



Potential Tax Abatements, Reductions, Refunds, and Credits Corpus Christi, Texas

INDUSTRIAL DISTRICTS

Properties in the Industrial District pay a reduced rate in lieu of taxes as shown below:

Land: Payment, in lieu of taxes, at 100% of the assessed land value

Improvements: Less than \$3,000,000 cumulative value: 60% of normal City tax.

Improvements: More than \$3,000,000 cumulative value: 60%; taxed in incremental amounts until 60% cap is reached:

Year 1	6%
Year 2	12%
Year 3	19%
Year 4	26%
Year 5	34%
Year 6	42%
Year 7	50%
Year 8	58%
Year 9	60%
Year 10	60%

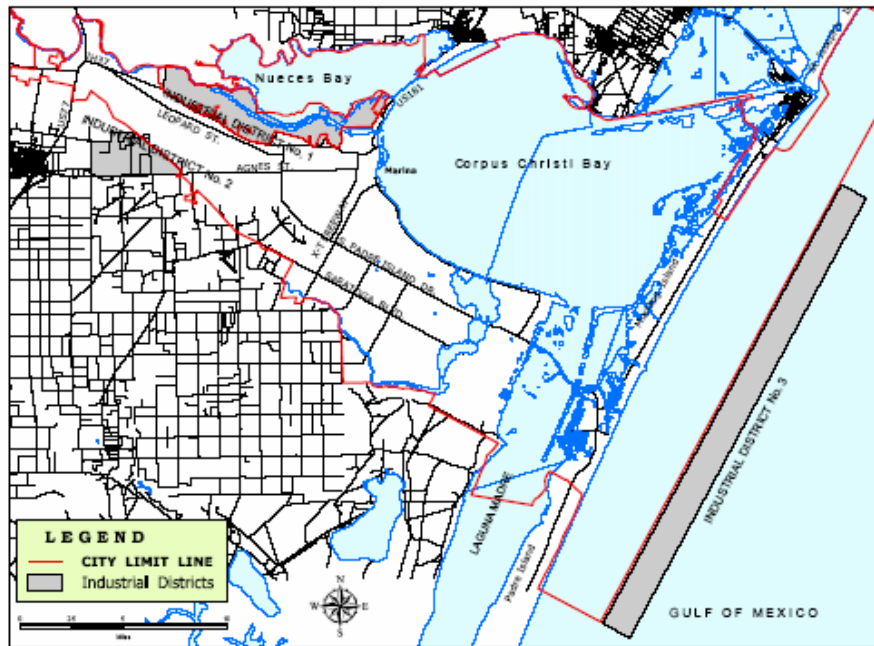
Protection From Annexation: Land of businesses in the ID that have an Industrial District Agreement is protected from annexation for ten years.

Zoning/Permitting: Businesses in the ID are exempt from zoning and permitting requirements. In addition platting may be waived if the seller submits for approval by the City Council a site plan, both the buyer and seller enter into agreement that if the buyer's use of the property materially changes platting shall be required and seller remains solely responsible for any payments in lieu of taxes unless the buyer enters into a supplemental ID contract with the city.

Most Favored Nations Clause: Provides that all entities in the ID must be treated alike. Therefore if one entity receives a benefit that benefit must be extended to all other parties in the ID.

Term: Ten years. Renewable.

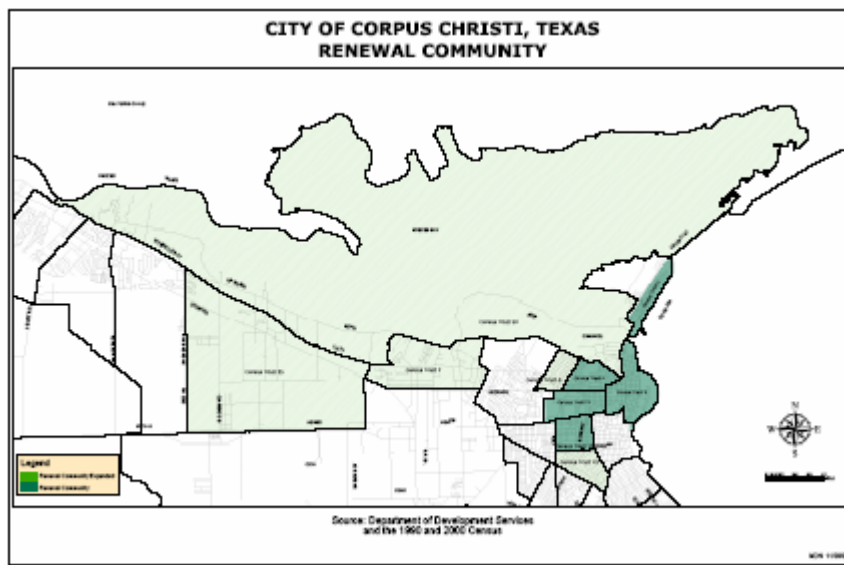
The three industrial districts are delineated on the following map:



RENEWAL COMMUNITY

Renewal Community (RC) is a designation by the U.S. Department of Housing and Urban Development and provides Federal tax reductions for job creation, retention, and investment. Businesses in a Renewal Community zone are eligible for wage credits (up to \$1,500 annually per RC resident employed) and work opportunity tax credits (up to \$2,400 per 18-24 year-old RC resident hired). Businesses in RCs that build or rehabilitate commercial property are eligible for up to \$10 million in Commercial Revitalization Deductions. Qualifying RC businesses are also eligible for increased Section 179 tax deductions and full exclusions from capital gains on the sale of assets.

Please reference the Internal Revenue Service Publication 954 for more details.



STRATEGIC INVESTMENT AREAS (SIA)

Nueces County, including the City of Corpus Christi, is a designated SIA for 2007. The Renewal Community area (discussed above) is an SIA until 2009. Businesses within the Renewal Community are eligible for job creation, investment and R&D credits against the franchise tax as long as the business has a franchise tax liability and is not a Limited Partnership.

PROPERTY TAX ABATEMENT – CITY OF CORPUS CHRISTI

The City of Corpus Christi may provide tax abatements to qualified facilities outside Industrial Districts. These facilities must be a basic manufacturing or service facility, regional distribution center, regional telecommunications/data processing center, regional visitor/amusement facility, enterprise zone residential redevelopment facility, central business district residential facility, petrochemical facility or a Renewal Community facility which are considered on a case-by-case basis. Abatements may be granted for new facilities and improvements to existing facilities for the purpose of modernization or expansion.

Basic Manufacturing or Service Facility means buildings and structures, including fixed machinery and equipment used or to be used for the production of products or services which derive a majority of revenue from points beyond a 50 mile radius of Nueces County (“Primary” employer).

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

The abatement percentages for basic manufacturing or service facilities, petrochemical facilities, regional telecommunications/data processing centers, and regional visitor/amusement facilities are as follows:

Projects must add a minimum \$2 million to the property tax rolls or \$250,000 for a rehabilitation project.

Year	50-99 Jobs	100-199 Jobs (minimum - \$10M)	100-199 Jobs (over \$10 M)	200+ Jobs (minimum - \$10 M)	200+ Jobs (over \$10 M)
Construction Period	100%	100%	100%	100%	100%
1	50%	75%	50%	100%	50%
2	50%	75%	50%	100%	50%
3	50%	75%	50%	100%	50%
4	50%	75%	50%	100%	50%
5	50%	75%	50%	100%	50%

Tax Abatement Schedule for Renewal Community Projects are as follows:

Projects must create one full time permanent job per \$50,000 in added value and maintain the job(s) during the term of the agreement. A minimum of \$250,000 of added value is required for rehab projects.

Year	% for Rehabilitation	% for New Construction
Construction Period	100%	100%
1	100%	75%
2	100%	75%
3	100%	0%

Please reference the “City of Corpus Christi Guidelines and Criteria for Granting Tax Abatements” for more details.

TEXAS ENTERPRISE ZONE

Such zones are allocated every two years by the State. Communities are assigned “slots” that may be used depending on proposed investment and job creation. The slots are not guaranteed and the total “slots” available every two years are on a first come basis. The company may be eligible for a refund of sales tax paid. The level of refund is based on the level of proposed investment and jobs retained or created over a period of 3-5 years. Application for Enterprise Zone benefits are due September 1st, December 1st, March 1st, and July 1st, until all “slots” are assigned. The Enterprise Zone parameters and refund schedule follows:

Proposed Business Investment	Refund Dollars per Job	Maximum Refund	Maximum Created or Retained Jobs
\$40,000-\$399,999	\$2,500.00	\$25,000.00	10
\$400,000.00-\$999,999	\$2,500.00	\$62,500.00	25
\$1,000,000-\$4,999,999	\$2,500.00	\$312,500.00	125
\$5,000,000-\$149,999,999	\$2,500.00	\$1,250,000.00	500
\$150,000,000-\$249,999,999 Double Slot	\$5,000.00	\$2,500,000.00	500
\$250,000,000 + Triple Slot	\$7,500.00	\$3,750,000.00	500

