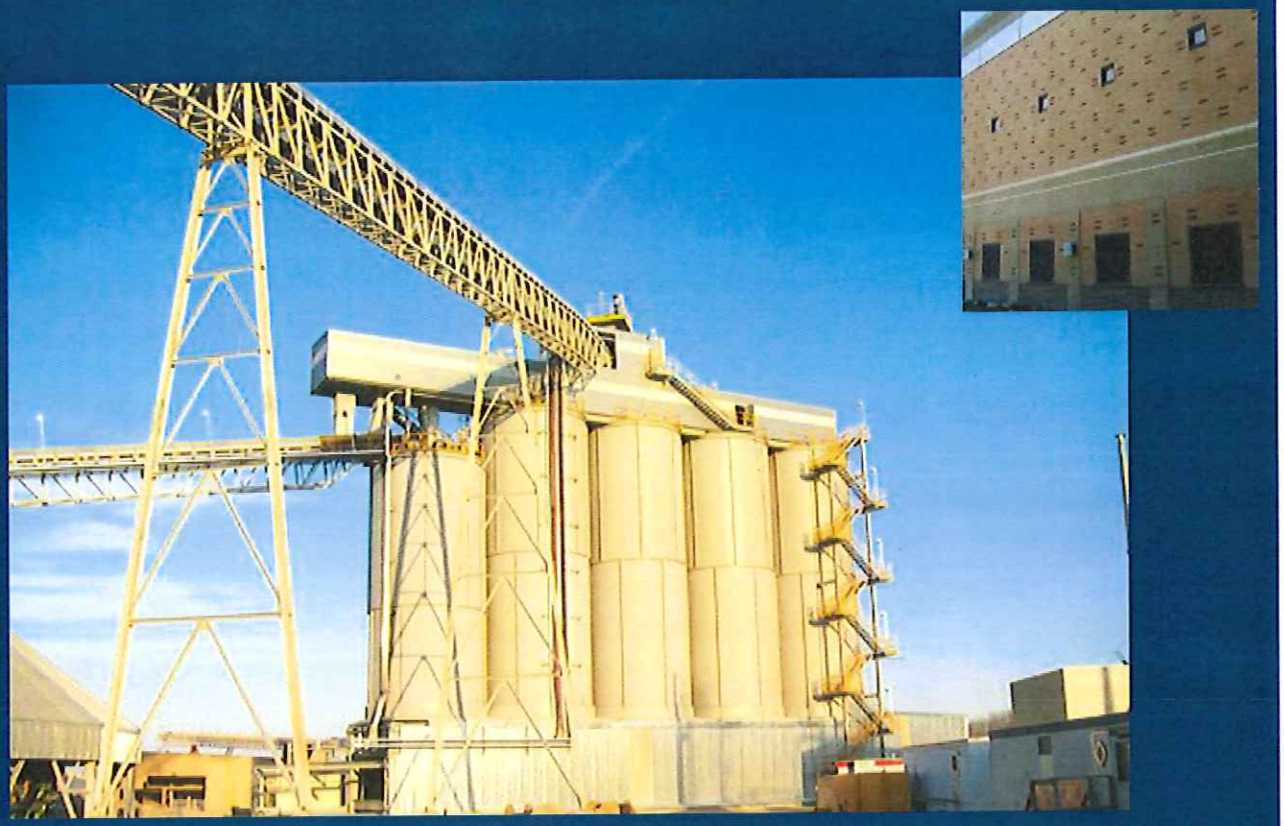
FINDINGS OF THE HIGHLAND INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY BUZZI UNICEM USA (#1002)



December 17, 2014

FINDINGS
OF THE
HIGHLAND INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
BUZZI UNICEM USA (#1002)

DECEMBER 17, 2014

FINDINGS OF THE HIGHLAND INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY BUZZI UNICEM USA (#1002)

STATE OF TEXAS §

COUNTY OF NOLAN §

On the 17th day of December, 2014, a public meeting of the Board of Trustees of the Highland Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Buzzi Unicem USA ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On March 26, 2014, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The application was determined complete by the Comptroller on July 11, 2014. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 11309826607), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

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

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on August 21, 2014 in which the Comptroller has determined that: 1) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 2) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 3) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

At the specific direction of the Comptroller's Office, the parties used the template Texas Economic Development Agreement. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**. In November 2014, the Texas Comptroller's Office announced its intention to modify Comptroller Form 50-

286 and to permit amendments to existing agreements including the agreement for which these Findings are being made.

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

Board Finding Number 1.

The Board finds that the property meets the requirements of §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

> BUZZI UNICEM USA (Buzzi Unicem USA) is requesting an appraised value limitation from Highland Independent School District (HISD) for their proposed cement production facility.

Property that is used for manufacturing satisfies the requirements of §313.024(b)(1).

Board Finding Number 2.

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

In support of Finding 2, the economic impact evaluation Attachment B states:

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	$98,725	$98,725	$0	$0
	2015	$615,725	$714,450	$0	$0
	2016	$2,339,700	$3,054,150	$0	$0
Limitation Period (10 Years)	2017	$330,000	$3,384,150	$1,628,000	$1,628,000
	2018	$330,000	$3,714,150	$1,971,547	$3,599,547
	2019	$330,000	$4,044,150	$1,953,444	$5,552,991
	2020	$330,000	$4,374,150	$1,898,391	$7,451,382
	2021	$330,000	$4,704,150	$1,834,869	$9,286,251
	2022	$330,000	$5,034,150	$1,517,954	$10,804,206
	2023	$330,000	$5,364,150	$1,449,912	$12,254,118
	2024	$330,000	$5,694,150	$1,641,185	$13,895,303
	2025	$330,000	$6,024,150	$1,641,185	$15,536,488
	2026	$330,000	$6,354,150	$1,641,185	$17,177,674
Maintain Viable Presence (5 Years)	2027	$1,971,185	$8,325,335	$0	$17,177,674
	2028	$1,971,185	$10,296,521	$0	$17,177,674
	2029	$1,971,185	$12,267,706	$0	$17,177,674
	2030	$1,971,185	$14,238,891	$0	$17,177,674
	2031	$1,971,185	$16,210,077	$0	$17,177,674
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	$1,971,185	$18,181,262	$0	$17,177,674
	2033	$1,971,185	$20,152,447	$0	$17,177,674
	2034	$1,971,185	$22,123,633	$0	$17,177,674
	2035	$1,971,185	$24,094,818	$0	$17,177,674
	2036	$1,971,185	$26,066,003	$0	$17,177,674
	2037	$1,971,185	$28,037,189	$0	$17,177,674
	2038	$1,971,185	$30,008,374	$0	$17,177,674
	2039	$1,971,185	$31,979,559	$0	$17,177,674
	2040	$1,971,185	$33,950,745	$0	$17,177,674
	2041	$1,971,185	$35,921,930	$0	$17,177,674
		$35,921,930	is greater than	**$17,177,674**	

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Lone Star Industries

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.

Board Finding Number 3.

The limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

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

The Comptroller has determined that the limitation on appraised value is a determining factor in Buzzi Unicem's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company, without approval of the appraised value limitation application this project is in jeopardy; and, likely leads to the company ceasing production at the outdated plant resulting in the loss of approximately 100 jobs.
- Per the company, without the property tax savings the other proposed location has a lower operating cost by approximately $2.1 million annually.
- Per the applicant, the company permanently closed two manufacturing facilities in 2008, Independence, Kansas and New Orleans, Louisiana.
- Per the applicant's application, in November 2013 they announced plans of a modernization and expansion of the Maryneal, Texas facility.
- Per the application upgrades to the plant were installed in June and July 2013.
- Per news reports in April 2009 the applicant's plans for a $300M modernization and expansion of the Maryneal, Texas facility were put on hold as a result of the recession. They also withdrew their application for a $300M tax abatement; but continued to make some upgrades to the plant. As part of that process, plans were being drawn to incorporate the future goal of the plants $300M modernization and expansion.

Board Finding Number 4.

The Board finds that the Application Fee received for the Application for which these Findings are being made was reasonable and only in such an amount as was necessary to cover the District's costs of processing such Application.

Board Finding Number 5.

Based upon the information provided in the Application and in the Comptroller's Certificate package, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute. And, the Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of said Agreement.

The Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs will be at least $42,000 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. As defined in Section 313.021 of the Tax Code, "Qualifying job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

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

Board Finding Number 6.

The Applicant does not intend to create any non-qualifying jobs.

For any non-qualifying job the Applicant creates, the Applicant must pay at least the county average wage for all jobs in the county.

Board Finding Number 7.

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 $212 million to the tax base for debt service purposes at the peak investment level for the 2016-17 school year, with the project value expected to depreciate over the course of the agreement. The project remains fully taxable for debt services taxes, with the District levying a $0.12 per $100 I&S rate. Under the estimates presented in the school finance analysis, the taxpayers of the District should see long-term benefit from the project in meeting the District's future service needs even with the expected depreciation of the project's taxable value.

Board Finding Number 8.

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

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

Board Finding Number 9.

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

Board Finding Number 10.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (2) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code § 37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

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

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 11.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment E, the total 2013 industrial value for the District is $395.98 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in the District is more than $200 million, it is classified as a Category I district which can offer a minimum value limitation of $30 million.

Board Finding Number 12.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement.**

Board Finding Number 13.

> **The Applicant (Taxpayer Id. 11309826607) is eligible for the limitation on appraised value of qualified property as specified in the Agreement as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer Id. 11309826607), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess the eligibility of any business to which an agreement is transferred, to wit: the requirement that all assignments are amendments to the provision forth in Section 10.4 of said Agreement.

Board Finding Number 14.

> **The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant in ensuring that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.**

Board Finding Number 15.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss each year 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 16.

The Board finds that the methodology and processes for determining Applicant's revenue protection payments as are set forth in Article IV of the Chapter 313 Tax Limitation Agreement (Attachment G) comply with Texas Tax Code, Chapter 313.

Board Finding Number 17.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 18.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, is in the form of the template Texas Economic Development Act adopted by the Comptroller. Should a new template be adopted that corrects the broken cross-references, clarifies wording and grammatical errors, and corrects contractual ambiguities not acceptable to either party, the Board finds that it would be in the District's best interest to agree to amend the Agreement.

Board Finding Number 19.

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), that it has taken appropriate action to ensure that all District Trustees, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

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

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings. In addition, the District should ensure that disclosure occurs at the meeting at which the school board will vote on the business's application.

Board Finding Number 20.

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

Board Finding Number 21.

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 herby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

It is further ORDERED that upon the issuance by the Comptroller's Office of a new Form 50-286 that the Board, in accordance with Comptroller rules and new form 50-286, will consider an amendment to Attachment G upon the request of Applicant or District staff.

Dated the 17th day of December 2014.

HIGHLAND INDEPENDENT SCHOOL DISTRICT

By: _____
Brent Allen, President, Board of Trustees

ATTEST:

By: _____
Dale Adams, Secretary, Board of Trustees

MOAK, CASEY & ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

LYNN M. MOAK, PARTNER DANIEL T. CASEY, PARTNER

December 17, 2014

President and Members
Board of Trustees
Highland Independent School District
6625 FM 608
Roscoe, Texas 79545

Re: Recommendations and Findings of the firm Concerning Application of BUZZI UNICEM USA for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Allen and Members of the Board of Trustees:

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

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878 400 W. 15th Street★Suite 1410★Austin, TX 78701-1648 Fax 512-485-7888

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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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 17, 2014

President and Members
Of the Board of Trustees
Highland Independent School District
6625 FM 608
Roscoe, Texas 79545

Re: Recommendations and Findings of the Firm Concerning Application of BUZZI UNICEM USA for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2015

Dear President Allen and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Fort Stockton Independent School District, with respect to the pending Application of BUZZI UNICEM USA for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2015. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and BUZZI UNICEM USA. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of BUZZI UNICEM USA for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,



Kevin O'Hanlon
For the Firm

Attachment A

Application

O'HANLON, MCCOLLOM & DEMERATH

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CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

March 27, 2014

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

RE: Application to the Highland Independent School District from Lone Star Industries, Inc. d/b/a Buzzi Unicem USA

FIRST QUALIFYING YEAR 2015

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Highland Independent School District is notifying Lone Star Industries, Inc. d/b/a Buzzi Unicem USA of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted an Application to the school district on March 19, 2014. The Board voted to accept the application on March 26, 2014. The application has been determined complete as of March 27, 2013. Please prepare the economic impact report.

Please note, there is existing property for the existing plant adjacent to the project site. This property is specifically excluded from the application. The appraisal district has assigned a tax identification number and appraised value for this property (this information is included in the Attachment 12 of the application). No construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement.

The Applicant has requested portions of Tab 5, portions of Tab 10 and all of Tab 11 of the Application be kept confidential. The redacted portions of the application are marked as such. In accordance with 34 TAC 9.1053, the information that is the subject of this request is segregated from the supplemental materials submitted contemporaneously with this application, that is, the proprietary commercial information regarding the specific location of the possible project. The confidential materials are being submitted separately to protect against unintended disclosure.

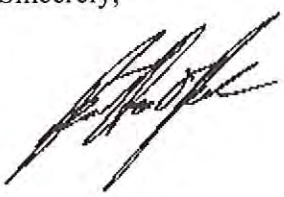
The public release of this information would reveal information which the company considers to be a trade secret. Furthermore, the public production of this information would cause the company to suffer substantial competitive harm and weaken its position in competitive siting decisions.

Please note, the project is located entirely within a county created reinvestment zone.

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. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Nolan County Appraisal District.

A hard copy of the application will be hand delivered to your office tomorrow. Please feel free to contact me with questions.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Nolan County Appraisal District

Lone Star Industries, Inc. d/b/a Buzzi Unicem USA

John Duane Hyde, Highland ISD

TAB 01

Application

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

Economic Development and Analysis
Form 50-296-A

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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, 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 website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value 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 issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links on this Web page to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

March 19, 2014
Date Application Received by District

John Duane
First Name

Hyde
Last Name

Superintendent
Title

Highland Independent School District
School District Name

6625 FM 608
Street Address

6625 FM 608
Mailing Address

Roscoe
City

Texas
State

79545-9801
ZIP

(325) 766-3652
Phone Number

(325)766-2281
Fax Number

Mobile Number *(optional)*

dhyde@highland.esc14.net
Email Address

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

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant *(If Applicable)*

Kevin — First Name
O'Hanlon — Last Name
Attorney — Title
O'Hanlon, McCollom & Demerath — Firm Name
512-494-9949 — Phone Number
512-494-9919 — Fax Number
Mobile Number *(optional)*
kohanlon@808west.com; mhanley@808west.com — Email Address

4. On what date did the district determine this application complete? ..... March 27, 2014

5. Has the district determined that the electronic copy and hard copy are identical? ..... ☑ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Nancy — First Name
Krial — Last Name
CFO & Senior Vice President — Title
Lone Star Industries, Inc. d/b/a Buzzi Unicem USA — Organization
100 Brodhead Road Suite 230 — Street Address
Mailing Address
Bethlehem — City
PA — State
18017 — ZIP
610-882-5010 — Phone Number
610-866-9430 — Fax Number
Mobile Number *(optional)*
Nancy.krial@buzziunicemusa.com — Business Email Address

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

2a. If yes, please fill out contact information for that person.

Meredith — First Name
Horishny — Last Name
Tax Manager — Title
Lone Star Industries, Inc. d/b/a Buzzi Unicem USA — Organization
100 Brodhead Road Suite 230 — Street Address
Mailing Address
Bethlehem — City
PA — State
18017 — ZIP
610-882-5056 — Phone Number
610-866-9430 — Fax Number
Mobile Number *(optional)*
Meredith.horishny@buzziunicemusa.com — Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ..... ☑ Yes ☐ No

SECTION 2: Applicant Information (continued)

4. **Authorized Company Consultant** ***(If Applicable)***

Alan
First Name

Carmichael
Last Name

Attorney
Title

Wetsel & Carmichael, LLP
Firm Name

325-235-3999
Phone Number

325-235-3526
Fax Number

alan@wetsel-carmichael.com
Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☑ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☑ No ☐ N/A

3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☐ No ☑ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Lone Star Industries, Inc.
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 *(11 digits)* 11309826607
3. List the NAICS code 327310
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☑ No

4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant *(corporation, limited liability corporation, etc)* Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☑ Yes ☐ No

2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.

3. Is the applicant current on all tax payments due to the State of Texas? ☑ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☑ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. *(If necessary, attach explanation in Tab 3)*

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171?	☑ Yes	☐ No
2. The property will be used for one of the following activities:		
(1) manufacturing	☑ Yes	☐ No
(2) research and development	☐ Yes	☑ No
(3) a clean coal project, as defined by Section 5.001, Water Code	☐ Yes	☑ No
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code	☐ Yes	☑ No
(5) renewable energy electric generation	☐ Yes	☑ No
(6) electric power generation using integrated gasification combined cycle technology	☐ Yes	☑ No
(7) nuclear electric power generation	☐ Yes	☑ No
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)	☐ Yes	☑ No
(9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051	☐ Yes	☑ No
3. Are you requesting that any of the land be classified as qualified investment?	☐ Yes	☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease?	☐ Yes	☑ No
5. Will any of the proposed qualified investment be leased under an operating lease?	☐ Yes	☑ No
6. Are you including property that is owned by a person other than the applicant?	☐ Yes	☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?	☐ Yes	☑ No

SECTION 7: Project Description

1. In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

2. Check the project characteristics that apply to the proposed project:

☐ Land has no existing improvements
☐ Land has existing improvements *(complete Section 13)*
☑ Expansion of existing operation on the land *(complete Section 13)*
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur?	☑ Yes	☐ No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project?	☐ Yes	☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur?	☑ Yes	☐ No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location?	☑ Yes	☐ No
5. Has the applicant received any local or state permits for activities on the proposed project site?	☑ Yes	☐ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?	☑ Yes	☐ No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?	☑ Yes	☐ No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?	☑ Yes	☐ No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?	☑ Yes	☐ No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?	☑ Yes	☐ No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

1. Application approval by school board ..... July 2014
2. Beginning of qualifying time period ..... Fourth Quarter 2014
3. First year of limitation 2017
4. Begin hiring new employees ..... Third Quarter 2016
5. Commencement of commercial operations ..... Third Quarter 2016
6. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date *(date your application is finally determined to be complete)*? ..... ☑ Yes ☐ No

   Note: Improvements made before that time may not be considered qualified property.
7. When do you anticipate the new buildings or improvements will be placed in service? ..... Third Quarter 2016

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located ..... Nolan County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Nolan County Central Appraisal District
3. Will this CAD be acting on behalf of another CAD to appraise this property? ..... ☐ Yes ☑ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

   County: Nolan County, .3407%, 100% *(Name, tax rate and percent of project)*

   City: *(Name, tax rate and percent of project)*

   Hospital District: Nolan County Hospital .2218%, 100% *(Name, tax rate and percent of project)*

   Water District: Wes Tex Groundwater .005%, 100% *(Name, tax rate and percent of project)*

   Other *(describe)*: FM-KT Road .054%, 100% *(Name, tax rate and percent of project)*

   Other *(describe)*: Highland ISD 1.445%, 100% *(Name, tax rate and percent of project)*
5. Is the project located entirely within the ISD listed in Section 1? ..... ☑ Yes ☐ No

   5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ..... ☐ Yes ☑ No

   6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at **www.texasahead.org/tax_programs/chapter313/**.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00

   Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ..... ☑ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
   a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 **(Tab 7)**;
   b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment **(Tab 7)**; and
   c. a detailed map of the qualified investment showing location of new buildings or new improvements with vicinity map **(Tab 11)**.
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ..... ☑ Yes ☐ No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
   - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 **(Tab 8)**;
   - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property **(Tab 8)**; and
   - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map **(Tab 11)**.
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☑ Yes ☐ No
   - 2a. If yes, attach complete documentation including:
     - a. legal description of the land **(Tab 9)**;
     - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property **(Tab 9)**;
     - c. owner **(Tab 9)**;
     - d. the current taxable value of the land. Attach estimate if land is part of larger parcel **(Tab 9)**; and
     - e. a detailed map showing the location of the land with vicinity map **(Tab 11)**.
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☑ Yes ☐ No
   - 3a. If yes, attach the applicable supporting documentation:
     - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office **(Tab 16)**;
     - b. legal description of reinvestment zone **(Tab 16)**;
     - c. order, resolution or ordinance establishing the reinvestment zone **(Tab 16)**;
     - d. guidelines and criteria for creating the zone **(Tab 16)**; and
     - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map **(Tab 11)**
   - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? _____

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:
   - a. maps and/or detailed site plan;
   - b. surveys;
   - c. appraisal district values and parcel numbers;
   - d. inventory lists;
   - e. existing and proposed property lists;
   - f. model and serial numbers of existing property; or
   - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): $ 53,000,000.00
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property *(that property described in response to question 2)*: $ 17,300,000.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the 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)? 109

2. What is the last complete calendar quarter before application review start date:
   ☐ First Quarter ☐ Second Quarter ☐ Third Quarter ☑ Fourth Quarter of 2013 *(year)*

3. 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 Texas Workforce Commission (TWC)? 109

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

4. What is the number of new qualifying jobs you are committing to create? 10

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

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

   6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information 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(21) and (22).

   a. Average weekly wage for all jobs (all industries) in the county is 720.00

   b. 110% of the average weekly wage for manufacturing jobs in the county is 930.00

   c. 110% of the average weekly wage for manufacturing jobs in the region is 800.00

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ..... ☑ §313.021(5)(A) or ☐ §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 42,000.00

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 42,000.00

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ..... ☑ Yes ☐ No

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.024(d-2)? ..... ☐ Yes ☑ No

    12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ..... ☐ Yes ☑ No

    13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. *(not required)*

3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print here ▶ Duane Hyde — Print Name (Authorized School District Representative)

Superintendent — Title

sign here ▶ Duane Hyde — Signature (Authorized School District Representative)

3-25-14 — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here ▶ Nancy L. Krial — Print Name (Authorized Company Representative (Applicant))

CFO & Senior Vice President — Title

sign here ▶ Nancy L. Krial — Signature (Authorized Company Representative (Applicant))

3/7/2014 — Date

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Cindy E. Cazarez, Notary Public
Hanover Twp., Northampton County
My Commission Expires Sept. 18, 2014
Member, Pennsylvania Association of Notaries

(Notary Seal)

GIVEN under my hand and seal of office this, the 7th day of March, 2014

Cindy E. Cazarez
Notary Public in and for the State of Texas- Pennsylvania

My Commission expires: 9-18-2014

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

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS	
TAB	**ATTACHMENT**
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation *(if applicable)*
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor *(if applicable)*
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property *(if applicable)*
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of new buildings or new improvements c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size **Note:** Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information *(if applicable)*
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact *(if applicable)*
15	Economic Impact Analysis, other payments made in the state or other economic information *(if applicable)*
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* *** To be submitted with application or before date of final application approval by school board**
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative *(applicant)*

TAB 2

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

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

TAB 3

Documentation of combined group received by the Texas Comptroller of Public Accounts

TAB 4

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 4
Section 7 - Project Description

As background, Lone Star Industries, Inc. (or "the Company") is a cement manufacturer which currently operates cement plants in Indiana, Missouri, Oklahoma, and Texas. The Company distributes the product through a network of distribution terminals located in several states. The Maryneal, Texas cement plant began production in 1951 with 2 kilns, adding a third kiln in 1953. The plant is currently capable of producing over 500,000 tons/year of cement, mainly Type I and oil well cement. The average life for a cement plant is approximately 50 years, which our Maryneal plant surpassed years ago. The industry has less than 3.5% of its clinker capacity produced by pre-1953 kilns. As a result of the plant's age, Buzzi Unicem USA spends a significant amount annually to maintain the facility. The amount spent makes the Maryneal plant the highest cost plant to operate within the Buzzi Unicem USA group.

Lone Star Industries, Inc. is proposing a project that is currently estimated to be a $235 million capital investment to build a brand new cement production line employing state-of-the-art equipment and technology. The new plant will yield a capacity of 1.1 million tons/year of clinker and 1.2 million tons/year of cement. The project will assure that Buzzi Unicem USA will retain and secure jobs for the foreseeable future in Nolan County and ensure that the Company continues to be a sustainable member of the community in which we operate. Without approval of the appraised value limitation application, this project is in jeopardy, which likely leads to the Company ceasing production at the outdated plant resulting in the loss of approximately 100 jobs.

The proposed project includes construction of equipment and support systems needed for the installation of a new production line with a capacity of 1.1 million tons of Portland cement clinker per year. In addition, the updated equipment further enhances safety for our employees. The Company will also invest in its employees by providing training related to the new equipment and technologies. The project will take place over approximately two years commencing in the first half of 2014. The project equipment will be installed on land already owned by the company. In general terms, the project will include the following:

1) Site preparation, grading and excavations
2) Foundation installations and civil construction
3) Installation of crushing, conveying and storage for limestone
4) Installation of a raw material grinding system
5) Installation of a Portland cement grinding system and attending conveying system
6) Procurement and installation of equipment and materials for construction of:
    a. Secondary raw materials storage/conveying
    b. Portland cement clinker kiln and cooler system
    c. Portland cement kiln fuel preparation and delivery system
    d. Portland cement clinker conveying and storage system
    e. Storage and conveying of secondary materials for cement grinding
    f. Ancillary systems for the supply of compressed air, process water, hydraulic systems

TAB 5

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 5
Section 8 – Limitation as Determining Factor

1) See Exhibit I in Tab 5 for listing of current land which is owned by the facility.

2) N/A

3) As discussed in Tab 4, Lone Star Industries, Inc. d/b/a Buzzi Unicem USA ("the Company") currently has a cement plant located in Nolan County at the site of the new project. The existing plant is capable of producing over 500,000 tons/year of cement, mainly Type I and oil well cement. The new facility would be constructed on property which is already owned by the Company and mainly within the general footprint of the existing plant.

4) Please see Exhibit II in Tab 5 for a copy of a press release for the proposed project at the Maryneal facility. The Company released this announcement only after receiving approval of tax abatements by the boards of the various Nolan County taxing districts. The Company received approval from the Nolan County and FM-KT tax districts on September 23, 2013, from the Nolan County Hospital taxing district on September 23, 2013, and from the Highland Independent School District board on October 14, 2013.

5) The Company filed a General Application for an Air Preconstruction Permit and received an Air Quality Permit from the Texas Commission on Environmental Quality (TCEQ) in 2009 when the Company was first considering an expansion project. TCEQ has informed the Company that amendments to this original application will be required since the location of the proposed project has changed. The TCEQ has indicated that the permit amendment process must be completed before a new kiln line would commence operation. The Company has begun preliminary work on the amendments to the permit application. However, this process cannot be completed until the proposed project design specifications would be finalized.

6) The Company has received property tax abatement for 10 years from the Nolan County Hospital District, Nolan County Appraisal District and FM-KT Road. Please see Exhibit III for copies of the applicable documents which approve the abatement.

7) **CONFIDENTIAL

8) Over the last year, the Company has considered opportunities to modernize several of its facilities. In order to determine where the Company's limited capital resources would best be spent, the Company evaluated modernizing either its Pryor, Oklahoma or Maryneal, Texas cement plants. When presenting the options to the Board of Directors for approval of a modernization project, the Maryneal Texas project had a stronger financial justification due to the Highland Independent School District appraised value limitation and tax abatements granted by other Nolan County taxing districts.

9) **CONFIDENTIAL

10) The increased capacity at the Maryneal facility will allow the Company to distribute additional cement to its other Texas distribution terminals via rail along with additional direct sales to customers from the Maryneal plant. In addition, should the Company proceed with the proposed project, it would plan to build a new distribution terminal in Texas which would receive all product from the Maryneal facility via rail.

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 5 - Existing Appraisal District Information
Section 8 - Limitation as Determining Factor

Account Number	Legal Description	Type of Property	Acres	Assessed Value
N0134-0002-00	0134 Abst 193 H&TC BLK/TRACT 1A	Land	311.21	10,891
N0276-0018-00	0276 Abst 043 T&P BLK/TRACT 22	Land	6.447	6,447
N1428-0007-00	1428 ABST 044 S/RR T&P BLK/TRACT 22	Land	18.759	18,759
N1428-0007-20	1428 ABST 044 S/RR T&P BLK/TRACT 22	Land	17.534	17,534
N1589-0001-00	1589 ABST 192 E/2 H&TC BLK/TRACT 1A	Land	408	8,622
N1836-0001-00	1836 ABST 192 W/2 H&TC BLK/TRACT 1A	Land	221	50,940
M.99000100.0705326	Limestone Quarry	Quarry		2,800,000
M.99000040.0057601	Land Improvements	Land Improvements		12,020
M.99000050.0057601	Buildings	Buildings		1,531,100
M.99000370.0057601	Machinery & Equipment	Tangible Personal Property		20,631,220
M.99000450.0057601	Furniture & Fixtures/ Data Processing	Tangible Personal Property		86,300
M.99000500.0057601	Automotive	Tangible Personal Property		160,740
M.99000530.0057601	M Machinery & Equipment	Tangible Personal Property		1,220,400
M.99000550.0057601	Inventory	Tangible Personal Property		6,770,040
M.99000380.0057601	Pollution Control Equipment	Tangible Personal Property		0
	Total Assessed Value			**33,325,013**

Buzzi Unicem USA

FOR IMMEDIATE RELEASE

Buzzi Unice ı USA Announces Major Expansion of the Maryne ıl, Texas Cement Plant

Bethlehe n, PA and M aryneal, TX 26 November 2013 –

Buzzi Unicem USA announced today that it plans to modernize and expa d its cement production facility located at Maryneal, exas. The project will reduce the plant's environmental footprint while more than doubling capacity to serve the increasing demand for cement for the construction and oil and gas industrie s. With the expansion, cement production capacity at the Maryneal, Texas plant will be increased from 550,0)0 short tons per year to 1.2 million short tons per year. Buzzi Unicem USA also will inst ıll state-of the-art pollution control equipment that will significantly reduce the plant's emissions of NOx and allow for compliance with other string ent environ ıental limits.

"As an industry lea ler in quality and service, Buzzi Unicem USA is committed to sustainable, environmentally resp ɔnsible manufacturing at all of its plants," said D avid Nepereny, the Company's President and Chief E :ecutive Officer. "The Maryneal plant expansion will result in a world-class facility that has the latest pyrɔprocessing, environmental and safet equipment.'

The major components of the proposed expansion include a new Raw Mill, a new Preheater/Precalciner Kiln and Cooler Syste n, a new 4500KW Finish Mill, and con :inued use of the newly commissioned Fives FCB Horomill® Finish Mill. A new solid fuel grinding and feed system will also be added as part of the project.

Buzzi Unicem USA currently employs approximately 100 full time employees at the Maryneal plant, 80% of whom live in Nolan County, Texas. This expansion will s lidify the jobs for the plant's workforce and create m ɔre than 200 full-time construction jobs during the estimated 2-3 year time period to install the project.

About Buzzi Unicem ISA

Headqua tered in B ethlehem, Pennsylvania, Buzzi Unic em USA is one of the leading cement manufacturing companies in the US. The Company opera :es 7 cement manufacturing plants and 30 distribution terminals in the United States. Buzzi Unicem USA, with approximately 1,400 valued employe s, supplies cement and masonry cement to ov r 3,800 rea dy-mix concrete, highway and airport p ıving firms, concrete block companies and concrete product fir ıs.

RESOLUTION

SUPPORTING APPLICATION OF LONE STAR INDUSTRIES, INC., D/B/A BUZZI UNICEM, USA FOR AN AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES *(AUTHORIZED BY TEXAS TAX CODE, CHAPTER 313)*

WHEREAS, the Highland Independent School District (hereinafter the "District") has been approached by Lone Star Industries Inc. d/b/a Buzzi Unicem USA (hereinafter the "Company") about a possible Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code for a cement manufacturing plant to be located with the school district boundaries; and,

WHEREAS, under the Texas Economic Development Act, school districts may offer property value limitations to attract major economic development projects for qualifying activities, such as manufacturing plants; and,

WHEREAS, a school board may not grant a property value limitation until the formal application and review process has been completed, which includes an economic analysis prepared by the state and a financial analysis of the impact of the value limitation on the finances of Highland ISD, as well as negotiation of an implementation agreement between the District and the Company; and,

WHEREAS, Lone Star Industries Inc. d/b/a Buzzi Unicem USA desires a preliminary indication of intent of the Highland Independent School District with respect to the Application in order to proceed with final financing arrangements for the Project; and,

WHEREAS, it appears from the evidence accumulated to date that Lone Star Industries Inc. d/b/a Buzzi Unicem USA would be eligible for the limitation on the appraised value of the Applicant's qualified property once it makes a qualified investment under Chapter 313, Texas Tax Code within the District, and that the approval of the Application and the District's entering into an Agreement would be in the best interest of the District and the State;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE HIGHLAND INDEPENDENT SCHOOL DISTRICT:

That the Board of Trustees of the Highland Independent School District hereby finds that it would favorably consider an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, provided:

1. A formal application and application fee is submitted to Highland ISD in a manner that is consistent with state law and school board policy;

2. The economic and financial analyses indicate that the project would benefit the area;

3. Suitable language is included in an implementation agreement to protect the school district from any potential revenue losses as a result of entering into the agreement, which is also required by state law; and

4. The agreement includes language that would spell out the process for covering future expansion at the site under an existing agreement or by filing a new application, whichever is most beneficial to the Company and Highland ISD.

PASSED, APPROVED AND ADOPTED on this 14th day of October, 2013.

HIGHLAND INDEPENDENT SCHOOL DISTRICT

By: _____

BRENT ALLEN
President
Board of Trustees

ATTEST:

_____

DALE ADAMS
Secretary
Board of Trustees

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF NOLAN §

THIS AGREEMENT FOR PAYMENT IN LIEU OF TAXES ("Agreement") is made and entered into by and between the NOLAN COUNTY HOSPITAL DISTRICT, dba ROLLING PLAINS MEMORIAL HOSPITAL, ("NCHD") and Lone Star Industries, Inc. d/b/a Buzzi Unicem USA ("BUZZI UNICEM"), the owner of taxable real property, and the improvements to be constructed thereon, within a reinvestment zone designated under Chapter 312, TEXAS TAX CODE.

WHEREAS, BUZZI UNICEM has developed plans to upgrade the plant and facilities at Buzzi Unicem's cement plant at Maryneal, Texas; and,

WHEREAS, BUZZI UNICEM has options to purchase all materials and equipment to be installed for the construction of the new plant ("Purchase Options"), including but not limited to a new kiln system, related material receiving and processing systems, additional finish grinding capacity and upgraded utilities and auxiliary systems for use in the development of a cost effective cement plant in Nolan County, Texas ; and,

WHEREAS, BUZZI UNICEM intends to construct a cost effective cement plant (the "Project") on the Property (as defined in Section 2(d) of this Agreement); and

WHEREAS, BUZZI UNICEM intends to operate the cement plant and service the Project; and

WHEREAS, BUZZI UNICEM would not exercise the Purchase Options or expend the funds to construct the Improvements (as defined in Section 2(c) of this Agreement) or establish the upgraded cement plant without receipt of an ad valorem tax abatement from Nolan County; and an Agreement for Payment in Lieu of Taxes from the NCHD; and,

WHEREAS, it is contemplated that the Project will ultimately yield an approximate capacity of 1.1 million short tons/year of clinker and 1.2 million short tons/year of cement and will reduce NOx emissions annually in Nolan County; and

WHEREAS, the Board of Directors of BUZZI UNICEM will determine the feasibility and viability of the Project and if the decision is made to move forward with the Project, BUZZI UNICEM anticipates commencing construction by the end of 2014, with an earliest possible projected completion date in 2017.; and

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, BUZZI UNICEM and the NCHD hereby agree as follows:

1. Authorization. This Agreement is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, TEXAS TAX CODE, as amended and the Tax

Abatement Guidelines and Criteria as adopted by both the Commissioners Court of Nolan County and the NCHD (the "Guidelines and Criteria") appended hereto as **Exhibit "B"**. The Board of Directors of the NCHD have determined that the terms of this Agreement and the property subject to this Agreement meet the Guidelines and Criteria adopted by the NCHD.

2. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Certified Appraised Value" shall mean the appraised value of the Property and existing improvements as certified by the Nolan County Central Appraisal District for each taxable year.

(b) "Nolan County" and "BUZZI UNICEM REINVESTMENT ZONE" shall mean that certain area qualified for tax abatement pursuant to the Guidelines and Criteria.

(c) "Improvements" shall mean the buildings and structures (or additions, upgrades, or portions thereof) and other improvements, including, but not limited to fixed machinery, equipment, crushing system, raw grinding system, raw materials handling and storage, kiln system, additional finish grinding capacity, and upgraded utilities and auxiliary systems, or used on the Property by or for Owner, as defined in Section 2(f) below, after the effective date of this Agreement.

(d) The approximate 940.21 acres situated in 0134 Abst 193 H&TC Blk/Trk 1A; 1589 Abst 192 E/2 H&TC Blk/Tract 1A; 1836 Abst 192 W/2 H&TC Blk/Tract 1A , a map of which is appended to this Agreement as **Exhibit "A"**, and incorporated herein by reference. The "Property" shall, therefore, mean the above described tract of land.

(e) "Board" shall mean the governing body of the NCHD.

(f) "Owner" shall mean the owner of the rights and interests in the Property, which shall be BUZZI UNICEM and its successors and/or assigns, who are assigned or conveyed rights or interests in the Property and/or the who acquires rights or interests in the Property, or any combination thereof.

(g) "Certificate" means a letter, provided by Owner to the County Judge of Nolan County, certifying that Owner has completed construction of the Project, outlining the Improvements included in the Project. At any time before or after receipt of the Certificate, NCHD may inspect the Property within the Reinvestment Zone in accordance with this Agreement to determine the status of the Improvements.

(h) "Project" shall mean the project consisting of acquiring, constructing, equipping and improving a new cement kiln, together with all related facilities and all related special purpose structures, more particularly described in 2(c) "Improvements" above.

3. Administration of Agreement. This Agreement shall be administered by the Board of the NCHD.

4. Term. This Agreement and the term of the tax abatement granted hereunder shall be effective for ten (10) full calendar years beginning on January 1 of the next tax year after the date that the Nolan County Judge receives the Certificate.

5. Construction of the Improvements. BUZZI UNICEM anticipates that construction will commence by the end of 2014, with an earliest possible projected completion date in 2017. Based on information provided by BUZZI UNICEM, it is estimated that the completed Improvements will have a market value of $225,000,000 upon completion. The County Authorities understand that specific decisions by the Company, its Board of Directors or its affiliates or its parent companies, including but not limited to Buzzi Unicem S.p.A. may cause the Project to be cancelled, smaller or larger depending upon facts and circumstances that develop during the design and engineering phase of the project.

6. Job Creation. In its Tax Abatement Agreement with Nolan County, Owner has agreed to maintain at least 100 permanent full time jobs (inclusive of those individuals employed by contractors working exclusively for owner) at the BUZZI UNICEM cement plant and make reasonable efforts to employ persons who are residents of Nolan County, Texas in such jobs as qualified and explained in Paragraph 6 of the Tax Abatement Agreement with Nolan County.

7. Local Goods and Services.

(a) In its Tax Abatement Agreement with Nolan County, Owner has agreed to use reasonable commercial efforts to maximize its use of Nolan County businesses in the construction, operation and maintenance of the Improvements and the Project; provided, however, that Owner shall not be required to use goods and services provided by Nolan County residents that are not (i) of similar quality to those provided by nonresidents or (ii) made available on terms and conditions (including price) comparable to those offered by nonresidents.

(b) Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as a liaison between any individuals, businesses and contractors residing or doing business in Nolan County who are interested in obtaining information about providing goods or services related to the construction of the Project. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Nolan County for local contractors to perform work on the construction of the Project.

8. Tax Abatement.

A. For and in consideration of payments, promises, covenants and obligations set forth herein, the sufficiency of which is hereby acknowledged, the NCHD and Owner agree as follows:

(1) For the purposes of computing the payment in lieu of taxes to be paid to NCHD, there shall be granted and allowed hereunder to Owner a property tax abatement on the Property and Improvements constructed, expanded or acquired hereunder on the Property at a rate of 60% for ten (10) years commencing on January 1st of the next tax year after the date that the Nolan County Judge receives the Certificate. The property tax abatement granted and allowed hereunder shall extend only to all real and personal property ad

valorem taxes assessable on the Property and Improvements, as constructed, expanded, replaced, upgraded or acquired. The payment in lieu of taxes shall be calculated using the tax rate in effect for the tax year in which the payment is made. Payments called for hereunder will be due and payable on or before January 31.

(2) It is specifically understood and agreed that the abatement granted herein for payment in lieu of taxes is nonexclusive and does not prevent the NCHD from dealing with any other or subsequent owner or owners of the Project; provided, however, the NCHD agrees that the abatement provided in Paragraph 8 (a) above shall extend to Owner (whether BUZZI UNICEM, its successors and assigns who acquires right or interests in the Property, or any combination thereof, as applicable) for the period of the above specified tax abatements.

9. Representations.

(a) Owner represents that (i) Owner, its successors or assigns, will have a taxable interest in the Improvements to be placed on the Property; (ii) construction of the proposed Improvements will be performed by Owner, its successors or assigns, and/or Owner's contractors and/or subcontractors; (iii) Owner, its successors or assigns, use of the Improvements and the Property within the BUZZI UNICEM REINVESTMENT ZONE will be consistent with the general purpose of encouraging development or redevelopment of the area during the term of this Agreement; and (iv) all representations made in the Application for Abatement in Nolan County are true and correct to the best of Owner's knowledge and belief.

(b) The parties to this Agreement represent that the BUZZI UNICEM REINVESTMENT ZONE has been created in accordance with Chapter 312 of the TEXAS TAX CODE and the Guidelines and Criteria, as both exist on the effective date of this Agreement and the Property is located in the BUZZI UNICEM REINVESTMENT ZONE.

(c) NCHD shall not cause any rollback of taxes or assess additional taxes against any fee owner of the Properties due to the existence of the Project, or otherwise change the classification of the Property upon which the Project is located for such fee owners because of the existence of the Project during the period of the tax abatements.

(d) No member of the NCHD owns or leases the Property or the Improvements contemplated by this Agreement.

10. Administrative.

(a) Access to and Inspection of Property by NCHD Employees. Owner shall allow the NCHD Authorities' employees and/or designated representatives of the NCHD access to the Improvements for the purpose of inspecting any Improvements erected to ensure that such Improvements are completed and maintained in accordance with the terms of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner twenty-four (24) hours advance notice

and shall be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner and in accordance with all applicable safety standards. Upon completion of construction, the designated representative of the NCHD Authorities shall annually evaluate the Improvements receiving abatement to ensure compliance with the Agreement, and a formal report shall be made to Commissioners Court.

(b) On May 1st of each year that this Agreement is in effect Owner shall certify to the NCHD Authorities that Owner is in compliance with each applicable term of this Agreement.

(c) The Chief Appraiser of the Nolan County Appraisal District annually shall determine (i) the Certified Appraised Value of the Property and the Improvements and (ii) the taxable value, pursuant to the terms of abatement under this Agreement, of the Property and Improvements. The Chief Appraiser shall record both the abated taxable value and the Certified Appraised Value in the appraisal records. The Certified Appraised Value listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. During the term of this Agreement, each year, Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, TEXAS TAX CODE, as may be necessary for the administration of the abatement specified herein. Nothing contained herein shall preclude the Owner from contesting the Certified Appraised Value according to the County's rules and procedures.

11. Default.

(a) The NCHD may declare a default hereunder if Owner (1) fails, refuses, or neglects to comply with any of the material terms, conditions, or representations of this Agreement and fails to cure during the cure period described herein; or (2) allows ad valorem taxes owed to the NCHD or any other taxing jurisdiction in Nolan County to become delinquent and fails either to cure during the cure period or to timely and properly follow the legal procedures for their protest or contest.

(b) If the NCHD Authorities declare a default of this Agreement, this Agreement shall terminate (after notice and opportunity to cure as provided for herein), and the NCHD Authorities, in such event, shall be entitled to recapture any and all property taxes which have been abated as a result of this Agreement. The NCHD Authorities shall notify Owner of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default, and Owner shall have sixty (60) days from the date of such notice to cure any default; provided, however, where fulfillment of any obligation requires more than sixty (60) days, performance shall be commenced within sixty (60) days after the receipt of notice, and such performance shall be diligently continued until the default is cured; provided, however, that if such default is not cured within one hundred and fifty (150) days from the date of notice of default from the NCHD Authorities, the failure to cure such default shall constitute a default hereunder. If the default cannot be cured, or if Owner fails to cure within the period herein specified, Owner shall be liable for and will pay to the NCHD Authorities within sixty (60) days following the termination of this Agreement (1) the amount of all property taxes abated under this Agreement, (2) interest on the abated amount at the rate provided for in the

Texas Tax Code for delinquent taxes, and (3) penalties on the amount abated in the year of default at the rate provided for in the Texas Tax Code for delinquent taxes.

(c) Notwithstanding any other provision contained herein to the contrary, in the event of termination of this Agreement due to default, the NCHD shall be entitled to recapture all property taxes which have been abated by this Agreement.

12. Changes in Tax Laws. The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement.

13. Compliance with State and Local Regulations. Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any ordinance, rule, or regulation of the County or laws of the State of Texas.

14. Assignment of Agreement. This Agreement may not be assigned by Owner without the approval of the NCHD Authorities by resolution or order of the Board of the NCHD, except that Owner may assign its rights and responsibilities hereunder without the NCHD Authorities' consent to any entity or entities which acquires all or any portion of Owner's interest in the Improvements, the Property or the Project; provided, however, that Owner shall give written notice of any such assignment to the NCHD Authorities, whereupon the NCHD Authorities shall cause any property taxes applicable to the interest in the Improvements acquired by the entity or entities to be assessed separately to the entity or entities. Any assignment, including without limitation an assignment to another entity, shall require that all conditions and obligations in this Agreement applying to the interest acquired by the assignee shall be assumed by the assignee, and upon such assumption, Owner (Lone Star Industries, Inc.), or any entity other than such assignee) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee. No assignment shall be approved if (a) the NCHD Authorities have declared a default hereunder that has not been cured, or (b) the assignee is delinquent in the payment of ad valorem taxes owed to the NCHD Authorities or any other taxing jurisdiction in Nolan County. Approval by the NCHD Authorities shall not be unreasonably withheld. The parties hereto agree that a transfer of stock or a portion of stock or other ownership interest in Owner to a third party shall not be considered an assignment under the terms of this Agreement. A collateral assignment of the Owner's Property or Improvements to any lender(s) shall not be considered an assignment for purposes of this Agreement.

15. Notice. All notices shall be in writing. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States mail, first-class, postage prepaid. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To BUZZI UNICEM:

Buzzi Unicem USA Inc.
Attn: Senior Vice President & CFO
100 Brodhead Road, Suite 230
Bethlehem, PA 18017-8989
With Copy to:
Tax Manager
(Same address as above)

To NCHD:

Donna Boatright
Chief Executive Officer
Nolan County Hospital District
Rolling Plains Memorial Hospital
200 Arizona
Sweetwater, Texas 79556

Either party may designate a different address by giving the other parties at least ten (10) days written notice in the manner prescribed above.

16. Entire Agreement. This Agreement and **Exhibits "A"** and **"B"** attached hereto contains the entire and integrated tax abatement agreement between the parties and supersedes all other negotiations and agreements between the parties relating to the grant of tax abatement for the Improvements located on the Property, whether written or oral. In the event that there is a conflict between any of the Exhibits to this Agreement or the Guidelines and Criteria and this Agreement, the provisions of this Agreement shall control over the provisions in the Exhibit or the Guidelines and Criteria.

17. Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be declared or held to be invalid or unenforceable by any court, governmental authority or agency having jurisdiction over the subject matter of this Agreement, the remaining terms of this Agreement and the application of such term or provision to any other person or circumstance shall not be affected by such declaration or holding and shall be valid and enforceable as allowed by law.

18. Governing Law. The terms and provisions of this Agreement shall be interpreted in accordance with the laws of the State of Texas.

19. Headings. The section headings contained in this Agreement are for purposes of reference and convenience only and shall not limit or otherwise affect in any way the meaning of this Agreement.

20. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one original.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties as of the _____ day of _____, 2013.

Lone Star Industries, Inc. d/b/a Buzzi Unicem USA
"BUZZI UNICEM"

By:_____
Name:_____
Title:_____

NOLAN COUNTY HOSPITAL DISTRICT
"NCHD"

By:_____
STEVE HOLCOMB
Chairman of the Board

ATTEST:

By:_____
_____
Secretary of the Board

Date of Execution:_____

EXHIBIT "A"

MAP OF MARYNEAL PROPERTY

**CONFIDENTIAL

EXHIBIT "B"
(NCHD Guidelines and Criteria)

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF NOLAN)

THIS TAX ABATEMENT AGREEMENT ("Agreement") is made and entered into by and between NOLAN COUNTY, TEXAS, (the "County"), the NOLAN COUNTY FARM -TO-MARKET ROAD DISTRICT (THE "Farm-to-Market Road District") and LONE STAR INDUSTRIES, INC. DBA BUZZI UNICEM USA ("the Company"); the owner of the Improvements described herein and to be placed and to be constructed on the Property described in Exhibit "A" attached hereto which constitutes the reinvestment zone designated under Chapter 312, Texas Tax Code.

WHEREAS, the Company has developed plans and proposes to upgrade, improve and expand the plant and facilities at Company's cement plant at Maryneal, Texas;

WHEREAS, the Company has options to purchase all materials and equipment to be installed for the construction of the new plant ("Purchase Options"), including but not limited to a new kiln system, related material receiving and processing systems, additional finish grinding capacity and upgraded utilities and auxiliary systems for use in the development of a cost effective cement plant in Nolan County, Texas; and

WHEREAS, the Company intends to construct a cost effective cement plant (the "Project") on the Property (as defined in Section 2(d) of this Agreement; and

WHEREAS, on September 23, 2013, the Commissioners' Court of Nolan County, Texas, pursuant to Chapter 312, Texas Tax Code, designated approximately 940.21 acres of land owned by the Company and located in Nolan County, Texas as the Buzzi Unicem Reinvestment Zone ("Reinvestment Zone"); and

WHEREAS, the Board of Directors of Company will determine the feasibility and viability of the Project and if the decision is made to move forward with the Project, the Company anticipates commencing construction by the end of 2014, with an earliest possible projected completion date in 2017; and

WHEREAS, the completion of the construction project and the resulting facility will allow the continuation of operations by Owner and will allow the County to retain a significant employer for Nolan County; and

WHEREAS, it is contemplated that the Project will cost approximately Two Hundred Twenty-five Million Dollars ($225,000,000.00) and significantly increase the operating capacity of Owner's Maryneal Plant located in Nolan County; and

WHEREAS, it is contemplated that the Project will ultimately yield an approximate capacity of 1.1 million short tons/year of clinker and 1.2 million short tons/year of cement and will reduce NOx emissions annually in Nolan County; and

WHEREAS, the Company would exercise the Purchase Options or expend the funds to construct the Improvements (as defined in Section 2(c) of this Agreement) or establish the upgraded cement plant without receipt of an ad valorem tax abatement from the County; and

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, the Company, the County and the Farm-to-Market Road District hereby agree as follows:

1. Authorization. This Agreement is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, TEXAS TAX CODE, as amended and the Tax Abatement Guidelines and Criteria as adopted by the Commissioners Court of Nolan County (the "Guidelines and Criteria"). The Commissioners Court of Nolan County has elected to become eligible to participate in tax abatements and determined that the terms of this Agreement and the Property subject to this Agreement meet the Guidelines and Criteria adopted by the County.

2. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Certified Appraised Value" shall mean the appraised value of the Property and existing Improvements as certified by the Nolan County Appraisal District for each taxable year.

(b) "Reinvestment Zone" shall mean that certain area qualifying for tax abatement designated by the Commissioner's Court on September 23, 2013 as the Buzzi Unicem Reinvestment Zone pursuant to Guidelines and Criteria adopted by Nolan County.

(c) "Improvements" shall mean the buildings and structures (or additions, upgrades, or portions thereof) and other improvements, including, but not limited to fixed machinery, equipment, crushing system, raw materials handling and storage, kiln system, additional finish grinding capacity and upgraded utilities and auxiliary system, or used on the Property by or for Owner, as defined in Section 2(f) below, after the effective date of this Agreement.

(d) "Property" shall mean the approximate 940.21 acres situated in 0134 Abst 193 H&TC Blk/Trk 1A; 1589 Abst 192 E/2 H&TC Blk/Tract 1A; 1836 Abst 192 W/2 H&TC Blk/Tract 1A, a map of which is appended to this Agreement as **Exhibit "A"**, and incorporated herein by reference, and all Improvements and tangible personal property located thereon, which comprise Reinvestment Zone.

(e) "Commissioners Court" shall mean the governing body of Nolan County, Texas.

(f) "Owner" shall mean the owner of the rights and interests in the Property, which shall be Lone Star Industries, Inc. dba Buzzi Unicem USA and its successors and/or assigns, who are assigned or conveyed rights or interests in the Property and/or who acquires rights or interests in the Property, or any combination thereof.

(g) "County Authorities" shall mean Nolan County and the Farm-to-Market Road District acting by and through its duly elected and appointed representatives.

(h) "Certificate" means a letter, provided by Owner to the County Judge of Nolan County, certifying that Owner has completed construction of the Project, outlining the Improvements included in the Project. At any time before or after receipt of the Certificate, the County may inspect the Property within the Reinvestment Zone in accordance with this Agreement to determine the status of the Improvements.

(i) "Project" shall mean the project consisting of acquiring, constructing, equipping and improving a new cement kiln, together with all related facilities and all related special purpose structures, more particularly described in 2(c) "Improvements" above.

3. Administration of Agreement. This Agreement shall be administered by the County Judge of Nolan County, Texas.

4. Term. This Agreement and the term of the tax abatement granted hereunder shall be effective for ten (10) full calendar years beginning on January 1 of the next tax year after the date that the County Judge of Nolan County receives the Certificate.

5. Construction of the Improvements. Owner anticipates construction will commence by the end of 2014, with a projected completion date in 2017. Based on information provided by the Company, it is estimated that the completed Improvements will have a market value of $225,000,000 upon completion. The County Authorities understand that specific decisions by the Company, its Board of Directors or its affiliates or its parent companies, including but not limited to Buzzi Unicem S.p.A., may cause the project to be cancelled, smaller or larger depending on facts and circumstances that develop during the design and engineering phases of the Project.

6. Job Retention. During the term of this Abatement Agreement, Owner agrees to maintain at least 100 permanent full time jobs (inclusive of those individuals employed by contractors working exclusively for Owner) at Owner's cement plant and to make reasonable efforts to employ persons who are residents of Nolan County, Texas in the construction of the Project; provided, however, that Owner shall not be required to employ Nolan County residents who are not (i) equally or more qualified than nonresident applicants; (ii) available

for employment on terms and/or salaries comparable to those required by nonresident applicants or (iii) able to become qualified with 72 hours of training. In the event a Nolan County resident could become qualified with a maximum of 72 hours of training, Owner shall provide for such training. Each of the persons employed in such jobs shall perform a portion of their work in Nolan County, Texas.

7. Local Goods and Services.

(a) Owner agrees that it and its contractors, if any, will use reasonable commercial efforts to maximize its use of Nolan County businesses in the construction, operation and maintenance of the Improvements and the Project; provided, however that Owner shall not be required to use goods and services provided by Nolan County residents that are not (i) of similar quality to those provided by nonresidents or (ii) made available on terms and conditions and price comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the non-resident price for goods and services of equivalent quality, conditions and terms, including reasonable bonding capacity and /or reasonable insurance).

(b) Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as a liaison between any individuals, businesses and contractors residing or doing business in Nolan County who are interested in obtaining information about providing goods or services related to the construction of the Maryneal Project. Additionally, Owner or its construction contractor, if any, shall advertise in all regularly published newspapers in Nolan County (Roscoe Times and Sweetwater Reporter) for local contractors to perform work on the construction of the Project.

8. Tax Abatement.

(a) There shall be granted and allowed hereunder to Owner by the County Authorities a property tax abatement on the Property and Improvements described herein and located on the Property at a rate of sixty percent (60%) for the first five (5) years, and forty percent (40%) for the second five (5) years, commencing on January 1 of the next tax year after the date that the County Judge of Nolan County receives the Certificate.

(b) It is specifically understood and agreed that the abatement granted herein is nonexclusive and does not prevent the County Authorities from dealing with any other or subsequent owner or owner of the Project; provided, however, the County Authorities agree that the abatement provided in Paragraph 8(a) above shall extend to Owner (whether Buzzi Unicem USA, its successors and assigns, as applicable) for the period of the above specified tax abatements.

(c) Owner agrees that the Improvements described in paragraph 2(c), once constructed, shall remain in place and operational, to the extent commercially reasonable

until at least twenty (20) years after the date the Certificate for such Improvements is provided by the Owner.

9. Representations.

(a) Company represents that Company, its successors or assigns will each be the owner of and have a taxable interest in the Improvements to be placed on the Property. Further; construction of the proposed Improvements will be performed by Company, its successors or assigns, and/or their contractors and/or subcontractors. Further, Company, its successors or assigns each represent that use of the Improvements and the Property within the Buzzi Unicem Reinvestment Zone will be consistent with the general purpose of encouraging development or redevelopment of the area during the term of this Agreement; and all representations made in the Application for Abatement in Nolan County are true and correct to the best of Owner's knowledge and belief.

(b) The County Authorities represent that

(1) Reinvestment Zone has been created in accordance with Chapter 312 of the TEXAS TAX CODE and the Guidelines and Criteria, as both exist on the effective date of this Agreement;

(2) The Property is located in Reinvestment Zone; and

(3) Absent as a response to an unfunded mandate by an agency of the State of Texas or the government of the United States, the Commissioners Court of Nolan County shall not cause a rollback of taxes unless as a necessary response to an unfunded or underfunded mandate of an agency of the State of Texas or the government of the United States.

(c) Owner and the County Authorities represent that no member of Commissioners Court owns or leases the Property or the Improvements.

10. Administrative.

(a) Access to and Inspection of Property by County Employees. Owner shall allow the County Authorities' employees and/or designated representatives of the County Authorities access to the Improvements for the purpose of inspecting any Improvements erected to ensure that such Improvements are completed and maintained in accordance with the terms of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner twenty-four (24) hours advance notice and shall be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner and in accordance with all applicable safety standards. Upon completion of construction, the designated representative of the County Authorities shall annually evaluate each facility receiving

abatement to ensure compliance with the Agreement, and a formal report shall be made to Commissioners Court.

(b) On May 1st of each year that this Agreement is in effect Owner shall certify to the County Authorities, that Owner is in compliance with each applicable term of this Agreement.

(c) The Chief Appraiser of the Nolan County Appraisal District annually shall determine (i) the Certified Appraised Value of the Property and the Improvements and (ii) the taxable value, pursuant to the terms of abatement under this Agreement, of the Property and Improvements. The Chief Appraiser shall record both the abated taxable value and the Certified Appraised Value in the appraisal records subject to the rights of Owner to contest and appeal the value set by the Chief Appraiser. The Certified Appraised Value listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. During the term of this Agreement, each year, Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, TEXAS TAX CODE, as may be necessary for the administration of the abatement specified herein. Nothing contained herein shall preclude the Owner from contesting the Certified Appraised Value according to the County's rules and procedures.

11. Default.

(a) The County Authorities may declare a default hereunder if Owner (1) fails, refuses, or neglects to comply with any of the material terms, conditions, or representations of this Agreement and fails to cure during the cure period described herein; or (2) allows ad valorem taxes owed to the County Authorities or any other taxing jurisdiction in Nolan County to become delinquent and fails either to cure during the cure period or to timely and properly follow the legal procedures for their protest or contest.

(b) If the County Authorities declare a default of this Agreement, this Agreement shall terminate (after notice and opportunity to cure as provided for herein), and the County Authorities, in such event, shall be entitled to recapture any and all property taxes which have been abated as a result of this Agreement. The County Authorities shall notify Owner of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default, and Owner shall have sixty (60) days from the date of such notice to cure any default; provided, however, where fulfillment of any obligation requires more than sixty (60) days, performance shall be commenced within sixty (60) days after the receipt of notice, and such performance shall be diligently continued until the default is cured; provided, however, that if such default is not cured within one hundred and fifty (150) days from the date of notice of default from the County Authorities, the failure to cure such default shall constitute a default hereunder. If the default cannot be cured, or if Owner fails to cure within the period herein specified, Owner shall be liable for

and will pay to the County Authorities within sixty (60) days following the termination of this Agreement (1) the amount of all property taxes abated under this Agreement, (2) interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes, and (3) penalties on the amount abated in the year of default at the rate provided for in the Texas Tax Code for delinquent taxes.

(c) Notwithstanding any other provision contained herein to the contrary, in the event of termination of this Agreement due to default, the County shall be entitled to recapture all property taxes which have been abated by this Agreement.

12. Changes in Tax Laws. The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement.

13. Compliance with State and Local Regulations. Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any ordinance, rule, or regulation of the County or laws of the State of Texas.

14. Assignment of Agreement. This Agreement may not be assigned by Owner without the approval of the County Authorities by resolution or order of Commissioners Court, except that the Company may assign its rights and responsibilities hereunder without the County's prior consent to any affiliate or subsidiary provided however that the Company shall give written notice of any such assignment to the County. Any consent to assignment by the County Authorities shall require that all conditions and obligations in this Agreement applying to the interest acquired by the assignee shall be assumed by the assignee, and upon such assumption, Owner (or any entity or Investor Group other than such assignee) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee. No assignment shall be approved if (a) the County Authorities have declared a default hereunder that has not been cured, or (b) the assignee is delinquent in the payment of ad valorem taxes owed to the County Authorities or any other taxing jurisdiction in Nolan County. Approval by the County Authorities shall not be unreasonably withheld. The parties hereto agree that a transfer of all stock or a portion of stock or other ownership interest in Owner to a third party shall not be considered an assignment under the terms of this Agreement. A collateral assignment of the Owner's Property or Improvements to any lender(s) of Owner shall not be considered an assignment for purposes of this Agreement.

15. Notice. All notices shall be in writing. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States mail, first-class, postage prepaid. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To Company:	Buzzi Unicem USA Senior Vice President and Chief Financial Officer Buzzi Unicem USA 100 Brodhead Road, Suite 230 Bethlehem, PA 18017
With a copy to:	Vice President & Comptroller Buzzi Unicem USA 100 Brodhead Road, Suite 230 Bethlehem, PA 18017
To County:	Tim Fambrough Nolan County Judge Nolan County Courthouse 100 East Third Street Sweetwater, Texas 79556
To Farm-to-Market Road District:	Tim Fambrough Nolan County Judge Nolan County Courthouse 100 East Third Street Sweetwater, Texas 79556

Either party may designate a different address by giving the other parties at least ten (10) days written notice in the manner prescribed above.

16. Entire Agreement. This Agreement and Exhibit "A" attached hereto contains the entire and integrated tax abatement agreement between the parties and supersedes all other negotiations and agreements between the parties relating to the grant of tax abatement for the Improvements located on the Property, whether written or oral. In the event that there is a conflict between any of the Exhibits to this Agreement or the Guidelines and Criteria and this Agreement, the provisions of this Agreement shall control over the provisions in the Exhibit or the Guidelines and Criteria.

17. Road Maintenance. During construction of the Improvements, Owner shall use commercially reasonable efforts to minimize the disruption to all public and county roads caused by the construction process and shall promptly cause the repair any damages caused to county roads by the construction process. Should any public road, whether maintained by the State of Texas, Nolan County or other entity, become impassable or hazardous as a result of the construction process, Owner shall immediately notify the appropriate authority and shall take steps to safeguard the motoring public. It shall be Owner's responsibility to have access to an emergency number for those entities responsible for the roads at all times. After

construction, Owner shall leave such public and county roads in a state of equal condition as they were prior to construction, excepting normal wear and tear.

18. Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be declared or held to be invalid or unenforceable by any court, governmental authority or agency having jurisdiction over the subject matter ofthis Agreement, the remaining terms ofthis Agreement and the application of such term or provision to any other person or circumstance shall not be affected by such declaration or holding and shall be valid and enforceable as allowed by law.

19. Governing Law. The terms and provisions ofthis Agreement shall be interpreted in accordance with the laws of the State of Texas.

20. Headings. The section headings contained in this Agreement are for purposes of reference and convenience only and shall not limit or otherwise affect in any way the meaning of this Agreement.

21. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one original.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties as of the 23rd day of December, 2013.

LONE STAR INDUSTRIES, INC. DBA
BUZZI UNICEM USA

By: _____

Name: _____

Title: _____

Approved for signature of Tim Fambrough, County Judge, in the Commissioners Court of Nolan County, Texas, sitting as the governing body of Nolan County December 23, 2013 on the motion of Commissioner Lara·second by Commissioner White. Signed this 27th day of December, 2013

Nolan County

Tim Fambrough

Tim Fambrough
County Judge" Nolan County

Date: December 27, 2013

Approved as to Form:

Lisa L. Peterson
Nolan County Attorney

Attest:

Pat McGowan
Nolan Cfunty Clerk

NOLAN FARM-TO-MARKET ROAD DISTRICT

By: Tim Fambrough
Tim Fambrough, County Judge

ATTEST:

By: Pat McGowan
Pat McGowan, County Clerk

Date of Execution: 1-3-14

EXHIBIT A

THE FOLLOWING REAL PROPERTY LOCATED IN NOLAN COUNTY, TX:

940.21 acres situated in 0134 Abst 193 H&TC Blk/Trk 1A; 1589 Abst 192 E/2 H&TC Blk/Tract 1A; 1836 Abst 192 W/2 H&TC Blk/Tract 1A

Approximately 940.21 acres.

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 5 - Section 8 Limitation as Determining Factor

Question 7 and 9 - Exhibit IV

** CONFIDENTIAL

Buzzi Unicem USA

** CONFIDENTIAL

Buzzi Unicem USA
100 Brodhead Road Suite 230
Bethlehem, Pennsylvania 18017
Phone (610) 882-5000
Fax (610) 866-9430

TAB 6

NOT APPLICABLE

TAB 7

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 7
Section 11– Investment

Description of Qualified Investment

4. a. The Company is proposing a project that is currently estimated to be a $235 million capital investment to build a brand new cement production line employing state-of-the-art equipment and technology. The purpose of this project is to create a more productive, efficient and cost effective plant. The new plant will yield a capacity of 1.1 million tons/year of clinker and 1.2 million tons/year of cement.

Spending for the project is scheduled to begin the first half of 2014 with an expected completion date of fourth quarter 2016. The project includes construction of equipment and support systems needed for the installation of a new production line with a capacity of 1.1 million tons of Portland cement clinker per year. The project will take place over approximately two years commencing in 2014. In general terms, the project will include the following:

1) Site preparation, grading and excavations
2) Foundation installations and civil construction
3) Installation of crushing, conveying and storage for limestone
4) Installation of a raw material grinding system
5) Installation of a Portland cement grinding system and attending conveying system
6) Procurement and installation of equipment and materials for construction of:
   a. Secondary raw materials storage/conveying
   b. Portland cement clinker kiln and cooler system
   c. Portland cement kiln fuel preparation and delivery system
   d. Portland cement clinker conveying and storage system
   e. Storage and conveying of secondary materials for cement grinding
   f. Ancillary systems for the supply of compressed air, process water, hydraulic systems

4. b. The Company estimates in the range of 3,000 tons of structural steel will be needed for the proposed project. In general, due to the mild climate, in Nolan County, structures seldom include walls. Identifiable structural entities will include the preheater (~18' x 18' x 400' tall), finish mill structure (~65'x125'x80' tall), coal mill (~40'x80'x60'tall) and clinker silos. Any new buildings at the location would include such things as electrical rooms, control room, an addition to the cement lab and a storage hall.

4. c. Please refer to the aerial view map provided in Tab 11 for location of the proposed project.

TAB 8

PLEASE REFER TO TAB 7

TAB 9

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property

Tab 9 - Section 12 Qualified Property
Land Information

Account Number	Owner	Legal Description	Acres	Assessed/Taxable Value
N0134-0002-00	Lone Star Industries, Inc.	0134 Abst 193 H&TC BLK/TRACT 1A	311.21	11,140
N0276-0018-00	Lone Star Industries, Inc.	0276 Abst 043 T&P BLK/TRACT 22	6.447	59,080
N1428-0007-00	Lone Star Industries, Inc.	1428 ABST 044 S/RR T&P BLK/TRACT 22	18.759	171,910
N1428-0007-20	Lone Star Industries, Inc.	1428 ABST 044 S/RR T&P BLK/TRACT 22	17.534	160,680
N1589-0001-00 *	Lone Star Industries, Inc.	1589 ABST 192 E/2 H&TC BLK/TRACT 1A	408	9,030
N1836-0001-00	Lone Star Industries, Inc.	1836 ABST 192 W/2 H&TC BLK/TRACT 1A	221	240,450
		Total Assessed Value		**652,290**

* Denotes land which the proposed project would be located.

See Tab 11 for a detailed map and aerial photograph.

TAB 10

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 10
Section 13– Information on Property Not Eligible to Become Qualified Property

1) **CONFIDENTIAL - EXHIBIT I

Exhibit II is a letter from the Nolan County Central Appraisal District stating that a new owner number will be established for properties that are qualified under the agreement. This will allow for ease in appraising the non-qualified and qualified property.

2) Please see attached Exhibit III which includes a listing of property which may be relocated from other facilities for use in the proposed project at Maryneal, Texas.

EXHIBIT I

** CONFIDENTIAL

Exhibit II

CENTRAL APPRAISAL DISTRICT
Of
NOLAN COUNTY

208 Elm Street
P. O. Box 1256
Sweetwater, Texas 79556

Brenda Klepper, RPA, RTA
Chief Appraiser
325/235-8421
Fax 325/235-8165

Mr. Robert Wood
Director of Economic Development and Analysis
Texas State Comptroller of Public Accounts
PO Box 13528
Austin, TX 78711-3528

Re: Lone Star Industries, Inc. d/b/a Buzzi Unicem USA: Highland ISD Chapter 313 Agreement with

Dear Mr. Wood:

Lone Star Industries, Inc. d/b/a Buzzi Unicem USA, recently submitted an application to the Highland Independent School District, pursuant to Chapter 313 of the Texas Property Tax Code for a Value Limitation of Qualified Property. The Central Appraisal District of Nolan County intends to identify and segregate the existing property of the owner as it is listed on the 2013 Appraisal Roll, and to then identify and segregate all new additions of both real and personal property. These new accounts will include all the necessary data and will receive appropriate treatment as required pursuant to Chapter 313 Agreement and the Texas Property Tax Code.

Our appraisal district currently appraises numerous properties involved in nine Chapter 313 agreements with five different school districts located in Nolan County. Representatives of Pritchard and Abbott, Inc., our contracted appraisal and software firm, currently handle the listing and appraisal of these properties. The procedure in the past has been to establish a new owner number for properties that are qualified under the agreement. We are confident that they will continue to identify, list, track and appraise property pertaining to this new agreement as they have in the past.

Property currently owned by Lone Star Industries, Inc. d/b/a Buzzi Unicem USA, and listed on the 2013 Appraisal Roll, is identified on the following page. New accounts will be created for new investment related to the Chapter 313 Agreement for 2014 and subsequent years.

Exhibit II

Account #	Account Description	Assessed Value	Taxable Value	Taxes	
0057601-0-9900055	Inventory – Personal	9,732,980	9,732,980	190,917.47	
0057601-0-9900037	Machinery & Equipment	40,386,230	40,386,230	802,725.59	*
0057601-0-9900038	Pollution Control	4,808,070	0	0	
0057601-0-9900053	M M&E	1,748,230	1,748,230	34,748.21	
0057601-0-9900045	Furniture & Fixtures	39,350	39,350	782.13	
0057601-0-9900050	Automotive	84,810	84,810	1,685.70	
0057610-0-9900004	Land Improvements	9,430	9,430	187.43	
0057601-0-9900005	Buildings	1,426,690	1,426,690	28,357.20	
0057601-0-9900010	Limestone Quarry	2,800,000	2,800,000	55,653.42	
		61,035,790	56,227,720	1,115,057.15	

If you have any questions regarding this matter or would like additional details, please contact me at 325-235-8421 or Dale Heiskell of Pritchard and Abbott, Inc. 817-926-7861.

Sincerely,

Brenda Klepper
Chief Appraiser

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 10 - Assets to be transferred to Maryneal

The following is a list of assets, which may be relocated from other facilities for use in the proposed project at Maryneal, Texas:

Area of Process	Company Asset #	Description	Original Cost
Storage Building	110428	Rock Storage Building	3,955,452
Storage Building	110506	Maintenance Shop	685,245
Storage Building	119741	New Door on Rock Storage Shed	25,980
Primary Crushing/Screening Process	108163	South Quarry Crusher Vibration Control	31,460
Primary Crushing/Screening Process	108292	Primary Crusher	439,053
Primary Crushing/Screening Process	108334	Oversize Screen Station	867,400
Limestone Conveying Equipment	108336	Belt Conveyors	5,199,715
Limestone Conveying Equipment	108349	Switch Gear	706,604
Primary Crushing/Screening Process	108351	Product Screen Station	357,746
Primary Crushing/Screening Process	108387	Primary Crusher	3,307,794
Primary Crushing/Screening Process	108389	Product Screen Station	1,746,275
			17,322,723

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TAB 11

** CONFIDENTIAL **

TAB 12

NOT APPLICABLE

TAB 13

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	Nolan County	Total All	31	2	31-33	Manufacturing	$847
2012	2nd Qtr	Nolan County	Total All	31	2	31-33	Manufacturing	$789
2012	3rd Qtr	Nolan County	Total All	31	2	31-33	Manufacturing	$828
2012	4th Qtr	Nolan County	Total All	31	2	31-33	Manufacturing	$906
2013	1st Qtr	Nolan County	Total All	31	2	31-33	Manufacturing	$842
2013	2nd Qtr	Nolan County	Total All	31	2	31-33	Manufacturing	$813

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	Nolan County	Total All	00	0	10	Total, All Industries	$690
2013	1st Qtr	Nolan County	Total All	00	0	10	Total, All Industries	$700
2012	2nd Qtr	Nolan County	Total All	00	0	10	Total, All Industries	$668
2013	2nd Qtr	Nolan County	Total All	00	0	10	Total, All Industries	$706
2012	3rd Qtr	Nolan County	Total All	00	0	10	Total, All Industries	$692
2013	3rd Qtr	Nolan County	Total All	00	0	10	Total, All Industries	$718
2012	4th Qtr	Nolan County	Total All	00	0	10	Total, All Industries	$761

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 13 - Section 14 Wage and Employment Information

TOTAL ALL INDUSTRY

	Avg Weekly Wages
2012 4th Quarter	$ 761.00
2013 1st Quarter	$ 700.00
2013 2nd Quarter	$ 706.00
2013 3rd Quarter	$ 718.00
Average	$ 721.25
110% of Average Wages	$ 790.00

TOTAL MANUFACTURING

	Avg Weekly Wages
2012 3rd Quarter	$ 828.00
2012 4th Quarter	$ 906.00
2013 1st Quarter	$ 842.00
2013 2nd Quarter	$ 813.00
Average	$ 847.25
110% of Average Wages	$ 930.00

TOTAL REGION MANUFACTURING

Hourly Wage	$18.29
Weekly	$731.60
110% of Average Wages	$800.00

TAB 15

NOT REQUIRED

TAB 14

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

Form 50-296A
Revised Feb 2014

Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA
ISD Name Highland Independent School District

				PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)				
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	**Total Investment** (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	–	2014-2015	2014	Not eligible to become Qualified Property		560,200.00		560,200.00
Investment made after filing complete application with district, but before final board approval of application							189,800.00	189,800.00
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				8,975,000.00	29,375,000.00	8,650,000.00		47,000,000.00
Complete tax years of qualifying time period	QTP1	2015-206	2015	55,975,000.00	29,375,000.00	8,650,000.00		94,000,000.00
	QTP2	2016-2017	2016	94,000,000.00	-			94,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				158,950,000.00	58,750,000.00	17,860,200.00	189,800.00	235,750,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				235,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

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

Form 50-296A
Revised Feb 2014

Applicant Name: Lone Star Industries, Inc. d/b/a Buzzi Unicem L
ISD Name: Highland Independent School District

				PROPERTY INVESTMENT AMOUNTS (Estimated Investment in each year. Do not put cumulative totals.)				
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Other investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	**Total Investment** (A+B+C+D)
				Enter amounts from TOTAL row in Schedule A1 in the row below				
Total Investment from Schedule A1*		TOTALS FROM SCHEDULE A1		158,950,000.00	58,750,000.00	17,860,200.00	189,800.00	235,750,000.00
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2014-2015	2014/2015	158,950,000.00	58,750,000.00	17,300,000.00	189,800.00	235,189,800.00
Value limitation period***	1	2015-2016	2017	0	0			-
	2	2016-2017	2018	0	0			-
	3	2017-2018	2019	0	0			-
	4	2018-2019	2020	0	0			-
	5	2019-2020	2021	0	0			-
	6	2020-2021	2022	0	0			-
	7	2021-2022	2023	0	0			-
	8	2022-2023	2024	0	0			-
	9	2023-2024	2025	0	0			-
	10	2024-2025	2026	0	0			-
Total investment made through limitation				158,950,000.00	58,750,000.00	17,300,000.00	189,800.00	235,189,800.00
Continue to maintain viable presence	11	2025-2026	2027	[redacted]			[redacted]	
	12	2026-2027	2028					
	13	2027-2028	2029					
	14	2028-2029	2030					
	15	2029-2030	2031					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2030-2031	2032					
	17	2031-2032	2033					
	18	2032-2033	2034					
	19	2033-2034	2035					
	20	2034-2035	2036					
	21	2035-2036	2037					
	22	2036-2037	2038					
	23	2037-2038	2039					
	24	2038-2039	2040					
	25	2039-2040	2041					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row.**

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Form 50-296A

Revised Feb 2014

Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA

ISD Name Highland Independent School District

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period	0	2014-2015	2014		29,375,000	8,975,000		8,975,000	8,975,000
		2015-2016	2015		29,375,000	55,975,000		55,975,000	55,975,000
		2016-2017	2016			217,700,000	5,000,000	212,700,000	212,700,000
Value Limitation Period	1	2017-2018	2017			188,000,000	10,000,000	178,000,000	30,000,000
	2	2018-2019	2018			209,231,504		209,231,504	30,000,000
	3	2019-2020	2019			207,585,824		207,585,824	30,000,000
	4	2020-2021	2020			202,581,010		202,581,010	30,000,000
	5	2021-2022	2021			196,806,312		196,806,312	30,000,000
	6	2022-2023	2022			167,995,860		167,995,860	30,000,000
	7	2023-2024	2023			161,810,190		161,810,190	30,000,000
	8	2024-2025	2024			179,198,667		179,198,667	30,000,000
	9	2025-2026	2025			179,198,667		179,198,667	30,000,000
	10	2026-2027	2026			179,198,667		179,198,667	30,000,000
Continue to maintain viable presence	11	2027-2028	2027			179,198,667		179,198,667	179,198,667
	12	2028-2029	2028			179,198,667		179,198,667	179,198,667
	13	2029-2030	2029			179,198,667		179,198,667	179,198,667
	14	2030-2031	2030			179,198,667		179,198,667	179,198,667
	15	2031-2032	2031			179,198,667		179,198,667	179,198,667
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2032-2033	2032			179,198,667		179,198,667	179,198,667
	17	2033-2034	2033			179,198,667		179,198,667	179,198,667
	18	2034-2035	2034			179,198,667		179,198,667	179,198,667
	19	2035-2036	2035			179,198,667		179,198,667	179,198,667
	20	2036-2037	2036			179,198,667		179,198,667	179,198,667
	21	2037-2038	2037			179,198,667		179,198,667	179,198,667
	22	2038-2039	2038			179,198,667		179,198,667	179,198,667
	23	2039-2040	2039			179,198,667		179,198,667	179,198,667
	24	2040-2041	2040			179,198,667		179,198,667	179,198,667
	25	2041-2042	2041			179,198,667		179,198,667	179,198,667

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

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Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA
ISD Name Highland Independent School District

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2014-2015	2014	0	0	0	0	0
		2015-2016	2015	475,000 man-hours	$45	0	0	0
		2016-2017	2016	700,000 man-hours	$45	0	2	$42,000
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2017-2018	2017	325,000 man-hours	$45	0	5	$42,000
	2	2018-2019	2018	0	0	0	7	$42,000
	3	2019-2020	2019	0	0	0	10	$42,000
	4	2020-2021	2020	0	0	0	10	$42,000
	5	2021-2022	2021	0	0	0	10	$42,000
	6	2022-2023	2022	0	0	0	10	$42,000
	7	2023-2024	2023	0	0	0	10	$42,000
	8	2024-2025	2024	0	0	0	10	$42,000
	9	2025-2026	2025	0	0	0	10	$42,000
	10	2026-2027	2026	0	0	0	10	$42,000
Years Following Value Limitation Period	11 through 25			0	0	0	10	$42,000

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

C1. Are he cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ■ No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ■ No

C1b. Will the applicant avail itself of he provision in 313.021(3)(F)? ■ Yes ☐ No

Schedule D: Other Incentives (Estimated)

Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA

ISD Name Highland Independent School District

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State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	**Taxing Entity (as applicable)**	**Beginning Year of Benefit**	**Duration of Benefit**	**Annual Tax Levy without Incentive**	**Annual Incentive**	**Annual Net Tax Levy**
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Nolan County/Nolan County Roads and Bridge	January 1 of first tax year following completion of construction	10 years	$650,000	$330,000	$320,000
	City:					
	Other: Hospital Disctrict	January 1 of first tax year following completion of construction	10 years	$370,000	$220,000	$150,000
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions	Nolan County	Historic Benefit	Yearly	110,100.00	11,900.00	98,200.00
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other: Pollution Control	Nolan County	2016	Yearly		$103,320	
Other:	Nolan County	2017			$206,640	
Other:						
Other:						
			TOTAL	1,130,100.00	871,860.00	568,200.00

Additional information on incentives for this project:

Nolan County agreed to an abatement of 60% over the first 5 years and 40% over the last 5 years for a total 10 year abatement. The calculations above include an average annual savings based on the total 10 year savings. The hospital district agreed to a property tax abatement of 60% over 10 years. The calculations above include an average annual savings based on the total 10 year savings. Pollution Control is $15m which we estimate as the amount which will qualify for the proposed project.

TAB 16

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 16
Section 12 – Qualified Property

On September 23, 2013, Judge Tim Fambrough, Nolan County Judge, approved three Lone Star Industries, Inc. parcels located in Maryneal as a reinvestment zone.

3a) a) Texas Chapter 312.202 discusses the criteria for a reinvestment zone. Lone Star Industries, Inc. meets the criteria for a reinvestment zone under Chapter 312.202(a)(6). The Texas Statute states the following:

> To be designated as a reinvestment zone under this subchapter, an area must be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.

The proposed project will contribute to the retention of Lone Star Industries, Inc. current employees in Maryneal,Texas.

3a) b) Please see Exhibit I attached for legal description of reinvestment zone.

3a) c) Please see Exhibit II for a copy of the signed resolution establishing the reinvestment zone.

3a) d) The guidelines for creating the zone are discussed in Texas Code Section 311.003.

Sec. 311.003. PROCEDURE FOR CREATING REINVESTMENT ZONE.

> (a) The governing body of a county by order may designate a contiguous geographic area in the county and the governing body of a municipality by ordinance may designate a contiguous or noncontiguous geographic area that is in the corporate limits of the municipality, in the extraterritorial jurisdiction of the municipality, or in both to be a reinvestment zone to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future. The designation of an area that is wholly or partly located in the extraterritorial jurisdiction of a municipality is not affected by a subsequent annexation of real property in the reinvestment zone by the municipality.
>
> (b) Before adopting an ordinance or order designating a reinvestment zone, the governing body of the municipality or county must prepare a preliminary reinvestment zone financing plan.

(c) Before adopting an ordinance or order providing for a reinvestment zone, the municipality or county must hold a public hearing on the creation of the zone and its benefits to the municipality or county and to property in the proposed zone. At the hearing an interested person may speak for or against the creation of the zone, its boundaries, or the concept of tax increment financing. Not later than the seventh day before the date of the hearing, notice of the hearing must be published in a newspaper having general circulation in the municipality or county.

(d) A municipality or county proposing to designate a reinvestment zone must provide a reasonable opportunity for the owner of property to protest the inclusion of the property in a proposed reinvestment zone.

3a) e) See Tab 11 for a map of the reinvestment zone

Lone Star Industries, Inc.
d/b/a Buzzi Unicem USA
Application for Appraised Value Limitation on Qualified Property
Tab 16 - Section 12 Qualified Property
Land Information

Account Number	Owner	Legal Description	Acres	Assessed Value
N0134-0002-00	Lone Star Industries, Inc.	0134 Abst 193 H&TC BLK/TRACT 1A	311.21	10,891
N1589-0001-00	Lone Star Industries, Inc.	1589 ABST 192 E/2 H&TC BLK/TRACT 1A	408	8,622
N1836-0001-00	Lone Star Industries, Inc.	1836 ABST 192 W/2 H&TC BLK/TRACT 1A	221	50,940
		Total Assessed Value		**70,453**

AN ORDER DESIGNATING CERTAIN REAL PROPERTY WITHIN UNINCORPORATED NOLAN COUNTY, TEXAS AS A REINVESTMENT ZONE

WHEREAS, on the 23rd day of September, 2013, the Commissioners Court of Nolan County, Texas, held a public hearing to consider the designation of an area within unincorporated Nolan County, Texas, as a reinvestment zone; and

WHEREAS, the Commissioners Court of Nolan County finds that the designation of the area as a reinvestment zone would contribute to the retention and/or creation of primary employment; and

WHEREAS, the Commissioners Court of Nolan County, Texas finds that the designation of the area as a reinvestment zone would attract major investment in the zone that would be a benefit to the property to be included in the zone; and

WHEREAS, the Commissioners Court of Nolan County, Texas finds that the designation of the area as a reinvestment zone would contribute to the economic development of Nolan County, Texas; and

WHEREAS, the Commissioners Court of Nolan County, Texas finds that the area to be designated as a reinvestment zone is not within the taxing jurisdiction of any municipality;

NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF NOLAN COUNTY, TEXAS:

Section 1. That the findings and recitals in the preamble to this Order are found to be true and correct and are hereby RATIFIED, APPROVED and ADOPTED.

Section 2. That, pursuant to Chapter 312 of the Texas Tax Code, real property contained within that certain tract of land consisting of approximately 940.21 acres situated in 0134 Abst 193 H&TC Blk/Trk 1A; 1589 Abst 192 E/2 H&TC Blk/Tract 1A; 1836 Abst 192 W/2 H&TC Blk/Tract 1A is hereby designated as a reinvestment zone to be called the Buzzi Unicem Reinvestment Zone.

PASSED and APPROVED this the 23RD day of September, 2013.

Tim Fambrough

TIM FAMBROUGH, County Judge
Nolan County, Texas

ATTEST:

Pat McGowan

Pat McGowan, County Clerk

TAB 17

Signature and Certification Page

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print here ▶ Duane Hyde
Print Name (Authorized School District Representative)

Superintendent
Title

sign here ▶ Duane Hyde
Signature (Authorized School District Representative)

3-25-14
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here ▶ Nancy L. Krial
Print Name (Authorized Company Representative (Applicant))

CFO & Senior Vice President
Title

sign here ▶ Nancy L. Krial
Signature (Authorized Company Representative (Applicant))

3/7/2014
Date

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Cindy E. Cazarez, Notary Public
Hanover Twp., Northampton County
My Commission Expires Sept. 18, 2014
Member, Pennsylvania Association of Notaries

(Notary Seal)

GIVEN under my hand and seal of office this, the

7th day of March, 2014

Cindy E. Cazarez
Notary Public in and for the State of ~~Texas~~ Pennsylvania

My Commission expires: 9-18-2014

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

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

Form 50-296A
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Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA
ISD Name Highland Independent School District

PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	2014-2015	2014	Not eligible to become Qualified Property		560,200.00		560,200.00
Investment made after filing complete application with district, but before final board approval of application							189,800.00	189,800.00
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				8,975,000.00	29,375,000.00	8,650,000.00		47,000,000.00
Complete tax years of qualifying time period	QTP1	2015-206	2015	55,975,000.00	29,375,000.00	8,650,000.00		94,000,000.00
	QTP2	2016-2017	2016	94,000,000.00	-			94,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				158,950,000.00	58,750,000.00	17,860,200.00	189,800.00	235,750,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				235,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

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

Form 50-296A
Revised Feb 2014

Applicant Name: Lone Star Industries, Inc. d/b/a Buzzi Unicem I
ISD Name: Highland Independent School District

				PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)				
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				Enter amounts from TOTAL row in Schedule A1 in the row below				
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Value limitation period***	1	2015-2016	2017	0	0			-
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	3	2017-2018	2019	0	0			-
	4	2018-2019	2020	0	0			-
	5	2019-2020	2021	0	0			-
	6	2020-2021	2022	0	0			-
	7	2021-2022	2023	0	0			-
	8	2022-2023	2024	0	0			-
	9	2023-2024	2025	0	0			-
	10	2024-2025	2026	0	0			-
Total investment made through limitation				158,950,000.00	58,750,000.00	17,300,000.00	189,800.00	235,189,800.00
Continue to maintain viable presence	11	2025-2026	2027	[redacted]			[redacted]	
	12	2026-2027	2028					
	13	2027-2028	2029					
	14	2028-2029	2030					
	15	2029-2030	2031					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2030-2031	2032					
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	19	2033-2034	2035					
	20	2034-2035	2036					
	21	2035-2036	2037					
	22	2036-2037	2038					
	23	2037-2038	2039					
	24	2038-2039	2040					
	25	2039-2040	2041					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row.**

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA

ISD Name Highland Independent School District

Form 50-296A

Revised Feb 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property: Estimated Market Value of Land	Qualified Property: Estimated Total Market Value of new buildings or other new improvements	Qualified Property: Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Estimated Taxable Value: Market Value less any exemptions (such as pollution control) and before limitation	Estimated Taxable Value: Final taxable value for I&S after all reductions	Estimated Taxable Value: Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2014-2015	2014		29,375,000	8,975,000		8,975,000	8,975,000
		2015-2016	2015		29,375,000	55,975,000		55,975,000	55,975,000
		2016-2017	2016			217,700,000	5,000,000	212,700,000	212,700,000
Value Limitation Period	1	2017-2018	2017			188,000,000	10,000,000	178,000,000	30,000,000
	2	2018-2019	2018			209,231,504		209,231,504	30,000,000
	3	2019-2020	2019			207,585,824		207,585,824	30,000,000
	4	2020-2021	2020			202,581,010		202,581,010	30,000,000
	5	2021-2022	2021			196,806,312		196,806,312	30,000,000
	6	2022-2023	2022			167,995,860		167,995,860	30,000,000
	7	2023-2024	2023			161,810,190		161,810,190	30,000,000
	8	2024-2025	2024			179,198,667		179,198,667	30,000,000
	9	2025-2026	2025			179,198,667		179,198,667	30,000,000
	10	2026-2027	2026			179,198,667		179,198,667	30,000,000
Continue to maintain viable presence	11	2027-2028	2027			179,198,667		179,198,667	179,198,667
	12	2028-2029	2028			179,198,667		179,198,667	179,198,667
	13	2029-2030	2029			179,198,667		179,198,667	179,198,667
	14	2030-2031	2030			179,198,667		179,198,667	179,198,667
	15	2031-2032	2031			179,198,667		179,198,667	179,198,667
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2032-2033	2032			179,198,667		179,198,667	179,198,667
	17	2033-2034	2033			179,198,667		179,198,667	179,198,667
	18	2034-2035	2034			179,198,667		179,198,667	179,198,667
	19	2035-2036	2035			179,198,667		179,198,667	179,198,667
	20	2036-2037	2036			179,198,667		179,198,667	179,198,667
	21	2037-2038	2037			179,198,667		179,198,667	179,198,667
	22	2038-2039	2038			179,198,667		179,198,667	179,198,667
	23	2039-2040	2039			179,198,667		179,198,667	179,198,667
	24	2040-2041	2040			179,198,667		179,198,667	179,198,667
	25	2041-2042	2041			179,198,667		179,198,667	179,198,667

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Form 50-296A
Revised Feb 2014

Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA
ISD Name Highland Independent School District

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2014-2015	2014	0	0	0	0	0
		2015-2016	2015	475,000 man-hours	$45	0	0	0
		2016-2017	2016	700,000 man-hours	$45	0	2	$42,000
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2017-2018	2017	325,000 man-hours	$45	0	5	$42,000
	2	2018-2019	2018	0	0	0	7	$42,000
	3	2019-2020	2019	0	0	0	10	$42,000
	4	2020-2021	2020	0	0	0	10	$42,000
	5	2021-2022	2021	0	0	0	10	$42,000
	6	2022-2023	2022	0	0	0	10	$42,000
	7	2023-2024	2023	0	0	0	10	$42,000
	8	2024-2025	2024	0	0	0	10	$42,000
	9	2025-2026	2025	0	0	0	10	$42,000
	10	2026-2027	2026	0	0	0	10	$42,000
Years Following Value Limitation Period	11 through 25			0	0	0	10	$42,000

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ■ No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ■ No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? ■ Yes ☐ No

Schedule D: Other Incentives (Estimated)

Applicant Name Lone Star Industries, Inc. d/b/a Buzzi Unicem USA

ISD Name Highland Independent School District

Form 50-296A

Revised Feb 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	**Taxing Entity (as applicable)**	**Beginning Year of Benefit**	**Duration of Benefit**	**Annual Tax Levy without Incentive**	**Annual Incentive**	**Annual Net Tax Levy**
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Nolan County/Nolan County Roads and Bridge	January 1 of first tax year following completion of construction	10 years	$650,000	$330,000	$320,000
	City:					
	Other: Hospital District	January 1 of first tax year following completion of construction	10 years	$370,000	$220,000	$150,000
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions	Nolan County	Historic Benefit	Yearly	110,100.00	11,900.00	98,200.00
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other: Pollution Control	Nolan County	2016	Yearly		$103,320	
Other:	Nolan County	2017			$206,640	
Other:						
Other:						
			TOTAL	1,130,100.00	871,860.00	568,200.00

Additional information on incentives for this project:

Nolan County agreed to an abatement of 60% over the first 5 years and 40% over the last 5 years for a total 10 year abatement. The calculations above include an average annual savings based on the total 10 year savings. The hospital district agreed to a property tax abatement of 60% over 10 years. The calculations above include an average annual savings based on the total 10 year savings. Pollution Control is $15m which we estimate as the amount which will qualify for the proposed project.

Attachment B

Franchise Tax Account Status

Franchise Tax Account Status

As of: 12/04/2014 09:13:43 AM

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

LONE STAR INDUSTRIES, INC.	
Texas Taxpayer Number	11309826607
Mailing Address	100 BRODHEAD RD STE 230 BETHLEHEM, PA 18017-8935
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	05/28/1969
Texas SOS File Number	0002886506
Registered Agent Name	CORPORATION SERVICE COMPANY D/B/A CSC-LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification

SUSAN COMBS

TEXAS COMPTROLLER of PUBLIC ACCOUNTS

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

August 21, 2014

John Duane Hyde
Superintendent
Highland Independent School District
6625 FM 608
Roscoe, Texas 79545-9801

Dear Superintendent Hyde:

On July 11, 2014, the Comptroller issued written notice that Lone Star Industries dba Buzzi Unicem USA (the applicant) submitted a completed application (Application #1002) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted in March 2014 to the Highland Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1002.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

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

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Certificate decision required by 313.025(d)

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of July 11, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact 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 A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Lone Star Industries (the project) applying to Highland Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Lone Star Industries.

Applicant	Lone Star Industries
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Highland ISD
2012-2013 Enrollment in School District	245
County	Nolan
Proposed Total Investment in District	$235,189,800
Proposed Qualified Investment	$235,000,000
Limitation Amount	$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$808
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	$808
Minimum annual wage committed to by applicant for qualified jobs	$42,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	$23,518,980
Estimated M&O levy without any limit (15 years)	$27,474,194
Estimated M&O levy with Limitation (15 years)	$10,296,521
Estimated gross M&O tax benefit (15 years)	$17,177,674
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

Table 2 is the estimated statewide economic impact of Lone Star Industries (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	$0	$0	$0
2015	228	267	495	$10,260,000	$18,740,000	$29,000,000
2016	339	407	746	$15,249,000	$31,751,000	$47,000,000
2017	161	247	408	$7,230,000	$22,770,000	$30,000,000
2018	7	71	78	$294,000	$9,706,000	$10,000,000
2019	10	51	61	$420,000	$7,580,000	$8,000,000
2020	10	31	41	$420,000	$5,580,000	$6,000,000
2021	10	27	37	$420,000	$4,580,000	$5,000,000
2022	10	19	29	$420,000	$3,580,000	$4,000,000
2023	10	21	31	$420,000	$3,580,000	$4,000,000
2024	10	23	33	$420,000	$3,580,000	$4,000,000
2025	10	25	35	$420,000	$3,580,000	$4,000,000
2026	10	31	41	$420,000	$4,580,000	$5,000,000
2027	10	21	31	$420,000	$3,580,000	$4,000,000
2028	10	21	31	$420,000	$3,580,000	$4,000,000
2029	10	17	27	$420,000	$3,580,000	$4,000,000

Source: CPA, REMI, Lone Star Industries

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Highland ISD I&S Tax Levy	Highland ISD M&O Tax Levy	Highland ISD M&O and I&S Tax Levies	NolanCounty Tax Levy	Nolan County Hospital District Levy	West TX Groundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.1227	1.1000		0.507552	0.25237	0.0050	
2014	$8,975,000	$8,975,000		$11,012	$98,725	$109,737	$45,553	$22,650	$449	$178,389
2015	$55,975,000	$55,975,000		$68,681	$615,725	$684,406	$284,102	$141,264	$2,799	$1,112,571
2016	$212,700,000	$212,700,000		$260,983	$2,339,700	$2,600,683	$1,079,563	$536,791	$10,635	$4,227,672
2017	$178,000,000	$30,000,000		$218,406	$330,000	$548,406	$361,377	$179,687	$8,900	$1,098,370
2018	$209,231,504	$30,000,000		$256,727	$330,000	$586,727	$424,783	$211,215	$10,462	$1,233,187
2019	$207,585,824	$30,000,000		$254,708	$330,000	$584,708	$421,442	$209,554	$10,379	$1,226,083
2020	$202,581,010	$30,000,000		$248,567	$330,000	$578,567	$411,282	$204,501	$10,129	$1,204,479
2021	$196,806,312	$30,000,000		$241,481	$330,000	$571,481	$399,558	$198,672	$9,840	$1,179,551
2022	$167,995,860	$30,000,000		$206,131	$330,000	$536,131	$511,600	$169,588	$8,400	$1,225,719
2023	$161,810,190	$30,000,000		$198,541	$330,000	$528,541	$492,763	$163,344	$8,091	$1,192,738
2024	$179,198,667	$30,000,000		$219,877	$330,000	$549,877	$545,716	$180,897	$8,960	$1,285,450
2025	$179,198,667	$30,000,000		$219,877	$330,000	$549,877	$545,716	$180,897	$8,960	$1,285,450
2026	$179,198,667	$30,000,000		$219,877	$330,000	$549,877	$545,716	$180,897	$8,960	$1,285,450
2027	$179,198,667	$179,198,667		$219,877	$1,971,185	$2,191,062	$909,526	$452,244	$8,960	$3,561,792
2028	$179,198,667	$179,198,667		$219,877	$1,971,185	$2,191,062	$909,526	$452,244	$8,960	$3,561,792
					Total	$13,361,142	$7,888,223	$3,484,447	$124,883	$24,858,695
					Diff	$17,177,674	$4,788,670	$2,818,882	$0	$24,785,226
Assumes School Value Limitation and Tax Abatements with Nolan County and the Nolan County Hospital District.										

Source: CPA, Lone Star Industries

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Nolan County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.
The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Highland ISD I&S Tax Levy	Highland ISD M&O Tax Levy	Highland ISD M&O and I&S Tax Levies	Nolan County Tax Levy	Nolan County Hospital District Levy	West TX Groundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.1227	1.1000		0.507552	0.25237	0.0050	
2014	$8,975,000	$8,975,000		$11,012	$98,725	$109,737	$45,553	$22,650	$449	$178,389
2015	$55,975,000	$55,975,000		$68,681	$615,725	$684,406	$284,102	$141,264	$2,799	$1,112,571
2016	$212,700,000	$212,700,000		$260,983	$2,339,700	$2,600,683	$1,079,563	$536,791	$10,635	$4,227,672
2017	$178,000,000	$30,000,000		$218,406	$330,000	$548,406	$361,377	$179,687	$8,900	$1,098,370
2018	$209,231,504	$30,000,000		$256,727	$330,000	$586,727	$424,783	$211,215	$10,462	$1,233,187
2019	$207,585,824	$30,000,000		$254,708	$330,000	$584,708	$421,442	$209,554	$10,379	$1,226,083
2020	$202,581,010	$30,000,000		$248,567	$330,000	$578,567	$411,282	$204,501	$10,129	$1,204,479
2021	$196,806,312	$30,000,000		$241,481	$330,000	$571,481	$399,558	$198,672	$9,840	$1,179,551
2022	$167,995,860	$30,000,000		$206,131	$330,000	$536,131	$511,600	$169,588	$8,400	$1,225,719
2023	$161,810,190	$30,000,000		$198,541	$330,000	$528,541	$492,763	$163,344	$8,091	$1,192,738
2024	$179,198,667	$30,000,000		$219,877	$330,000	$549,877	$545,716	$180,897	$8,960	$1,285,450
2025	$179,198,667	$30,000,000		$219,877	$330,000	$549,877	$545,716	$180,897	$8,960	$1,285,450
2026	$179,198,667	$30,000,000		$219,877	$330,000	$549,877	$545,716	$180,897	$8,960	$1,285,450
2027	$179,198,667	$179,198,667		$219,877	$1,971,185	$2,191,062	$909,526	$452,244	$8,960	$3,561,792
2028	$179,198,667	$179,198,667		$219,877	$1,971,185	$2,191,062	$909,526	$452,244	$8,960	$3,561,792
					Total	$13,361,142	$7,888,223	$3,484,447	$124,883	$24,858,695
					Diff	$17,177,674	$4,788,670	$2,818,882	$0	$24,785,226
Assumes School Value Limitation and Tax Abatements with Nolan County and the Nolan County Hospital District.										

Source: CPA, Lone Star Industries

[1]Tax Rate per $100 Valuation

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

Attachment B – Tax Revenue over 25 Years

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	$98,725	$98,725	$0	$0
	2015	$615,725	$714,450	$0	$0
	2016	$2,339,700	$3,054,150	$0	$0
Limitation Period (10 Years)	2017	$330,000	$3,384,150	$1,628,000	$1,628,000
	2018	$330,000	$3,714,150	$1,971,547	$3,599,547
	2019	$330,000	$4,044,150	$1,953,444	$5,552,991
	2020	$330,000	$4,374,150	$1,898,391	$7,451,382
	2021	$330,000	$4,704,150	$1,834,869	$9,286,251
	2022	$330,000	$5,034,150	$1,517,954	$10,804,206
	2023	$330,000	$5,364,150	$1,449,912	$12,254,118
	2024	$330,000	$5,694,150	$1,641,185	$13,895,303
	2025	$330,000	$6,024,150	$1,641,185	$15,536,488
	2026	$330,000	$6,354,150	$1,641,185	$17,177,674
Maintain Viable Presence (5 Years)	2027	$1,971,185	$8,325,335	$0	$17,177,674
	2028	$1,971,185	$10,296,521	$0	$17,177,674
	2029	$1,971,185	$12,267,706	$0	$17,177,674
	2030	$1,971,185	$14,238,891	$0	$17,177,674
	2031	$1,971,185	$16,210,077	$0	$17,177,674
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	$1,971,185	$18,181,262	$0	$17,177,674
	2033	$1,971,185	$20,152,447	$0	$17,177,674
	2034	$1,971,185	$22,123,633	$0	$17,177,674
	2035	$1,971,185	$24,094,818	$0	$17,177,674
	2036	$1,971,185	$26,066,003	$0	$17,177,674
	2037	$1,971,185	$28,037,189	$0	$17,177,674
	2038	$1,971,185	$30,008,374	$0	$17,177,674
	2039	$1,971,185	$31,979,559	$0	$17,177,674
	2040	$1,971,185	$33,950,745	$0	$17,177,674
	2041	$1,971,185	$35,921,930	$0	$17,177,674

$35,921,930 is greater than **$17,177,674**

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Lone Star Industries

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in Buzzi Unicem's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company, without approval of the appraised value limitation application this project is in jeopardy; and, likely leads to the company ceasing production at the outdated plant resulting in the loss of approximately 100 jobs.
- Per the company, without the property tax savings the other proposed location has a lower operating cost by approximately $2.1 million annually.
- Per the applicant, the company permanently closed two manufacturing facilities in 2008, Independence, Kansas and New Orleans, Louisiana.
- Per the applicant's application, in November 2013 they announced plans of a modernization and expansion of the Maryneal, Texas facility.
- Per the application upgrades to the plant were installed in June and July 2013.
- Per news reports in April 2009 the applicant's plans for a $300M modernization and expansion of the the Maryneal, Texas facility were put on hold as a result of the recession. They also withdrew their application for a $300M tax abatement; but continued to make some upgrades to the plant. As part of that process, plans were being drawn to incorporate the future goal of the plants $300M modernization and expansion.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Attachment D

Summary of Financial Impact

REVISED CHAPTER 313 PROPERTY VALUE LIMITATION FINANCIAL IMPACT OF THE PROPOSED BUZZI UNICEM USA PROJECT IN THE HIGHLAND INDEPENDENT SCHOOL DISTRICT

PREPARED BY



NOVEMBER 3, 2014
(REVISED)

Executive Summary

Buzzi Unicem USA (Company) has requested that the Highland Independent School Distirct (HISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In a revised application submitted to HISD in March 2014, the Company plans to invest $235.2 million to construct a cement manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitaiton and help the district navigate the overall application and agreement process.

The Buzzi Unicem 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, HISD may offer a minimum value limitation of $30 million. This value limitation, under the proposed application, will begin in 2017-18 and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to HISD	$2,159,808
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the District.)	$15,954,829

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. At the time the application is determined complete—typically 4-6 weeks after receipt—the Comptroller will deliver a Completeness Letter to the company and the school district. In this case, the Application was deemed complete on July 11, 2014.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full

review of the project and provide its certificate for a limitation on appraised value. The Certification letter was issues on August 21, 2014. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter or until December 31st, whichever is earlier, to adopt an agreement.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Ch. 313 statute are required. MCA and O'Hanlon, McCollom & Demerath will ensure the best interests of HISD are secured. After the Comptroller's certificate is received, O'Hanlon, McCollom & Demerath will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

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

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of three components: Tier I, Tier II and additional state aid for tax reduction.

Tier I provides state funding based on ADA and special student populations, as well as transportation. The local funds for Tier I are M&O taxes raised at the compressed tax rate—$1.00 per $100 of taxable value for most school districts (less any recapture payments owed to the state from high property-wealth school districts).

Tier II guarantees a specific amount of funding per student in weighted average daily attendance for each penny of a school district's tax effort above a specified level. There are two levels of Tier II funding—funding under the six so-called golden pennies and the eleven so-called copper pennies. Voter approval is required in most cases to access the last two golden pennies and the eleven copper pennies.

Additional State Aid for Tax Reduction (ASATR) guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. For more detailed information on the school finance funding system, please review the Texas Education Agency's School Finance 101: Funding of Texas Public Schools. For the 2014-15 school year it is estimated that 230 school districts will receive ASATR hold-harmless funding ($335 million in state funding). ASATR funding is expected to be eliminated by the 2017-18 school year under current law.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

School districts that receive ASATR funding may not require as large of a company revenue-loss payment as those districts that are considered to be on "formula". **As ASATR is reduced, more districts will be considered on "formula" and the revenue losses may be greater than anticipated in the initial revenue-loss estimates.**

HISD does not receive ASATR funding. In most instances smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O 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. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

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

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

A key element in any analysis of the school finance implications of a Chapter 313 agreement is the provision for revenue protection in the agreement between the school district and the applicant. The agreement calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. 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. This approach also reduces guess work as to future changes in school finance and property tax laws.

Student enrollment counts are held constant at 212 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of HISD. The District's local tax base reached $222.6 million for the 2014 tax year (the most recent year available) and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of $1.16 per $100 is used throughout this analysis. HISD has estimated 2014-15 state property wealth per weighted ADA or WADA of approximately $766,631. As a result, HISD is considered a Chapter 41 or recapture district under the

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

The M&O tax rate for the 2027-28 school year reflect the impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes, which could result in a lower M&O tax rate. For the purposes of these estimates, it is assumed that the current M&O tax rate in year 11 of the limitation agreement would be reduced slightly from the $1.16 per $100 M&O rate shown in Table 1 to $1.09 and then return to the $1.16 M&O tax rate. The lower M&O rate is reflected for that year in the limitation model shown below.

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. ASATR is continued under the current funding elements until the 2017-18 school year, although it is not a factor in these calculations.

Table 1 – Base District Information with Buzzi Unicem 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	2014-15	212.00	339.43	$1.1600	$0.1200	$222,594,930	$222,594,930	$260,220,003	$260,220,003	$766,631	$766,631
1	2015-16	212.00	339.43	$1.1600	$0.1200	$269,597,611	$269,597,611	$248,257,688	$248,257,688	$731,389	$731,389
2	2016-17	212.00	339.43	$1.1600	$0.1200	$425,827,477	$425,827,477	$295,260,369	$295,260,369	$869,863	$869,863
3	2017-18	212.00	339.43	$1.1600	$0.1200	$591,104,352	$443,104,352	$451,490,235	$451,490,235	$1,330,131	$1,330,131
4	2018-19	212.00	339.43	$1.1600	$0.1200	$662,668,452	$483,436,948	$616,767,110	$468,767,110	$1,817,051	$1,381,030
5	2019-20	212.00	339.43	$1.1600	$0.1200	$649,375,975	$471,790,151	$688,331,210	$509,099,706	$2,027,885	$1,499,853
6	2020-21	212.00	339.43	$1.1600	$0.1200	$633,269,924	$460,688,914	$675,038,734	$497,452,910	$1,988,725	$1,465,541
7	2021-22	212.00	339.43	$1.1600	$0.1200	$616,913,005	$450,106,693	$658,932,682	$486,351,672	$1,941,275	$1,432,836
8	2022-23	212.00	339.43	$1.1600	$0.1200	$578,014,119	$440,018,259	$642,575,763	$475,769,451	$1,893,086	$1,401,659
9	2023-24	212.00	339.43	$1.1600	$0.1200	$562,209,818	$430,399,628	$603,676,877	$465,681,017	$1,778,486	$1,371,938
10	2024-25	212.00	339.43	$1.1600	$0.1200	$570,426,670	$421,228,003	$587,872,576	$456,062,386	$1,731,925	$1,343,601
11	2025-26	212.00	339.43	$1.1600	$0.1200	$561,680,379	$412,481,712	$596,089,428	$446,890,761	$1,756,133	$1,316,580
12	2026-27	212.00	339.43	$1.1600	$0.1200	$553,338,820	$404,140,153	$587,343,137	$438,144,470	$1,730,365	$1,290,813
13	2027-28	212.00	339.43	$1.1600	$0.1200	$545,382,409	$545,382,409	$579,001,578	$429,802,911	$1,705,790	$1,266,238
14	2028-29	212.00	339.43	$1.1600	$0.1200	$537,792,526	$537,792,526	$571,045,167	$571,045,167	$1,682,350	$1,682,350
15	2029-30	212.00	339.43	$1.1600	$0.1200	$530,551,471	$530,551,471	$563,455,284	$563,455,284	$1,659,990	$1,659,990

***Basic Allotment: $5,040; AISD Yield: $61.86; Equalized Wealth: $504,000 per WADA**

M&O Impact of the Buzzi Unicem project on HISD

School finance models were prepared for HISD under these assumptions through the 2029-30 school year. Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue Model" by adding the total value of the project to the model, but without assuming that a value limitation is approved. This information is detailed in Table 2.

Additionally, a separate model is established to make a calculation of the "Value Limitation Revenue Model" by adding the project's limited value of $30 million to the model. These results are shown in Table 3.

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	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2014-15	$2,123,047	$71,210	$0	-$232,522	$457,895	$0	-$117,181	$7,417	$2,309,866
1	2015-16	$2,562,576	$70,245	$0	-$381,213	$552,692	$0	-$130,224	$7,417	$2,681,492
2	2016-17	$4,023,507	$70,245	$0	-$1,136,310	$867,782	$0	-$264,891	$7,417	$3,567,750
3	2017-18	$5,597,282	$70,245	$0	-$2,967,548	$1,207,210	$0	-$522,136	$7,417	$3,392,469
4	2018-19	$6,001,031	$70,245	$0	-$3,929,832	$1,294,290	$0	-$643,219	$7,417	$2,799,931
5	2019-20	$6,147,835	$70,245	$0	-$4,243,789	$1,325,953	$0	-$685,242	$7,417	$2,622,418
6	2020-21	$5,996,270	$70,245	$0	-$4,102,411	$1,293,264	$0	-$663,283	$7,417	$2,601,502
7	2021-22	$5,842,211	$70,245	$0	-$3,951,845	$1,260,037	$0	-$640,392	$7,417	$2,587,672
8	2022-23	$5,472,963	$70,245	$0	-$3,655,660	$1,180,398	$0	-$594,966	$7,417	$2,480,396
9	2023-24	$5,323,994	$70,245	$0	-$3,443,447	$1,148,269	$0	-$566,268	$7,417	$2,540,210
10	2024-25	$5,404,150	$70,245	$0	-$3,445,410	$1,165,556	$0	-$569,156	$7,417	$2,632,802
11	2025-26	$5,322,362	$70,245	$0	-$3,418,883	$1,147,917	$0	-$563,465	$7,417	$2,565,592
12	2026-27	$5,244,359	$70,245	$0	-$3,340,848	$1,131,093	$0	-$552,139	$7,417	$2,560,127
13	2027-28	$5,141,484	$70,245	$0	-$3,248,241	$1,108,905	$0	-$538,354	$7,417	$2,541,456
14	2028-29	$5,070,510	$70,245	$0	-$3,177,384	$1,093,598	$0	-$528,065	$7,417	$2,536,320
15	2029-30	$5,002,798	$70,245	$0	-$3,109,791	$1,078,993	$0	-$518,249	$7,417	$2,531,412

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	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2014-15	$2,123,047	$71,210	$0	-$232,522	$457,895	$0	-$117,181	$7,417	$2,309,866
1	2015-16	$2,562,576	$70,245	$0	-$381,213	$552,692	$0	-$130,224	$7,417	$2,681,492
2	2016-17	$4,023,507	$70,245	$0	-$1,136,310	$867,782	$0	-$264,891	$7,417	$3,567,750
3	2017-18	$4,185,066	$70,245	$0	-$2,210,260	$902,626	$0	-$390,399	$7,417	$2,564,694
4	2018-19	$4,566,360	$70,245	$0	-$2,492,775	$649,876	$0	-$226,874	$7,417	$2,574,248
5	2019-20	$4,453,311	$70,245	$0	-$2,587,809	$960,482	$0	-$441,564	$7,417	$2,462,082
6	2020-21	$4,349,502	$70,245	$0	-$2,484,812	$938,092	$0	-$426,586	$7,417	$2,453,858
7	2021-22	$4,250,546	$70,245	$0	-$2,386,670	$916,750	$0	-$412,313	$7,417	$2,445,975
8	2022-23	$4,156,207	$70,245	$0	-$2,293,147	$896,403	$0	-$398,710	$7,417	$2,438,415
9	2023-24	$4,066,262	$70,245	$0	-$2,204,018	$877,003	$0	-$385,744	$7,417	$2,431,164
10	2024-25	$3,980,496	$70,245	$0	-$2,119,068	$858,505	$0	-$373,386	$7,417	$2,424,208
11	2025-26	$3,898,708	$70,245	$0	-$2,038,095	$840,865	$0	-$361,605	$7,417	$2,417,535
12	2026-27	$3,820,705	$70,245	$0	-$1,960,904	$824,043	$0	-$350,373	$7,417	$2,411,132
13	2027-28	$5,141,484	$70,245	$0	-$2,602,817	$1,108,905	$0	-$466,160	$7,417	$3,259,074
14	2028-29	$5,070,510	$70,245	$0	-$3,177,384	$1,093,598	$0	-$528,065	$7,417	$2,536,320
15	2029-30	$5,002,798	$70,245	$0	-$3,109,791	$1,078,993	$0	-$518,249	$7,417	$2,531,412

Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of $2,159,808 over the course of the Agreement. Nearly all of the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

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	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2014-15	$0	$0	$0	$0	$0	$0	$0	$0	$0
1	2015-16	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	2016-17	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	2017-18	-$1,412,216	$0	$0	$757,288	-$304,584	$0	$131,737	$0	-$827,775
4	2018-19	-$1,434,671	$0	$0	$1,437,057	-$644,414	$0	$416,345	$0	-$225,683
5	2019-20	-$1,694,524	$0	$0	$1,655,980	-$365,471	$0	$243,679	$0	-$160,336
6	2020-21	-$1,646,768	$0	$0	$1,617,599	-$355,172	$0	$236,697	$0	-$147,644
7	2021-22	-$1,591,665	$0	$0	$1,565,174	-$343,287	$0	$228,080	$0	-$141,698
8	2022-23	-$1,316,756	$0	$0	$1,362,513	-$283,995	$0	$196,256	$0	-$41,982
9	2023-24	-$1,257,732	$0	$0	$1,239,429	-$271,266	$0	$180,523	$0	-$109,046
10	2024-25	-$1,423,654	$0	$0	$1,326,341	-$307,051	$0	$195,770	$0	-$208,593
11	2025-26	-$1,423,654	$0	$0	$1,380,788	-$307,052	$0	$201,860	$0	-$148,057
12	2026-27	-$1,423,654	$0	$0	$1,379,944	-$307,050	$0	$201,765	$0	-$148,995
13	2027-28	$0	$0	$0	$645,424	$0	$0	$72,195	$0	$717,619
14	2028-29	$0	$0	$0	$0	$0	$0	$0	$0	$0
15	2029-30	$0	$0	$0	$0	$0	$0	$0	$0	$0

M&O Impact on the Taxpayer

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. A $1.16 per $100 M&O tax rate is assumed in 2014-15 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $18.1 million over the life of the agreement. The HISD revenue losses are expected to total approximately $2.16 million over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach $15.95 million.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with HISD currently levying a $0.12 per $100 I&S rate. The value of the Buzzi Unicem project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth per ADA to $1.2 million in the peak year of I&S taxable project value. Even with depreciation in project values in future years, local taxpayers should benefit from the addition of the Buzzi Unicem project to the local I&S tax roll.

Table 5 - Estimated Financial Impact of the Buzzi Unicem Project Property Value Limitation Request Submitted to HISD at $1.1600 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 Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2014-15	$8,975,000	$8,975,000	$0	$1.160	$104,110	$104,110	$0	$0	$0	$0
1	2015-16	$55,975,000	$55,975,000	$0	$1.160	$649,310	$649,310	$0	$0	$0	$0
2	2016-17	$212,700,000	$212,700,000	$0	$1.160	$2,467,320	$2,467,320	$0	$0	$0	$0
3	2017-18	$178,000,000	$30,000,000	$148,000,000	$1.160	$2,064,800	$348,000	$1,716,800	$1,716,800	-$827,775	$889,025
4	2018-19	$209,231,504	$30,000,000	$179,231,504	$1.160	$2,427,085	$348,000	$2,079,085	$2,079,085	-$225,683	$1,853,403
5	2019-20	$207,585,824	$30,000,000	$177,585,824	$1.160	$2,407,996	$348,000	$2,059,996	$2,059,996	-$160,336	$1,899,659
6	2020-21	$202,581,010	$30,000,000	$172,581,010	$1.160	$2,349,940	$348,000	$2,001,940	$2,001,940	-$147,644	$1,854,296
7	2021-22	$196,806,312	$30,000,000	$166,806,312	$1.160	$2,282,953	$348,000	$1,934,953	$1,934,953	-$141,698	$1,793,256
8	2022-23	$167,995,860	$30,000,000	$137,995,860	$1.160	$1,948,752	$348,000	$1,600,752	$1,600,752	-$41,982	$1,558,770
9	2023-24	$161,810,190	$30,000,000	$131,810,190	$1.160	$1,876,998	$348,000	$1,528,998	$1,528,998	-$109,046	$1,419,952
10	2024-25	$179,198,667	$30,000,000	$149,198,667	$1.160	$2,078,705	$348,000	$1,730,705	$1,730,705	-$208,593	$1,522,111
11	2025-26	$179,198,667	$30,000,000	$149,198,667	$1.160	$2,078,705	$348,000	$1,730,705	$1,730,705	-$148,057	$1,582,647
12	2026-27	$179,198,667	$30,000,000	$149,198,667	$1.160	$2,078,705	$348,000	$1,730,705	$1,730,705	-$148,995	$1,581,710
13	2027-28	$179,198,667	$179,198,667	$0	$1.160	$2,078,705	$2,078,705	$0	$0	$0	$0
14	2028-29	$179,198,667	$179,198,667	$0	$1.160	$2,078,705	$2,078,705	$0	$0	$0	$0
15	2029-30	$179,198,667	$179,198,667	$0	$1.160	$2,078,705	$2,078,705	$0	$0	$0	$0
						$31,051,491	$12,936,854	$18,114,638	$18,114,638	-$2,159,808	$15,954,829

The project is not expected to affect HISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

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

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

Attachment E

Taxable Value of Property

Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2013 ISD Summary Worksheet

177/Nolan

177-905/Highland ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	708,270	N/A	708,270	708,270
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	4,750	N/A	4,750	4,750
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	10,574,920	N/A	10,574,920	10,574,920
D2. Real Prop Farm & Ranch	2,100,730	N/A	2,100,730	2,100,730
E. Real Prop NonQual Acres	14,507,360	N/A	14,507,360	14,507,360
F1. Commercial Real	175,510	N/A	175,510	175,510
F2. Industrial Real	337,518,850	N/A	337,518,850	337,518,850
G. Oil, Gas, Minerals	89,630,140	N/A	89,630,140	89,630,140
J. Utilities	10,221,620	N/A	10,221,620	10,221,620
L1. Commercial Personal	21,201,800	N/A	21,201,800	21,201,800
L2. Industrial Personal	58,460,780	N/A	58,460,780	58,460,780
M. Other Personal	530,140	N/A	530,140	530,140
N. Intangible				

Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	545,634,870		545,634,870	545,634,870
Less Total Deductions	315,414,867		315,414,867	315,414,867
Total Taxable Value	230,220,003		230,220,003	230,220,003 T2

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
231,201,483	230,220,003	231,201,483	230,220,003	230,220,003	230,220,003

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
981,480	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
537,043,763	536,062,283	537,043,763	536,062,283	536,062,283	536,062,283

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 F

TEA's Facilities Value

July 11, 2014

Brent Allen, President
Board of Trustees
Highland Independent School District
6625 FM 608
Roscoe, TX 79545-9801

Dear Mr. Allen:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Lone Star Industries dba Buzzi Unicem USA project on the number and size of school facilities in Highland Independent School District (HISD). Based on an examination of HISD enrollment and the number of potential new jobs, the TEA has determined that the Lone Star Industries dba Buzzi Unicem USA project should not have a significant impact on the number or size of school facilities in HISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Attachment G

Participation Agreement

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

---

by and between

HIGHLAND INDEPENDENT SCHOOL DISTRICT

and

LONE STAR INDUSTRIES, INC.

(*Texas Taxpayer ID # 11309826607*)

TEXAS COMPTROLLER APPLICATION NUMBER 1002

Dated

December 17, 2014

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

STATE OF TEXAS §

COUNTY OF NOLAN §

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 **HIGHLAND INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **LONE STAR INDUSTRIES, INC.,** Texas Taxpayer Identification Number *11309826607* hereinafter referred to as "Applicant." Applicant and District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on March 19, 2014, the Superintendent of Schools of the Highland Independent School District, acting as agent of the Board of Trustees of District, received from Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the application;

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025(a-1) of the TEXAS TAX CODE; and,

WHEREAS, the District and Texas Comptroller's Office have determined that the application is complete and July 11, 2014 is the Application Review Start Date as that terms is defined by 34 TEX. ADMIN. CODE 9.1051;

WHEREAS, pursuant to 34 TEX. ADMIN. CODE §9.1054, the Application was delivered for review to the Nolan Appraisal District established in Nolan County, Texas (the "Nolan County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on August 21, 2014, issued a certificate for limitation on appraised value of the property described in the Application, and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.026 of the TEXAS TAX CODE;

WHEREAS, on December 17, 2014 the Board of Trustees conducted a public hearing on the Application, at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on December 17, 2014 the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the project proposed by Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset District's maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (v) this Agreement is in the best interest of District and the State of Texas;

WHEREAS, on December 17, 2014, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and,

WHEREAS, on December 17, 2014, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I
DEFINITIONS

Section 1.1 DEFINITIONS.

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEX. ADMIN. CODE §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEX. ADMIN. CODE §9.1051.

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

"*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 District, and the Constitution and general laws of the State applicable to the 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 Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

"*Applicant*" means LONE STAR INDUSTRIES, INC. , *(Texas Taxpayer ID # 11309826607),* the company listed in the Preamble of this Agreement and that listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include Applicant's assigns and successors-in-interest as approved according to Section 10.2 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of this Agreement.

"*Application*" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with District by Applicant on March 19, 2014. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

"*Application Approval Date*" means the date that the Application is approved by the Board of Trustees of District and as further identified in Section 2.3.B of this Agreement.

"*Application Review Start Date*" means the later date of either the date on which District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that Applicant has submitted a completed application and as further identified in Section 2.3.A of this Agreement.

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

"*Appraisal District*" means the Nolan County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Highland Independent School District.

"*Board of Trustees*" means the Board of Trustees of the Highland Independent School District.

"*Comptroller*" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of Comptroller.

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

"*County*" means Nolan County, Texas.

"*District*" or "*School District*" means the Highland Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter 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 Applicant's Qualified Property or the Applicant's Qualified Investment.

"*Final Termination Date*" means the last date of the final year in which Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

"*Force Majeure*" means those causes generally recognized under Texas law as constituting impossible conditions. Each party must inform the other in writing with proof of receipt within three business days of the existence of such force majeure or otherwise waive this right as a defense.

"*Land*" means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

"*Maintain Viable Presence*" means (i) the development, construction and operation during 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 retention during the term of this Agreement of the number of New Qualifying Jobs set forth in its Application by Applicant; (iii) and continue the average weekly wage paid by Applicant for all Non-Qualifying Jobs created by Applicant that exceeds the county average weekly wage for all jobs in the county where the administrative office of District is maintained.

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

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

"*Market Value*" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"*New Qualifying Jobs*" means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(4) of the TEXAS TAX CODE.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller's Rules, as these provisions existed on the Application Review Start Date.

"*Non-Qualifying Jobs*" means the number of New Non-Qualifying Jobs, as defined in 34 TAC §9.0151, to be created and maintained by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"*Qualified Property*" has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of the Application is approved by District,

"*Qualifying Time Period*" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the qualified property in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

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

"*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 Chapter 313 of the Texas Tax Code. 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 applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under this subchapter.

"*Supplemental Payment*" has the meaning as set forth in Article VI of this Agreement.

"*Tax Limitation Amount*" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

"*Tax Limitation Period*" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

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

"*Taxable Value*" shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

"*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 of the TEXAS TAX CODE, which are set forth at 19 TEX. ADMIN. CODE, Part 2, together with any court or administrative decisions interpreting same.

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY.

This Agreement is executed by District as its written agreement with Applicant pursuant to the provisions and authority granted to District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE.

In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified in this Agreement, the value of Applicant's Qualified Property listed and assessed by the County Appraiser for District's operation and maintenance ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is July 11, 2014 which will determine Applicant's Qualified Property and applicable wage standard.

B. The Application Approval Date for this Agreement is December 17, 2014, which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

1. Starts on December 17, 2014; Application Approval Date; and

2. Ends on December 31, 2016; being the second complete tax year after the effective date of this agreement

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017

2. Ends on December 31, 2026.

E. The Final Termination Date for this Agreement is December 31, 2031.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Subsection B. This Agreement, and the obligation and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection E, unless extended by the express terms of this Agreement.

2.4. TAX LIMITATION.

So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

A. The Market Value of the Applicant's Qualified Property; or,

B. Thirty Million Dollars ($30,000,000.00)

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 Section 313.052 of the TEXAS TAX CODE.

2.5. QUALIFIED INVESTMENT FOR TAX LIMITATION ELIGIBILITY.

In order to be eligible and entitled to receive the value limitation identified in 2.4 for the Qualified Property identified in Article III, Applicant shall:

A. have completed Qualified Investment in the amount of Thirty Million Dollars ($30,000,000.00) by the end of the Qualifying Time Period;

B. have created the number of Qualifying Jobs specified in, and in the time period specified on, Schedule C of the Application; and

C. be paying the average weekly wage of all jobs in the county in which District's administrative office is located for all non-qualifying jobs created by Applicant.

2.6. TAX LIMITATION OBLIGATIONS.

In order to receive and maintain the limitation authorized by 2.4, Applicant shall:

A. provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;

C. provide such supplemental payments as more fully specified in Article VI; and

D. create and Maintain Viable Presence on and/or with the qualified property and perform additional obligations as more fully specified in Article VII of this Agreement.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.

At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described on **EXHIBIT 2** which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.

The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes. 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 Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's rules, and Section 10.2 of this Agreement,.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.

If at any time after the Application Approval Date there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**; or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE.

Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as a manufacturing facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES.

In conformance with the provisions of Texas Tax Code § 313.027(f)(1), it is the intent of the Parties that the District shall be compensated over the course of this Agreement by the Applicant for: (i) any monetary loss that the District incurs in its Maintenance and Operations Revenue; or, (ii) for any new uncompensated operating cost incurred as a sole and direct 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. 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, and paid by the Applicant to the District in addition to any and all support due under Article VI.

A. The calculation of the amount of any Revenue Protection required to be paid by Applicant under this Article IV shall be made for the first time for the first complete tax year following the start of Commercial Operations.

B. For purposes of this Article IV, and of Section 2.3(d)(1), above, the term "Commercial Operations" means the date on which project described in **EXHIBIT 3**, below begins the later of either the acceptance of the commissioning of the new kiln or the acceptance of the comminssing of the new finish mill, and production of cement saleable in the market.

C. Within 60 days from the date commercial operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such qualified property within the boundaries of the land which is subject to the agreement, if such final description is different than the description provided in the application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.

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:

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 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 Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax at the tax rate actually adopted by the District 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 Maintenance and Operations Revenue because of any portion of this agreement.

In making the calculations required by this Section 4.2:

iii. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

iv. 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%)

v. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.

vi. All calculations made for all years of the value limitation under Section 4.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.

vii. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CUMULATIVE PAYMENT LIMITATION.

In no event shall the Cumulative Payments made by Applicant to the District exceed an amount equal to One Hundred Percent (100%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the Commencement Date through Tax Year 2029. For each year of this Agreement, amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in this Section are not payable to the District for a given year, shall be carried forward to future years, but shall be subject, in each subsequent year to the limit set forth in this Section.

For purposes of this Section:

A. "*Cumulative Unadjusted Tax Benefit*" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

B. "*Unadjusted Tax Benefit*" means for each year of this Agreement the total of all gross tax savings calculated for each year of the Agreement by multiplying the Applicant's taxable value for debt service taxes for each applicable Tax Year, minus the Tax Limitation Amount defined in Section 2.5(A) above, as Thirty Million Dollars ($30,000,000.00), multiplied by the District's Maintenance & Operations tax rate for the applicable Tax Year.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES.

In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

A. The Applicant, on an annual basis, shall also indemnify and reimburse the District for 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 project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

B. Any other loss of District revenues which are, or may be reasonably attributable to the payment by the Applicant to or on behalf of any other third party beneficiary of this Agreement. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

C. Any other cost to the District, including costs under Subsection 8.6(C), below which are, or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

Section 4.5. CALCULATIONS TO BE MADE BY THIRD PARTY.

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District.

Section 4.6. DATA USED FOR CALCULATIONS.

The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including 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 4.5. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.7. DELIVERY OF CALCULATIONS.

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.5 of this Agreement shall forward to the Parties the calculations required under Sections 4.2 and/or 4.4 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of four (4) years after the Final Termination date of this Agreeemnt. The Applicant shall not be liable for any of 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 4.7, if such fee is timely paid.

Section 4.8. 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 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.7, above, plus

any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, reports required by any state agency, disclosures, 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. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 4.7, above, in excess of Ten Thousand Dollars ($10,000.00).

Section 4.9. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to Sections 4.7 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations.

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

In the event that, at the time the Third Party selected under Section 4.5 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

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

Section 4.11. EFFECT OF STATUTORY CHANGES.

Notwithstanding any other provision in this Agreement, but subject only to the limitations contained in Section 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, or to other governmental entities, because of its participation in this Agreement, the Applicant shall make payments to the District, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1.

In addition to the amounts determined pursuant to Section 4.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for 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 project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

ARTICLE VI
PAYMENT OF SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

In interpreting the provisions of Article IV and VI, the Parties agree as follows:

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article IV, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under Article VI of this agreement are separate and independent of the obligation of the Applicant to pay the amounts described in Article IV;

provided, however, that all payments under Articles IV and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.4.

B. Adherence to Statutory Limits on Supplemental Payments. It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article V, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

C. As used in Article IV and in this Article, the following terms shall be defined as follows:

i. *"Cumulative Payments"* means for each year of this Agreement the total of all payments, calculated under both Article IV and Article VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant for all previous Tax Years under Article IV and Article VI of this Agreement.

ii. *"Cumulative Unadjusted Tax Benefit"* means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

iii. *"Net Tax Benefit"* means (a) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (b) adding to the amount determined under clause, and (c) subtracting from the sum of the amounts determined under clauses (a) and (b) the sum of (d) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (e) any payments due to the District under Article IV under this Agreement as well as the Annual Limit.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

A. Notwithstanding the foregoing, the total annual supplement payment made pursuant to this article shall:

i. not exceed in any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars ($100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars ($50,000.00) per year; and

ii. only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles Iv and V of this Agreement.

C. For purposes of this Agreement, the amount of the Annual Limit shall be $23,200 based upon the District's 2014-2015 Average Daily Attendance of 232, rounded to the whole number.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO NET AGGREGATE LIMIT.

In any year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

A. the Applicant's Stipulated Supplemental Payment Amount, defined as Forty Percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 6.1(C)(iii), above; or,

B. the Annual Limit, as the term is defined in Section 6.2(C), above.

Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.

The Parties agree that for each Tax Year of this Agreement, beginning with Tax Year 2014, the first year of the qualifying time period specified in Section 2.3(d)(1) of this Agreement, the Stipulated Supplemental Payment Amount, described in Section 6.3, above will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

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

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Minus,

Any amounts previously paid to the District under Article IV for such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 6.2 and 6.3, above, with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party selected pursuant to Section 4.5, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 6.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.5, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.7, above.

C. The payment of all amounts due under this Article shall be made by December 31 of the tax year for which the payment is due.

Section 6.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.

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

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

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit or the Net Aggregate Limit or the Supplemental Payments calculated as described in Section 6.5, above.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 7.1. ANNUAL LIMITATION.

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using 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 Section 4.2 of this Agreement, 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 Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT.

In the event that any payment otherwise due from Applicant to District under Article IV, Article V, and/or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

Section 7.3. EFFECT OF OPTIONAL TERMINATION.

Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which

such notification is delivered to District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration dates of this Agreement.

ARTICLE VIII
ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. Applicant's Obligation To Maintain Viable Presence.

In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure. The Final Termination Date will only be extended for the mutually agreed length of the Force Majeure.

Section 8.2. Reports.

In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website http://www.texasahead.org/tax_programs/chapter313/forms.php.

Section 8.3. Comptroller's Annual Report On Chapter 313 Agreements.

During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS.

During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW.

Applicant shall allow authorized employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less that 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 Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS.

This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. Applicant and District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the later of:

i. date of submission of the final payment;

ii. Final Termination Date; or

iii. date of resolution of all disputes or payment.

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

C. Comptroller may require, at Applicant's or District's sole cost and expense, as applicable, independent audits by a qualified certified public accounting firm of Applicant's, District's or the Comptroller's books, records, or property. The independent auditor shall provide Comptroller with a copy of such audit at the same time it is provided to Applicant and/or District.

D. In addition to and without limitation on the other audit provisions of this Agreement, pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE, the state auditor may conduct an audit or investigation of Applicant or District or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by Applicant or District or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, Applicant or District or other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. This Agreement may be amended unilaterally by Comptroller to comply with any rules and procedures of the state auditor in the implementation and enforcement of Section 2262.003 of the TEXAS GOVERNMENT CODE.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which Comptroller would not have approved this Agreement and District would not executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Tex. Admin. Code § 9.1053(f)(2)(L).

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to an material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. Applicant failed to have complete Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of the Application;

D. Applicant failed to pay the average weekly wage of all jobs in the county in which District's administrative office is located for all Non-Qualifying Jobs created by Applicant;

E. Applicant failed to provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

F. Applicant failed to provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V of this Agreement;

G. Applicant failed to provide such supplemental payments as more fully specified in Article VI of this Agreement;

H. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as more fully specified in Article VIII of this Agreement;

I. Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of Comptroller on the dates indicated on the form;

J. Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller determine whether Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

K. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property;

L. Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with the Agreement.

M. Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313of the TEXAS TAX CODE, in excess of the amounts set forth in Articles III and IV, of this Agreement; or

N. Applicant fails either to:

i. Implement a plan to remedy non-compliance as required by Comptroller pursuant to 34 TAC Section 9.1059; or

ii. Pay a penalty assessed by Comptroller pursuant to 34 TAC Section 9.1059.

Section 9.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 9.3, then District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 9.3.C on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI of this Agreement.

B. Notwithstanding Section 9.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to 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 District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 9.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.2.A had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.3. LIMITED STATUTORY CURE OF MATERIAL BREACH.

In accordance with the provisions of Section 313.0275 of the Texas Tax Code, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 9.1.C. or 9.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 9.1.C. or 9.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the Texas Tax Code, in accordance with the provisions of Section 313.0275(c) of the Texas Tax Code.

Section 9.3. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 8.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, District shall provide 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 District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, 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 breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 9.2.A and B (net of all credits under Section 9.2.A and B), and the amount of any penalty and/or interest under Section 9.2.C that are owed to District.

C. After making its determination regarding any alleged breach, the Board of Trustees shall cause Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

Section 9.4. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.3, 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 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 under Section 9.3, 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 residing in Nolan 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) District shall bear one-half of such mediator's fees and expenses and Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Chapter 33, Subchapters B and C, of the Texas Tax Code for the collection of delinquent taxes. In the event that District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the Texas Tax Code to the attorneys representing District pursuant to Section 6.30 of the Texas Tax Code.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either District or 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.

Section 9.5. LIMITATION OF OTHER DAMAGES.

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 9.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. BINDING ON SUCCESSORS.

In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile 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.

B. Notices to District shall be addressed to District's Authorized Representative as follows:

Duane Hyde, Superintendent
HIGHLAND INDEPENDENT SCHOOL DISTRICT
6625 FM 608
Roscoe, Texas 79545
Fax: (325) 766-2281
Email: dhyde@highland.esc14.net

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

Nancy Krial
Chief Finanical Officer
Lone Star Industries, Inc.
100 Brodhead Road, Suite 230
Bethlem, Pennsylvania 18017
Fax: (610) 866-9430
Email: nancy.krial@buzziunicemusa.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as Applicant may designate by written notice to District.

Section 10.2. AMENDMENTS TO AGREEMENT;WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Subsection B hereof. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement.

B. By official action of the District's Board of Trustees, this Agreement may only be amended according to the following:

i. Applicant shall submit to District and Comptroller:

a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;

b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller;

c. and any additional information requested by District or Comptroller necessary to evaluate the amendment or modification; and

ii. Comptroller shall review the request and any additional information and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by Comptroller by the end of the 90 day period, the request is denied;

iii. If Comptroller has not denied the request, District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 10.3 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the Texas Tax Code;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

iii. define minimum eligibility requirements for the recipient of limited value.

D. This Agreement may not be amended to extend the value limitation time period beyond its ten year statutory term.

Section 10.4. ASSIGNMENT.

Any assignment of the interests of Applicant in this Agreement is considered an amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 10.3 regarding amendments to the Agreement.

Section 10.5. 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 10.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS.

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser

of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 10.7. 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 the County.

Section 10.8. 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 10.9. 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 an 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 10.9, 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 10.10. PAYMENT OF EXPENSES.

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.11. 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 10.12. 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 10.13. PUBLICATION OF DOCUMENTS.

The Parties acknowledge that District is required to publish Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;

B. District shall provide on its website a link to the location of those documents posted on Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the Texas Tax Code.

Section 10.14. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.

Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

Section 10.15. DUTY TO DISCLOSE.

If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Contract.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 17 day of December, 2014.

LONE STAR INDUSTRIES, INC.

By: _____
Authorized Representative

Name: Nancy L. Krial

Title: SVP & CFO

HIGHLAND INDEPENDENT SCHOOL DISTRICT

By: _____
BRENT ALLEN
President
Board of Trustees

Attest:

By: _____
~~**DALE ADAMS**~~ Brad Thompson
~~Secretary~~ V.P.
Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Reinvestment Zone was originally created on September 23, 2013 by action of the Nolan County Comissioners Court. As a result of the action, all of the following real property within Nolan County, Texas is located within the boundaries of the *BUZZI UNICEM REINVESTMENT ZONE.* A map of the Reinvestment Zone is attached as the last page of this **EXHIBIT 1**. The legal description of the is as follows:

The real property contained within that certain tract of land consisting of approximately 940.21 acres situated in 0134 Abs 193 H&TC Blk/Trk 1A; 1589 Abst 192 E/2 H&TC Blk/Tract 1A; 1836 Abst 192 W/2 H&TC Blk/Tract 1A

EXHIBIT "A"

Map of Maryneal Property

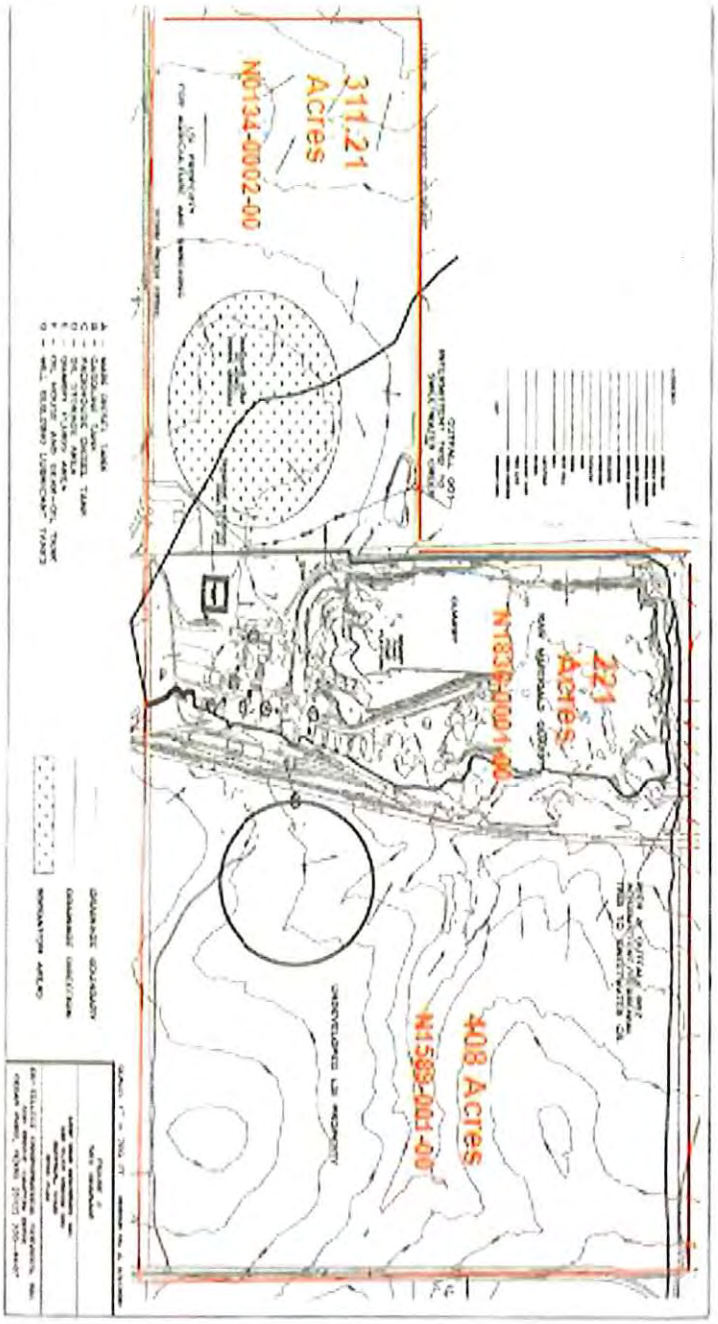


EXHIBIT 2

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Property owned or leased by the Applicant and located within the boundaries of both the Highland Independent School District and *Buzzi Unicem Reinvestment Zone* first placed in service after July 11, 2014 will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the sections of land idenitifed in **EXHIBIT 1**.

EXHIBIT 3

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Highland ISD necessary for the commercial operations of the proposed manufacturing facility described in Tab 4 of the Application. Qualified property includes, but is not limited to:

1) Site preparation, grading and excavations
2) Foundation installations and civil construction
3) Installation of crushing, conveying and storage for limestone
4) Installation of a raw material grinding system
5) Installation of a Portland cement grinding system and attending conveying system
6) Procurement and installation of equipment and materials for construction of:
    a. Secondary raw materials storage/conveying
    b. Portland cement clinker kiln and cooler system
    c. Portland cement kiln fuel preparation and delivery system
    d. Portland cement clinker conveying and storage system
    e. Storage and conveying of secondary materials for cement grinding
    f. Ancillary systems for the supply of compressed air, process water, hydraulic systems