

## **EXHIBIT "A"**

### **ORANGE COUNTY APPRAISAL DISTRICT PROCEDURE FOR CALCULATING ABATEMENTS**

#### **Purpose**

The purpose of this procedure is to clarify the method used in calculating the tax abatement under the attached Contract. This requires the calculation of the Current Market Value, Base Year Value, and Taxable Value, as these terms are defined below. By deducting the abatable value from the Current Market Value, the Taxable Value may be determined. However, in accordance with the Orange County Uniform Tax Abatement Policy, the Real Property Owner's Current Taxable Value shall not be less than the Base Year Value in order for a project to receive the full amount of abatement.

#### **Calculation of "Current Market Value"**

"Current Market Value" for each taxing entity executing an abatement agreement is determined by calculating the Current Tax Year, the Market Value of all industrial realty improvements of a property owner that comprise the "Base Year Value" for each taxing entity.

#### **Calculation of "Base Year Value"**

"Base Year Value" for each taxing entity executing an abatement agreement is the Taxable Value of all industrial realty improvements of a property owner and/or its affiliates located within that entity for the tax period defined as the "Base Year." "Base Year" is defined as the calendar year in which the abatement contract is executed (signed).

#### **Calculation of "Taxable Value"**

"Taxable Value" for each taxing entity is determined by deducting from the Market Value of all industrial realty improvements of a property owner and/or its affiliates the amount of any applicable exemptions or abatements granted for that Tax Year.

#### **Calculation of "Abated Value"**

The following procedures are followed for each project for which a tax abatement agreement has been executed and for each taxing entity granting the abatement.

The Base Year Value is subtracted from the Current Year Market Value. If the difference is greater than zero (0), then the remaining value is the value potentially eligible for abatement. If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

## **Value Available for Abatement**

For each project that remains potentially eligible for abatement, a preliminary calculation of the abated value of all other projects for the owner and/or its affiliates, if any, must be made. This calculation must first be done based on a preliminary abated value for subsequent projects since the full calculation has yet to be performed. For multiple abated projects, the calculations of the preliminary abated values are made in chronological order based on the date the agreement was executed. Once the abated value for the subsequent project is calculated, if the actual abated value differs from the preliminary abated value, this calculation must be redone in order to reflect the actual abated value.

Once all calculations have been completed, the abated value of other projects for the owner and/or its affiliates, if any, is subtracted from the Value Potentially Available for Abatement. If the difference is greater than zero (0), then the remaining value is the Value Available for Abatement. If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

## **Value Subject to Abatement**

The project base value, if applicable, is subtracted from the current year project value, and the percentage of abatement to be granted is then applied to the net amount to determine the Value Subject to Abatement.

## **Abated Value**

Any applicable reductions or Foreign Trade Zone or Pollution Control restrictions are subtracted from the Value Subject to Abatement. If the difference is less than the Value Available for Abatement, then this is the Abated Value.

If the difference is greater than the Value Available for Abatement, then the Value Available for Abatement becomes the Abated Value.