

TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement (hereinafter referred to as the “Agreement”) is made and entered into by and between **COUNTY OF NUECES** (the “Governmental Unit”) and **TICONA POLYMERS, INC.** (the “Owner”), the owner of taxable property in Nueces County, Texas, (the “Property”).

Section 1. AUTHORIZATION

This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, as amended (the “Act”), and is subject to the laws of the State of Texas and the charter, ordinances, and orders of the Governmental Unit.

Section 2. DEFINITIONS

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

(a) “Abatement” means the temporary, full or partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designated for economic development purposes pursuant to the Act.

(b) “Added Value” means the increase in the assessed value of an eligible property as a result of “expansion” or “modernization” of an existing facility or construction of a “new facility.” It does not mean or include “deferred maintenance.”

(c) “Base Year Value” means the assessed value of Eligible Property as of January 1, 2013.

(d) “Basic Manufacturing or Service Facility” means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which derive a majority of revenue from points beyond a 50-mile radius of Nueces County.

(e) “Construction Phase” means the period during which a material and substantial improvement of the Property occurs which represents a separate and distinct construction operation undertaken for the purpose of erecting the Improvements. The Construction Phase ends upon the earliest to occur of the following events:

- (1) when a certificate of occupancy is issued for the Facility (if within City limits); or
- (2) when commercial production of a product or provision of a service is achieved at the Facility, or
- (3) when the architect or engineer supervising construction issues a certificate of substantial completion, or some similar instrument, or
- (4) at the end of the fifth (5th) year from the effective date of the Abatement, or, for a Basic Manufacturing or Service Facility which provides at least \$750 million in New Capital Investment and at least 200 new permanent jobs, at the end of the third (3rd) year from the effective date of the Abatement.

The determination of the end of the Construction Phase shall be made by the Governmental Unit, in its

sole and absolute discretion, based upon the above criteria and such other factors as the Governmental Unit may deem relevant. The determination of the end of the Construction Phase by the Governmental Unit shall be conclusive, and any judicial review of such determination shall be governed by the substantial evidence rule.

(f) “Deferred Maintenance” means improvements necessary for continued operations which do not improve productivity or alter the process technology.

(g) “Economic Life” means the number of years a property improvement is expected to be in service in a Facility.

(h) “Eligible Jurisdiction” means the Governmental Unit and any municipality or school district, the majority of which is located in Nueces County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing zone designated pursuant to the Act.

(i) “Eligible Property” means the improvements to real property, including buildings, structures, site improvements, fixed machinery and equipment and site improvements, plus office space and related fixed improvements necessary to the operation and administration of the Facility to be constructed pursuant to this Agreement. During the Construction Phase of the Eligible Property, the Owner may make such change orders to the Eligible Property as are reasonably necessary to accomplish its intended use, provided that no such change order may be made which will change the qualification of the Facility as a “Basic Manufacturing or Service Facility” above.

(j) “Expansion” means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.

(k) “Facility” means property improvements completed or in the process of construction, which together comprise an integral whole of a Basic Manufacturing or Service Facility comprising the project as more particularly described in the Project Description attached as Exhibit B.

(l) “Ineligible Property” means land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased except as provided in Section 2(i); improvements for the transmission of electrical energy not wholly consumed by a New Facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the Facility; improvements to real property which have an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas; unless any of the above types of property are specifically authorized by the Eligible Jurisdiction.

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

(m) “New Capital Investment” means the total value of expenditures capitalized for the Facility on the Owner’s books, prior to depreciation, whether relating to exempt or non-exempt property, including all buildings, structures, site improvements, fixed equipment, intangibles, and pollution control equipment.

(n) “New Facility” means a property previously undeveloped which is placed into service by means other than or in conjunction with an Expansion or Modernization.

(o) “Owner” means the owner of a Facility subject to abatement. If the Facility is constructed on a leased property, the owner shall be the party which owns the property subject to tax abatement. The other party to the lease shall join in the execution of Agreement but shall not be obligated to assure performance of the party receiving abatement.

The Guidelines and Criteria for Granting Tax Abatement adopted by the Governmental Unit are incorporated as a part of this Agreement.

Section 3. PROPERTY

(a) The Property is an area within Nueces County, Texas, located in whole or in part within the jurisdiction of the Governmental Unit as is more fully described in Exhibit A attached hereto and made a part hereof. Said Property is located within a zone established pursuant to Chapter 312 of the Texas Tax Code, as amended and eligible for tax abatement pursuant to Chapter 312 of the Texas Tax Code, as amended.

(b) The Nueces County Appraisal District has established the following values for the Property as of the January 1 valuation date prior to the date of execution of this Agreement:

Account No. 0727-0147-0000 <i>Improvements</i>	.00
Account No. 0727-0148-0000 <i>Improvements</i>	.00
Account No. 0727-0149-0300 <i>Improvements</i>	.00
Account No. 0727-0149-0400 <i>Improvements</i>	.00
Account No. 0727-0149-0800 <i>Improvements</i>	120,285.00
Account No. 0727-0154-0100 <i>Improvements</i>	.00
Account No. 0727-0155-0000 <i>Improvements</i>	.00
Account No. 0727-0155-0100 <i>Improvements</i>	.00
Account No. 0727-0156-0000 <i>Improvements</i>	.00
Account No. 0727-0156-0100 <i>Improvements</i>	.00

Account No. 0727-0157-0000
Improvements .00

Total Value: \$ 120,285.00

(c) The Governmental Unit and the Owner agree that the value of any additions to the Improvements made after the January 1 valuation date constituting the Base Year Value or not otherwise reflected on the above valuation of Improvements is:

Additional Improvements: \$ 0

(d) Addition of the above amount to the valuation of the Improvements as of the January 1 valuation date prior to the date of execution of this Agreement results in an estimated Base Year Value as follows:

Base Year Value: \$ 120,285.00

Section 4. TERM OF ABATEMENT AND AGREEMENT

The Governmental Unit agrees to abate the ad valorem taxes on the Eligible Property in accordance with this Section and Sections 5 and 6 hereof. The Abatement shall be effective January 1, 2014, being the January 1 immediately following the establishment of the Base Year Value. The abatement shall continue for up to ten (10) full tax years commencing on such date. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1 and expiring on December 31, and in no event shall the Abatement extend beyond December 31 of the tenth (10th) tax year. This Abatement also shall cover as Eligible Property any supplemental improvements to the Eligible Property that are added or constructed during the period of Abatement. This Agreement shall extend until five (5) years after the expiration of the period of Abatement.

Section 5. TAXABILITY

- (a) During the period that the Abatement is effective, taxes shall be payable as follows:
- (1) The value of the land comprising the Property shall be fully taxable;
 - (2) The Base Year Value of any existing Improvements comprising the Property shall be fully taxable;
 - (3) The value of Ineligible Property shall be fully taxable; and
 - (4) The Added Value of Eligible Property shall be abated as set forth in Section 6.

Section 6. AMOUNT OF ABATEMENT

(a) Abatement Percentages. The Abatement provided by this Agreement shall be based upon the Added Value of Eligible Property as a result of construction of the Facility. The Facility has been identified as a Basic Manufacturing or Service Facility and the percentage of tax abatement shall be in accordance with the following schedule conditioned upon the Facility providing at least at least 6 net new full-time jobs and retaining at least 106 full-time jobs:

<u>Year</u>	<u>Percentage of Abatement</u>
Construction Period (not to exceed 5 years)	100%
Year 1	50%
Year 2	50%
Year 3	50%
Year 4	50%
Year 5	50%

(b) Estimated Added Value. At the time of execution of this Agreement, the Owner reasonably estimates and represents to the Governmental Unit that the Added Value comprising permanent improvements upon completion of the Construction Phase shall be:

\$ 135,000,000.00 (“Estimated Added Value”).

(c) Exclusion of Exempt Property. In determining the Added Value for abatement under this Agreement, all types of property entitled to an exemption under State law, such as pollution control equipment, open space or other uses, shall be excluded. The only property which shall be included for the purposes of determining Added Value shall be such property that will be taxable by the Governmental Unit during the term of this Agreement.

(d) Estimated Added Value Requirement. In the event that upon completion of the Construction Phase the Added Value of permanent Improvements, as determined by said Appraisal District, shall at any time thereafter during the period of Abatement be less than eight-five percent (85%) of the Estimated Added Value, not due to circumstances beyond the control of Owner, the Owner agrees to pay, as additional taxes hereunder, an amount equal to the then current tax rate of the Governmental Unit applied to the difference between the Added Value from eighty-five percent (85%) of the Estimated Added Value, multiplied by 100% minus the net percentage of Abatement provided under this Agreement. For the purposes of this provision, the term “circumstances beyond the control of Owner” shall include casualty losses, national economic factors, shutdowns due to governmental regulations, strikes, acts of war, force majeure and the like. The formula for calculating such additional tax is outlined as follows:

$$[\text{Tax Rate}] \times [(85\% \text{ of Est. Added Value} - \text{Actual AV}) \times (100\% - \text{Abatement}\%)] = \text{Additional Tax}$$

(e) Exclusion of Hospital and Farm-to-Market Tax Rates. The temporary abatement of property taxes provided under this Agreement shall not apply to the taxes levied for the Nueces County Hospital District or the Farm-to-Market Fund.

Section 7. CONTEMPLATED IMPROVEMENTS

(a) Completion of Facility. Owner represents that it will develop the Facility for the purpose and in the manner as set forth in the Project Description attached as Exhibit B. During the Construction Phase, the Owner may make such change orders to the Facility as are reasonably necessary, provided that no such change order may be made which will change the qualification of the Facility as a “Basic Manufacturing or Service Facility” under this Agreement and the Guidelines for Granting Tax Abatement approved by the Governmental Unit. All improvements shall be completed in accordance with all applicable laws, ordinances, rules or regulations. During the term of this Agreement, use of the Property shall be limited to operation of the facility described in the Project Description consistent with the general purpose of encouraging development or redevelopment of the zone during the period of this Agreement.

Owner represents the Economic Life of the improvements will exceed the term of this Agreement.

(b) New Jobs. Owner represents and warrants that this Facility will add at least 6 additional net new full-time jobs and retain at least 106 full-time jobs. In order to be counted as a net new full-time job under this Agreement, the job must be a full-time position providing regular work schedules of at least 35 hours per week.

(c) No Transfer of Employment. The Facility is not expected solely or primarily to have the effect of transferring employment from one part of Nueces County to another.

Section 8. EVENTS OF DEFAULT AND RECAPTURE

(a) Failure to Commence Operation During Term of Agreement. In the event that the Facility is not completed and does not begin operation with the minimum required number of net new full-time jobs by the January 1 following the actual (not deemed) completion of construction, no abatement shall be given for that tax year, and the full amount of taxes assessed against the property shall be due and payable for that tax year. In the event that the Owner fails to begin operation with the minimum number of net new full-time jobs by the next January 1, then the abatement Agreement shall be subject to termination and all abated taxes during the period of construction shall be recaptured and paid within 60 days of such termination.

(b) Discontinuance of Operations During Term of Agreement. In the event the Facility is completed and begins operation with the required minimum number of net new full-time jobs and begins operation but subsequently discontinues operations and the minimum required number of net new full-time jobs is not maintained during any four (4) consecutive weeks during the term of the Agreement after the beginning of operation, for any reason except on a temporary basis due to fire, explosion or other casualty or accident or natural disaster or event of force majeure, the Agreement may be terminated by the Governmental Unit, and all taxes previously abated by virtue of the Agreement during the preceding four years shall be recaptured and paid within 60 days of such termination.

(c) Delinquent Taxes. In the event that the Owner allows its ad valorem taxes to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, this Agreement shall be subject to termination and so shall the abatement of the taxes for the tax year of the delinquency. The total taxes assessed without abatement for that tax year shall be paid within 60 days from the date of termination. Penalty and interest shall not begin to accrue on the additional amount of taxes due as the result of recapture under this provision until the first day of the month following such sixty (60) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas. Penalty and interest on the amount of taxes originally levied based upon the Abatement shall, of course, begin to accrue as of the date such taxes were due in accord with the laws of the State of Texas.

(d) Notice of Default. Should the Governmental Unit determine that the Owner is in default according to the terms and conditions of this Agreement, it shall notify the Owner that if such default is not cured within sixty (60) days from the date of such written notice (“Cure Period”), then this Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, this Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.

(e) Actual Capital Investment. Should the Governmental Unit determine that the total level of New Capital Investment is lower than provided in the Agreement, the difference between the tax abated and the tax which should have been abated based upon the actual New Capital Investment as determined shall be paid to the Governmental Unit within 60 days of notification to the Owner of such determination

(f) Reduction in Rollback Tax Rate. If during any year of the period of Abatement any portion of the abated value is added to the current total value of the Governmental Unit but is not treated as “new property value” (as defined in Section 26.012 (17) of the Texas Tax Code) for the purpose of establishing the “effective maintenance rate” in calculating the “rollback tax rate” in accord with Section 26.04 (c) (2) of the Texas Tax Code and if the Governmental Unit’s budget calculations indicate that a tax rate in excess of the “rollback tax rate” is required to fund the operations of the Governmental Unit for the succeeding year, then the Governmental Unit shall recapture from the Owner a tax in an amount equal to the lesser of the following:

- (1) The amount of the taxes abated for that year by the Governmental Unit with respect to the Property.
- (2) The amount obtained by subtracting the rollback tax rate computed without the abated property value being treated as new property value from the rollback tax rate computed with the abated property value being treated as new property value and multiplying the difference by the total assessed value of the Governmental Unit.

If the Governmental Unit has granted an abatement of taxes to more than one taxpayer, then the amount of the recapture calculated in accord with subparagraph (2) above shall be prorated on the basis of the value of the abatement with respect to each taxpayer. This event shall not constitute a “default” under this Agreement, and the sixty (60) day Cure Period provided above shall not apply. Such recaptured taxes must be paid within thirty (30) days after notice thereof has been given to the Owner. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such thirty (30) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

(g) Continuation of Tax Lien. The amount of tax abated each year under the terms of this Agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year until such time as this Agreement between the Governmental Unit and Owner is fully performed by Owner, or until all taxes, whether assessed or recaptured, are paid in full.

(h) Automatic Termination. This Agreement shall automatically terminate on and as of the date any of the following events occur: the filing of a petition in bankruptcy by the Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner. In the event of automatic termination for any of the above reasons, the prior notice of default provisions above shall not apply.

Section 9. ADMINISTRATION

(a) Inspections. The Owner shall allow employees and/or representatives of the Governmental Unit to have access to the Property during the term of this Agreement to inspect the Facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with Owner’s safety standards.

(b) Appraisals. The Chief Appraiser of the Nueces County Appraisal District shall annually determine (i) the taxable value of the real and personal property comprising the Property taking into consideration the Abatement provided by this Agreement, and (ii) the full taxable value without Abatement of the real and personal property comprising the Property. The Chief Appraiser shall record

both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure 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. Each year the Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, Texas Tax Code, as amended, as may be necessary for the administration of the Agreement specified herein.

(c) Annual Reports. Owner shall certify to the governing body of the Governmental Unit on or before April 1 each year that the Owner is in compliance with each applicable term of this Agreement. Additionally, during the initial four years of the term of property tax abatement, Owner shall provide to the Governmental Unit an annual report covering those items listed on Schedule 1 attached hereto in order to document the efforts of the Owner to acquire goods and services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the Governmental Unit no later than ninety (90) days following the end of each such calendar year. The annual report shall be accompanied by an audit letter prepared by an independent firm which has reviewed the report.

(d) “Buy Local” Provision. The Owner additionally agrees to give preference and priority to local manufacturers, suppliers, contractors and labor for the materials and labor described on Schedule 1, except where not reasonably or feasibly possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency or quality. In any such exception cases involving purchases over \$10,000.00 a justification for such purchase shall be included in the annual report. The Owner further acknowledges that it is a legal and moral obligation of persons receiving property tax abatements to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the term “local” as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Nueces County or San Patricio County. For the purposes of this provision, the terms “materials” and “labor” shall have the meaning set out in Schedule 1. In the event of a breach of the buy-local provision, the percentage of abatement shall be proportionately reduced equal to the amount the disqualified contract bears to the total construction (materials and labor) cost for the Facility. In the event that Owner contracts the supply and construction of the Facility to an affiliate or other non-local contractor, Owner shall ensure compliance with this Section by including in such contract a flow-through provision requiring such compliance.

(e) The Owner shall (1) obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of the Facility and for the storage, transport and disposal of solid waste; and (2) seek a permit from the TCEQ for all grandfathered units on the site of the Facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.

Section 10. ASSIGNMENT

The Owner may assign this Agreement to any one or more corporation(s), 50% or more of the outstanding voting securities of which are owned, directly or indirectly, by one of the Owners, or any partnership(s) or limited partnership(s) in which an Owner, or a subsidiary of an Owner, is a general partner. The Owner may assign this Agreement to any other new owner or lessee of the Facility with the prior written consent of the Governmental Unit, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor and become the Owner upon the same terms and conditions as set out in this Agreement. In the event more than one entity is Owner hereunder, the obligations of said entities shall be joint and several. Any assignment of this Agreement shall be to an entity that will provide substantially the same improvements to the Property, except to the extent such improvements have been completed.

No assignment shall be approved if the Owner or any assignee is indebted to the Governmental Unit for ad valorem taxes or other obligations.

Section 11. NOTICES

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, with the United States Postal Service, addressed to the Governmental Unit or Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Governmental Unit: COUNTY OF NUECES
901 Leopard Street
Corpus Christi, Texas 78401
Attn: County Judge

To the Owner: TICONA POLYMERS, INC.
PO Box 428
Bishop, Texas 78343
Attn: Site Director

Either party may designate a different address by giving the other party ten days' written notice.

[Remainder of this page is intentionally left blank]

This Agreement has been executed by the parties in multiple originals or counterparts, each having full force and effect.

Executed and effective this ____ day of _____, 2013.

ATTEST:

GOVERNMENTAL UNIT:

COUNTY OF NUECES

By: _____
Diana T. Barrera, County Clerk

By: _____
Samuel L. Neal, County Judge

OWNER:

TICONA POLYMERS, INC.

By: _____
Name: Brian Connelly
Title: Site Director

EXHIBIT A Legal Description

A metes and bounds description of a 1423.58 acre tract of land being 1361.29 acres out of Section 147, 148, 149, 154, 155, 156 and 157 of the F.Z. Bishop Subdivision of the Weil Ranch, Nueces County, Texas as shown and recorded in the Nueces County Map Records Book 2, Pages 6 and 7, and 62.29 acres out of the northeast portion of the J. Hannon Survey, A-128, Kleberg County, Texas said 1423.58 acre tract being more particularly described by metes and bound as follows;

Beginning at a point marking the southeast corner of said Section 147 lying west of the Union Pacific Railway right-of-way, and southeast corner of Ticona Polymers Inc property, said point also being in the Kleberg and Nueces county line;

Thence N. 45°38'E. along the southeast property line of Ticona Polymers Inc and the northeast right-of-way line of the Union Pacific Railway a distance of 8454.82 to a point for the northeast corner of said tract, and also being the northeast corner of the south 44.72 acre of the southeast one-quarter of Section 149, F.Z. Bishop Subdivision of the Weil Ranch;

Thence N. 72°42'W. a distance of 1832.14 feet to a corner'

Thence S. 17°18'W. a distance of 990 feet to a corner;

Thence N.72°42'W. parallel to and 330.0 feet north of said centerline of Country Road No. 4 and north line of Section 148 a distance of 2640 feet to a point in the centerline of a north/south Nueces county road and the west line of said Section 149;

Thence N. 17°18'E. along said centerline and west section line a distance of 2310.00 feet to the northeast corner of a 160 acre tract and the northeast corner of the southeast one-quarter of said Section 154;

Thence N.72°42'W. along the north line of said 160.0 acre tract and southeast one-quarter of Section 154 a distance of 2640.35 feet to a point for the northwest corner of said 160.0 acre tract and southeast one-quarter section;

Thence S.17°17' 22"W. along the west line of said 160.0 acre tract and southeast one-quarter section a distance of 2639.99 feet to a point in the centerline of Nueces County Road No. 4 and the north/south section line of Section 155 and 154 respectively, said point also being the southwest corner of said 160.0 acre tract;

SAVE AND EXCEPT that portion located outside of Nueces County.

EXHIBIT B

Project Description

The Bishop Plant currently has existing facilities used to 'compound' specialty plastics. The compounding process utilizes polymer currently produced on site. The polymer is mixed and re-melted with special additives and stabilizers to produce the specialty plastics. The final product is used in automotive and industrial applications. The existing facilities consist of eleven extrusion lines that are very old and antiquated.

The Bishop plant, with a phased approach, proposes to replace all the existing extrusion lines. A new facility would be built in another area of the plant. The first phase would include demolition of some existing equipment, installation of a new seven bay building and installation of the first extrusion line. Phase 2 would follow with an additional two extrusion lines installed in the new building. Three additional phases would be implemented over the next four to six years and would include five additional extrusion lines and a building expansion.

Project Timetable

	2013	2014	2015	2016	2017	2018	2019	2020
		Phase 1	Phase 2		Phase 3		Phase 4	Phase 5
Incremental Capital		\$25 mil	\$35 mil		\$25 mil		\$30 mil	\$35 mil
Total Capital		\$25 mil	\$60 mil		\$85 mil		\$115 mil	\$150 mil
Building Expansion		80,000 sf						25,000 sf
New Employees		6 new hires						

Schedule 1
“Buy Local” Annual Reports

The following information shall be reported to the Governmental Unit on a calendar-year basis during the first four years of the tax abatement program:

1. Dollar amount spent for materials* (local).
2. Dollar amount spent for materials* (total).
3. Dollar amount spent for labor** (local).
4. Dollar amount spent for labor** (total).
5. Number of jobs created in the construction of the Facility (local).
6. Number of jobs created in the construction of the Facility (total).
7. Number of jobs created on a full-time basis (local).
8. Number of jobs created on a full-time basis (total).

* The term “materials” is defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools and consumables. This term does not include major items of machinery and equipment not readily-available locally.

** The term “labor” is defined to include all labor in connection with the excavation, site improvement, demolition, concrete construction, structural steel, fire proofing, equipment placement, piping, electrical, instruments, painting and scaffolding, insulation, construction services, craft benefits, payroll burdens, and related labor expenses. This term does not include engineering services in connection with the design of the Facility.

The term “local” as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Nueces County or San Patricio County.