

Findings of the Board of Trustees of the

KLEIN INDEPENDENT SCHOOL DISTRICT

and

HEWLETT-PACKARD COMPANY

Under the

TEXAS ECONOMIC DEVELOPMENT ACT

(with Attachments)

October 10, 2006

TABLE OF CONTENTS

Findings of the Klein Independent School District Board of Trustees under the Texas Economic Development Act

Attachment A

Application for Appraised Value Limitation on Qualified Property

Attachment B

State Comptroller's Recommendation

Attachment C

Potential Impact of the Hewlett-Packard Data and R&D Center on Klein ISD

Attachment D

Financial Impact of Hewlett-Packard Project on Klein ISD

Attachment E

Proposed Agreement between Klein ISD and Hewlett-Packard

Attachment F

Creation of Reinvestment Zone Resolution

FINDINGS
of the
KLEIN INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
under the
TEXAS ECONOMIC DEVELOPMENT ACT

FINDINGS

of the

KLEIN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES

under the

TEXAS ECONOMIC DEVELOPMENT ACT

STATE OF TEXAS §

COUNTY OF HARRIS §

On the 12th day of September 2006 a public meeting of the Board of Trustees of the Klein Independent School District was held. At the meeting, the Board of Trustees solicited input into its deliberations on the application from interested parties within the District. 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 the Hewlett-Packard Company for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Property Tax Code. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Klein Independent School District makes the following findings with respect to the application of Hewlett-Packard Company and the economic impact of that application:

On April 24, 2006, the Superintendent of Schools of the Klein Independent School District, acting as agent of the Board of Trustees, received an Application from Hewlett-Packard Company for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Property Tax Code. This Application was formally amended on ____ 2006. A copy of the revised Application is attached hereto as Attachment A.

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

November 8, 2006

The initial and amended Applications were delivered to the Texas Comptroller's Office for review pursuant to Texas Property Tax Code § 313.025(d).

The amended Application was reviewed by the Texas Comptroller's Office pursuant to Texas Property Tax Code § 313.026. After review, the Comptroller's Office, by letter dated _____, 2006, recommended that this Board favorably consider the Application. A copy of the Comptroller's letter is attached to these findings as Attachment B. Attachment B also contains a letter from the Texas Workforce Commission to Mr. Daniel Casey stating the proposed salary level is at least 110% of the average wages paid for manufacturing jobs in Harris County.

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

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

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

Eligible projects under Chapter 313 Tax Code must be located in reinvestment zones authorized under Chapter 312 Tax Code. The district has approved the creation of Klein Independent School District Reinvestment Zone Number One. The resolution creating the zone is attached to these findings as Attachment F.

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

Board Finding Number 1.

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

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

The overarching theme of the Texas ED Plan centers on attracting and developing industries using emerging technologies – “In the broadest sense, Texas must build a knowledge-based economy.” These businesses will require highly-skilled workers, pay above-average wages, and invest millions of dollars in physical facilities and R&D activities. Clearly, Hewlett-Packard’s proposed investment in a data center and R&D facility with the need for highly-skilled workers meets these criteria. Hewlett-Packard anticipates paying an average annual salary of nearly \$60,000 over the next decade, well above the state average of \$37,957. Hewlett-Packard’s total taxable investment of \$429.8 million in the Klein I.S.D. will make it one of the largest non-energy sector investments in the area.

In addition, the Texas ED Plan identifies opportunities for a number of existing Texas industries. For the high-tech sector, the Texas ED Plan argues that future opportunities will be found by recruiting high value-added businesses by “...initiating tax credits that favor investment and R&D activities...” Hewlett-Packard’s proposed facility is designed to maximize profits by investing in R&D activities that are crucial to its future competitiveness. While the Texas ED Plan does not explicitly address data center activity, a clear emphasis was placed on retaining high value-added technology.

The state’s leading high-tech industries are in a state of change. This pattern is similar to the cyclical nature of other Texas industries, such the Gulf Coast’s oil producers, the Rio Grande Valley’s cross-border business ventures, and Dallas’ telecommunications businesses. The Texas ED Plan places special emphasis on “...enhancing business development through targeted tax incentives...” to attract these knowledge-based companies. House Bill 1200 was also designed to ensure that qualifying companies such as Hewlett-Packard continue their investment in Texas. Technological innovations and international competition will continue to reduce total employment in traditional and technology-based businesses. Whatever the industry, petroleum refining, automotive manufacturing, or microprocessor design, it is vitally important that communities continue to recruit these businesses. As the national economy improves, so will the fortunes of these industries.

Board Finding Number 2.

The economic condition of Harris County is in need of long term structural improvement,

In support of the Board finding, the economic impact evaluation states:

Houston’s economy continues to grow rapidly, with overall local job growth at pace that doubles the performance of the nation as a whole. Meanwhile, the local unemployment rate has fallen to a seasonally adjusted 5.1 percent, and the Houston Purchasing Managers Index was a very strong 64.2 in April. Consumer spending reflects the strength of the overall economy. According to the Federal Reserve Bank, “Retail sales in Houston moved at a rapid clip in May, down only slightly from the torrid pace of April. Upper- and middle-range department stores seemed to be doing best, with discount stores lagging. Houston metropolitan area auto sales were up 5.9 percent through April, compared with the first four months of 2005.”

In spite of higher interest rates, home sales continue to rise, and prices are matching record levels for median sale value. On the commercial side, office occupancy is slowly tightening with the city's large employment gains. Most suburban markets are reaching high occupancy levels, but still-slack downtown towers are likely to keep a lid on rents throughout the city—especially for large blocks of space.

The return of three large Gulf Coast refineries pushed capacity utilization above 90 percent for the first time since the hurricanes, with margins close to \$20/barrel for most of the spring. Downward pressure on chemical prices was felt over the same period, as capacity returned from the hurricanes, import flow continued, and natural gas feedstock prices fell.

While national and local rig counts are rising rapidly, some are exiting the Gulf of Mexico, seeking better day rates elsewhere and escaping the high insurance premiums demanded because of the hurricane season. Otherwise, the story remains the same as in recent months—very strong demand driven by land-based and natural-gas-directed drilling.

Harris County's employment base increased 3.0 percent between Q4 2004 and Q4 2005, gaining 62,400 jobs. In Q4 2005, there were approximately 1.9 million Harris County-based business employees. The Trade, Transportation & Utilities (T.T.U.), Professional & Business Services, Education & Health Services, and local government sectors have traditionally played a large role in the Harris County economy. These sectors accounted for more than 58 percent of Harris County's total employment in the fourth quarter of 2005. Professional & Business Services experienced the most growth, adding over 17,300 new jobs.

Population growth in Harris County has been strong over the past fifteen years. Since 1990, the County has added over 800,000 residents, an increase of 29 percent. Harris County's impressive growth, however, was below Texas' significant population growth rate of 35 percent over this same time period. In the future, Houston may grow more rapidly than the state overall, as perceived regional employment opportunities, relatively affordable housing, and a strong natural resource sector should stimulate in-migration and overall population growth.

While Harris County's population growth during the 1990s was rapidly increasing, its residents' income was growing at an even faster pace. Harris County's 2004 per capita personal income is 27.1 percent higher than the Texas average, but slightly below the peak of 28.6 percent in 2001. Per capita income is a function of two variables: total county income and total population.

Wages paid to area workers are also above state levels. During the early 1990s, Harris County workers earned slightly more than 20 percent above the state average. This trend has remained constant for the past five years. In 1999, a full-time employee earned \$38,400 or 18.6 percent more than the state average. In 2004, workers employed in Harris County earned approximately \$46,019, well above the state average of \$37,957. Full-time wages are currently 21.2 percent above the Texas average.

Board Finding Number 3.

Average salary levels of qualifying jobs are expected to be \$60,000, which is more than 110% the current Harris County average salary of per manufacturing job.¹

Board Finding Number 4.

The level of the applicant's total investment per qualifying job over the term of the Agreement is estimated to be approximately \$7.7 million.

For this study, TXP has calculated the economic impact of Hewlett-Packard's new data and R&D facility based on annual payroll, employment, and local procurement levels. TXP also used data from the U.S. Bureau of Economic Analysis to supplement the information provide by the company. Specifically, this analysis measures the anticipated economic impacts of Hewlett-Packard's new data and R&D center using the RIMS II input-output economic system.

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries, typically additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

The interdependence between different sectors of the economy is reflected in the concept of a "multiplier." An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, another \$400 in output is produced in all sectors.

Board Finding Number 5.

¹ This finding is based on a letter dated June 29, 2006 from the Texas Workforce Commission. A copy of this letter is included in Attachment B.

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

Table 1: Estimated Annual Economic Impact on the Houston MSA Economy

Economic Activity	Output	Earnings	Employment
Agriculture, forestry, fishing, and hunting	\$103,118	\$18,749	2
Mining	\$184,362	\$34,373	0
Utilities	\$740,571	\$137,490	2
Construction	\$228,109	\$84,369	2
Manufacturing	\$2,756,051	\$446,843	8
Wholesale trade	\$1,674,879	\$534,336	9
Retail trade	\$2,106,098	\$709,324	31
Transportation and warehousing	\$1,340,528	\$481,215	12
Information	\$2,824,796	\$734,322	13
Finance and insurance	\$2,518,568	\$656,203	13
Real estate & rental and leasing	\$4,424,680	\$324,976	10
Professional, scientific, and technical services	\$33,881,924	\$9,896,159	160
Management of companies & enterprises	\$243,732	\$121,866	3
Administrative and waste management services	\$2,940,412	\$1,390,524	67
Educational services	\$387,472	\$174,987	8
Health care and social assistance	\$2,327,957	\$1,121,794	30
Arts, entertainment, and recreation	\$231,233	\$96,868	6
Accommodation and food services	\$1,162,416	\$446,843	30
Other services	\$1,178,040	\$390,597	16
Total	\$61,254,944	\$17,801,837	423

Source: TXP, Hewlett-Packard

Note: The impact analysis is based on total direct employment of 140 workers which should be achieved in 2010.

For local governments where the Hewlett-Packard Company facility is located, additional taxes (before the impact of any abatements, including the proposed MISD value limitation) based on the investment schedule used in this analysis would total \$301.6 million through the 2020 tax year, based on current tax rates. While the value limitation and proposed city and county incentives would reduce this amount, the direct and ancillary economic activity would help offset reduced revenues associated with these incentives.

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates, LLP projects that the project would initially add \$300 million to the tax base for debt service purposes at the peak investment level for the 2010 tax year. This additional value is fully taxable for debt service taxes and can be used to reduce the current debt tax rate or serve as a basis—especially in the first five years of the project—as a foundation for additional debt to meet the District's critical enrollment needs.

Board Finding Number 7.

The effect of the applicant's proposal on the number or size of needed school district instructional facilities has the potential to slightly increase the District's facility needs although current trends suggest substantial underlying enrollment growth independent of the Hewlett-Packard Company impact.

In support of this finding, the analysis prepared by Moak, Casey & Associates, LLP estimates an impact on school facilities because at least 400 new jobs are expected as a result of the project. The fact that employment in the new Hewlett-Packard Company facility would draw employees from throughout the Houston area suggests that the Hewlett-Packard Company plant would contribute to the increased enrollment in the district at a very moderate rate, given the potential dispersion of jobs throughout the county and the underlying trend of growing student enrollments in the Klein area.

Board Finding Number 8.

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

In support of Finding 8 the economic impact analysis states:

Attracting high-paying, capital-intensive industries is becoming extremely competitive. Communities across the country, regardless of size, have committed hundreds of millions of dollars for economic development marketing and recruitment. In Texas alone, the ½ cent sales tax for economic development has generated over \$2.3 billion for cities. New York, for example, recently awarded nearly \$900 million in incentives to attract an Advanced Micro Devices (AMD) semiconductor manufacturing plant to Albany. In 2005, local and state governments reportedly committed \$300 million in incentives to ensure that Dell Computer locate a manufacturing center in the Triad area of North Carolina. Honda Motor Co. will receive \$141.5 million in incentives for building a 2,000 employee automotive manufacturing plant in Ohio. A number of factors offer technology manufacturers flexibility when choosing new locations. States and regions who want to remain competitive in technology and R&D site selection must be willing to offer public incentives.

In the meantime, the value of Hewlett-Packard's proposed R&D and data center facility to the region is clear. Once fully operational, the direct impact will yield an average annual increase of \$61.3 million in total output, \$17.8 million in employee compensation, while supporting a total of 420 permanent local part and full-time jobs. Perhaps most

importantly, total local taxes collected over the next ten years (including those directly associated with the project as well as the ripple effects through the local economy) will exceed \$55.6 million. Assuming a discount rate of 5 percent, this total local public sector revenue stream has a present value of over \$43.6 million. It should be noted that this estimate is prior to any abatements, incentive agreements, or value limitations that may be put in place.

Board Finding Number 9.

The proposed facility will be the first built in the region since the implementation of the new statute permitting economic development abatements. Thirty prior facilities have been built throughout the state that were eligible to apply for a limitation on appraised value under this Subchapter and did so in their respective communities.

The Board of Trustees has made the above listed factual findings in accordance with the Texas Economic Development Act and the Administrative regulations promulgated by the Texas Comptroller of Public Accounts published at 34 Texas Administrative Code § 9.107.

The Board further finds:

Board Finding Number 10.

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

In support of this finding, the report of Moak, Casey & Associates, LLP clearly indicates the potential for a revenue loss under certain circumstances without the proposed agreement. However, with this agreement the negative consequences are largely offset through the revenue protection provisions agreed to by the applicant.

Board Finding Number 11.

The implementation of the Appraised Value Limitation on Qualified Property requires the District to create the Klein Independent School District Reinvestment Zone Number One.

In support of this finding, the requirements of state law provide the Klein Independent School District with the opportunity to create a limited purposed reinvestment zone for the purposes of this action only. The resolution creating the reinvestment zone is contained in Attachment F of this document.

Board Finding Number 12.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District 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 E is approved and is hereby authorized to be executed and delivered by and on behalf of the Klein Independent School District. It is further **ORDERED** that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Klein Independent School District.

Dated the ____ day of ____ 2006.

KLEIN INDEPENDENT SCHOOL DISTRICT

By _____
President, Board of Trustees

ATTEST:

By _____
Secretary, Board of Trustees

Attachment A

Application for Appraised Value
Limitation on Qualified Property

APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY (Chapter 313, Subchapter B or C, Tax Code)

School district name		Phone (area code and number)	
Klein Independent School District		832-249-4650	
Address			
7200 Spring Cypress Road, Klein TX 77379-3299			
This form applies to land currently located in a reinvestment zone or land that will be located in a reinvestment zone prior to the beginning of the qualifying time period. Certain improvements and qualified personal property that will be built, installed, or leased under a capitalized lease can also qualify. This completed application must be filed with the school district. The school district is not required to consider this application. If the school district decides to consider this application, the school district must immediately forward a copy of the application to the Comptroller of Public Accounts for a recommendation as to whether the district should approve or disapprove this application. The school district must also forward a copy of the application to each appraisal district that appraises property subject to the proposed limitation. The school district may, at its discretion, allow the applicant to supplement the application after the filing date to provide information required by the application form that was unavailable prior to the filing date. The school district must forward the supplemental information to the comptroller and the appraisal district. Also, if the school district decides to consider this application, the school board shall engage a third person to conduct an economic impact evaluation on behalf of the district. The economic impact evaluation will consider the criteria listed in the law, and the school board will send the applicant a written finding on each criterion. The school board will approve or disapprove this application before the 121st day from the application filing date, unless an extension is granted.			
Step 1: Corporation or limited liability company name and address	Only corporations and limited liability companies to which Tax Code Section 171.001 applies are eligible for appraised value limitations on qualified property.		
	Corporation or limited liability company's name:		
	Hewlett-Packard Company		
	Mailing address:		
	P.O. Box 692000 Mail Code 130109		
	Taxpayer I.D. Number (11 digits):	City, State:	ZIP code + 4:
94-1081436	Houston, TX	77269-2000	
Name of person preparing this application:	Title:		Estate
Tim Aimone	Director of Americas Real		
Phone (area code and number):		281-514-0689	
Step 2: Describe the property	Attach the following items to this application:		
	1. A description of all property for which you are requesting an appraised value limitation as defined by Tax Code Section 313.021(2). Include land, improvements, and any personal property. Include any existing appraisal district account number and legal description of the land, a survey, a map showing the actual or proposed location of the land and proposed improvements and the actual or proposed boundaries of the reinvestment zone or enterprise zone. Include the order, resolution or ordinance establishing the zone, along with the guidelines and criteria for creating the zone (if applicable).		
	2. A description of the scope of the proposed project, including 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.		
	Answer the following questions:		
	1. What is the first tax year of your proposed qualifying time period (as defined by Tax Code Section 313.021(4))? 2007		
	2. What is the amount of qualified investment as defined by Tax Code Section 313.021(1) that will be made during the qualifying time period? \$ 429,800,000		
	3. What is the amount of appraised value limitation for which you are applying? \$ 80,000,000		
	NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural and on the amount of property value in the district. For assistance in determining these minimums, call the Comptroller's Property Tax Division at 1-800-252-9121.		

Step 3:

Answer these questions about property and job qualifications

1. Do you propose to construct a new building or to erect or affix a new improvement after the date you submit this application? ☒ Yes ☐ No
2. Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district under Tax Code Chapter 312 for the duration of the qualifying time period, and for the duration of the appraised value limitation? ☒ Yes ☐ No
3. Is the land on which you propose new construction or improvement 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
4. Are you seeking an agreement with a taxing unit that, prior to the first day of the qualifying time period, will result in a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvement? ☒ Yes ☐ No
5. Do you intend to make at least the minimum qualified investment required by Tax Code Section 313.023 (or 313.053 for rural school districts) for the relevant school district category? ☒ Yes ☐ No
6. On the land and in connection with the new building or other improvement, do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts)? ☒ Yes ☐ No
7. Will at least 80 percent of all the new jobs created by the property owner be qualifying jobs as defined by Tax Code Section 313.021(3)? ☒ Yes ☐ No
8. Except for new equipment described in Tax Code Section 151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time
 - a) in or on the building or other improvement for which you are applying herein for an appraised value limitation, or
 - b) if not in or on the building or other improvement for which you are applying herein for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the building or other improvement, and is the personal property on the same parcel of land as the building for which you are applying herein for an appraised value limitation? ☒ Yes ☐ No ☐ N/A

["First placed in service" means the first use of the property by the taxpayer.]
9. The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities as defined by Comptroller Rule 9.107:

• manufacturing;	☐ Yes ☒ No
• research and development;	☒ Yes ☐ No
• a clean coal project;	☐ Yes ☒ No
• a gasification project for a coal and biomass mixture; or	☐ Yes ☒ No
• renewable energy electric generation	☐ Yes ☒ No

Step 4:

Answer these questions about whether your investment is eligible to be included in "minimum qualified investment" (cannot include land value)

1. Will the investment in real or personal property you propose to be counted toward the minimum qualified investment required by Section 313.023, Tax Code, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period that begins on or after January 1, 2002? ☒ Yes ☐ No
2. Is the investment tangible personal property:
 - a) described as Section 1245 property by Section 1245(a), Internal Revenue Code of 1986, or
 - b) used in connection with the manufacturing, processing, or fabricating in a cleanroom environment of a semiconductor product, without regard to whether the property is actually located in the cleanroom environment, including:
 - (i) integrated systems, fixtures, and piping;
 - (ii) all property necessary or adapted to reduce contamination or to control airflow, temperature, humidity, chemical purity, or other environmental conditions or manufacturing tolerances; and
 - (iii) production equipment and machinery, moveable cleanroom partitions, and cleanroom lighting? ☒ Yes ☐ No ☐ N/A

Step 4: (continued)	3. If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property described above? ☒ Yes ☐ No ☐ N/A 4. Will you own the property or lease the property under a capitalized lease? If leased, attach a copy of the lease agreement. ☒ Yes ☐ No 5. Are you including property that is owned by a person other than the applicant and that is pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No
Step 5: Economic Impact	Tax Code Section 313.025 requires the applicant to provide information related to the economic impact evaluation criteria listed in Tax Code Section 313.026. Please answer the following questions for the economic impact evaluation that the school district is required to complete. 1. Describe the relationship between your industry and the types of qualifying jobs to be created to the long-term economic growth plans of this state as described in the Texas Strategic Economic Development Plan for 1998-2008 submitted by the Texas Strategic Economic Development Planning Commission. (You may obtain this report from the Governor's Office of Economic Development and Tourism at the Web site: http://www.edinfo.state.tx.us/files/govtsedp.pdf.) <u>The jobs created by this project are in line with the goals outlined in the long term growth plan. The jobs created will be primarily high skill, high wage jobs. Hewlett-Packard also provides training, tuition reimbursement, and encourages community involvement.</u> 2. Once the project is completed, the anticipated total amount of investment per qualifying job is: Total investment: <u>\$1,080,000,000</u> Total number of qualifying jobs: <u>140</u> Investment / qualifying job: <u>\$7,714,000</u> 3. Estimate the average weekly wage rate for qualifying jobholders: <u>\$60,000 per year</u> List the types of benefits to be offered to qualifying jobholders. Explain. <u>401K, health insurance, dental, counseling, paid leave, life insurance, drug plan, vision, flexible spending account, disability and tuition reimbursement.</u> 4. Describe the ability of your company to locate or relocate in another state or another region of the state. <u>Investigating multi state and multi metropolitan locations simultaneously. It is our intent to locate facilities in multiple locations. We are not eliminating any alternatives at this time as we focus on the identification of final locations.</u> 5. Describe the current economic condition of the region of the state where the property is located. <u>The HP site in the Klein ISD is located north of the City of Houston in the suburban growth corridor. The Houston area took longer to recover from the recession than peer communities but stronger economic growth has returned.</u>

Step 5:
(continued)

6. To provide data for estimating the 10-year impact the added infrastructure will have on the school district and the region, please list the expected total appraised value (market value) and the expected school district taxable value for each year. Taxable value is the estimated value after applying the appraised value limitation and after any other applicable exemptions. List also an estimate of sales and other taxes to be paid.

Anticipated project values and taxes:

	Total Appraised Value	Exempt Value	ISD Taxable Value	Sales & Other Taxes
Year 2007	\$132,351,000	\$0	\$132,351,000	\$20,407,801
Year 2008	\$302,443,500	\$0	\$302,443,500	\$24,841,102
Year 2009	\$300,688,000	\$216,888,000	\$83,800,000	\$14,777,858
Year 2010	\$272,526,500	\$188,726,500	\$83,800,000	\$7,856,841
Year 2011	\$242,151,000	\$158,351,000	\$83,800,000	\$7,601,729
Year 2012	\$214,067,500	\$130,267,500	\$83,800,000	\$7,365,867
Year 2013	\$196,952,000	\$113,152,000	\$83,800,000	\$7,222,121
Year 2014	\$185,266,500	\$101,466,500	\$83,800,000	\$7,123,979
Year 2015	\$173,581,000	\$89,781,000	\$83,800,000	\$7,025,837
Year 2016	\$161,895,500	\$78,095,500	\$83,800,000	\$6,927,696

7. Explain the anticipated economic effects the project would have on local and regional tax bases.

Response provided on page 5.

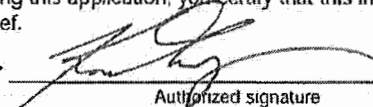
8. State, if available, the number of new facilities built or expanded in the last two years with an appraised value of \$100 million or more reported by the applicable appraisal district and adjoining appraisal districts to the Governor's Office Department of Economic Development and Tourism under Tax Code Section 23.03.

Number of facilities: 0

Step 6:
Sign and date
application

By signing this application, you certify that this information is true and correct to the best of your knowledge and belief.

sign
here


Authorized signature

print
here

Ken Gray
Authorized signature

4/24/06
Date

On behalf of Hewlett-Packard Company
Name of corporation/company

Vice President-Information Technology
Title

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.

Step 5, Question 7 (Continued)

HP's investment in the Houston site located at 15555 Cutten Road, Houston, Texas, will provide \$129 million in tax revenue for state and local governments during the first 10 years of operation. After applying the tax value limitation the project will provide \$21 million in tax revenues for the Klein ISD. Harris County and other special taxing districts will receive an estimated \$16 million in property taxes. The Houston MTA will receive over \$13 million in sales tax revenue from equipment purchases and facility construction. The State of Texas will collect an additional \$80 million in sales tax. All values are 10 year totals. Property tax totals include expected local incentives, which are currently under negotiation.

An estimated 90% of employees will be hired locally, greatly reducing the financial impact of the facility on schools and infrastructure.

Houston

1. Hewlett-Packard is proposing to retrofit an existing facility and construct a new building to house a state of the art data research center, together with necessary administrative support space. The qualified property will consist of the building shell, mechanical and electrical infrastructure, site utilities, computer servers and communication equipment. The existing buildings will be constructed on land currently owned by HP. The tax records and survey for this HP property are attached. The land in question is identified on the survey as Block 1, Restricted Reserve "B." A schematic initial location of the proposed building is also included.
2. The facility will contain approximately 137,000 square feet of data research and incidental administrative support space. The intended purpose of the proposed project is the creation of Hewlett-Packard's data research and development facility. Part of the Company's vision is to substantially increase its use of "high tech" technology. Activities at the new facility will focus on research and development relating to new trade-secret technology and applications. The new technology and applications are essential to the operation of Hewlett-Packard's business. The center will support HP's research and development and manufacturing operations. The facility will contain UPS, generators, and redundant mechanical systems. Current schedules call for facility completion in October 2007.

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1200060010001

Tax Year: 2006

Owner and Property Information						
Owner Name & Mailing Address: HEWLETT-PACKARD COMPANY PO BOX 105005 ATLANTA GA 30348-5005			Legal Description: RES B BLK 1 COMPAQ CENTER EAST SEC 1			
			Property Address: 15555 CUTTEN RD HOUSTON TX 77070			
State Class Code	Land Use Code	Land Area	Building Area	Neighborhood	Map Facet	Key Map
F1 -- Real, Commercial	4401 -- Manufacturing/Processing	4,100,302 SF	220,375	9516.01	4967C	329Z

Value Status Information			
Capped Account	Value Status	ARB Status	Shared CAD
Pending	All Values Pending	Pending	No

Exemptions and Jurisdictions				
Exemption Type	Districts	Jurisdictions	2005 Rate	2006 Rate
None	017	KLEIN ISD	1.70000	
	040	HARRIS COUNTY	0.39986	
	041	HARRIS CO FLOOD CNTRL	0.03322	
	042	PORT OF HOUSTON AUTHY	0.01474	
	043	HARRIS CO HOSP DIST	0.19216	
	044	HARRIS CO EDUC DEPT	0.00629	
	045	N HARRIS-MONT COL DIS	0.12070	
	635	HC EMERG SRV DIST 16	0.05000	
	666	HC EMERG SERV DIST 11	0.03000	

Valuations					
2005 Value			2006 Value		
	Market	Appraised		Market	Appraised
Land			Land		
Improvement			Improvement		
Total	3,869,720	3,869,720	Total	Pending	Pending

Building						
Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1990	Service Center Whse	Material Storage Building	Above Average	214,830	Displayed
2	1984	Warehouse	Material Storage Building	Above Average	5,545	View

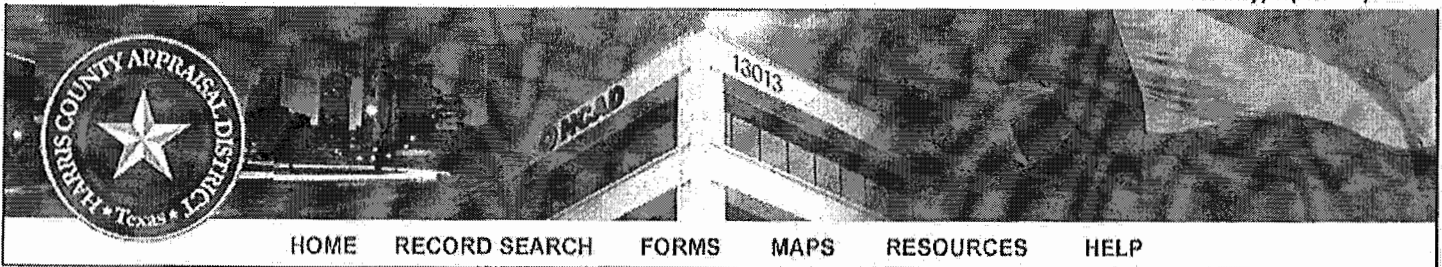
Building Details (1)
No sketch is available for this property.

Building Data	
Element	Detail
Functional Utility	Normal
Cooling Type	Central / Forced
Heating Type	Hot Water Steam
Partition Type	Normal
Physical Condition	Normal
Plumbing Type	Adequate
Exterior Wall	Glass / Masonry

Building Fixtures	
Units	Detail
1	Elev: Hydro / Pass
32	Wall Height

Exterior Data	
Description	Area
BASE AREA PRI	214,830

Building Features	
Units	Detail
1	CHLORINE BLDG
1	GUARD HOUSE
1	PUMP BLDG
1	SWITCHGEAR & SUBSTATI
1	UTILITY BLDG - METAL



Business Personal Property Account

HCAD Account # : 0964119

Tax Year : 2005

Owner Name : HEWLETT PACKARD COMPANY
 and Address : ATTN TAX DEPT MS 1701
 PO BOX 105005
 ATLANTA GA 30348-5005
 Property Address : **15555 CUTTEN RD**
 Building :
 Suite :
HOUSTON TX 77070
 Property Key Map : 329V

Fiduciary Information

Square Ft : 0
 Jurisdiction Codes : 017 040 045 635 666
 Description :
 PPT Code : V -- General Industrial Property
 SIC : 3571 -- COMPUTER MFG
 State Class Code : 99 -- Use the IC Code for Personal Property to determine the State Class.
 If the IC Code is C, then Commercial (L1).
 If the IC Code is I, then Industrial (L2).
 IC Code : I
 Special Code :

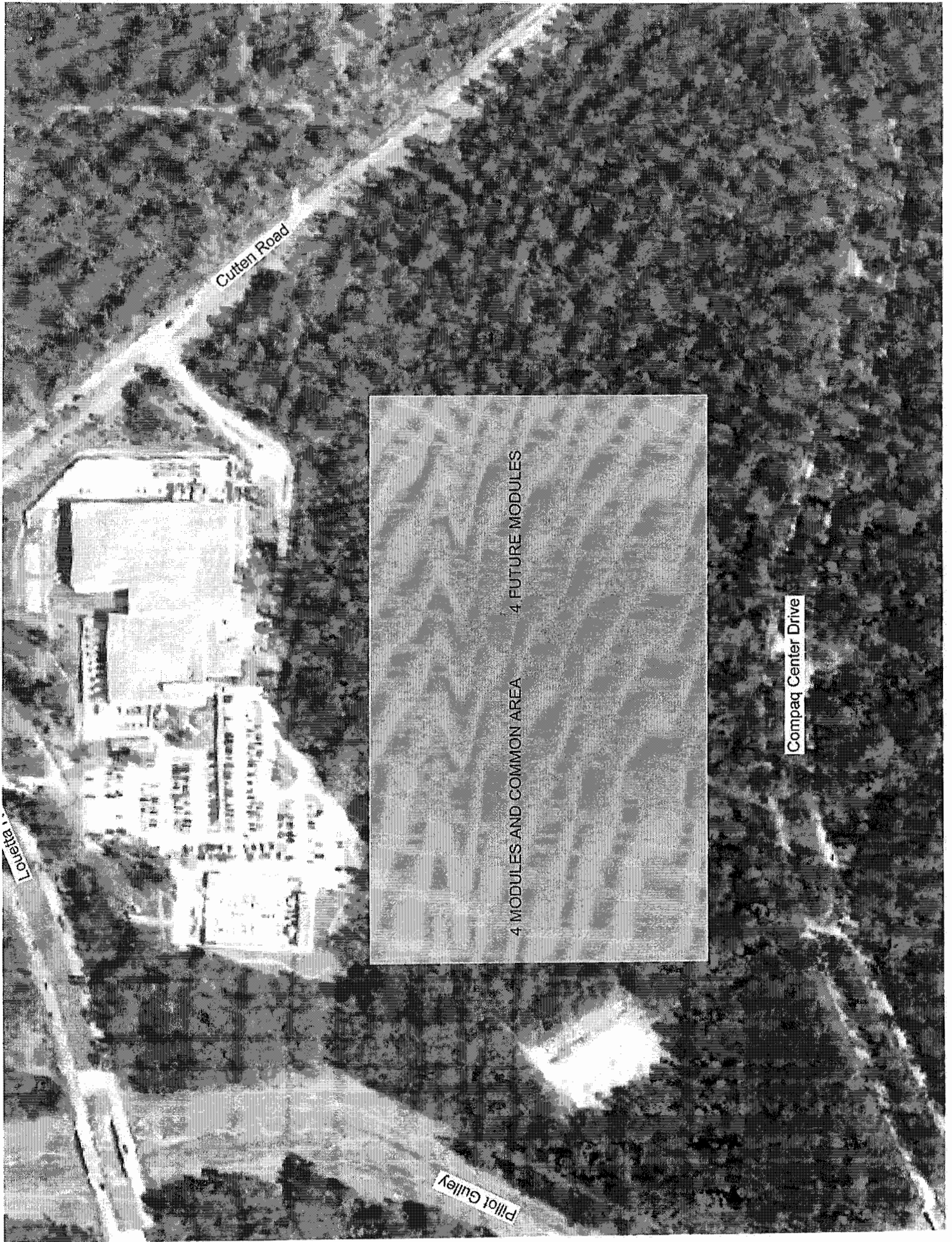
Disabled Vet % : 0
 Homestead Exemption : --
 Special Exemption : --
 Notice Date : 6/14/2005
 ARB Approved : 8/26/2005
 Hearing Scheduled : 7/14/2005 9:30:00 AM
 % Homestead Value : 0
 Special Exemption Value : 0
 Deferred Tax :
 Value Status : Value Certified

Valuation	2004 Appraised	Change	2005 Appraised
Total Value :	11,243,370	7,602,230	18,845,600

[Online Tax Bills](#)

Note:

For any problems or questions with any account, please email us with the account number (if you have it) and the nature of the problem or question.



Cutten Road

4 FUTURE MODULES

4 MODULES AND COMMON AREA

Compag Center Drive

Pilot Gulley

Lot 1

H.E.O.C.2. PROPOSED SITE PLAN

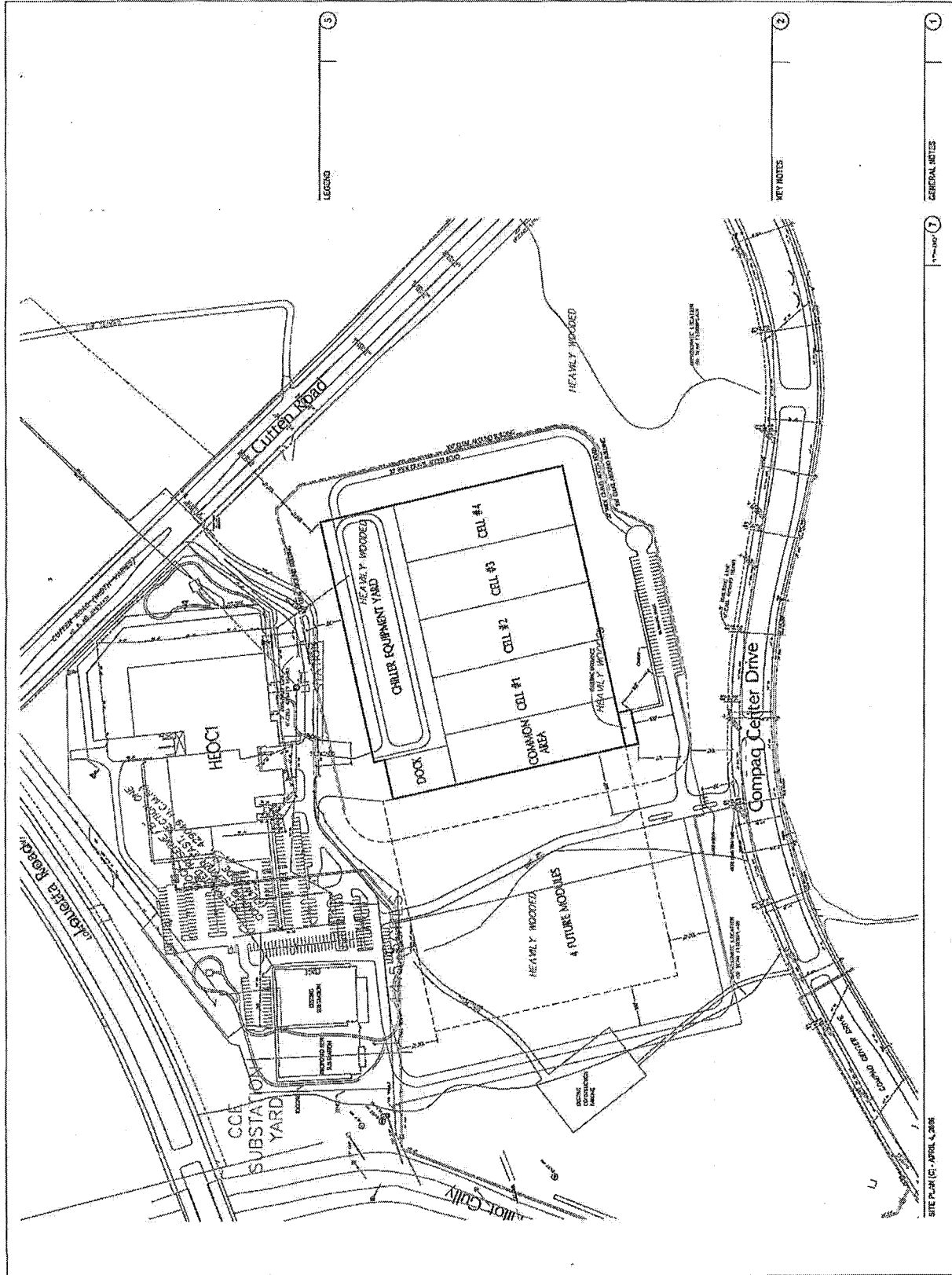
AUSTIN CLARK
 AUSTIN CLARK
 2021
 22-00001-00

INTERIM REVIEW ONLY
 (Students' biographies are intended
 for parents or caretakers.)
 Kathryn DANIELA FOLKARD, P.E.
 P.O. Box 100, 01036

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

DATE 08-19-2007 BY 60322 UCBAW/DK

T:\23\2006\06001-00\Ced\Exh\B\hecc2-exh\B-11x17.dwg 01/27/06 11:32



Attachment B

State Comptroller's Recommendation



CAROLE KEETON STRAYHORN
Comptroller

RECEIVED OCT 23 2006

COMPTROLLER OF PUBLIC ACCOUNTS

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

October 19, 2006

10-24-06
cc: Mr. Feldman
Mr. Petrek
BOARD

OK
JLM

Mr. James W. Cain
Superintendent
Klein Independent School District
7200 Spring-Cypress Road
Klein, Texas 77379-3299

Dear Superintendent Cain:

We appreciated receiving your application for a Chapter 313 limitation on appraised value. This was submitted to the Klein Independent School District (Klein ISD) by Hewlett-Packard Company (HP), under the provisions of Chapter 313, Tax Code.

This letter presents the Comptroller's recommendation regarding HP's application as provided in Section 313.025(d). Our review is based on the criteria contained in Section 313.026 and on the information submitted by HP in the application. Our review assumes the truth and accuracy of the statements in the application without verification, and that, if approved, the applicant would perform according to the provisions of the agreement reached with the school district. The applicant must perform according to the provisions of the agreement reached with the school district if the application is approved. The filing of an application containing false information is a criminal offense pursuant to Chapter 37, Texas Penal Code.

HP is an active taxpayer in good standing for the franchise tax as required by Section 313.024(a), Tax Code. HP is proposing a research and development facility in Houston, Harris County.

According to the provisions of Chapter 313, the Klein ISD is classified as a non-rural school district in Category II. The applicant properly applied under the provisions of Subchapter B, as applicable to non-rural school districts, and the amount of proposed qualified investment (\$430 million) is consistent with the amount of proposed appraised value limitation sought (\$80 million).

Based on the information provided on HP by the Klein ISD, the Comptroller's recommendation is that HP's application under Chapter 313, Tax Code, be favorably considered with the understanding that either Klein ISD or Harris County will create and adopt a re-investment zone resolution encompassing HP's proposed research and development facility within the criteria set forth in Texas Property Tax Code Chapter 312 and 313.

Should you have any questions, please contact John Heleman, my Chief Revenue Estimator, by e-mail at john.heleman@cpa.state.tx.us or by phone at 1-800-531-5441, extension 5-0042, or directly at 512/475-0042.

Sincerely,

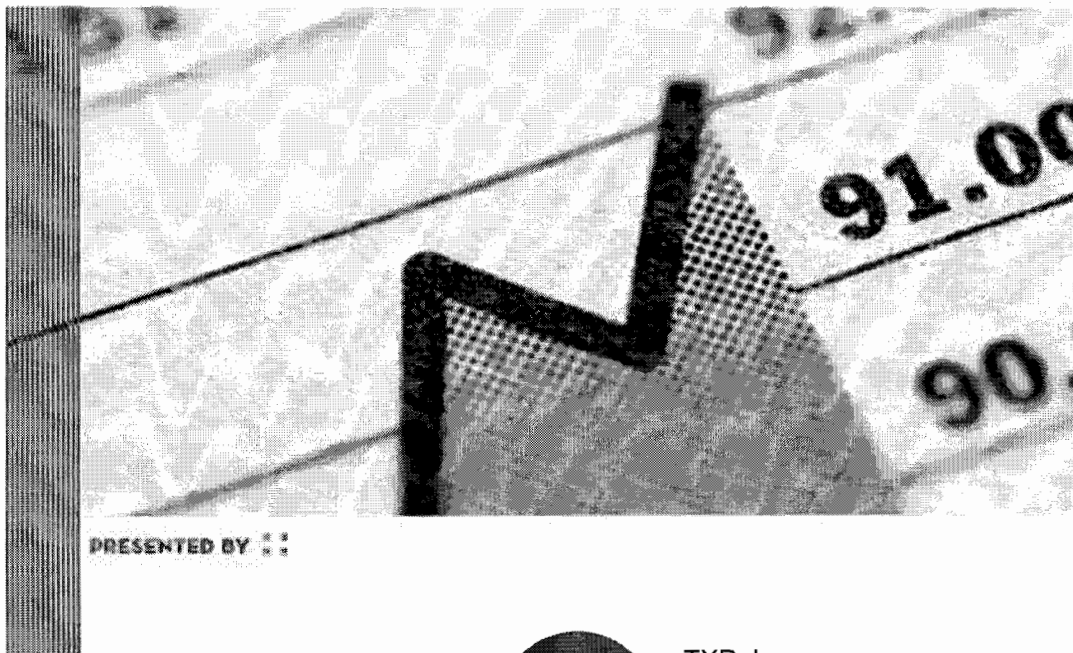
Billy Hamilton
Deputy Comptroller

Attachment C

Potential Impact of the
Hewlett-Packard Data and
R&D Center on
Klein Independent School District

Potential Economic Impact of the Hewlett-Packard Data and R&D Center

Klein Independent School District
July 2006



TXP, Inc.
1310 South 1st Street; Suite 105
Austin, Texas 78704
(512) 328-8300 phone
(512) 462-1240 fax
www.txp.com

Table of Contents

Introduction	1
Section 1 – Technology & the Texas Economy	2
Section 2 – Harris County Economic Climate	8
Section 3 – Hewlett-Packard's Investment in Harris County	14
Section 4 – Hewlett-Packard's Impact on Harris County	15
Section 5 – Conclusions	20

Introduction

In 2001, the 77th Texas Legislature addressed the disproportionate burden placed on capital-intensive industries. Of concern was the disadvantage that Texas faced when competing for economic development projects. Specifically, more aggressive incentive programs and investment tax credits offered by other states made location in Texas too costly. The Texas Strategic Economic Development Plan 1998-2008 (Texas ED Plan) found that the lack of R&D and investment tax credits and relatively high property tax rates “place Texas at a significant disadvantage when competing with other states for high capital-intensive projects.” The Texas Economic Development Act (House Bill 1200) amended the Texas Tax Code to allow businesses to apply for a reduction in local school district property taxes, making the state more attractive for large-scale projects. As part of the Texas Economic Development Act, school districts considering a business’ application for a reduction in taxes are required to engage a third party to perform an economic impact analysis.

Texas Perspectives, Inc. (TXP) was retained as part of a team with Moak, Casey & Associates in June 2006 to assist the Klein Independent School District (Klein I.S.D.) with its evaluation of Hewlett-Packard Company’s proposed data and research and development center in Harris County. Hewlett-Packard Data Centers are research and development operations for the firm’s concept of ‘Lights Out Data Center.’ These data centers bring together Hewlett-Packard enterprise solutions under one roof to exercise, develop, and refine these solutions. At these data centers, the firm brings in product and solution development teams from all over the world to develop and deliver end to end enterprise level data center solutions. For this report, TXP has focused on the economic impact of Hewlett-Packard’s proposed total investment of \$429.8 million in facility improvements and \$8.4 million annual payroll.

TXP has spent considerable time collecting demographic data on Harris County, researching the data center and technology industries, and building econometric models to simulate the regional economy. The end result is a detailed report that will assist Klein I.S.D. and Harris County leaders in determining the economic benefits generated by Hewlett-Packard.

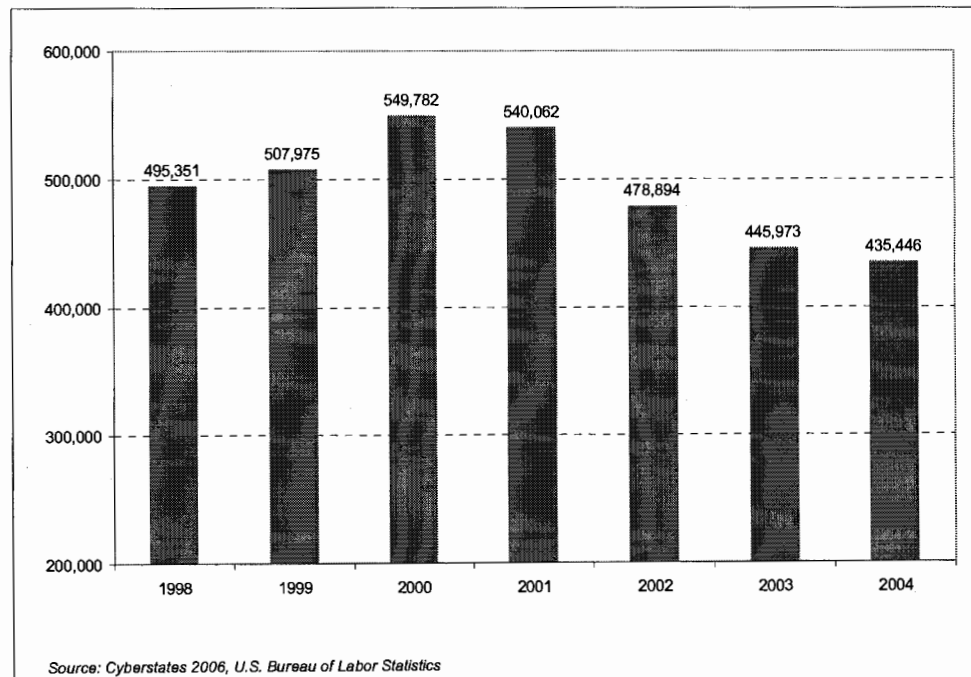
This analysis excludes the impact of the requested property value limitation on the finances of the Klein I.S.D., which is presented in a separate report.

Section 1 – Technology & the Texas Economy

Technology and Texas have become synonymous in recent years, but the Lone Star State can trace its innovative technology history back for generations. A number of factors encouraged the creation of technology-based businesses including significant federal defense-related contracts, R&D expenditures at universities, a high incidence of entrepreneurs, and linkages to existing industries. At the same time, the role of technology has continued to grow in “non-technology” sectors. The state's continued dominance in the oil and gas industry, for example, has more to do with the technical skills of the workforce than the region's declining natural resource reserves. As a result, technology and the economy are inextricably linked.

While technology has assumed an increasing role in the economy, the tech sector is not immune to the business cycle. The reality of a cyclical downturn caught many by surprise, as the technology sector was perceived to be less vulnerable to fluctuations than more traditional industries. The unanticipated impact of the dot.com sector collapse, national recession, and increased pressure from foreign competitors has Texas policymakers struggling to adjust. In 2004, approximately 435,000 Texans were working in the high-tech sector. The most recent annual data available reveals that Texas lost over 115,000 jobs between 2000 - 2004. This represents a decline of over 20.1 percent.

Figure 1: Average Annual Texas High-Tech Employment 1998 - 2004



A recent publication by the Federal Reserve Bank of Dallas¹ points out that while Texas benefited from the rapid growth in the high-tech sector, it left the state susceptible to prolonged overall economic downturns:

But Texas' ability to sustain fast-growing industries leaves it vulnerable in downturns. High-tech industries flourished in the 1990s. When the bust came in 2000, it hit the state harder than the rest of the country. Texas suffered massive layoffs, and office vacancies rose to among the nation's highest. From 2001 through 2004, as the U.S. economy recovered from recession, most sectors of the Texas economy struggled to regain their historical growth rates.

Even with the high-tech sector restructuring and downsizing, technology will continue to be an important driver of the Texas economy. Texas' high-tech workforce accounts for over 5.7 percent of statewide private sector jobs. Texas is noticeably strong in four high-tech sectors: telecommunications services, engineering services, computer systems design, and semiconductor manufacturing. The state currently ranks second nationally in terms of total high-tech employment. In 2004, Texas also ranked second in terms of total establishments, payroll, and exports.

Table 1: Texas High-Tech Sector 2004

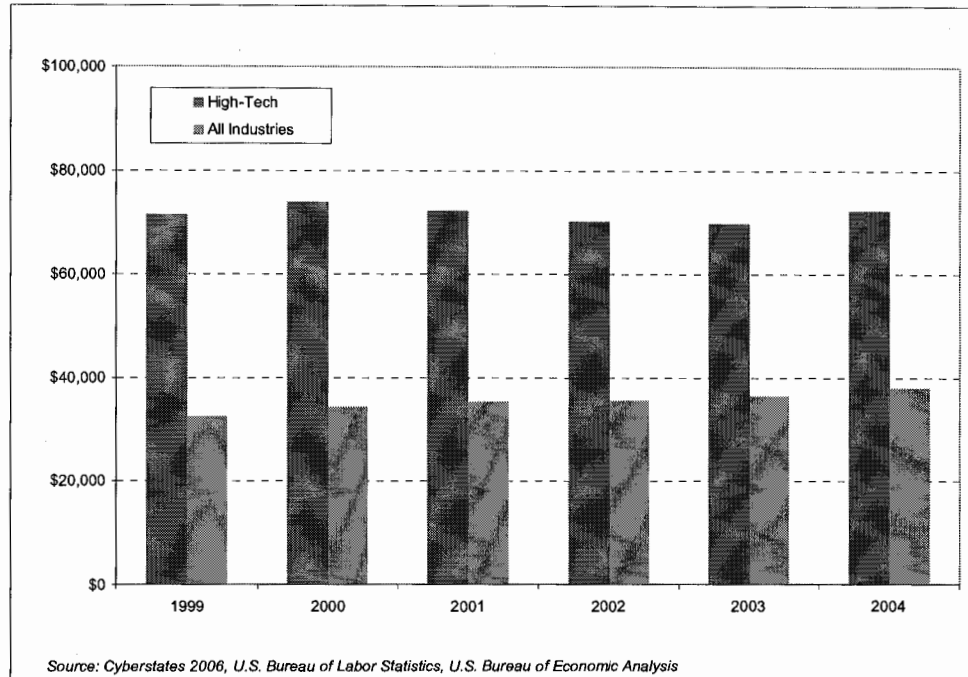
	National Ranking		% of US
Total Establishments	21,983	2nd	6.7%
Payroll (millions)	\$31,498	2nd	7.8%
Exports (millions)	\$34,661	2nd	18.1%
Venture Capital (\$M)	\$1,098	3rd	5.0%

Source: American Electronics Association, U.S. Bureau of Labor Statistics, National Venture Capital Assoc.

In 2004, the average high-tech wage in Texas was \$72,335 – 90.6 percent higher than the Texas average wage of \$37,957. In 2000, at the height of the technology industry expansion, the average high-tech wage was more than double the average wage for all workers. From 2000 to 2003, however, the average Texas high-tech wages steadily declined before beginning a slight uptrend. See Figure 2 for more information.

¹ Sigalla, Fiona. "Texas Economy Shifts into Higher Gear." *Southwest Economy*. January/February 2006: 3-7.

Figure 2: Average Annual Texas High-Tech Wages 1999 - 2004



In 2003, over \$14.8 billion in research and development (R&D) was performed in Texas, representing 5.1 percent of total U.S. R&D expenditures. Even though Texas ranks second for high-tech employment, it significantly lags behind other states for R&D (see Figure 3).

Closely linked to R&D activities is venture capital funding. In 2005, Texas ranked third nationally for total venture capital investments. Nearly \$1.1 billion in capital was provided to local firms, representing 5.0 percent of total U.S. venture capital activity. While venture capital activity has not reached the record levels experienced during the high-tech boom, venture capital activity has begun to rebound. In 2000, for example, Houston area companies received over \$1.0 billion in venture capital funding. By 2005, only \$174.6 million in venture capital was raised (see Figure 4).

Figure 3: Total R&D Expenditures (\$Billions) by State - 2003

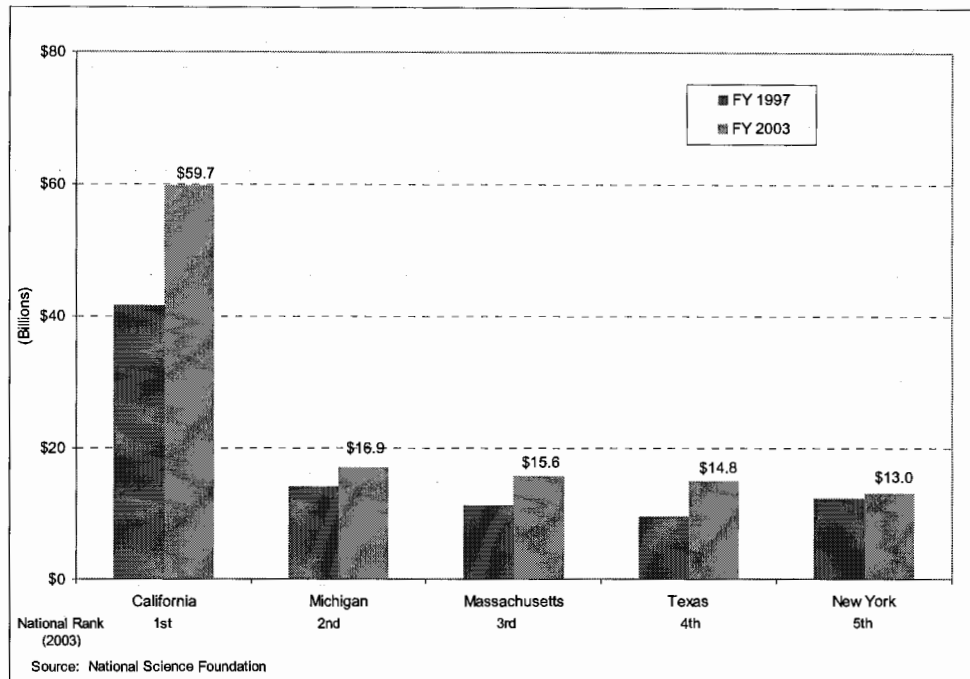
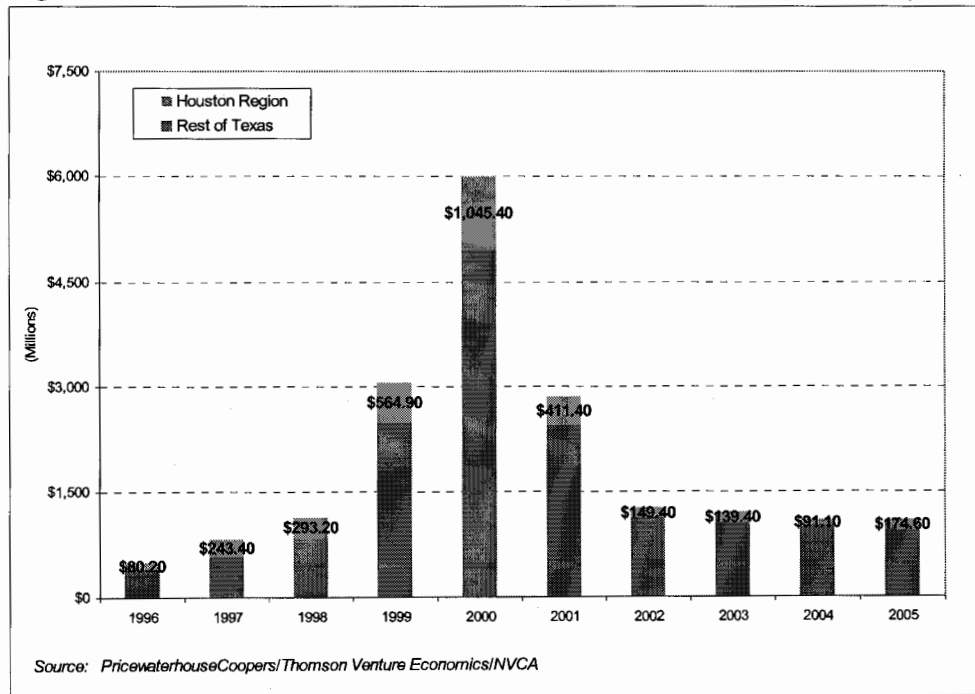


Figure 4: Houston MSA Annual Venture Capital Investment (\$Millions)



Recently released data indicates that the overall Texas economy has fully absorbed the negative impacts of the high-tech bust. Anecdotal evidence also suggests that high-tech businesses have begun modest hiring programs as the prospects for the national economy have improved. For example, Samsung Austin Semiconductor's recently announced manufacturing expansion plans should prevent further erosion of the Austin MSA's high-tech manufacturing sector. According to Federal Reserve Bank of Dallas economist Fiona Sigalla²:

After several years of barely keeping up with the nation as a whole, the Texas economy showed signs of renewed strength in 2005. While Texas hasn't yet kicked into overdrive, it did indeed enter the new year once again growing faster than the U.S. average.

Last year saw the most robust job growth since 2000. Texas' economy gained momentum through its traditional advantages – a resilient energy industry, a favorable business climate, a low cost of living and relatively inexpensive real estate. Even manufacturing managed to add jobs in 2005, buoyed by healthy global demand for Texas products.

The Federal Reserve³ expects, however, that Texas' high-tech sector will continue to grow and expand, but at a different pace than trends experienced in the 1990s:

Changes in Texas' high-tech production do not preclude a strong rebound in high-technology industries, but a rebirth of this sector will look very different from the 1990s boom. The high-tech bust occurred for a number of reasons, including overzealous expectations for growth, changing regulations and the competitive forces that drove the need for productivity increases. These factors likely have led to permanent changes.

Given the reduction in overall Texas technology employment and uncertainty regarding future technology trends, should public sector organizations consider inducements to the technology sector? Does Hewlett-Packard's industry sector and proposed investment match the long-term economic growth plan of Texas as set forth in the Texas ED Plan? The answer to these questions is clearly yes.

The overarching theme of the Texas ED Plan centers on attracting and developing industries using emerging technologies – “In the broadest sense, Texas must build a knowledge-based economy.” These businesses will require highly-skilled

² Sigalla, Fiona. “Texas Economy Shifts into Higher Gear.” *Southwest Economy*. January/February 2006: 3-7.

³ Sigalla, Fiona. “A Texas Revival.” *Southwest Economy*. July/August 2004: 1-7.

workers, pay above-average wages, and invest millions of dollars in physical facilities and R&D activities. Clearly, Hewlett-Packard's proposed investment in a data center and R&D facility with the need for highly-skilled workers meets these criteria. Hewlett-Packard anticipates paying an average annual salary of nearly \$60,000 over the next decade, well above the state average of \$37,957. Hewlett-Packard's total taxable investment of \$429.8 million in the Klein I.S.D. will make it one of the largest non-energy sector investments in the area.

In addition, the Texas ED Plan identifies opportunities for a number of existing Texas industries. For the high-tech sector, the Texas ED Plan argues that future opportunities will be found by recruiting high value-added businesses by "...initiating tax credits that favor investment and R&D activities..." Hewlett-Packard's proposed facility is designed to maximize profits by investing in R&D activities that are crucial to its future competitiveness. While the Texas ED Plan does not explicitly address data center activity, a clear emphasis was placed on retaining high value-added technology.

The state's leading high-tech industries are in a state of change. This pattern is similar to the cyclical nature of other Texas industries, such the Gulf Coast's oil producers, the Rio Grande Valley's cross-border business ventures, and Dallas' telecommunications businesses. The Texas ED Plan places special emphasis on "...enhancing business development through targeted tax incentives..." to attract these knowledge-based companies. House Bill 1200 was also designed to ensure that qualifying companies such as Hewlett-Packard continue their investment in Texas. Technological innovations and international competition will continue to reduce total employment in traditional and technology-based businesses. Whatever the industry, petroleum refining, automotive manufacturing, or microprocessor design, it is vitally important that communities continue to recruit these businesses. As the national economy improves, so will the fortunes of these industries.

Section 2 – Harris County Economic Climate

Houston's economy continues to grow rapidly, with overall local job growth at pace that doubles the performance of the nation as a whole. Meanwhile, the local unemployment rate has fallen to a seasonally adjusted 5.1 percent, and the Houston Purchasing Managers Index was a very strong 64.2 in April. Consumer spending reflects the strength of the overall economy. According to the Federal Reserve Bank, "Retail sales in Houston moved at a rapid clip in May, down only slightly from the torrid pace of April. Upper- and middle-range department stores seemed to be doing best, with discount stores lagging. Houston metropolitan area auto sales were up 5.9 percent through April, compared with the first four months of 2005."

In spite of higher interest rates, home sales continue to rise, and prices are matching record levels for median sale value. On the commercial side, office occupancy is slowly tightening with the city's large employment gains. Most suburban markets are reaching high occupancy levels, but still-slack downtown towers are likely to keep a lid on rents throughout the city—especially for large blocks of space.

The return of three large Gulf Coast refineries pushed capacity utilization above 90 percent for the first time since the hurricanes, with margins close to \$20/barrel for most of the Spring. Downward pressure on chemical prices was felt over the same period, as capacity returned from the hurricanes, import flow continued, and natural gas feedstock prices fell.

While national and local rig counts are rising rapidly, some are exiting the Gulf of Mexico, seeking better day rates elsewhere and escaping the high insurance premiums demanded because of the approaching hurricane season. Otherwise, the story remains the same as in recent months—very strong demand driven by land-based and natural-gas-directed drilling.

Harris County's employment base increased 3.0 percent between Q4 2004 and Q4 2005, gaining 62,400 jobs. In Q4 2005, there were approximately 1.9 million Harris County-based business employees. The Trade, Transportation & Utilities (T.T.U.), Professional & Business Services, Education & Health Services, and local government sectors have traditionally played a large role in the Harris County economy. These sectors accounted for more than 58 percent of Harris County's total employment in the fourth quarter of 2005. Professional & Business Services experienced the most growth, adding over 17,300 new jobs.

Table 2: Harris County Employment Trends (NAICS)

Description	Employment 2000 Q4	Employment 2004 Q4	Employment 2005 Q4	Change '04-'05	% Change '04-'05
Natural Resources & Mining	59,574	64,565	67,925	3,360	5%
Construction	140,674	133,031	134,650	1,619	1%
Manufacturing	187,841	163,934	168,713	4,779	3%
Trade, Trans. & Utilities	421,780	396,810	410,246	13,436	3%
Information	43,742	33,145	31,720	-1,425	-4%
Financial Activities	112,854	114,789	117,635	2,846	2%
Professional & Business	299,193	291,508	308,768	17,260	6%
Education & Health Services	168,018	190,961	195,725	4,764	2%
Leisure & Hospitality	148,567	159,347	161,014	1,667	1%
Other Services	57,907	56,347	55,167	-1,180	-2%
Nonclassifiable	950	4,131	4,029	-102	-3%
Federal Government	24,741	24,728	24,839	111	0%
State Government	38,616	41,312	44,097	2,785	6%
Local Government	166,627	170,405	182,893	12,488	7%
Total Employment	1,871,084	1,845,013	1,907,421	62,408	3%

Figure 5: Harris County-Based Employment Trends – 1999-2005

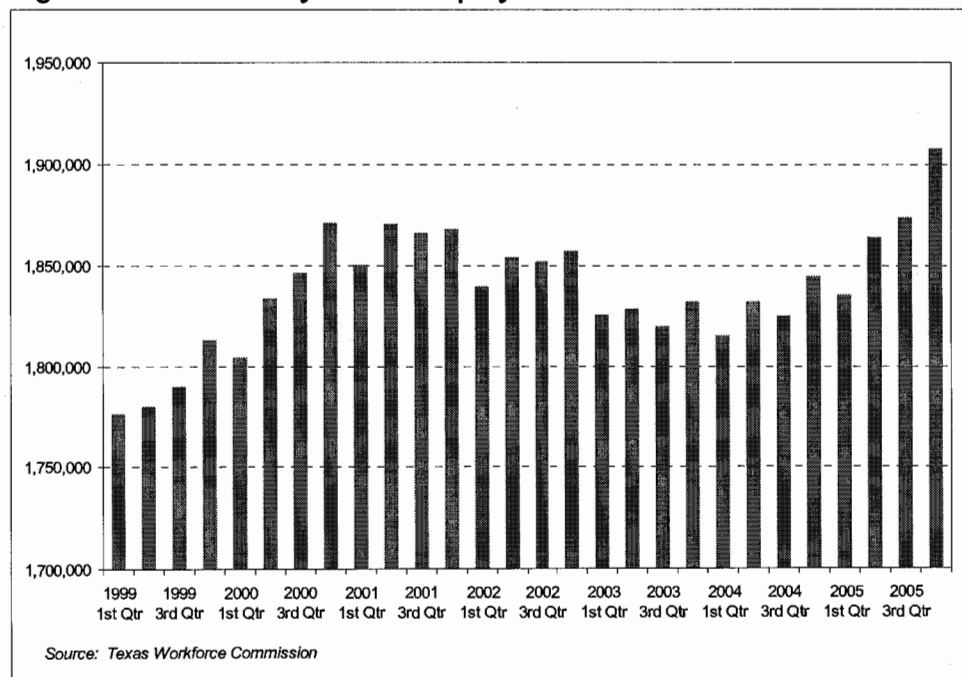


Figure 6: Harris County Unemployment Trends

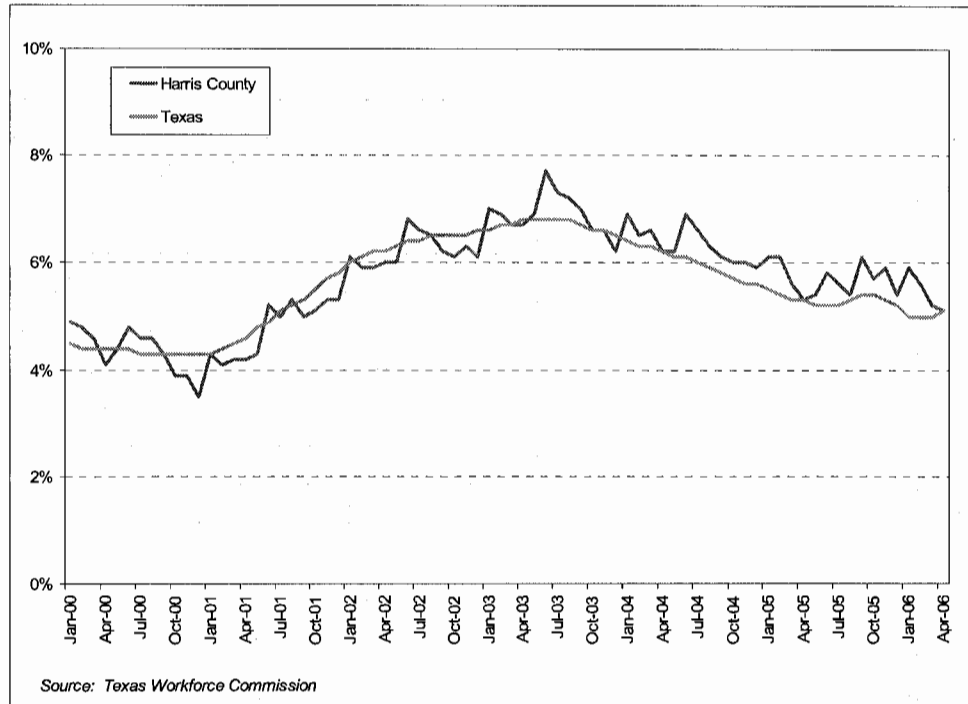


Figure 7: Harris County High-Tech Employment Trends 1990 – 2005

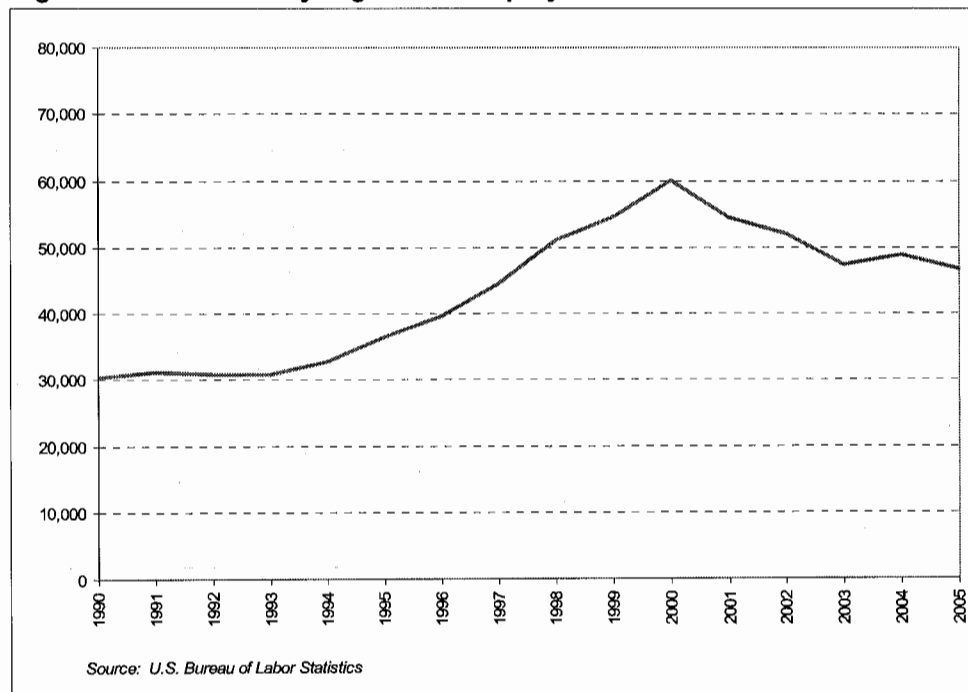
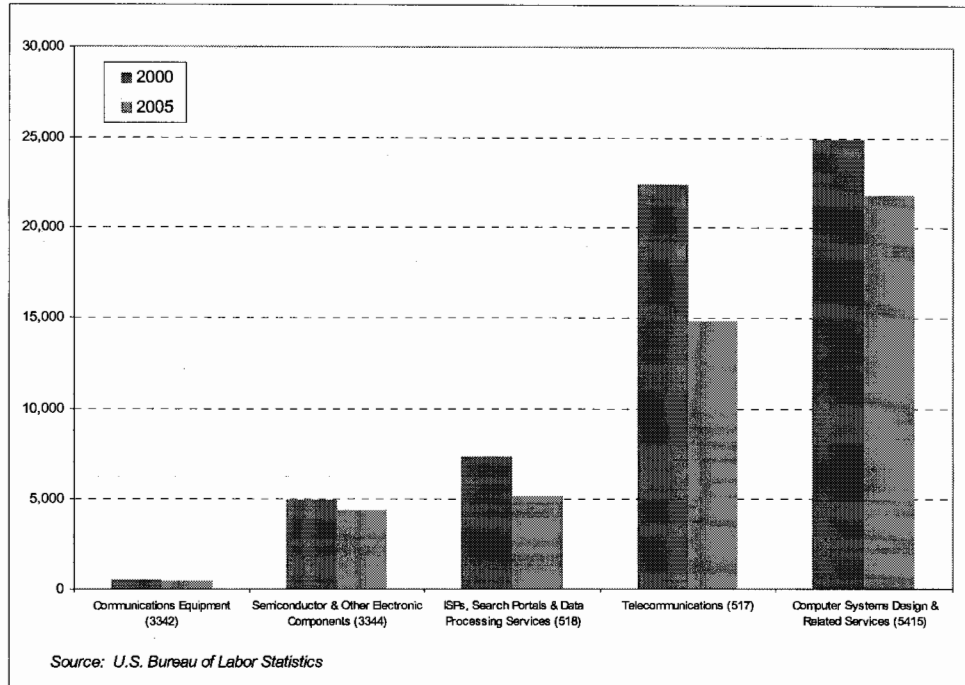
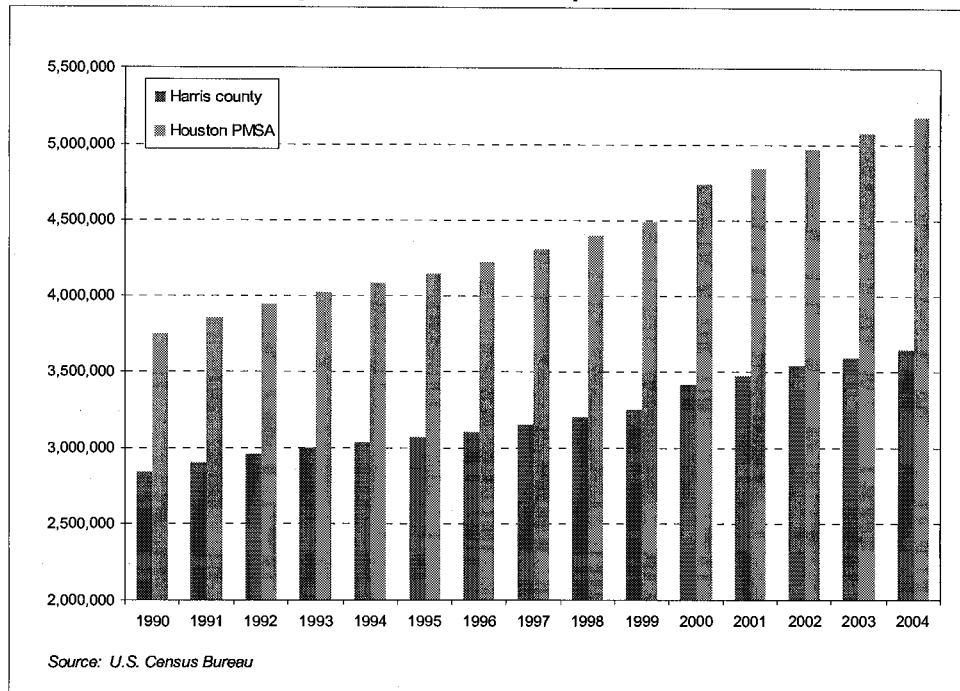


Figure 8: Harris County High-Tech Employment, 2000 vs. 2005



Population growth in Harris County has been strong over the past fifteen years. Since 1990, the County has added over 800,000 residents, an increase of 29 percent. Harris County's impressive growth, however, was below Texas' significant population growth rate 35 percent over this same time period. In the future, Houston may grow more rapidly than the state overall, as perceived regional employment opportunities, relatively affordable housing, and a strong natural resource sector should stimulate in-migration and overall population growth.

Figure 9: Harris County & Houston MSA Population Trends



While Harris County's population growth during the 1990s was rapidly increasing, its residents' income was growing at an even faster pace. Harris County's 2004 per capita personal income is 27.1 percent higher than the Texas average, but slightly below the peak of 28.6 percent in 2001. Per capita income is a function of two variables: total county income and total population.

Wages paid to area workers are also above state levels. During the early 1990s, Harris County workers earned slightly more than 20 percent above the state average. This trend has remained constant for the past five years. In 1999, a full-time employee earned \$38,400 or 18.6 percent more than the state average. In 2004, workers employed in Harris County earned approximately \$46,019, well above the state average of \$37,957. Full-time wages are currently 21.2 percent above the Texas average.

Figure 10: Harris County Per Capita Income Trends, 1990-2004

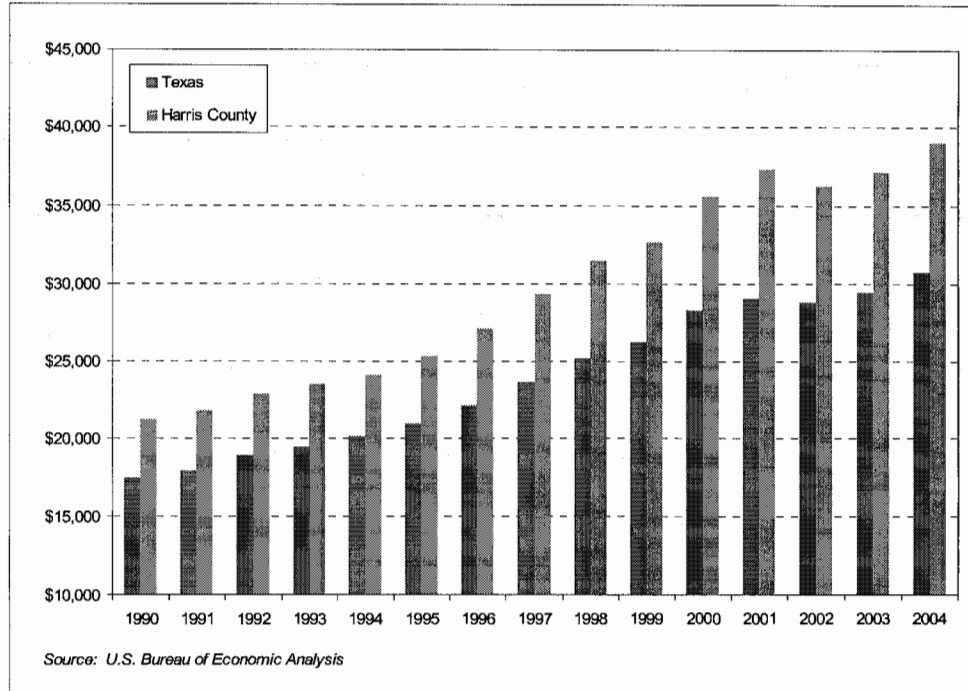
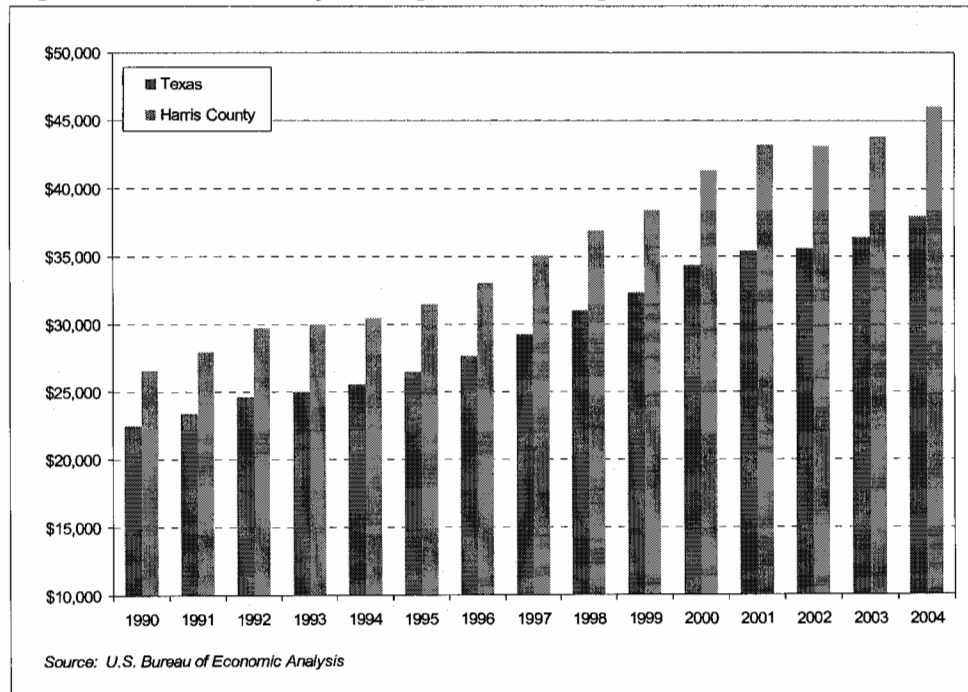


Figure 11: Harris County Average Annual Wage Per Job Trends, 1990-2004



Section 3 – Hewlett-Packard's Investment in Harris County

For this study, TXP has calculated the economic impact of Hewlett-Packard's proposed R&D and data center facility based on annual employment, payroll, and local procurement levels provided by the company. Activities at the new facility will focus on R&D related to new trade-secret technology and applications. The new technology and applications are essential to the operation of Hewlett-Packard's business. These activities will be located in a new facility that is located on the current H-P campus in Klein ISD.

Table 3: Hewlett-Packard's Investment in Harris County 2007-2016

Year	Employment	Total Payroll	Average Salary per job	Total Appraised Value	Investment per job
2007	97	\$5,815,385	\$60,000	\$132,351,000	\$1,365,526
2008	101	\$6,057,692	\$60,000	\$302,443,500	\$2,995,631
2009	113	\$6,784,615	\$60,000	\$300,688,000	\$2,659,146
2010	140	\$8,400,000	\$60,000	\$272,526,500	\$1,946,618
2011	140	\$8,400,000	\$60,000	\$242,151,000	\$1,729,650
2012	140	\$8,400,000	\$60,000	\$214,067,500	\$1,529,054
2013	140	\$8,400,000	\$60,000	\$196,952,000	\$1,406,800
2014	140	\$8,400,000	\$60,000	\$185,266,500	\$1,323,332
2015	140	\$8,400,000	\$60,000	\$173,581,000	\$1,239,864
2016	140	\$8,400,000	\$60,000	\$161,895,500	\$1,156,396
AVERAGE	129	7,745,769	\$60,000	\$218,192,250	\$1,735,202

Source: Hewlett-Packard Company

Section 4 – Hewlett-Packard's Impact on Harris County

The benefits of Hewlett-Packard to the Klein I.S.D., Harris County, and the entire Houston MSA economy consist of the day-to-day operation of the facility, normal operating expenditures, purchases from local vendors, and spending of people employed by these businesses. In the final analysis, the economic benefits of this spending materialize in the form of increased Houston MSA employment and income. In addition, there are significant tax benefits to the Klein I.S.D., cities in the region, and the county.

There are also intangible benefits associated with Hewlett-Packard's new data and R&D center. The selection of the Houston MSA as the location provides a much needed boost to the area's other technology firms. Beyond the traditional activities of a data center, the new facility will also focus on R&D related to new trade-secret technology and applications. The creation of new technologies in Harris County could serve as a catalyst for spin-off business activity. Other benefits include increased regional, national, and international exposure for the area, as well as a certain prestige associated with being home to a state-of-the-art technology R&D facility. These intangible benefits can easily result in increased business activity for the local community, which in turn results in the creation of even more jobs and income. These benefits are difficult, if not impossible to measure, and no attempt is made here to estimate them.

Economic Impact Methodology

For this study, TXP has calculated the economic impact of Hewlett-Packard's new data and R&D facility based on annual payroll, employment, and local procurement levels. TXP also used data from the U.S. Bureau of Economic Analysis to supplement the information provided by the company. The economic assumptions underlying the analysis are summarized in Section 3. Specifically, this analysis measures the anticipated economic impacts of Hewlett-Packard's new data and R&D center using the RIMS II input-output economic system.

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will

require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

The interdependence between different sectors of the economy is reflected in the concept of a "multiplier." An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, another \$400 in output is produced in all sectors.

Economic Impact Results

The results of running the 140 jobs and \$8.4 million in employee wages through the model are delineated in Table 4. In addition, an output estimate has been generated since the facility will procure goods and services from local vendors and public utilities. The Houston MSA regional average was used for output per worker. The following table highlights the economic impact of the facility once it reaches full employment in 2010.

Table 4: Estimated Annual Economic Impact on the Houston MSA Economy

Economic Activity	Output	Earnings	Employment
Agriculture, forestry, fishing, and hunting	\$103,118	\$18,749	2
Mining	\$184,362	\$34,373	0
Utilities	\$740,571	\$137,490	2
Construction	\$228,109	\$84,369	2
Manufacturing	\$2,756,051	\$446,843	8
Wholesale trade	\$1,674,879	\$534,336	9
Retail trade	\$2,106,098	\$709,324	31
Transportation and warehousing	\$1,340,528	\$481,215	12
Information	\$2,824,796	\$734,322	13
Finance and insurance	\$2,518,568	\$656,203	13
Real estate & rental and leasing	\$4,424,680	\$324,976	10
Professional, scientific, and technical services	\$33,881,924	\$9,896,159	160
Management of companies & enterprises	\$243,732	\$121,866	3
Administrative and waste management services	\$2,940,412	\$1,390,524	67
Educational services	\$387,472	\$174,987	8
Health care and social assistance	\$2,327,957	\$1,121,794	30
Arts, entertainment, and recreation	\$231,233	\$96,868	6
Accommodation and food services	\$1,162,416	\$446,843	30
Other services	\$1,178,040	\$390,597	16
Total	\$61,254,944	\$17,801,837	423

Source: TXP, Hewlett-Packard

Note: The impact analysis is based on total direct employment of 140 workers which should be achieved in 2010.

Regional Tax Revenue Impact

Beyond the direct, indirect, and induced economic impacts detailed above, Hewlett-Packard's expansion could generate a tremendous amount of tax revenue for local taxing jurisdictions. In the abstract, all levels of government – school districts, city, county, and special taxing authorities – would be very positively impacted by the development of Hewlett-Packard's new facility, although the level of ultimate benefit will be influenced by any tax incentives that are offered. Tax rates for 2005 were obtained from the Harris County Appraisal District website.

A number of important considerations should be taken into account when reviewing the economic impacts of Hewlett-Packard's plans. One issue, for example, is that part of Hewlett-Packard's economic impact transcends local taxing jurisdictions (i.e., city and county). In addition, Harris County is linked to the much larger Houston MSA regional economy. It is not unreasonable to expect workers at

Hewlett-Packard to commute from surrounding counties, shop in neighboring, and spend dollars outside of Harris County. It is difficult, if not impossible, to accurately determine the amount of tax revenue that individual communities will receive from increased retail sales activity. Therefore, TXP has focused its efforts on determining the amount of direct ad valorem tax revenue jurisdictions will receive.

Note, the tax revenue figures shown for the Klein I.S.D. reflect the projected tax collections the District would receive based on the anticipated value of the project, in the absence of the requested limitation on value. In the context of the current school finance system, benefits beyond the first year would be offset by increased recapture costs imposed on the District.

Table 5: Potential Fiscal Impact of H-P's Investment in Harris County

	Total Taxable Prop. Value*	KLEIN ISD	HARRIS COUNTY	HARRIS CO FLOOD CNTRL	PORT OF HOUSTON AUTHY	HARRIS CO HOSP DIST
2007	\$132,351,000	\$2,249,967	\$529,219	\$43,967	\$19,509	\$254,326
2008	\$302,443,500	\$5,141,540	\$1,209,351	\$100,472	\$44,580	\$581,175
2009	\$300,688,000	\$5,111,696	\$1,202,331	\$99,889	\$44,321	\$577,802
2010	\$272,526,500	\$4,632,951	\$1,089,724	\$90,533	\$40,170	\$523,687
2011	\$242,151,000	\$4,116,567	\$968,265	\$80,443	\$35,693	\$465,317
2012	\$214,067,500	\$3,639,148	\$855,970	\$71,113	\$31,554	\$411,352
2013	\$196,952,000	\$3,348,184	\$787,532	\$65,427	\$29,031	\$378,463
2014	\$185,266,500	\$3,149,531	\$740,807	\$61,546	\$27,308	\$356,008
2015	\$173,581,000	\$2,950,877	\$694,081	\$57,664	\$25,586	\$333,553
2016	\$161,895,500	\$2,752,224	\$647,355	\$53,782	\$23,863	\$311,098
Total		\$37,092,683	\$8,724,635	\$724,835	\$321,615	\$4,192,782

Source: Hewlett-Packard Company

* Calculations assume Total Taxable Property Value (Real & Business Personal Property) = Assessed Value

Table 5 Cont. Potential Fiscal Impact of H-P's Investment in Harris County

	Total Taxable Prop. Value*	HARRIS CO EDUC DEPT	N HARRIS- MONT COL DIS	HC EMERG SRV DIST 16	HC EMERG SERV DIST 11	Total
2007	\$132,351,000	\$8,325	\$159,748	\$66,176	\$39,705	\$3,370,940
2008	\$302,443,500	\$19,024	\$365,049	\$151,222	\$90,733	\$7,703,145
2009	\$300,688,000	\$18,913	\$362,930	\$150,344	\$90,206	\$7,658,433
2010	\$272,526,500	\$17,142	\$328,939	\$136,263	\$81,758	\$6,941,168
2011	\$242,151,000	\$15,231	\$292,276	\$121,076	\$72,645	\$6,167,513
2012	\$214,067,500	\$13,465	\$258,379	\$107,034	\$64,220	\$5,452,235
2013	\$196,952,000	\$12,388	\$237,721	\$98,476	\$59,086	\$5,016,308
2014	\$185,266,500	\$11,653	\$223,617	\$92,633	\$55,580	\$4,718,682
2015	\$173,581,000	\$10,918	\$209,512	\$86,791	\$52,074	\$4,421,056
2016	\$161,895,500	\$10,183	\$195,408	\$80,948	\$48,569	\$4,123,430
Total		\$137,243	\$2,633,580	\$1,090,961	\$654,577	\$55,572,911

Source: Hewlett-Packard Company

* Calculations assume Total Taxable Property Value (Real & Business Personal Property) = Assessed Value

Section 5 – Conclusions

Attracting high-paying, capital-intensive industries is becoming extremely competitive. Communities across the country, regardless of size, have committed hundreds of millions of dollars for economic development marketing and recruitment. In Texas alone, the ½ cent sales tax for economic development has generated over \$2.3 billion for cities. New York, for example, recently awarded nearly \$900 million in incentives to attract an Advanced Micro Devices (AMD) semiconductor manufacturing plant to Albany. In 2005, local and state governments reportedly committed \$300 million in incentives to ensure that Dell Computer locate a manufacturing center in the Triad area of North Carolina. Honda Motor Co. will receive \$141.5 million in incentives for building a 2,000 employee automotive manufacturing plant in Ohio. A number of factors offer technology manufacturers flexibility when choosing new locations. States and regions who want to remain competitive in technology and R&D site selection must be willing to offer public incentives.

In the meantime, the value of Hewlett-Packard's proposed R&D and data center facility to the region is clear. Once fully operational, the direct impact will yield an average annual increase of \$61.3 million in total output, \$17.8 million in employee compensation, while supporting a total of 420 permanent local part and full-time jobs. Perhaps most importantly, total local taxes collected over the next ten years (including those directly associated with the project as well as the ripple effects through the local economy) will exceed \$55.6 million. Assuming a discount rate of 5 percent, this total local public sector revenue stream has a present value of over \$43.6 million. It should be noted that this estimate is prior to any abatements, incentive agreements, or value limitations that may be put in place.

Legal Disclaimer

TXP reserves the right to make changes, corrections and/or improvements at any time and without notice. In addition, TXP disclaims any and all liability for damages incurred directly or indirectly as a result of errors, omissions, or discrepancies.

Any statements involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. The information and expressions of opinion contained herein are subject to change without notice, and shall not, under any circumstances, create any implications that there has been no change or updates.

Attachment D

Financial Impact of Hewlett-Packard Project on Klein Independent School District



Summary of the School Finance Impact of the Proposed Property Value Limitation Being Sought by the Hewlett-Packard Company for a New Research and Development Center to Be Located in the Klein Independent School District

Introduction

The Hewlett-Packard Company (H-P) is requesting a property value limitation under Chapter 313 of the Tax Code from the Klein Independent School District (KISD) for a research and development center. H-P proposes an investment estimated at \$1,080 million over the next decade, creating 140 “qualifying” jobs that would pay an average salary of \$60,000 per year.

Since Chapter 313 was enacted in 2001, Texas school districts have approved approximately 30 value limitations for new projects. Most of these projects involve manufacturing or renewable electric generation. Research and development projects are also permitted under the law. KISD approved a property value limit for a Home Depot research and development facility in 2004. In addition to the KISD proposal, H-P has requested property value limits for similar facilities located in Austin ISD (Travis County) and Round Rock ISD (to be located in the Travis County portion of the District). The Company has plans to construct all three R-and-D facilities over the next two years.

School Finance Mechanics of a Value Limit

For the purposes of a property value limitation, KISD may not grant a limit less than \$80 million under the statutory definition in Chapter 313, a reflection of the substantial value of the KISD tax base. (The values that school districts are permitted to grant range from \$1 million for a small rural district to \$100 million for large urban school districts like Houston ISD.) The value limit itself applies only to a school district’s maintenance and operations (M&O) tax rate. Full value of the project is retained for debt service or interest and sinking (I&S) fund purposes.

The value of the project is fully taxable for M&O taxes in the first two years following school district approval. The value limitation is then imposed in years three through ten under the agreement. (If the actual value of the project falls below the limit, the lower value prevails, although no tax savings occur at that point.) It returns to full taxable value in year eleven.

The Chapter 313 value limit mechanism involves placing a less than market value appraisal on the local tax roll for eight years, beginning in year three. The property values used by the state to calculate state aid or recapture lag by one year, reflecting the reduced value in years four through 11. Under the school funding formulas, the reduction in local property tax collections that occurs when the value limit is imposed is offset by increased state aid or reduced recapture, depending on the property wealth per student of the school district granting the value limitation.

In addition to the value limit beginning in year three, an applicant is also eligible for tax credits for taxes paid by the company on value in excess of the value limit during the first two years on construction. These credits are to be paid by the District during years four through ten of the agreement (also year eleven if needed), which is to be reimbursed by the state for the credit amounts that are paid.

An Examination of the Impact of the H-P Proposal

Hewlett-Packard Company (H-P) has applied to Klein ISD (KISD) for an economic development abatement under the provisions of Chapter 313, Tax Code for a new data research facility to be built on property currently owned by HP within the district. The new facility is described as:

The H-P Data Center will be research and development centers for H-P's concept of our 'Lights Out Data Center'. These data centers will bring together H-P enterprise solutions under one roof to exercise, develop, and refine these solutions. At these data centers H-P will bring in product and solution development teams from all over the world to develop and deliver end to end enterprise level data center solutions. In addition, these facilities will also provide a place where customers can view our own H-P business running on H-P solutions and collaborate on next generation solutions.

The project is projected to require an initial investment of \$430 million over the next three years and employ 140 personnel at full implementation. The annual estimated taxable value of the facility once fully developed is estimated to be about \$300 million in tax year 2008 declining to about \$160 million by 2016. The overall investment expected over the full ten year period will be \$1.080 billion. The requested abatement would reduce the taxable value for maintenance and operations purposes to \$83.8 million for the tax years 2009 through 2016. Thereafter, the taxable value would revert to the full taxable value. The minimum projected tax savings for H-P over the time period is estimated at \$15.7 million over the term of the abatement including tax credits for tax payments made in 2007 and 2008.

For the purposes of these estimates, a maximum M&O tax rate of \$1.04 per \$100 of taxable value has been used. No assumptions have been made about future Board or voter action under the new school finance law beyond what is currently authorized.

Additional Issues

The estimates in the third year of the project assume that the state maintains its current "target revenue" guarantee under House Bill 3, the new school finance bill. Under earlier Chapter 313 agreements, the one-year lag in the recognition of the value limit in state property values resulted in a "third-year" loss, in which the company generally experienced a reduced tax benefit by holding the district harmless from this reduction in revenue. Under the new school finance system we are assuming that the target revenue approach precludes a third-year loss problem.

The Texas school finance system is currently in a transition phase under the provisions of House Bill 1 (3rd called session of the 79th legislature). This new legislation substantially modified prior school finance and property tax law. Among the significant features of the new system as of the 2007-08 school year are the following:

- reduction of district maintenance and operations property tax authority from \$1.50 per \$100 in value to \$1.17 per \$100 in value,
- requirements for voter approval of maintenance and operations tax rates in excess of \$1.04 per \$100 in property value for most school districts,

- guarantee of prior law 2006-07 state and local revenue per student regardless of funding formula and tax rate changes,
- effective elimination of formula funding levels in excess of the prior law 2006-07 hold harmless amount per student, and
- new equalization provisions providing partial state support for maintenance and operation tax rates between \$1.00 and \$1.17.

Prior to 2006-07, KISD was funded with a \$1.50 tax rate that produced tax collections in excess of \$137 million. State funds provided an additional \$85 million for a total general revenue formula funding of \$222.3 million. By 2007-08 formula funding was expected to rise to approximately \$233 million with \$120 million from state funds and \$114 million from local funds based on an M&O tax rate of \$1.00.

Up to a tax rate of \$1.00 the new funding system will mean that the increases and decreases in property value are essentially irrelevant. Any increase in property tax collections from higher values will automatically result in reduced state aid. Conversely, any decrease in property tax collections will automatically result in increased state aid. Regardless of the components, the total state and local amount of revenue per student will be set to the statutory hold harmless level established by the new legislature. If the district chooses to adopt an M&O tax rate in excess of \$1.00, changes in district property value may have a one year impact on district revenues. If a district loses property value through economic or policy changes, the state will not make up the difference until one year after the loss occurs.

As noted above many school finance professionals regard the current system as transitional. In 2007 the 80th legislature will have the opportunity to modify the new legislation and to restore the importance of formula funding to overall funding levels. The adoption of changes will cause differences to this analysis. However the exact magnitude of future changes cannot be easily forecast at this point.

The revenue impact of granting an abatement for H-P will vary with future district decisions regarding total tax rate and future changes in state policy. Under current law the magnitude of these changes may be examined by comparing the revenue impact at \$1.00 tax rate and at \$1.17 tax rate.

At \$1.00 tax rate the revenue level for KISD in local funds will be reduced by approximately \$2 million per year in the initial years. This revenue loss, however, is offset by a revenue gain in state funds of an identical amount. At \$1.17 level, however, a slightly different pattern is displayed. The revenue loss in local funds is not fully offset by the revenue gain in state funds in the first year of the abatement. For the additional \$.17, the district could experience a loss in state and local revenue of approximately \$500,000. If the state reverted to a model which operated much like pre 2005 law, the loss to the district could be as high as \$2.2 million. The revenue losses, however, depend upon an unlikely and precise chain of events. The loss of funds in the amounts cited would require the district to adopt maximum tax rates no later than 2009-10 or the legislature to revert to the former formula structure in the 2007 session. Without such unusual changes, anticipated revenue losses in this magnitude, while possible, are improbable. A more likely set of circumstances will be the adoption of a small optional tax rate increase of perhaps four to six cents by the 2009-10 school year. In this case, the revenue loss from the abatement would be reduced to about \$250,000. Regardless of the loss, the agreement between KISD and the Company will ensure that the district suffers no loss in actual funding.

In addition to the impact on maintenance and operation funds, the proposed project will also have an impact on funding for interest and sinking funds (I&S). However, given that the requested abatement does not apply to I&S tax rates the net effect of the new project will be the increased funding from local tax funds and decreased state support for I&S purposes.

Under the agreement reached between Klein Independent School District and the Hewlett-Packard Company the district will have additional benefits outside of the regular school finance formula structure. These benefits will be calculated on the basis of 15% of the annual tax savings. Given projected savings of \$15.7 million, district benefits are expected to be approximately \$2.4 million.

Attachment E

Agreement for Limitation on
Appraised Value of Property For
School District Maintenance and
Operations Tax

TEXAS ECONOMIC DEVELOPMENT ACT

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

between

KLEIN INDEPENDENT SCHOOL DISTRICT,

and

HEWLETT-PACKARD COMPANY

Dated as of

November 14, 2006

STATE OF TEXAS §

COUNTY OF HARRIS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as the "Agreement") is executed and delivered by and between **Klein Independent School District** (the "District"), a lawfully created independent school district of the State of Texas operating under and subject to The Texas Education Code, and the **Hewlett-Packard Company**, a Delaware corporation, hereinafter referred to as the "Applicant."

RECITALS

WHEREAS, on May 15, 2006, the Superintendent of Schools of the Klein Independent School District acting as agent of the Board of Trustees received an Application from the Hewlett-Packard Company for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Property Tax Code; and,

WHEREAS, on May 15, 2006 the District received the full Application fee as established pursuant Texas Property Tax Code § 313.025(a)(1) and District Policy CCG (Local), thus establishing the filing date of such Application; and,

WHEREAS, the Application was delivered to the Texas Comptroller of Public Accounts Office for review pursuant to Texas Property Tax Code § 313.025(d); and,

WHEREAS, District has received correspondence from the Texas Comptroller of Public Accounts indicating that the Comptroller's Office has reviewed the Application pursuant to Texas Property Tax Code § 313.025(d), and that the Application was in compliance with the provisions of the Texas Economic Development Act, Texas Property Tax Code § 313.001, et seq.; and,

WHEREAS, the Board of Trustees has directed that an economic impact evaluation on the Application be prepared pursuant to Texas Property Tax Code § 313.026 and has carefully considered such evaluation; and,

WHEREAS, the Application was reviewed by the County Appraisal District established in this County pursuant to the authority of Texas Property Tax Code § 6.01; and,

WHEREAS, on September 12, 2006 the Board of Trustees conducted a Public Hearing on the Application, at which it solicited input into its deliberations on the application from all interested parties within the District; and,

WHEREAS, the Board of Trustees has carefully considered the information presented at the Public Hearing together with the recommendation of the Texas Comptroller of Public Accounts and, pursuant to §313.025(g), and the recommendations of its consultants; and,

WHEREAS, October 9, 2006 Applicant requested an extension of the 120 day period for District action on its Application, which request was granted by Board action on November 14, 2006; and.

WHEREAS, the Board of Trustees at its Board meeting held on November 14, 2006 made factual findings, in accordance with the Texas Economic Development Act, that this Agreement is in the best interest of the District; and,

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

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

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective for the ad valorem property valuations assessed against the qualified property and investments made pursuant to this Agreement beginning with the tax appraisals to be made as of January 1, 2007, which shall be referred to as the Commencement Date. The Parties to this Agreement acknowledge that the limitation on the local ad valorem property values shall not commence until the valuations made as of the second anniversary of the commencement date. These first two years shall be referred to as the Qualifying Time Period as that term is defined in Texas Tax Code § 313.021(4). The limitation on the local ad valorem property values shall terminate, with the expiration of tax year 2016, unless sooner terminated as herein provided. The requirement that Applicant shall maintain a viable presence in the District, as the term is defined herein, shall continue for three (3) years after the expiration of the tax limitation granted by this Agreement.

The tax years for which this Agreement is effective, unless sooner terminated as herein provided, are as follows:

<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description of Provisions</u>
1	January 1, 2007	2007-08	2007	No limitation on value. Tax credit in future years.
2	January 1, 2008	2008-09	2008	No limitation on value. Tax credit in future years.
3	January 1, 2009	2009-10	2009	\$ 80 million property value limitation.
4	January 1, 2010	2010-11	2010	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
5	January 1, 2011	2011-12	2011	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
6	January 1, 2012	2012-13	2012	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
7	January 1, 2013	2013-14	2013	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
8	January 1, 2014	2014-15	2014	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
9	January 1, 2015	2015-16	2015	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
10	January 1, 2016	2016-17	2016	\$ 80 million property value limitation. Possible tax credit payment due to Applicant.
11	January 1, 2017	2017-18	2017	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to maintain viable presence if no early termination.
12	January 1, 2018	2018-19	2018	No tax limitation. Applicant obligated to maintain viable presence if no early termination.

<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description of Provisions</u>
13	January 1, 2019	2019-20	2019	No tax limitation. Applicant obligated to maintain viable presence if no early termination.

Section 1.3. DEFINITIONS

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

"Act" means the Texas Economic Development Act set forth in Chapter 313, Texas Tax Code, as amended.

"Agreement" means this Agreement.

"Applicant" means the Hewlett-Packard Company, the company listed in the Preamble of this Agreement who, on May 15, 2006 filed its Application with the District for a Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term shall also include the Applicant's successors in interest, if any.

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313, Texas Tax Code), Chapter 403, Subchapter M, Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating 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 the District either with or without the limitation of property values made pursuant to this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, Property Tax Code) which filing with the District by Applicant was completed on May 15, 2006 by the tender of its Application fee.

"Benefit Account" means the account established by Applicant, pursuant to the provisions of this Subsection 4.3(b).of this Agreement, for the District's purchase of H-P Goods and Services from Applicant.

"Comptroller" means the Texas Comptroller of Public Accounts.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth at 34 Texas Administrative Code § 9.107 together with any court or administrative decisions interpreting same.

"County" means Harris County, Texas.

"County Appraisal District" means the Harris County Appraisal District.

"District" or "School District" means the Klein Independent School District, being a duly incorporated and operating independent school district in the State of Texas, having the power to levy, assess, and collect ad valorem taxes within its boundaries.

"Employment Positions" shall mean non-temporary full time employment positions of the Applicant, its permitted assigns and affiliates at, or otherwise located in Harris County, Texas in support of, the facility to which this tax limitation agreement applies, including employees of contractors assigned to the facility to which this tax limitation agreement applies as shown on Applicant's internal contingent labor management systems. Two (2) or more part time employees, totaling thirty (30) hours or more per week may be substituted for one (1) full time employee.

"H-P Goods and Services" means products or services that Applicant markets and sells under its brand name to its other customers; provided that H-P Goods and Services shall not include any products or services of Applicant which at the time of the order thereof by District is covered under an existing purchase order, existing sales contract or other pre-existing contractual arrangement between the District and Applicant.

"Maintain Viable Presence" means the operation over the life of this Agreement of the facility or facilities for which the tax limitation agreement is granted and the retention over the entire term of this Agreement, as defined in Section 1.2 above, of not fewer than the number of Qualifying Jobs required, by Texas Tax Code, Chapter 313. Applicant shall be deemed to have maintained a viable presence in the event of a temporary interruption in operations due to strike, judicial decision, weather, or other act of God. In the event a fire, flood, windstorm or other disaster shuts down facility operations, Applicant will be deemed to have maintained a viable presence so long as it commences repairs and/or reconstruction of the damaged within one hundred eighty (180) days after the catastrophic event. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

"Maintenance and Operations Revenue" means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution. The term also includes 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. The term shall exclude 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.

"Net Tax Benefit" for each year of this Agreement, including any period during which Applicant is required to Maintain a Viable Presence, means. the amount of school taxes which Applicant would have paid on the Qualified Property to the District, or any other governmental entity, including the State of Texas in the absence of this Agreement: adding to that amount any credit received by Applicant pursuant to Chapter 313 for the applicable year, Subchapter D of the Texas Tax Code by applicant; and subtracting from that amount the sum of all school taxes actually due to the District or any other governmental entity, including the State of Texas, together with any payments due to the District under Article III, of this Agreement for the applicable year.

"Qualified Investment" means an investment by Applicant in the Reinvestment Zone that will qualify the Applicant for a limitation on the appraised value of qualified property under Chapter 313 of the Texas Tax Code. The term does not include land, but means:

tangible personal property owned and operated on the Qualified Property by Applicant that is described as Section 1245 property by Internal Revenue Code of 1986, § 1245(a), and that is first placed in service in Texas during the applicable qualifying time period.

(B) tangible personal property owned and operated on the Qualified Property by Applicant that is first placed in service in Texas during the applicable qualifying time period, and that is used in connection with the manufacturing, processing, or fabrication in a cleanroom environment of a semiconductor product. For purposes of this subparagraph, tangible personal property is neither required to be affixed to or incorporated into real property, nor required to be actually located in the cleanroom environment. Examples include, but are not limited to, integrated systems, fixtures, and piping; property that is necessary or adapted to reduce contamination or to control environmental conditions (e.g. airflow, temperature, humidity, or chemical purity) or to control manufacturing tolerances; and production equipment and machinery, moveable cleanroom partitions, and cleanroom lighting;

(C) a building or a permanent, non-removable component of a building that is built or constructed, owned and operated on the Qualified Property by Applicant during the applicable qualifying time period, and that houses tangible personal property described by subparagraph (A) or (B) of this paragraph; or,

(D) any property that is described in subparagraphs (A)-(C) of this paragraph that is leased under a capitalized lease, but excludes any property that is leased under an operating lease.

"Qualified Property" means property that is owned by the Applicant and is used either as an integral part, or, as described in the Comptroller's Rules set forth 34 Tex. Admin. Code § 9.107(b)(6), as a necessary auxiliary part, in manufacturing, research and development, or renewable energy generation and consists of:

(A) a new building or other new improvement that does not exist before the date on which the Applicant applies for an appraised value limitation;

(B) land that is not subject to a tax abatement agreement into which a school district has entered under Tax Code, Chapter 312; and is located in an area that is designated as a reinvestment zone under Tax Code, Chapter 311 or Chapter 312, or as an enterprise zone under Government Code, Chapter 2303, on which the Applicant:

i. proposes to construct, erect, or affix a new building or new improvement that does not exist before the date on which the Applicant applies for an appraised value limitation; and,

ii. in connection with that new building or new improvement, also proposes to make at least the minimum amount of qualified investment required by Section 313.023 of the Texas Tax Code; and,

iii. proposes to create at least 10 new jobs if the land is in a rural school district as defined by the Comptroller pursuant to 34 Tex. Admin. Code § 9.107(e)(1)(B), or at least 25 new jobs if the land is in a school district that is not a rural school district.

(C) tangible personal property owned and occupied by Applicant that is either first placed in service in the new building or in or on the new improvement that did not exist before the date on which the Applicant applies for an appraised value limitation (unless the property is considered a semiconductor fabrication cleanroom or equipment under Tax Code, § 151.318(q)) or first placed in service on the land on which that new building or new improvement is located, if the personal property is ancillary and necessary to the business that is conducted in that new building or in or on that new improvement. To qualify, tangible personal property may not be subject to a tax abatement agreement into which a school district has entered under Tax Code, Chapter 312.

"Qualifying Job" means a new permanent full-time job that:

(A) requires at least 1,600 hours of work per 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, as defined by Texas Government Code, § 481.151, for which the business pays or offers to pay at least 80% of the premiums or other charges that are assessed for employee-only coverage under the plan; and,

(E) pays at least 110% of the county average weekly wage for manufacturing jobs as computed by the Texas Workforce Commission for the county where the job is located.

"Reinvestment Zone" means the Reinvestment Zone created pursuant to the Texas Tax Code, by action of the District on November 14, 2006. The legal description of said Reinvestment Zone is:

All of Block 1, Restricted Reserve "B" of Compaq Center East, Section One, a subdivision in Harris County, Texas, according to the map or plat thereof recorded in the Map Records of Harris County, Texas, *(A copy of which is attached hereto and incorporated herein by reference for all purposes as EXHIBIT 1.)*

"State" means the State of Texas.

"Tax Credit" means the credit to be paid by the District to the Applicant computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 Tex. Admin. Code § 9.107(o), provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Section 313.103 of the Texas Tax Code and 34 Tex. Admin. Code § 9.107(o)(2).

"Tax Limitation Amount" means Eighty Million Dollars (\$80,000,000.00) for purposes of this Agreement and Texas Tax Code § 313.027(a)(2).

"Third Party" means the individual or firm selected under Section 3.4, below, to make the calculations required by the terms of this Agreement.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The land included within the Qualified Property upon which the Qualified Investment will be made and the remainder of the Qualified Property will be located constitutes the entirety of the Reinvestment Zone. The legal description of the Reinvestment Zone, and map showing the location thereof are attached to this Agreement as **EXHIBIT 1** and incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Qualified Property upon which the Qualified Investment will be located in the Reinvestment Zone is described in **EXHIBIT 1**. The parties to this Agreement expressly agree that the boundaries of the Qualified Property may not be materially changed from its current configuration without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT

The Qualified Investment with respect to which Applicant is seeking to use in order to qualify for this tax limitation Agreement is described in **EXHIBIT 2**, which is incorporated herein by reference for all purposes. Property which is not specifically described or referenced in **EXHIBIT 2** shall not be considered by the District or the County Appraisal District to be a Qualified Investment for purposes the Agreement. Qualified Investments may not be added to **EXHIBIT 2** except by an official determination of the Board of Trustees of the District made pursuant to Texas Tax Code § 313.027(e).

Section 2.4. EXISTING IMPROVEMENTS AND PERSONAL PROPERTY

Prior to the date the Applicant submitted the Application to the District, certain improvements and personal property existed in the Reinvestment Zone. The Parties to this Agreement mutually understand that a portion of the project set forth in the Application is being constructed in an existing building. Applicant's execution of the project set forth in the Application will require significant modifications to the existing structure. Under the provisions of Chapter 313 of the Texas Tax Code the taxable value of real estate improvements and/or business personal property which are in existence prior to the approval of an Application are not eligible to be considered as Qualified Investment or Qualified Property as defined by law or by this Agreement. New construction and/or business personal property are eligible to be considered as Qualified Investment and, together with the land, as Qualified Property.

Due to the nature of the improvements contemplated by Applicant, the Parties agree that it will be difficult, if not impossible to separately appraise the value of the portion of the new construction that is affixed to, or is a modification or alteration of the pre-existing improvements separate and distinct from the preexisting improvements.

Therefore, the Parties agree, with respect to the taxable valuation of Applicant's property within the Reinvestment Zone for Tax Years One (2007) through Tax Year Ten (2016) of this Agreement as set forth in **EXHIBIT 3**.

Section 2.5. QUALIFYING USE

The Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(12) as a research and development facility.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

It is the intent of the Parties executing this agreement that the District shall, in addition to the receipt of payments in lieu of taxation as set forth below in Article IV of this Agreement, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue by virtue of its decision to participate in this Agreement under the Act. This Agreement is being executed to ensure that the risk of any negative financial consequence to the District in making the decision to participate in this Agreement is borne by the Applicant and not by the District.

Section 3.2. CALCULATING AMOUNT OF LOSS OF REVENUES BY KLEIN ISD

The amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenues for each year under this Agreement shall be determined in accordance with Applicable School Finance Law. The parties intend that any such calculation make the District whole for any losses in accordance with the following formula:

The M&O amount owed by Applicant to District will equal:

Original M&O Revenue *minus* 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 in effect.
- ii. New M&O Revenue means the total State and local Maintenance & Operations Revenue that the District actually received under the Applicable School Finance Law for the school year.

In making the calculations required by this Section:

- iii. The taxable value of property for each school year will be determined under the Applicable Finance School Law.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Subsection *ii* of this Section will be based upon the limitation of value on the Qualified Property of Eighty Million Dollars (\$80,000,000.00).

- v. All calculations made under this Section shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.
- vi. The calculation made under this Section cannot result in a negative number. In the event that a negative number is calculated the loss to the District under this Section will be considered to be zero.
- vii. It is the express understanding of the parties, that in the event subsequent changes in the Applicable School Finance Law reduce or ameliorate the loss of revenue by the District as calculated by this Section, the obligation of Applicant to reimburse the District under this Section shall be similarly reduced.
- viii. All calculations under this Section shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

SECTION 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

To the extent not included within the amounts determined pursuant to Section 3.2 above, Applicant, on an annual basis shall also indemnify the District for all non-reimbursed costs it incurs in paying or otherwise crediting to the account of Applicant, including, but not limited to:

- i. Any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D, Texas Tax Code, for which the District does not receive reimbursement from the State whether pursuant to Texas Education Code § 42.2515, or otherwise.
- ii. Any loss incurred by the District which accrues to the District in the event of a successful judicial challenge to this Agreement
- iii. Any attorneys' fees or other costs incurred by the District while engaged in any legal defense of this Agreement whether or not the Agreement is ultimately determined to be valid. In the event that the District intends to seek reimbursement for its attorney's fees under this Section, the District shall notify Applicant of its intent, and the Parties shall agree on the selection of counsel.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be verified annually by an independent Third Party selected jointly by the Applicant and the District. Applicant will

be solely responsible for the payment of any fees charged by the Third Party, not to exceed, however, Five Thousand Dollars, (\$5,000.00) per year. All calculations shall originally be based upon estimates and then be adjusted to reflect "final" or "actual" data for the applicable year as the data becomes available.

Section 3.5. DATA USED FOR CALCULATIONS

The initial calculations for any payments which may become owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the County 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 this information by the District, it will be transmitted to the Third Party selected under Section 3.4 of this Agreement. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. The data utilized by the Third Party will be adjusted from time to time to reflect any subsequent adjustments by the County Appraisal District to the District's tax roll.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the calculations required under Sections 3.2 and/or 3.3 of this Agreement, shall be made by the Third Party appointed pursuant to Section 3.4 of this Agreement, who shall forward to the Applicant a certification containing the required calculations in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his or her invoice for services rendered to the Applicant, if any fee is being claimed.

Section 3.7. PAYMENT BY APPLICANT

On or before the January 31 next following the tax levy for each year for which this Agreement is effective, the Applicant shall pay any amount determined to be due and owing to the District.

Section. 3.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that the taxable value of the Qualified Property is changed after an appeal of its valuation or is otherwise altered, once the determination of a new value becomes final, the calculations required by Sections 3.2 and 3.3 of this Agreement will be remade by the Third Party using the new valuations. Upon completion of the new calculations, the Third Party shall transmit same to the Parties to this Agreement. Upon receipt of the new calculations, the Party owing funds to the other Party to this Agreement shall pay any amounts owed within thirty (30) days after receipt of the calculations from the Third Party.

Section 3.9. EFFECT OF STATUTORY OR OTHER LEGAL CHANGES

Notwithstanding any other provision in this Agreement, in the event that, by virtue of Applicable School Finance Law, administrative interpretations by either the office of the Comptroller, the Commissioner of Education or the Texas Education Agency, or the Courts of the State of Texas, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the amount of the limit on the revenue protection amount set forth in Section 3.10 of this Agreement, that are necessary to offset any negative impact on the District as a result of its participation in the Agreement in order that the District obtains an amount equal to that which the District would have received from State and local funds had the District not participated 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.

Section 3.10. LIMITATION OF REVENUE PROTECTION AMOUNT IN YEARS FOUR THROUGH TEN OF THIS AGREEMENT

In years four (tax year 2010) through ten (tax year 2016) of this Agreement Applicant shall not be responsible for payment of a revenue protection amount to the District in excess of the amount of taxes which the Applicant would have paid to the District in ad valorem Maintenance and Operations taxes on the Qualified Property for the applicable year had this Agreement not been made. The comparison of these amounts shall be included in the calculations made pursuant to Section 3.4 of this Agreement. In making this calculation the Third Party shall include in his or her determination of the revenue protection limit a credit for the amount of taxes actually paid by the Applicant on the Qualified Property.

Section 3.11. OPTION TO CANCEL AGREEMENT

i. For years four (tax year 2010) through ten (tax year 2016) of this Agreement, in the event that payments by Applicant to the District become limited in accordance with the provisions of Section 3.10, above, the Applicant shall have the option to terminate this Agreement. Applicant may exercise the option, created by this Subsection, by notifying the District of its election in writing not later than the July 31 of any year next following the tax year in which the annual limitation set forth in Section 3.10 has been reached. The cancellation of the Agreement under this Subsection shall be effective as of the commencement of the second tax year next following the year in which said annual limitation giving rise to the option occurred.

ii. For years three (tax year 2009) through ten (tax year 2016) of this Agreement, in the event that the appraised value of the Qualified Property falls below the Tax Limitation Amount, as defined herein, the Applicant shall have the option to terminate this Agreement. Applicant may exercise the option, created by this Subsection,

to cancel the Agreement by notifying the District and the County Appraisal District of its election in writing not later than the October 31 of any year. The cancellation of the Agreement under this Subsection shall be effective immediately.

IV. PAYMENTS IN LIEU OF TAXATION

Section 4.1. AMOUNT EXCLUSIVE OF INDEMNITY AMOUNTS

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III of this Agreement, and as a portion of the consideration for the execution of this Agreement by the District, Applicant agrees to make the payment to the District in lieu of taxation and to provide the support to the District all as set forth in this Article. It is the express intent of the Parties that the obligation for said payment in lieu of taxation is separate and independent of the obligation of Applicant to pay the amounts described in Article III.

Section 4.2. PAYMENT IN LIEU OF TAXES

Upon its execution of this Agreement Applicant will make a one-time contribution to the District in the amount of One Hundred Seventy Thousand Dollars (\$170,000.00) in order to provide support for the District's programs.

Section 4.3. OTHER SUPPORT OF THE DISTRICT

Applicant agrees to provide the following support for the District's academic program:

(a) ***Employee Support Opportunities.*** - During the term of this Agreement, Applicant agrees to confer with the District for the purpose of identifying opportunities for employees of Applicant to participate in programs sponsored by the District for the benefit of students and faculty of the District. Applicant agrees to disseminate the information developed from these conferences to Applicant's employees. Applicant further agrees to provide a reasonable opportunity for groups of students of the District to make District-sponsored tours of facilities of the Applicant at times convenient to Applicant and the District and consistent with Applicant's security policies.

(b) ***Provision of H-P Goods and Services.*** - Applicant agrees that the District shall have the right during the Term of this Agreement, including any year during which Applicant is required to Maintain a Viable Presence, to use the positive balance then contained in the "Benefit Account" (*defined below*) toward payment of the full sales costs of "H-P Goods and Services" that the District elects to purchase for use by the District's students or personnel primarily in a school or other facilities owned by the District through the following process:

- i.* As a part of its computations for the District, the Third Party designated pursuant to Section 3.4, above, annually will calculate the Applicant's Net Tax Benefit, as defined under Subsection 1.3, above.
- ii.* Commencing with tax year 2009 and continuing for each calendar year thereafter while this Agreement remains in effect, including any period during which Applicant has agreed to Maintain a Viable Presence, Applicant shall maintain a Benefit Account for the District. Applicant shall increase the Benefit Account balance on an annual basis on or before the payment date established by Section 3.7, below, by an amount equal to Fifteen Percent (15%) of the Net Taxable Benefit computed by the Third Party.
- iii.* The initial deposit into the Benefit Account in the year 2009 shall be reduced by \$ 170,000.00.
- iv.* The balance in the Benefit Account shall be reduced from time to time by the sales price of H-P Goods and Services which the District in its sole discretion, elects to purchase from Applicant pursuant to the following provisions of this Subsection 4.3(b). Recording of the reductions in the balance of the Benefit Account shall be made by Applicant if, as and when the basis of said reductions occurs.
- v.* For purposes of this Subsection, the sales prices that will be charged by Applicant to District on District's acquisition of H-P Goods and Services through use of the Benefit Account shall be the lowest available published pricing at which Applicant would sell the equipment or services to District without regard to the District's ability to use the Benefit Account for the payment of all or some portion of the sales price.
- vi.* District agrees that, without Applicant's prior written consent, it will not resell or dispose of any H-P Goods and Services it acquires through the use of the Benefit Account until at least one (1) year after the date of the delivery of the Qualified Goods or Services to the District.
- vii.* All acquisitions of H-P Goods and Services by District through the use of the Benefit Account shall be subject to Applicant's standard terms and conditions of sale and standard software and hardware licenses.
- viii.* In no event shall District be entitled to any cash payment by Applicant on account of any positive balance in the Benefit Account.

(c) It is expressly understood and agreed by the parties that the obligations created by this Section are to be considered to be material terms and the remedies set forth in Sections 5.3 and 5.4 of the Agreement will be available to the

District in the event of a breach of the obligations created by this Section in addition to any obligations created by the Agreement itself.

ARTICLE V

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 5.1. DATA REQUESTS

During the life of this Agreement Applicant shall be obligated to provide the District and the County Appraisal District all data under the Texas Tax Code, including but not limited to employment data, necessary to determine whether all obligations under this Agreement are being met. In the event that the District requests information which the Applicant regards as being technical or proprietary business information, a trade secret or confidential in nature, or which is subject to a confidentiality agreement with any third party, or which is prohibited under any applicable law for disclosure, Applicant shall inform the District of its concerns and suitable arrangements shall be made for the District to have access to the information it needs in order to make its determination in a manner which does not compromise the proprietary or confidential nature of the information to other third parties, or breach any applicable confidentiality agreement, or subject Applicant to claims under applicable law.

Section 5.2. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, Applicant agrees that it will abide by all of the terms of the Agreement and that it will "Maintain a Viable Presence" in the District as that term is defined in Section 1.3, above, and for an additional period of at least three (3) years after the termination date of this Agreement, howsoever said termination shall occur.

Section 5.3. CONSEQUENCES OF EARLY TERMINATION OR OTHER MATERIAL BREACH BY APPLICANT

In the event that Applicant terminates this Agreement without the consent of the District, other than a termination in accordance with Section 3.11, or in the event that the Applicant or its successor in interest fails to comply with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall as liquidated damages to the District pay within thirty (30) days after receiving written notice of termination from the District ad valorem taxes for the three (3) tax years immediately preceding the year in which the default occurred that otherwise would have been paid to the District, without the benefit of this Agreement with the addition of penalty and interest. For purposes of this calculation the Applicant shall be entitled to credits: 1.) for any payments made to the District as protection against loss of revenue pursuant to Article III of this Agreement if and to the extent that Article III payments were made in any of the three (3) prior years upon which the liquidated damage calculation is made; and 2.) for the aggregate amount of reductions to the Benefit

Account that have been made on account of the use of the Benefit Account by the District as provided in Section 4.3.

Section 5.4. DETERMINATION OF BREACH

Prior to making a determination that Applicant has failed to Maintain a Viable Presence in the District as required by Section 5.2 or has otherwise committed a material breach of this Agreement, the District's administration shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given sixty (60) days to present any facts or argument to the District's Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured any such material breach.

After providing an opportunity for response, the District's Board of Trustees shall conduct a hearing. At the hearing the Board shall make findings as to whether or not a material breach of this Agreement has occurred, and the date such material breach occurred, if any. In the event that the Board determines that a material breach has occurred, it shall also determine the amounts of recaptured taxes under Section 5.3 of this Agreement which are owed to the District.

After making its determination regarding any alleged material breach, the Board shall cause Applicant to be notified of its determination.

Section 5.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty and interest due under this Agreement in the event of a breach, the District shall determine the base amount of taxes owed less any credit under Section 5.3 of this Agreement for each of the three (3) years prior to the year in which the breach of the Agreement occurred. For each of the three (3) years, the District shall calculate penalty and interest in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code as if the base amount calculated for that year of the Agreement under Section 4.3 above, had become due and payable on January 31 of each applicable year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Tax Code § 33.01(c), or its successor statute.

Section 5.6. DISTRICT'S REMEDIES AFTER DETERMINATION OF MATERIAL BREACH

After receipt of notice of the Board's determination of a breach under Section 5.4 of this Agreement, Applicant shall have ninety (90) days in which to tender payment. In the event that payment is not received before the expiration of ninety days, the District shall have the remedies for the collection of the amounts determined under section 5.3 as are set forth at Texas Tax Code Chapter 33, Subchapters B and C, for the collection of

delinquent taxes. In the event that the District is required to initiate proceedings under this section for collection, Applicant acknowledges that it may be responsible for the payment of attorney's fees and a tax lien on the qualified property and investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.100.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1. INFORMATION AND NOTICES

All notices required to be sent under this Agreement shall be given in writing via certified mail, return receipt requested to the parties hereto as follows:

To the District:

Dr. James W. Cain, Superintendent
Klein Independent School District
7200 Spring-Cypress Road
Klein, Texas 77379-3299
Fax: (832) 249-4055

With a copy to:

David Feldman
Feldman & Rogers L.L.P.
5718 Westheimer Ste 1200
Houston, Texas, 77057
Fax: (713) 960-6025

To the Applicant:

Ken Gray, Vice President Information Technology
Hewlett-Packard Company
20555 State Highway 249, Mail Stop 130109
Houston, Texas 77070
Fax: (713) 514-6838

With a copy to:

R. G. "Jerry" Converse
Fulbright & Jaworski L.L.P.
600 Congress Avenue, 24th Floor
Austin, Texas 78701
Fax: (512) 536-4598

Section 6.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

(a) This Agreement shall be and become effective on and after January 1, 2007 the effective date upon which the Tax Limitation Agreement is first made effective by the District.

(b) The obligation to maintain a viable presence under this Agreement shall remain in full force and effect for three (3) years after the termination date of the Agreement.

Section 6.3. AMENDMENTS TO AGREEMENT

No amendments to this Agreement Plans shall be effective until the same are approved and accepted by the Parties.

Section 6.4. AMENDMENTS AND MODIFICATIONS

This Agreement may be modified, amended, or terminated by written mutual agreement of the District and the Applicant.

Section 6.5. ASSIGNMENT

Applicant may assign this Agreement, or a portion of this Agreement, to a new Applicant or lessee of the Qualified Property upon the written approval of the District, and approval shall not be unreasonably withheld. It shall not be unreasonable for the District to withhold approval if the Applicant is liable to the District for outstanding taxes or other obligations arising under this Agreement.

Section 6.6. MERGER

The Parties agree that 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 6.7. MAINTENANCE OF APPRAISAL DISTRICT RECORDS

When appraising an 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 of the property and include both the market value and the appropriate value under this Agreement in its appraisal records.

Section 6.8. 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 rules that would direct the application of the laws of another jurisdiction.

Section 6.9. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties listed below expressly warrants that he or she has been expressly authorized to execute this Agreement for and on behalf of the respective parties.

Section 6.10. SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held to be invalid or unenforceable, then such invalidity or unenforceability shall not affect any other term or provision of this Agreement or the application thereof which can be given effect without the invalid or unenforceable provision, and the Parties agree that the provisions of this Agreement are and shall be severable.

Section 6.11. EXECUTION OF COUNTERPARTS

This Agreement may be executed in 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.

IN WITNESS WHEREOF, this Agreement has been executed by the District and the Applicant in duplicate originals on this 14th day November, 2006.

HEWLETT-PACKARD COMPANY

KLEIN INDEPENDENT SCHOOL DISTRICT

By: _____
KEN GRAY, VICE PRESIDENT
INFORMATION TECHNOLOGY

By: _____
STEVE SZYMCAK, PRESIDENT

ATTEST:

By: _____
DR. NANCY RADCLIFFE, SECRETARY

EXHIBIT 1

DESCRIPTION OF REINVESTMENT ZONE

The legal description of said Reinvestment Zone as set forth in the maps attached to this notice and incorporated herein by reference for all purposes is:

All of Block 1, Restricted Reserve "B" of Compaq Center East, Section One, a subdivision in Harris County, Texas, according to the map or plat thereof recorded in the Map Records of Harris County, Texas.

EXHIBIT 2

DESCRIPTION OF QUALIFIED INVESTMENT

All improvements and attachments to real property, and personal property other than inventory, which have been or will be placed by Applicant within the Reinvestment Zone on or after May 15, 2006, and which will be used in the course of the Applicant's operations within the Reinvestment Zone, at any time during the duration of this Agreement.

EXHIBIT 3

AGREEMENTS ON TAXABLE VALUATION

(REFERENCE SECTION 2.4)

Tax Year One (2007) - The Applicant agrees that the ad valorem taxes levied by the District for the year 2007 upon its taxable property in the Reinvestment Zone will be based upon the tax rate adopted by the District for 2007 and applied against the fair market values, as of January 1, 2007, of certain components of said taxable property which in the aggregate include all said taxable property (real and personal). The components of said taxable property and the respective fair market values of said components are agreed to be as follows, *unless material changes to said properties occur prior to January 1, 2007*:

- i. The land in the Reinvestment Zone \$ _____
- ii. The improvements that were located in the Reinvestment Zone both as of May 15, 2006 and January 1, 2007
\$ _____
- iii. The improvements that were located in the Reinvestment Zone as of May 15, 2006 but not on January 1, 2007
\$0.00
- iv. The personal property that was located in the Reinvestment Zone both as of May 15, 2006 and January 1, 2007
\$ _____
- v. The personal property that was located in the Reinvestment Zone as of May 15, 2006 but not on January 1, 2007
\$0.00

Tax Year Two (2008) - The Applicant agrees that the ad valorem taxes levied by the District for the year 2008 upon its taxable property in the Reinvestment Zone will be based upon the tax rate adopted by the District for 2008 and applied against the fair market values, as of January 1, 2008, of certain components of said taxable property which in the aggregate include all said taxable property (real and personal). The components of said taxable property are agreed to be as follows:

- i.* The land in the Reinvestment Zone;
- ii.* The improvements that were located in the Reinvestment Zone both as of May 15, 2006 and January 1, 2008;
- iii.* All other improvements that were located in the Reinvestment Zone as of January 1, 2008 that are not included in component *ii* next above;
- iv.* The personal property that was located in the Reinvestment Zone both as of May 15, 2006 and January 1, 2008; and
- v.* The personal property that was located in the Reinvestment Zone as of January 1, 2008 that are not included in component *iv* next above.

Tax Years Three (2009) through Ten (2016) - Applicant and District agree that the ad valorem taxes levied by the District for each of the years 2009 through 2016, both inclusive, upon its taxable property in the Reinvestment Zone will be based upon (i) the tax rate adopted by the District for that year, applied against (ii) the lesser of \$100 Million as to all of Applicant's Qualified Property (including, among that Qualified Property, the lands in the Reinvestment Zone), and the fair market value as to all of Applicant's taxable property in the Reinvestment Zone which does not qualify in that year as Qualified Property.

All Tax Years as to Inventory - Any inventory owned by Applicant that is located in the Reinvestment Zone will be fully taxable at fair market value and not included in Applicant's Qualified Property for any tax year.

Attachment F

Resolution Creating Klein
Independent School District
Reinvestment Zone Number One

RESOLUTION

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN THE KLEIN INDEPENDENT SCHOOL DISTRICT, IN HARRIS COUNTY TEXAS, TO BE KNOWN AS *KLEIN INDEPENDENT SCHOOL DISTRICT REINVESTMENT ZONE NUMBER ONE*; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Trustees of the Klein Independent School District desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Property Tax Code § 312.0025) for the purpose of authorizing an *Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*, as authorized by the V.T.C.A. Property Tax Code § Chapter 313; and

WHEREAS, on September 12, 2006, a hearing before the Board of Trustees of the Klein Independent School District was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Board of Trustees of the Klein Independent School District at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE KLEIN INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Klein Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following

findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of Klein Independent School District Reinvestment Zone Number One has been properly called, held and conducted and that notices of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and
- (b) That the boundaries of Klein Independent School District Reinvestment Zone Number One should be the area as described in the metes and bounds description attached hereto as "Exhibit A"; and
- (c) That creation of the proposed Klein Independent School District Reinvestment Zone Number One with boundaries as described in "Exhibit A" will result in benefits to the Klein Independent School District and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The Klein Independent School District Reinvestment Zone Number One defined in "Exhibit A" meets the criteria set forth in Texas Property Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of the Klein Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Klein Independent School District Reinvestment Zone Number One, hereby creates a reinvestment zone for commercial-industrial tax abatement encompassing only the area described by the metes and bounds in "Exhibit A" and such reinvestment zone is hereby designated and shall hereafter be referred to as Klein Independent School District Reinvestment Zone Number One.

SECTION 4. That Klein Independent School District Reinvestment Zone Number One shall take effect on January 1, 2007 and shall remain designated as a commercial-industrial reinvestment zone for a period of ten (10) years from such date of designation.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall no affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Klein ISD Board of Trustees at which this

Resolution was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the newspaper of general circulation in Harris County, Texas, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the property redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 14th day of November 2006.

STEVE SZYMCZAK
President

Attest:

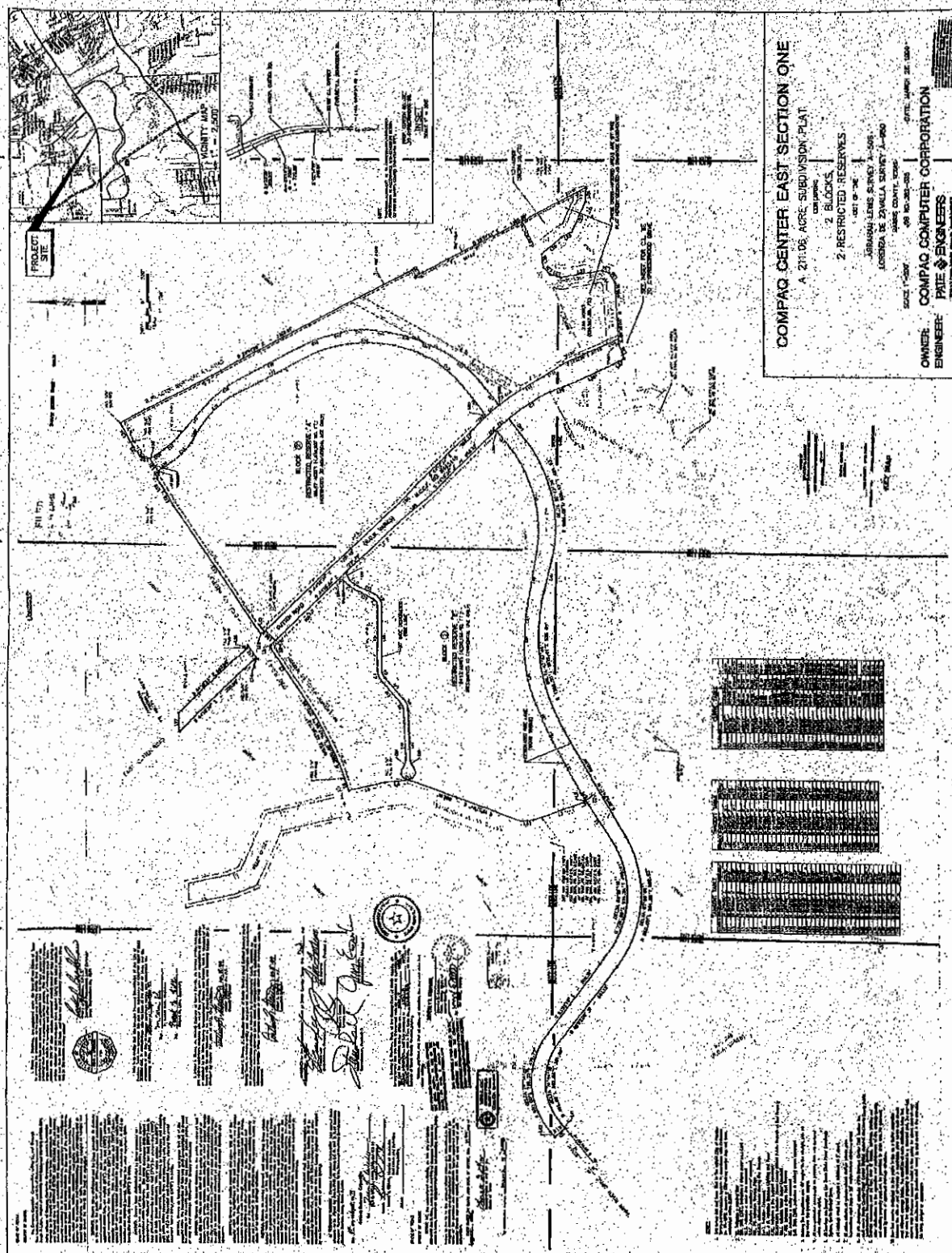
DR. NANCY RADCLIFFE
Secretary

EXHIBIT A

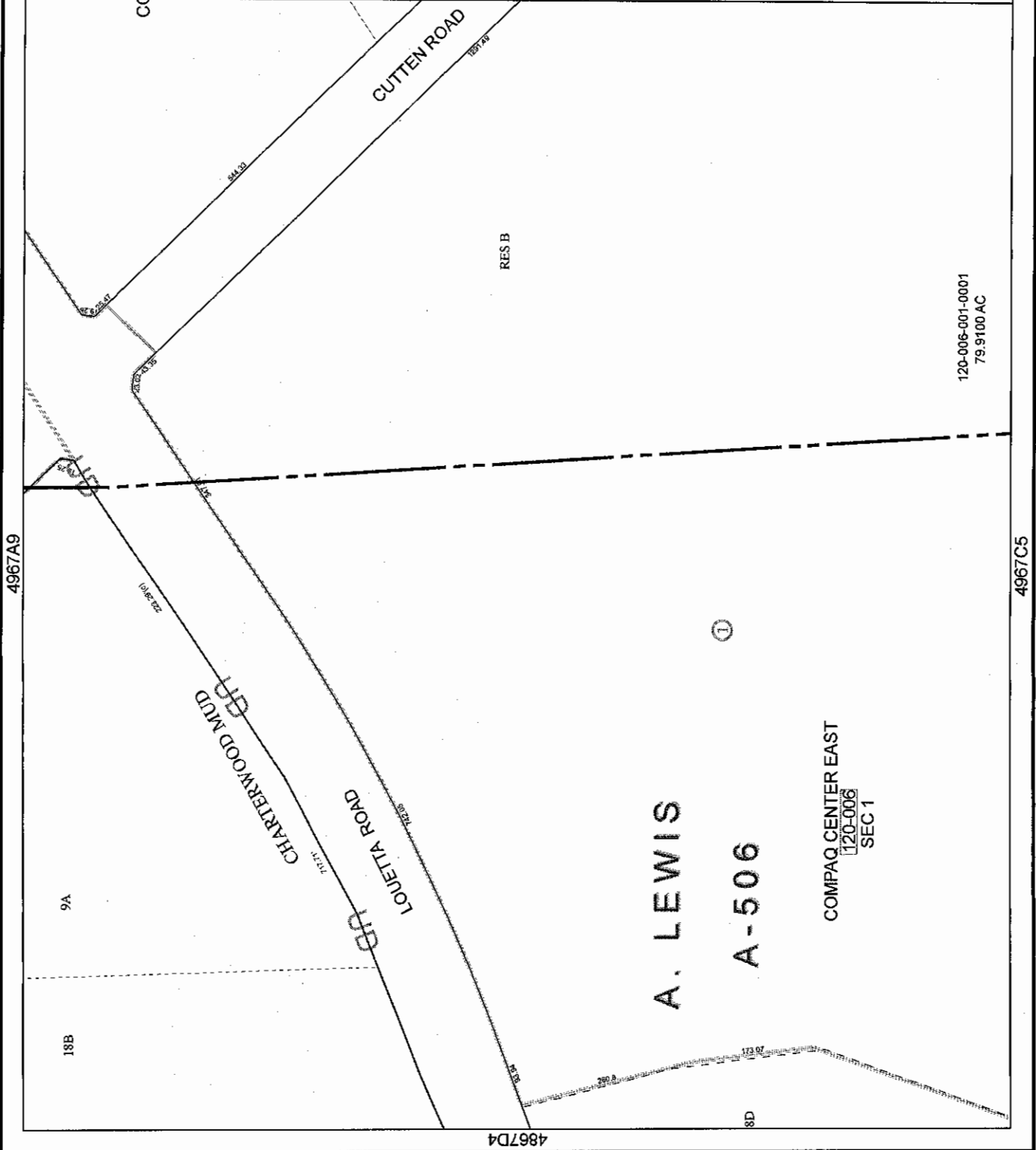
LEGAL DESCRIPTION OF REINVESTMENT ZONE

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All of Block 1, Restricted Reserve "B" of Compaq Center East, Section One, a subdivision in Harris County, Texas, according to the map or plat thereof recorded in the Map Records of Harris County, Texas.



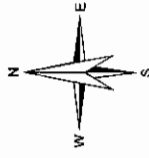
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5	6	7	8
9	10	11	12



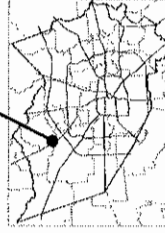
Harris County Appraisal District



0 100 200
PUBLICATION DATE:
6/1/2006



MAP LOCATION



FACET 4967C

1	2	3	4
5	6	7	8
9	10	11	12

4967A10

OMPAQ CENTER EAST
120-006
SEC 1

RES A1

120-006-002-0003
24.8970 AC

L. DE ZAVALLA
A-950

②

RES A

120-006-002-0001
81.5730 AC

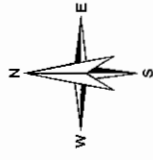
4967C6

4967C1

Harris County Appraisal District



0 100 200
PUBLICATION DATE:
5/29/2006



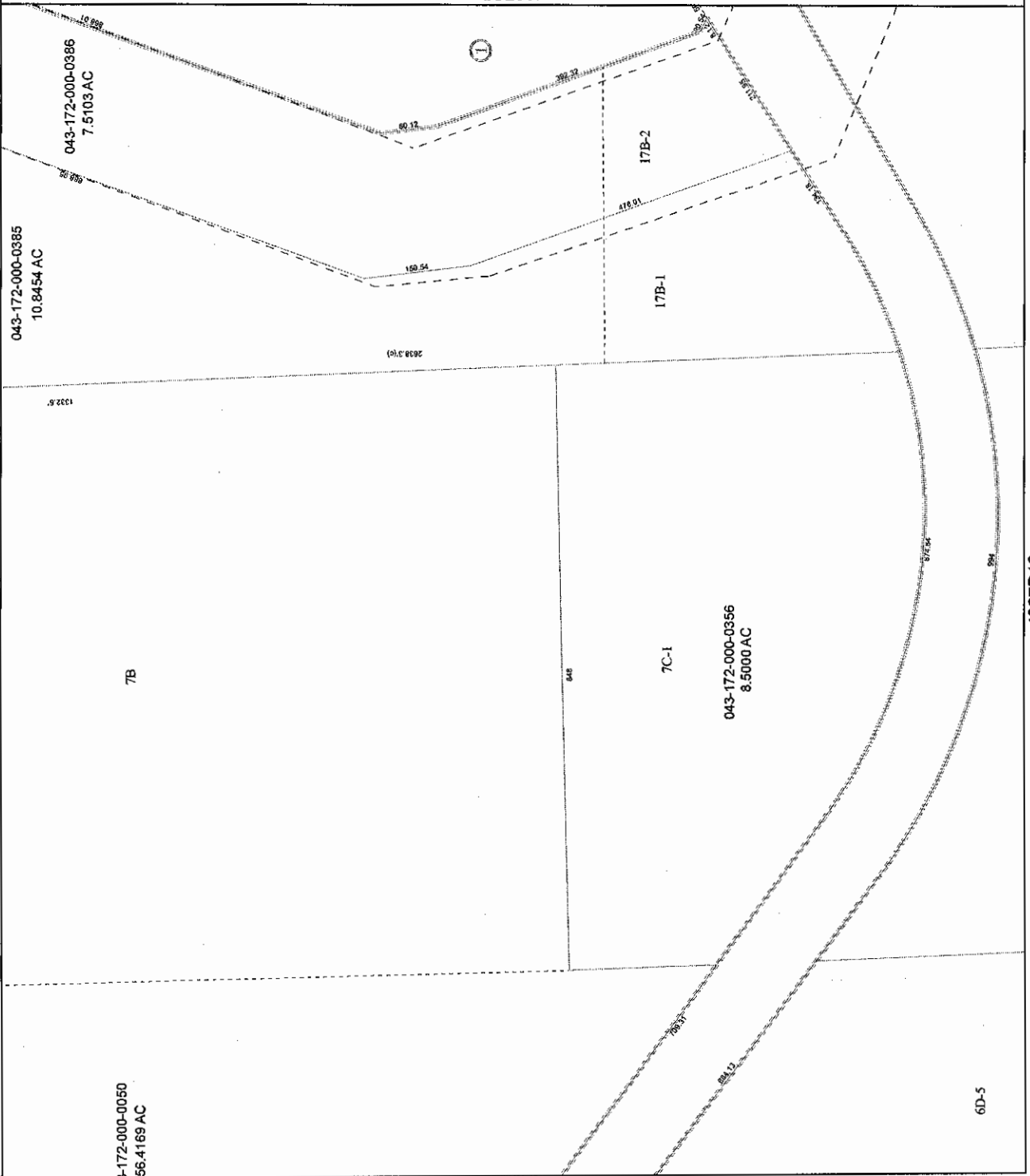
MAP LOCATION



FACET 4867D

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9	10	11	12

4867D4



4867D7

4867D12

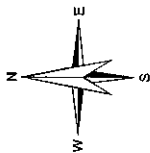
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4967C9

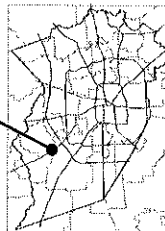
Harris County Appraisal District



0 100 200
PUBLICATION DATE:
5/29/2006

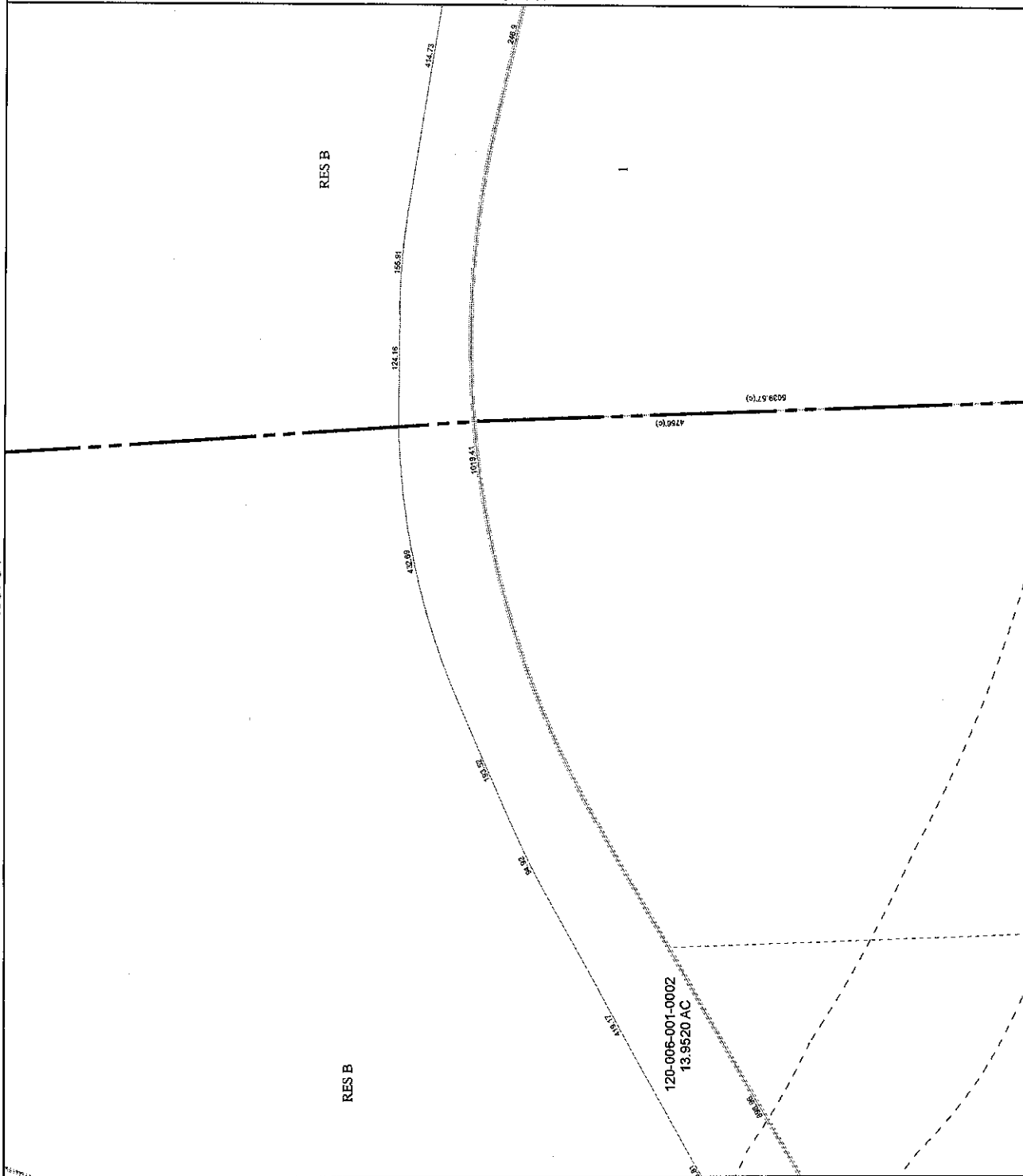


MAP LOCATION



FACET 4967C

1	2	3	4
5	6	7	8
9	10	11	12



4867D8

4967C6

1	2	3	4
5	6	7	8
9	10	11	12



046-050-000-0001
37.2139 AC

046-050-000-0356
60.0000 AC

KLEIN INDEPENDENT SCHOOL DISTRICT

Public Hearing on the Application of the Hewlett-Packard Company for an Appraised Value Limitation on Qualified Property Pursuant to Chapter 313 of the Texas Tax Code

and

Public Hearing on the Designation of Klein Independent School District Reinvestment Zone Number One As a Reinvestment Zone for Commercial/Industrial Tax Abatement within Klein ISD, the City of Klein, and Harris County, Texas

On May 15, 2006 the Klein Independent School District received the application of the Hewlett-Packard Company, pursuant to Chapter 313 of the Texas Property Tax Code and District Policy CCG (Local).

Creation of a Reinvestment Zone is a prerequisite to Board approval of the Application of the Hewlett-Packard Company pursuant to the Texas Tax Code § 313.021(2)(A)(i).

The Klein ISD Board of Trustees will hold a public hearing to gather public input prior to its decision on whether to create a Reinvestment Zone as follows:

7:00 p.m.

Tuesday, September 12, 2006

7200 Spring-Cypress Rd.

Klein, Texas 77379-3299

Citizens who wish to make public comment should sign up with the Board Secretary on the night of the meeting. For further information regarding this matter, please contact the Office of the Superintendent at (832) 249-4000.

DISTRICTO ESCOLAR INDEPENDIENTE, DE KLEIN

Audencia Publica tocante a la Solicitud de Hewlett-Packard Company sobre la Limitacion del Valor de Avaluo sobre Propiedad Calificada conforme al Capitulo 313 delCodigo de Impuestos en Texas.

y

Audencia Publica tocante a la Designacion de la Zona de Reinversion Numero Uno del Distrito Escolar Independiente, de Klein, como una Zona de Reinversion Para la Reduccion de Impuestos Comerciales /Industriales en Klein ISD, la ciudad de Klein, y en el condado de Harris

El 15 de Mayo del 2006, el Distrito Escolar Independiente de Klein recibio la solicitud de parte de Hewlett-Packard Company conforme al Capitulo 313 delCodigo de Impuestos sobre la Propiedad en Texas y la Poliza del Distrito CCG (Local). La Solicitud busca limitar el valor de avaluo de propiedad calificada.

La Zona de Reinversion es un requisito previo para la aprobacion de la Hewlett-Packard Company conforme al Capitulo 313 delCodigo de Impuestos sobre la Propiedad en Texas, Seccion 313.021(2)(A)(i).

La Mesa Directiva de KISD llevara a cabo estas audiencias publicas en secuencia para recopilar comentarios del publico respecto a estos asuntos;

7:00 p.m.

Tuesday, September 12, 2006

7200 Spring-Cypress Rd.

Klein, Texas 77379-3299

Los ciudadanos que desean hacer el comentario público deben inscribirse con la Secretaria de La Mesa Directiva de KISD en la noche de la junta. Para mas informacion sobre este asunto por favor comuniquese con la Oficina de Superintendente al (832) 249-4000.

KLEIN INDEPENDENT SCHOOL DISTRICT
Public Hearing on the Application of the Hewlett-Packard Company for an Appraised Value Limitation on Qualified Property Pursuant to Chapter 313 of the Texas Tax Code

and
Public Hearing on the Designation of Klein Independent School District Reinvestment Zone Number One As a Reinvestment Zone for Commercial/Industrial Tax Abatement within Klein ISD, the City of Klein, and Harris County, Texas

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y
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