174,156	\$94,142	\$268,298	\$0	\$268,298
7	2020-21	\$93,782,545	\$80,000,000	\$13,782,545	\$1.170	\$1,097,256	\$936,000	\$161,256	\$94,142	\$255,398	\$0	\$255,398
8	2021-22	\$89,794,046	\$80,000,000	\$9,794,046	\$1.170	\$1,050,590	\$936,000	\$114,590	\$94,142	\$208,732	\$0	\$208,732
9	2022-23	\$86,252,764	\$80,000,000	\$6,252,764	\$1.170	\$1,009,157	\$936,000	\$73,157	\$94,142	\$167,299	\$0	\$167,299
10	2023-24	\$83,086,253	\$80,000,000	\$3,086,253	\$1.170	\$972,109	\$936,000	\$36,109	\$94,142	\$130,251	\$0	\$130,251
11	2024-25	\$80,244,913	\$80,244,913	\$0	\$1.170	\$938,865	\$938,865	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$77,551,961	\$77,551,961	\$0	\$1.170	\$907,358	\$907,358	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$74,872,922	\$74,872,922	\$0	\$1.170	\$876,013	\$876,013	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$72,211,155	\$72,211,155	\$0	\$1.170	\$844,871	\$844,871	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$70,026,155	\$70,026,155	\$0	\$1.170	\$819,306	\$819,306	\$0	\$0	\$0	\$0	\$0
Totals						\$15,784,250	\$14,405,407	\$1,378,844	\$658,993	\$2,037,837	-\$353,475	\$1,684,362
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$318,844	\$340,149	\$658,993		
								Credits Earned		\$658,993		
								Credits Paid		<u>\$658,993</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

070/Ellis

070-911/Red Oak ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	1,045,861,573	1.0329	1,012,548,720	1,045,861,573
B. Multi-Family Residences	43,543,190	N/A	43,543,190	43,543,190
C. Vacant Lots	28,811,394	N/A	28,811,394	28,811,394
D. Rural Real(Taxable)	33,774,153	1.0097	33,449,086	33,774,153
F1. Commercial Real	93,262,396	.9100	102,486,149	93,262,396
F2. Industrial Real	2,925,050	N/A	2,925,050	2,925,050
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	19,250,840	N/A	19,250,840	19,250,840
L1. Commercial Personal	25,075,233	N/A	25,075,233	25,075,233
L2. Industrial Personal	767,900	N/A	767,900	767,900
M. Other Personal	6,691,160	N/A	6,691,160	6,691,160
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	10,608,404	N/A	10,608,404	10,608,404

S. Special Inventory	212,720	N/A	212,720	212,720
Subtotal	1,310,784,013		1,286,369,846	1,310,784,013
Less Total Deductions	150,793,017		144,570,627	150,793,017
Total Taxable Value	1,159,990,996		1,141,799,219	1,159,990,996 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	31,827,934	N/A	31,827,934
Prod Value Qualified Acres	1,946,219	1.2005	1,621,152
Taxable Value	33,774,153		33,449,086

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
1,221,559,982	1,159,990,996	1,221,559,982	1,159,990,996	1,169,708,204	1,169,708,204

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
61,568,986	0

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

exemption

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

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

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

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
1,221,559,982	1,159,990,996	1,221,559,982	1,159,990,996	1,169,708,204	1,169,708,204

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

Attachment G

Participation Agreement

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

by and between

RED OAK INDEPENDENT SCHOOL DISTRICT

and

TRIUMPH AEROSTRUCTURES, LLC

(Texas Taxpayer ID # 32042042732)

TEXAS COMPTROLLER APPLICATION No. 258

Authorized by Board of Trustees

Expressly Subject to Comptroller Review and Approval

Dated

May 20, 2013

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

STATE OF TEXAS §

COUNTY OF ELLIS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **RED OAK 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 **TRIUMPH AEROSTRUCTURES, LLC**, (*Texas Taxpayer ID # 32042042732*), hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.” Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on December 17, 2012, the Superintendent of Schools (hereinafter referred to as “Superintendent”) of the Red Oak Independent School District, acting as agent of the Board of Trustees of the District (the “Board of Trustees”), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on December 17, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Triumph Aerostructures, LLC, and on December 17, 2012, the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, on December 17, 2012, the Board of Trustees determined the Application was complete; and,

WHEREAS, the Application were delivered to the office of the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller, via letter, has established December 20, 2012, as the completed Application date; and,

WHEREAS, on March 11, 2013 Applicant responded to requests for supplemental information issued by the Comptroller's office, which materials have been appended to the original Application; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Ellis County Appraisal District established in Ellis County, Texas (the "Appraisal District"), pursuant to Texas Tax Code §6.01; and,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on March 18, 2013, the Comptroller, 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 a public hearing held in connection with the Board of Trustees' consideration of the Application; and,

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

WHEREAS, on May 20, 2013, at a duly called and noticed meeting of the Board of Trustees, the Board of Trustees granted a sixty-day extension of time to the Applicant, in accordance with Texas Tax Code § 313.025(b), for final action upon the pending Application; and,

WHEREAS, on July 19, 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 20, 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 20, 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 20, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code §§313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

Agreement for Limitation on Appraised Value

Between Red Oak Independent School District and Triumph Aerostructures, LLC

Texas Comptroller Application No. 258

Board Adopted, Subject to Comptroller Approval, May 20, 2013

WHEREAS, on May 20, 2013, the Board of Trustees approved the Application and the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Superintendent to execute and deliver such Agreement to the Applicant, but only after receipt of written confirmation of the Comptroller's approval of the form of this Agreement;

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.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Approval Date, as defined in Section 1.3 below. In the event that the Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, or greater, between the Commencement Date, as defined in Section 1.3 below, and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date and ending on December 31, 2015, is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values 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 earned 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 Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year Beginning on the Commencement Date (_/_/13)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date (_/_/13). 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.
3	January 1, 2016	2016-17	2016	\$ 80 million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 80 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 80 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 80 million property value limitation. Possible Tax Credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 80 million property value limitation. Possible Tax Credit due to Applicant.

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Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
8	January 1, 2021	2021-22	2021	\$ 80 million property value limitation. Possible Tax Credit due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 80 million property value limitation. Possible Tax Credit due to Applicant.
10	January 1, 2023	2023-24	2023	\$ 80 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.

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.

“*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, and the terms “controlling” and “controlled” have meanings correlative to the foregoing. The term “Affiliate” specifically includes Triumph Aerostructures Real Estate Investment Co., LLC (the “Subsidiary”), a Delaware limited liability company, Texas Taxpayer Identification Number 32045355487.

“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 7.3.

“Applicant” means Triumph Aerostructures, LLC, Texas Taxpayer Identification Number 32042042732, the company listed in the Preamble of this Agreement who, on December 17, 2012, filed the Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, and on March 11, 2013 responded to supplemental requests for information issued by the Comptroller’s office, which materials were appended to the original Application. The term “Applicant” shall also include the Subsidiary and the Applicant’s assigns and successors-in-interest.

“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) filed with the District by the Applicant on December 17, 2012, which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of December 20, 2012. The term also includes the March 11, 2013 response to supplemental requests for information issued by the Comptroller’s office, which materials were appended to the original Application, and all other forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

“Appraisal District” means the Ellis County Appraisal District.

“Approval Date” means June 20, 2013, the date upon which the Superintendent executed this Agreement after receipt of written confirmation of the Comptroller’s approval of the form of this Agreement.

“Board of Trustees” means the Board of Trustees of the Red Oak Independent School District.

“Commencement Date” means June 20, 2013 the date upon which the Superintendent executed this Agreement after receipt of written confirmation of the Comptroller’s approval of the form of this Agreement and the Qualifying Time Period begins.

“Completed Application Date” means December 20, 2012, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth at Title 34 of the Texas Administrative Code, Part 1, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Ellis County, Texas.

“Determination of Breach and Notice of Contract Termination” shall have the meaning assigned to such term in Section 6.8 of this Agreement.

“District” or “School District” means the Red Oak 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. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same, and any right of a Party to enforce payment of any amount to which such Party was entitled prior to the Final Termination Date will survive until paid by the Party owing same.

“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 in 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 feedstock, raw materials, equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport to or from the Applicant's facilities products (finished or otherwise), feedstock, raw materials, equipment, parts or material; or (e) any other cause (except financial), 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 and 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 thirty-five (35) New Jobs from the time they are created until the Final Termination Date; and (iii) the maintenance of at least eighty percent (80%) of such New Jobs as Qualifying Jobs from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of this Agreement.

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

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Board Adopted, Subject to Comptroller Approval, May 20, 2013

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

“New Jobs” means at least thirty-five (35) “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 and in the description of the Applicant’s Qualified Investment and Qualified Property as set forth in Section 2.3 below. In accordance with the requirements of Texas Tax Code §313.024(d), at least eighty percent (80%) of all New Jobs 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 at least eighty percent (80%) of all New Jobs, which must meet the requirements of Texas Tax Code §313.021(3). For the avoidance of doubt, at least eighty percent (80%) of all New Jobs must be Qualifying Jobs (that is, eighty percent (80%) of all New Jobs must meet the requirements of Texas Tax Code §313.021(3)).

“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.

“Qualifying Time Period” means the period that begins on the Commencement Date of June 20, 2013, and ends on December 31, 2015.

“State” means the State of Texas.

“Substantive Document” means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Texas Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between the Applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under Texas Tax Code, Chapter 313, and any application requesting school Tax Credits under Texas Tax Code, §313.103.

“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 imposed on the Applicant 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 Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant’s Qualified Investment for the District’s maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant’s Qualified Investment; or
- (b) Eighty Million Dollars (\$80,000,000.00).

The Tax Limitation Amount 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, §313.022(b) or §313.052, as applicable.

“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 at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), 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 upon which the Applicant’s Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant’s Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Qualified Property upon which the Applicant's Qualified Investment will be located (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The land described in **EXHIBIT 2** (the "Land") qualifies as Qualified Property, and the Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2 above and the definition of Qualifying Time Period set forth in Section 1.3 above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the Land described in **EXHIBIT 2**, which: (1) is owned or leased by the Applicant; (2) is first placed in service after December 20, 2012, the Completed Application Date established by the Comptroller; 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 7.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment 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:

- (a) 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 Tax Limitation Amount apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) 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; and,
- (d) obtains all required approvals from both the Comptroller and the District for the inclusion of the newly listed property as Qualified Property.

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Notwithstanding the foregoing, any replacement property shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

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 described in **EXHIBIT 2**, 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 reasonably specific and detailed description of the material tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount 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

The Parties agree that the Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount of Eighty Million Dollars (\$80,000,000.00), 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 eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Eighty Million Dollars (\$80,000,000.00).

This Tax Limitation Amount 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, §313.054(a).

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 4.1), 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 solely as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Subject to the limitations contained in this Agreement (including Section 4.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 4.1 and 4.2, 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 "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O 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 at the District-adopted tax rate 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:

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- 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 Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the 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, and to the extent provided in Section 5.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) 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.
- (b) 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.
- (c) Any other loss of the District's revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf of any third party beneficiary of this Agreement.

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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 6.9 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 roll 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 roll 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 and/or 3.3 and/or Section 4.1 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, which fee shall be the sole responsibility of the District, subject to the provisions of Section 3.7. 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.

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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 under Section 3.6 below, 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 an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) 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. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

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/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

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

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Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 4.1, 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 reasonably determines that it 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 4.1, that are necessary to offset any actual negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation.

ARTICLE IV

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 4.1. 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 Tax Year 2016, 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 Article III 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 Article III shall be reduced until such excess is eliminated.

Section 4.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 4.1 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

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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 4.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 4.2 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 4.2, 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 V

TAX CREDITS

Section 5.1. 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 5.2. 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 respective 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 Texas Education Agency's rules, as applicable.

Section 5.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 5.1, 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)

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calendar days after receipt of such notice. 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 5.3, 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 VI

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 6.1. 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 Section 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. 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 Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

Section 6.2. 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 as a result of this Agreement, 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 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Forms 50-772 and 50-773, respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

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Section 6.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) if it does not cancel the Agreement prior to the end of the Qualifying Time Period under Section 4.2 of this Agreement, it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement; 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,
- (c) it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2016 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

Section 6.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event of a Material Breach of this Agreement (as hereinafter defined), except as provided in Section 4.2, after the notice and cure period provided by Section 6.8, then the District shall be entitled, as its sole and exclusive remedy, 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 6.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III.

(b) Notwithstanding Section 6.4(a), in the event that 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 maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax Year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 6.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy. Notwithstanding the foregoing, penalties shall only be due

to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 6.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 6.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 6.4 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. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 6.6. MATERIAL BREACH OF AGREEMENT

The Applicant shall be in “Material Breach of this Agreement” (herein so called) if it commits one or more of the following acts or omissions:

- (a) The Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 7.13, below.
- (b) Subject to Section 4.2, the Applicant fails to Maintain Viable Presence in the District, as required by Section 6.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) The Applicant fails to make any payment required under Article III of this Agreement on or before its due date.
- (d) Subject to Section 4.2, the Applicant fails to create and maintain at least thirty-five (35) New Jobs.
- (e) Subject to Section 4.2, the Applicant fails to create and maintain at least eighty percent (80%) of all such New Jobs as Qualifying Jobs which meet the requirements of Texas Tax Code §313.021(3).

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- (f) The 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 Article III 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 or in consideration for this Agreement are not barred by this provision.
- (g) The Applicant fails to materially comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 6.7. LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full Tax Year which commences after the project has become operational, the Applicant may cure any Material Breach of this Agreement described in Subsections 6.6(d) and 6.6(e) or 6.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Subsections 6.6(d) and 6.6(e) or 6.6(f) for any 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 6.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 6.4 or Section 6.6 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 of this Agreement.

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material Breach of this Agreement 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 of this Agreement has occurred and, if so, whether such Material Breach of this Agreement 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 of this Agreement occurred, if any, and whether or not any such Material Breach of this Agreement has been cured. Except as otherwise provided in Section 6.7, in the event that the Board of Trustees determines that such a Material Breach of this Agreement has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 6.4 (net of all credits

under Section 6.4), and the amount of any penalty and/or interest under Section 6.5 that are owed to the District.

After making its determination regarding any alleged Material Breach of this Agreement, 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 6.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 6.8, 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 6.8, 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 Ellis County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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) days, the District shall have the remedies for the collection of the amounts determined under Section 6.8 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 reasonable attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30. In the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's 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 6.9, 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 proceeding, 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.

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Section 6.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, the District's damages for any default shall under no circumstances exceed the greater of either any amounts calculated under Sections 6.4 and 6.5 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 6.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 6.11. 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 VII

MISCELLANEOUS PROVISIONS

Section 7.1. 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 as follows:

Dr. J. Scott Niven, Superintendent
RED OAK INDEPENDENT SCHOOL DISTRICT
156 Louise Ritter Boulevard
P.O. Box 9000
Red Oak, Texas 75154
Fax: (972) 617-4787
E-mail: scott.niven@redoakisd.org

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 as follows:

Wendy G. Hargus
Vice President, Finance
Triumph Aerostructures – Vought Aircraft Division
Triumph Aerostructures, LLC
M/S 220-16
P.O. Box 655907
Dallas, Texas 75265-5907
Fax: (972) 946-5632
Email: whargus@triumphgroup.com

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 7.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,
- (b) Subject to Sections 4.2 and 6.3(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 Eighty Million Dollars (\$80,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

Section 7.3. 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, additional or replacement Qualified Property or Qualified Investment 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 or Qualified Investment pursuant to this Section 7.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas 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 7.4. ASSIGNMENT

With the prior approval of the Board of Trustees, which approval shall not be unreasonably withheld, delayed or conditioned, the Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate, a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment. 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 Texas 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 Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 7.5. 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 7.6. 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.

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Section 7.7. 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 Ellis County, Texas.

Section 7.8. 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 7.9. 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 7.9, 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 7.10. 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 litigation of any such dispute shall be entitled to full recovery of all reasonable and necessary attorneys' fees, costs, and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 7.11. 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 7.12. 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 7.13. 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 to the best of Applicant’s knowledge all material representations, material information, and material facts contained in the Application are true and correct in all material respects. 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; provided, however, that to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 6.8 and 6.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, material information, or material fact, then the Board of Trustees shall notify Applicant in writing of such determination and the Applicant shall have the time periods permitted by Section 6.8 or any other section of this Agreement; if any such material representation, material information or material fact remains uncured after the written notice and cure periods specified herein, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative Code §9.1053(f)(2)(K).

Section 7.14. 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:

- a. Within seven (7) days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 7.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 16 day of August 2013.

TRIUMPH AEROSTRUCTURES, LLC

RED OAK INDEPENDENT SCHOOL DISTRICT

By:

Name:

Title:


Jeffrey J. McRae
President - Triumph Aerostructures

By:


DR. J. SCOTT NIVEN
Superintendent

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Red Oak Independent School District Reinvestment Zone Number One* was originally created on May 20, 2013, by action of the Board of Trustees of the Red Oak Independent School District. A map of the *Red Oak Independent School District Reinvestment Zone Number One* is attached as the next page of this **EXHIBIT 1**. The legal description of the *Red Oak Independent School District Reinvestment Zone Number One* is as follows:

BEING a tract of land situated in the Benjamin E. Frazier Survey, Abstract No. 371, City of Red Oak, Ellis County, Texas and being part of a tract of land described in Special Warranty Deed to City of Red Oak Industrial Development Corporation recorded in Volume 1586, Page 312, Deed Records of Ellis County, Texas and being more particularly described as follows:

BEGINNING at a point in the west right-of-way line of the M.K. & T. Railroad at the southernmost corner of Lot 2, Block A, Lots 1 and 2 in Block A of Access Self Storage Addition, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet H, Page 626, Map Records of Ellis County, Texas;

THENCE with said west right-of-way line, South 28°20'46" West, a distance of 1218.31 feet to the northeast corner of Lot 45, Block A, Quail Run Estates, Phase Two, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet F, Page 296, Map Records of Ellis County, Texas;

THENCE with the north line of said Quail Run Estates, Phase Two, South 89°50'38" West, a distance of 2535.36 feet to a point in North Methodist Road;

THENCE with the west line of said City of Red Oak Industrial Development Corporation tract, North 00°15'00" East, a distance of 1458.25 feet to a point for corner;

THENCE departing said west line, South 89°59'35" East, a distance of 819.09 feet to a point in the west right-of-way line of Crockett Lane (a 65-foot wide right-of-way);

THENCE with said west right-of-way line, South 01°14'57" West, a distance of 86.62 feet to the southwest corner of the southerly terminus of said Crockett Lane;

THENCE with said southerly terminus, South 89°45'00" East, a distance of 65.00 feet to the southeast corner of said southerly terminus;

THENCE with said east right-of-way line, North $00^{\circ}14'57''$ East, a distance of 166.07 feet to the southwest corner of Lot 1, Block D, Red Oak Industrial Park, an addition to the City of Red Oak, Texas according to the plat recorded in Cabinet E, Page 73, Map Records of Ellis County, Texas;

THENCE with the south line of said Lot 1, Block D, South $89^{\circ}45'03''$ East, at a distance of 669.18 feet, passing the southeast corner of said Lot 1, Block D, continuing, in all a total distance of 749.18 feet to a point for corner;

THENCE North $00^{\circ}14'57''$ East, at a distance of 533.39 feet, passing the southeast corner of the southerly terminus of Austin Boulevard (an 80-foot wide right-of-way), continuing, with the east right-of-way line of said Austin Boulevard, in all a total distance of 647.39 feet to the southernmost end of a right-of-way corner clip at the intersection of said east right-of-way line and the south right-of-way line of Bowie Drive (a 65-foot wide right-of-way line);

THENCE with said right-of-way corner clip, North $45^{\circ}14'57''$ East, a distance of 35.36 feet to the northernmost end of said right-of-way corner clip;

THENCE South $89^{\circ}45'03''$ East, at a distance of 28.49 feet, passing the southeast corner of the easterly terminus of said Bowie Drive, continuing, departing said easterly terminus, in all a distance of 793.32 feet to the beginning of a non-tangent curve to the right having a central angle of $06^{\circ}59'45''$, a radius of 5350.99 feet, a chord bearing and distance of South $86^{\circ}15'19''$ East, 652.94 feet;

THENCE in a southeasterly direction, with said curve to the right, an arc distance of 653.35 feet to a point in the west line of said Lot 1, Block A, at the end of said curve;

THENCE with said west line of Lot 1, Block A, South $00^{\circ}03'18''$ East, a distance of 1081.09 feet to the POINT OF BEGINNING and containing 122.887 acres or 5,352,965 square feet of land.

Agreement for Limitation on Appraised Value

Between Red Oak Independent School District and Triumph Aerostructures, LLC
Texas Comptroller Application No. 258

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned or leased by the Applicant or its Affiliates and located within the boundaries of both the Red Oak Independent School District and the *Red Oak Independent School District Reinvestment Zone Number One* described in **EXHIBIT 1** will be included in and subject to this Agreement, except as expressly excluded by the terms of **EXHIBIT 3** of this Agreement.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

Applicant's Qualified Property and/or Applicant's Qualified Investment shall include the buildings, improvements, fixtures, and personal property described below under the heading "Project Description" which are owned by Applicant or its Affiliates and located within the boundaries of the *Red Oak Independent School District Reinvestment Zone Number One* described in **EXHIBIT 1**, with the exception of the listed property described below under the heading "Excluded Property" which shall be excluded:

PROJECT DESCRIPTION

The project includes construction of new improvements and acquiring new machinery, equipment and other tangible personal property. The types of items currently planned as part of the project include, but are not limited to, a manufacturing assembly / composite fabrication / manufacturing research & development laboratory complex, together with engineering, technical and administrative office areas, that will include, but are not limited to, refrigerated storage of composite materials; automated material preparation and deposition; autoclave curing of composite structure; inert gas storage and conversion equipment; automated trimming of cured composite materials and non-destructive inspection; mechanical assembly of aircraft components with the installation and functional testing of systems components; surface preparation and painting; loading and shipping of components; environmental temperature, humidity and airborne contaminate controls; roadway improvements; storm and sanitary sewer improvements; railroad spur and track additions; building utility systems for electrical power, potable water, compressed air, vacuum systems; crane systems for assembly movement and loading; aircraft program tooling, company-owned portable durable tooling, over-the-road transportation vehicles, internal service vehicles, factory and office furnishings, information technology and computer equipment, and moveable personal property; as well as a laboratory dedicated to manufacturing research and development.

EXCLUDED PROPERTY

Personal Property:

Excluded from the definition of Applicant's Qualified Property and/or Applicant's Qualified Investment are certain items of machinery, equipment and other tangible personal property which are owned by Applicant and will be relocated from Applicant's facilities located at 9314 W. Jefferson Blvd., in the City of Dallas, Dallas County, Texas (the "Dallas County Site"). The Parties agree that such relocated items will not be included in the definitions of Applicant's Qualified Property or Applicant's Qualified Investment for purposes of this Agreement.

For the tax year 2012, such items of tangible personal property to be excluded from this Agreement (and listed by category below) were included in Dallas

County Appraisal District Business Personal Property Account Number 99000000216760850.

The Parties understand and agree that not all property included in Dallas County Appraisal District Business Personal Property Account Number 99000000216760850 will be transferred to the *Red Oak Independent School District Reinvestment Zone Number One* described in **EXHIBIT 1**.

The Parties understand and agree that Applicant will provide the Ellis County Appraisal District with access to its site and its records for purposes of identifying all of the items of tangible personal property transferred from the Dallas County Site to the *Red Oak Independent School District Reinvestment Zone Number One* that are excluded from the definition of Applicant's Qualified Property and/or Applicant's Qualified Investment by the terms set forth in this **EXHIBIT 3**. The Ellis County Appraisal District will verify the location of all such items relocated to the real property described in **EXHIBIT 1** from the Dallas County Site and create a new and separate property account number(s) for the following categories of such items:

1. Computers
2. Forklifts
3. Furniture & Fixtures
4. Golf Carts
5. Machine Shop – Machinery & Equipment
6. Machinery & Equipment
7. Manufacturing Test Equipment
8. Office Equipment
9. Short Life – Machinery & Equipment

Improvements to Real Property

Also excluded from the definition of Applicant's Qualified Property and/or Applicant's Qualified Investment is a building completed in approximately September 2012 and containing approximately 255,000 square feet. The Ellis County Appraisal District will verify the location of such building within the real property described in **EXHIBIT 1** and create a new and separate property account number for such building.

RED OAK SITE PLAN

Proposed Engineering /
Office Building



Building I (excluded from Qualified Property)



PROPOSED PAINT



Building II



PARKING SPACES
(925)



RAIL SPUR

