

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

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.

| 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

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.

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Schedule A (Rev. May 2010): Investment

Form 60-296

printed on: 12/17/2013 8:40 AM
Applicant Name: Triumph Aerostructures
RID Name: Red Oak

| PROPERTY INVESTMENT AMOUNTS | | [Estimated Investment in each year. Do not put cumulative totals.] | | | | | | | | | |
|--|--|--|--|--|--|--|------------------------------------|-----------|--|--|--|
| Year | School Year (YYYY-YYYY) | CALENDAR YEAR (FY in actual tax year basis) | Column A: Tangible Personal Property (The amount of new investment (original cost) placed in service during this year) | Column B: Building or personal nonresidential component of building (net real amount only) | Column C: Sum of A and B Qualifying investment (during the qualifying time period) | Column D: Other investment that is not qualified investment but investment affecting economic impact and total value | Column E: Total Investment (A+B+D) | | | | |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | 2012-2013 | 2012 | - | 24,400,000 | - | 2,010,000 | 26,410,000 | | | | |
| | 2013-2014 | 2013 (Jan-Mar) | 9,000,000 | 8,800,000 | - | - | 17,800,000 | | | | |
| | 2013-2014 | 2013 (Apr-Dec) | 38,500,000 | 62,000,000 | 90,500,000 | - | 90,500,000 | | | | |
| | Complete tax years of qualifying time period | 2014-2015 | 2014 | 8,000,000 | - | 8,000,000 | - | 8,000,000 | | | |
| | | 2015-2016 | 2015 | 1,600,000 | - | 1,600,000 | - | 1,600,000 | | | |
| | | 2016-2017 | 2016 | 3,500,000 | - | - | - | 3,500,000 | | | |
| | | 2017-2018 | 2017 | - | - | - | - | - | | | |
| | | 2018-2019 | 2018 | - | - | - | - | - | | | |
| | | 2019-20 | 2019 | - | - | - | - | - | | | |
| | | 2020-21 | 2020 | - | - | - | - | - | | | |
| | Value Limitation Period | 2021-22 | 2021 | - | - | - | - | - | | | |
| | | 2022-23 | 2022 | - | - | - | - | - | | | |
| | | 2023-24 | 2023 | - | - | - | - | - | | | |
| | | 2024-25 | 2024 | - | - | - | - | - | | | |
| | | 2025-26 | 2025 | - | - | - | - | - | | | |
| 2026-27 | | 2026 | - | - | - | - | - | | | | |
| Credit Settle-Up Period | 2027-28 | 2027 | - | - | - | - | - | | | | |
| | 2028-29 | 2028 | - | - | - | - | - | | | | |
| Post-Settle-Up Period | 2029-30 | 2029 | - | - | - | - | - | | | | |
| | 2030-31 | 2030 | - | - | - | - | - | | | | |

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §312.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, the number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonresidential component of buildings that the applicant considers qualified investment under Tax Code §312.021(1)(E).

Column D: For the years outside the qualifying time period, the number should simply represent the planned investment in new buildings or nonresidential components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

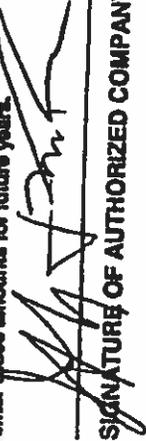
Column E: Total Investment. Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment. Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE:  DATE: 17 Dec 2012

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

| Applicant Name ISD Name | | Red Oak | | Form 50-296 | | | | |
|----------------------------|-----------------------|---------|--|--------------------------------|---|---|-------------------------|--|
| Year | School Year (YYY-YYY) | Aug-May | Prop Tax as of Jan 1 | Qualified Property | | Reductions from Market Value | Estimated Taxable Value | Final taxable value for M&O - after all reductions |
| | | | Text Year (Fill in actual tax year) YYYY | 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 | Exempted Value | Final taxable value for M&O - after all reductions |
| pre-year 1 | 2013-2014 | | 2013 | 2,018,602 | 0 | 0 | | 2,018,602 |
| 1 | 2014-2015 | | 2014 | 2,018,602 | 60,893,729 | 44,339,310 | | 107,251,641 |
| 2 | 2015-2016 | | 2015 | 2,018,602 | 58,200,000 | 48,853,978 | | 109,072,580 |
| 3 | 2016-2017 | | 2016 | 2,018,602 | 57,300,000 | 46,811,555 | | 106,130,158 |
| 4 | 2017-2018 | | 2017 | 2,018,602 | 56,400,000 | 45,474,617 | | 103,893,219 |
| 5 | 2018-2019 | | 2018 | 2,018,602 | 55,500,000 | 42,507,153 | | 100,025,755 |
| 6 | 2019-20 | | 2019 | 2,018,602 | 54,600,000 | 38,268,536 | | 94,885,139 |
| 7 | 2020-21 | | 2020 | 2,018,602 | 53,700,000 | 38,063,943 | | 93,782,545 |
| 8 | 2021-22 | | 2021 | 2,018,602 | 52,800,000 | 34,975,443 | | 89,794,046 |
| 9 | 2022-23 | | 2022 | 2,018,602 | 51,900,000 | 32,334,162 | | 86,252,764 |
| 10 | 2023-24 | | 2023 | 2,018,602 | 51,000,000 | 30,067,651 | | 83,088,253 |
| 11 | 2024-25 | | 2024 | 2,018,602 | 50,100,000 | 28,126,311 | | 80,244,913 |
| 12 | 2025-26 | | 2025 | 2,018,602 | 49,200,000 | 26,333,358 | | 77,551,961 |
| 13 | 2026-27 | | 2026 | 2,018,602 | 48,300,000 | 24,554,320 | | 74,872,922 |
| 14 | 2027-28 | | 2027 | 2,018,602 | 47,400,000 | 22,792,653 | | 72,211,155 |
| 15 | 2028-29 | | 2028 | 2,018,602 | 46,500,000 | 21,507,552 | | 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

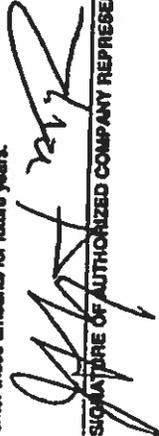
Applicant Name
ISD Name

Form 60-296

| | | Construction | | | New Jobs | | Qualifying Jobs | | |
|--|--|-------------------------|---|--|--|---|--|--|--|
| | Year | School Year (YYYY-YYYY) | Calendar Year (Fill in actual Calendar year) YYYY | 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 |
| | pre-year 1 | 2013-2014 | 2013 | 337,958.0 | \$37,440 | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 1 | 2014-2015 | 2014 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 2 | 2015-2016 | 2015 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 3 | 2016-2017 | 2016 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 4 | 2017-2018 | 2017 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 5 | 2018-2019 | 2018 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 6 | 2019-20 | 2019 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 7 | 2020-21 | 2020 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 8 | 2021-22 | 2021 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 9 | 2022-23 | 2022 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 10 | 2023-24 | 2023 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 11 | 2024-25 | 2024 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 12 | 2025-26 | 2025 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 13 | 2026-27 | 2026 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 14 | 2027-28 | 2027 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| | 15 | 2028-29 | 2028 | | | 35 | \$ 56,784 | 28 | \$ 56,784 |
| Tax Credit Period (with 50% cap on credit) | Complete tax years of qualifying time period | | | | | | | | |
| | Value Limitation Period | | | | | | | | |
| Credit Settle-Up Period | Continue to Maintain Viable Presence | | | | | | | | |
| Post-Settle-Up Period | Post-Settle-Up Period | | | | | | | | |

Notes: For job distinctions see TAC §2.1051(1-4) 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
 ISD Name: Franchise Tax
 Other Property Tax Abatement Sought: Red Oak

| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | Year | School Year (YYYY-YYYY) | Tax/Calendar Year YYYY | Sales Tax Information | | Franchise Tax | Other Property Tax Abatement Sought | | | |
|--|------|-------------------------|------------------------|---|---|---------------|-------------------------------------|------|----------|-------|
| | | | | 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 | | County | City | Hospital | Other |
| | | 2013-2014 | 2013 | \$ 29,750,000 | \$ 68,050,000 | \$ 38,000 | 70% | 100% | 0% | 0% |
| Tax Credit Period (with 50% cap on credit) | 1 | 2014-2015 | 2014 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 90% | 0% | 0% |
| | 2 | 2015-2016 | 2015 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 80% | 0% | 0% |
| | 3 | 2016-2017 | 2016 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 70% | 0% | 0% |
| | 4 | 2017-2018 | 2017 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 70% | 0% | 0% |
| | 5 | 2018-2019 | 2018 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 70% | 0% | 0% |
| | 6 | 2019-20 | 2019 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 70% | 0% | 0% |
| | 7 | 2020-21 | 2020 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 70% | 70% | 0% | 0% |
| | 8 | 2021-22 | 2021 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 70% | 0% | 0% |
| | 9 | 2022-23 | 2022 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 70% | 0% | 0% |
| | 10 | 2023-24 | 2023 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 70% | 0% | 0% |
| Credit Settle-Up Period | 11 | 2024-25 | 2024 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 50% | 0% | 0% |
| | 12 | 2025-26 | 2025 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 50% | 0% | 0% |
| | 13 | 2026-27 | 2026 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 50% | 0% | 0% |
| Post-Settle-Up Period | 14 | 2027-28 | 2027 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 50% | 0% | 0% |
| | 15 | 2028-29 | 2028 | \$ 4,200,000 | \$ 1,000,000 | \$ 38,000 | 0% | 50% | 0% | 0% |

*For planning, construction and operation of the facility.

17 DEC 2012
DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Attachment 2

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,



Al McKenzie, Manager
Foundation School Program Support

AM/bd

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,



Al McKenzie, Manager
Foundation School Program Support

AM/bd

**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 | 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 | \$12,322,176 | \$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 | State Aid | Additional State Aid-Hold Harmless | Excess Formula Reduction | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Total General Fund |
|-------------------|-------------|-----------------------------|-----------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| Pre-Year 1 | 2013-14 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | 2014-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | 2015-16 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | 2016-17 | -\$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 3

Ellis County

Population

- Total county population in 2010 for Ellis County: 155,062 , up 2.3 percent from 2009. State population increased 1.8 percent in the same time period.
- Ellis County was the state's 26th largest county in population in 2010 and the 27 th fastest growing county from 2009 to 2010.
- Ellis County's population in 2009 was 64.3 percent Anglo (above the state average of 46.7 percent), 9.9 percent African-American (below the state average of 11.3 percent) and 23.7 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Ellis County:

| | | | |
|-------------|--------|-----------|--------|
| Waxahachie: | 29,535 | Ennis: | 19,795 |
| Midlothian: | 18,124 | Red Oak: | 10,205 |
| Ovilla: | 3,997 | Ferris: | 2,581 |
| Italy: | 2,166 | Palmer: | 2,085 |
| Oak Leaf: | 1,516 | Maypearl: | 956 |

Economy and Income

Employment

- September 2011 total employment in Ellis County: 67,235 , up 1.7 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Ellis County unemployment rate: 8.8 percent, up from 8.5 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Waxahachie: 9.3 percent, up from 8.0 percent in September 2010.

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

Income

- Ellis County's ranking in per capita personal income in 2009: 135th with an average per capita income of \$32,059, down 2.1 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Ellis County averaged \$70.33 million annually from 2007 to 2010. County total agricultural values in 2010 were up 35.2 percent from 2009. Major agriculture related commodities in Ellis County during 2010 included:
 - Hay - Cotton - Corn - Other Beef - Nursery
- 2011 oil and gas production in Ellis County: 359.0 barrels of oil and 6.7 million Mcf of gas. In September 2011, there were 15 producing oil wells and 56 producing gas wells.

Taxes

Sales Tax - Taxable Sales

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

Quarterly (September 2010 through December 2010)

- Taxable sales in Ellis County during the fourth quarter 2010: \$252.33 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

| | |
|-------------|---|
| Waxahachie: | \$113.98 million, up 4.6 percent from the same quarter in 2009. |
| Ennis: | \$50.71 million, up 11.0 percent from the same quarter in 2009. |
| Midlothian: | \$34.44 million, up 8.1 percent from the same quarter in 2009. |
| Red Oak: | \$17.74 million, up 9.7 percent from the same quarter in 2009. |
| Ovilla: | \$1.19 million, up 0.7 percent from the same quarter in 2009. |
| Ferris: | \$6.26 million, up 0.1 percent from the same quarter in 2009. |
| Italy: | \$2.61 million, up 7.7 percent from the same quarter in 2009. |
| Palmer: | \$1.05 million, up 14.2 percent from the same quarter in 2009. |
| Oak Leaf: | \$208,177.00, up 29.8 percent from the same quarter in 2009. |
| Maypearl: | \$756,003.00, down 3.5 percent from the same quarter in 2009. |
| Milford: | \$40,783.00, down 58.2 percent from the same quarter in 2009. |
| Garrett: | \$689,560.00, up 7.7 percent from the same quarter in 2009. |
| Pecan Hill: | \$22,632.00, down 11.0 percent from the same quarter in 2009. |
| Bardwell: | \$112,400.00, down 17.1 percent from the same quarter in 2009. |

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.