VEDC
REGIONAL PARTNERSHIP

IMPACT REPORT

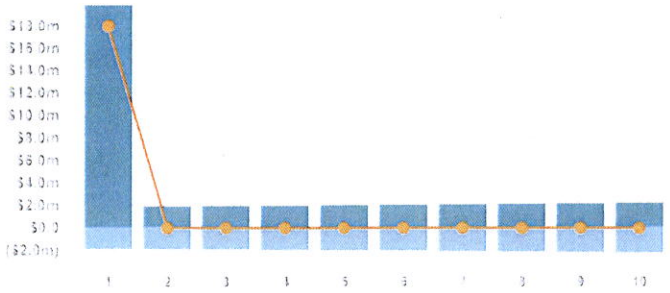
CALHOUN COUNTY PROJECTS WGS-LYNAS-NEMO-XENERGY

Scenario 1

Recruitment | 331110 Iron and Steel Mills Ferroalloy Manufacturing

City of Port Lavaca

BENEFITS	COSTS	NET BENEFITS
$37,722,510	($20.85M)	$16,871,386



JOBS

2,600.0 Total
2,600.0 Direct
0 Spin-off

SALARIES

$80,000 Avg
$80,000 Direct
$0 Spin-off

CAPITAL INVEST.

$0
Buildings

RESIDENTIAL DEV.

32.8 Homes
218.4 Relocations

NET BENEFITS	$16,871,386
Present Value	$16,288,756

BENEFITS	
Sales Taxes	$20,618,485
New Residential Property Taxes	$303,851
Hotel Taxes	$0
Utility Revenue	$13,972,834
Miscellaneous Taxes and User Fees	$2,827,341
Benefits Subtotal	**$37,722,510**

COSTS	
Cost of Government Services	($6,355,595)
Cost of Utility Services	($14.50M)
Costs Subtotal	**($20.85M)**

NET BENEFITS OVER 10 YEARS

IMPACT DASHBOARD

Calhoun County Projects WGS-Lynas-Nemo-XEnergy - Impact Report

Project Type: Recruitment
Industry: 331110 Iron and Steel Mills Ferroalloy Manufacturing
Prepared By: Victoria Economic Development Corporation

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by Victoria Economic Development Corporation using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact DashBoard utilizes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in a custom user guide prepared for Victoria Economic Development Corporation .

This report, generated by the Impact DashBoard application, has been prepared by Victoria Economic Development Corporation to assist economic development stakeholders in making an evaluation of the economic and fiscal impact of business activity in the community. This report does not purport to contain all of the information that may be needed to conclude such an evaluation. This report is based on a variety of assumptions and contains forward-looking statements concerning the results of operations of the subject firm. Victoria Economic Development Corporation made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity. Estimates of future activity involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in this report.

Victoria Economic Development Corporation and Impact DataSource make no representation or warranty as to the accuracy or completeness of the information contained herein, and expressly disclaim any and all liability based on or relating to any information contained in, or errors or omissions from, this information or based on or relating to the use of this information.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Project WGS / NAICS code 331110 Iron & Steel Mills / $5.2 B / 1,500 jobs
Project Lynas / NAICS code 212299 All Other Metal Ore Mining / $600 M / 120 jobs
Project NEMO / NAICS code 212299 All Other Metal Ore Mining / $2.9 B / 860 jobs
Project X-Energy / NAICS code 221113 Nuclear Power Generation / $2 B / 120 jobs

Using Calhoun County taxing

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN CITY OF PORT LAVACA

IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	2,600.0	0	**2,600.0**
Annual Salaries/Wages	$208.00M	$0	**$208.00M**
Salaries/Wages over 10 Years	$2.28B	$0	**$2.28B**
Taxable Sales/Purchases in City of Port Lavaca	$1.37B	$0	**$1.37B**

Totals may not sum due to rounding

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN CITY OF PORT LAVACA

IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to City of Port Lavaca	218.4	0	**218.4**
New residents in City of Port Lavaca	567.8	0	**567.8**
New residential properties constructed in City of Port Lavaca	32.8	0	**32.8**
New students to attend local school district	109.2	0	**109.2**

Totals may not sum due to rounding

The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN CITY OF PORT LAVACA

YR.	NEW RESIDENTIAL PROPERTY	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
2024	$3,554,460	*$0*	**$3,554,460**
2025	$3,625,549	*$0*	**$3,625,549**
2026	$3,698,060	*$0*	**$3,698,060**
2027	$3,772,021	*$0*	**$3,772,021**
2028	$3,847,462	*$0*	**$3,847,462**
2029	$3,924,411	*$0*	**$3,924,411**
2030	$4,002,899	*$0*	**$4,002,899**
2031	$4,082,957	*$0*	**$4,082,957**
2032	$4,164,616	*$0*	**$4,164,616**
2033	$4,247,909	*$0*	**$4,247,909**

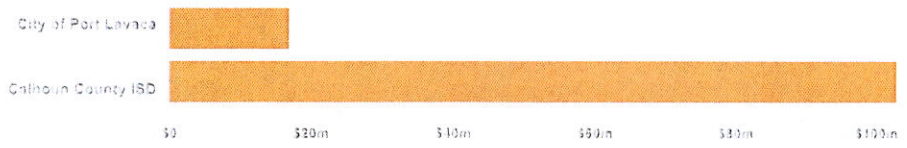
Fiscal Impact Overview

The Project will generate additional benefits and costs, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

FISCAL NET BENEFITS OVER THE NEXT 10 YEARS				
	BENEFITS	COSTS	NET BENEFITS	PRESENT VALUE*
City of Port Lavaca	$37,722,510	($20.85M)	$16,871,386	$16,288,756
Calhoun County ISD	$933.77M	($830.96M)	$102.82M	$78,764,667
Total	**$971.50M**	**($851.81M)**	**$119.69M**	**$95,053,423**

*The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5.0% to make the dollars comparable.

Net Benefits Over the Next 10 Years

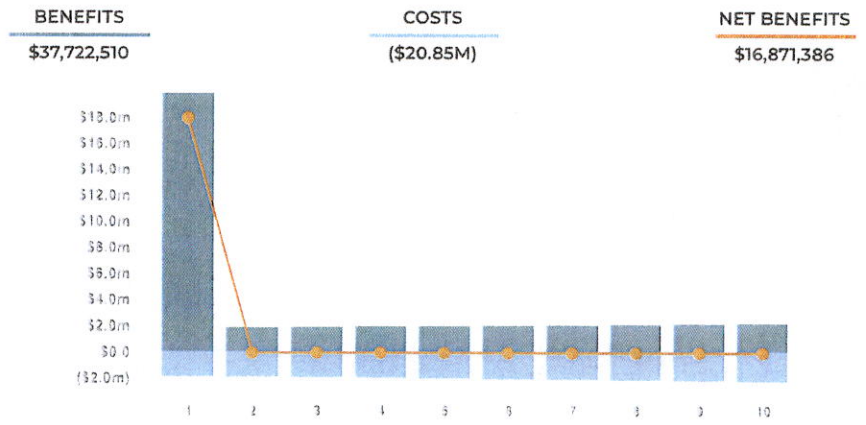


City of Port Lavaca Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by City of Port Lavaca over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: CITY OF PORT LAVACA			
BENEFITS	**PROJECT**	**HOUSEHOLDS**	**TOTAL**
Sales Taxes	$18,056,250	$2,562,235	$20,618,485
New Residential Property Taxes	$0	$303,851	$303,851
Hotel Taxes	$0	$0	$0
Utility Revenue	$11,387,710	$2,585,124	$13,972,834
Miscellaneous Taxes and User Fees	$2,306,011	$521,329	$2,827,341
Benefits Subtotal	**$31,749,971**	**$5,972,539**	**$37,722,510**
COSTS	**PROJECT**	**HOUSEHOLDS**	**TOTAL**
Cost of Government Services	($5,181,408)	($1,174,187)	($6,355,595)
Cost of Utility Services	($11.81M)	($2,680,781)	($14.50M)
Costs Subtotal	**($17.00M)**	**($3,854,968)**	**($20.85M)**
Net Benefits	**$14,753,814**	**$2,117,572**	**$16,871,386**

Annual Fiscal Net Benefits for City of Port Lavaca

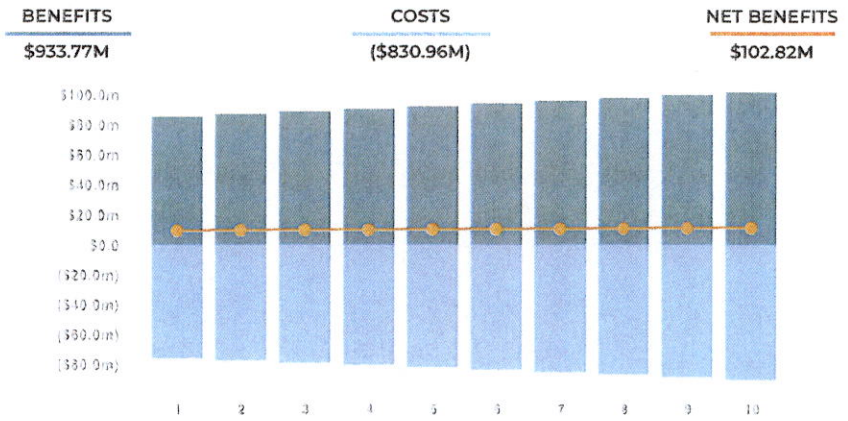


Calhoun County ISD Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Calhoun County ISD over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: CALHOUN COUNTY ISD			
BENEFITS	**PROJECT**	**HOUSEHOLDS**	**TOTAL**
Real Property Taxes	$931.32M	$0	$931.32M
FF&E Property Taxes	$0	$0	$0
Inventory Property Taxes	$0	$0	$0
New Residential Property Taxes	$0	$479,213	$479,213
Addtl. State & Federal School Funding	$0	$1,974,857	$1,974,857
Benefits Subtotal	**$931.32M**	**$2,454,070**	**$933.77M**
COSTS	**PROJECT**	**HOUSEHOLDS**	**TOTAL**
Cost to Educate New Students	$0	($1,654,520)	($1,654,520)
Reduction in State School Funding	($828.88M)	($426,500)	($829.30M)
Costs Subtotal	**($828.88M)**	**($2,081,020)**	**($830.96M)**
Net Benefits	**$102.45M**	**$373,050**	**$102.82M**

Annual Fiscal Net Benefits for Calhoun County ISD



Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

331110 IRON AND STEEL MILLS AND FERROALLOY MANUFACTURING		CITY OF PORT LAVACA
Employment Multiplier	(Type II Direct Effect)	1.0
Earnings Multiplier	(Type II Direct Effect)	1.0

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

Additionally, this analysis seeks to calculate the impact on the school district's finances from the Project by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls, and the local taxes that this generates, reduces the amount of state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and the corresponding state funding is not reduced. However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

About Impact DataSource

Established in 1993, Impact DataSource is an Austin, Texas-based economic consulting firm. Impact DataSource provides high-quality economic research, specializing in economic and fiscal impact analyses. The company is highly focused on supporting economic development professionals and organizations through its consulting services and software. Impact DataSource has conducted thousands of economic impact analyses of new businesses, retention and expansion projects, developments, and activities in all industry groups throughout the U.S.

For more information on Impact DataSource, LLC and our product Impact DashBoard, please visit our website www.impactdatasource.com