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KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

November 17, 2017

Local Government Assistance & Economic Analysis

Texas Comptroller of Public Accounts

P.O. Box 13528

Austin, Texas 78711-3528

RE: Amended Application to the Brazosport Independent School District from The Dow Chemical Company (#1112)

To the Local Government Assistance & Economic Analysis Division:

On November 17, 2017, The Dow Chemical Company submitted a request to amend Agreement 1112 to move the start of the limitation period to properly reflect the start of commercial operations as defined in the Agreement. The amendments are to the following pages of the original application:

- Section 9 has been updated to reflect that the limitation will begin 1/1/2019
- The Schedules have been updated to reflect that the start of the limitation will be 1/1/2019

A copy of the amended application will be submitted to the Brazoria County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Brazoria County Appraisal District
The Dow Chemical Company

Texas Comptroller of Public Accounts

SECTION 9: Projected Timeline

1. Application approval by school board
2. Commencement of construction
3. Beginning of qualifying time period
4. First year of limitation
5. Begin hiring new employees
6. Commencement of commercial operations
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (*date your application is finally determined to be complete*)? ☐ Yes ☐ No
Note: Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service?

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☐ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 County: (Name, tax rate and percent of project)
 City: (Name, tax rate and percent of project)
 Hospital District: (Name, tax rate and percent of project)
 Water District: (Name, tax rate and percent of project)
 Other (describe): (Name, tax rate and percent of project)
 Other (describe): (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☐ Yes ☐ No
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☐ No
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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 Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at comptroller.texas.gov/economy/local/ch313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district?
 2. What is the amount of appraised value limitation for which you are applying?
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☐ Yes ☐ No
 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☐ Yes ☐ No

Date 17-Nov-17
Applicant Name The Dow Chemical Company
ISD Name Brazosport ISD

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	-	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017	Not eligible to become Qualified Property			0	0
Investment made after filing complete application with district, but before final board approval of application				0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$ 41,500,000	\$ 200,000,000	0	0	\$ 241,500,000
Complete tax years of qualifying time period	QTP1	2018-2019	2018	\$ 400,000,000	\$ 180,000,000	0	0	\$ 580,000,000
	QTP2	2019-2020	2019	\$ 158,500,000.0	\$ 20,000,000	0	0	\$ 178,500,000.0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ 600,000,000	\$ 400,000,000	0	0	\$ 1,000,000,000
Total Qualified Investment (sum of green cells)				\$ 1,000,000,000	Enter amounts from TOTAL row above in Schedule A2			

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-17-17
DATE

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

24-Sep-15
The Dow Chemical Company
Brazosport ISD

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		600,000,000	400,000,000	-	-	1,000,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2017-2018	2017					
	0	2018-2019	2018	0	0	0	0	0
Value limitation period***	1	2019-2020	2019	0	0			
	2	2020-2021	2020					
	3	2021-2022	2021					
	4	2022-2023	2022					
	5	2023-2024	2023					
	6	2024-2025	2024					
	7	2025-2026	2025					
	8	2026-2027	2026					
	9	2027-2028	2027					
	10	2028-2029	2028					
Total Investment made through limitation				600,000,000	400,000,000			1,000,000,000
Continue to maintain viable presence	11	2029-2030	2029					
	12	2030-2031	2030					
	13	2031-2032	2031					
	14	2032-2033	2032					
	15	2033-2034	2033					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034					
	17	2035-2036	2035					
	18	2036-2037	2036					
	19	2037-2038	2037					
	20	2038-2039	2038					
	21	2039-2040	2039					
	22	2040-2041	2040					
	23	2041-2042	2041					
	24	2042-2043	2042					
	25	2043-2044	2043					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row**.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

17-Nov-17

**The Dow Chemical Company
Brazosport ISD**

Form 50-296A

Revised November 2017

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	276,920	0	0		276,920	276,920
	0	2018-2019	2018	276,920	50,000,000	50,000,000	50,000,000	50,276,920	50,276,920
Value Limitation Period	1	2019-2020	2019	276,920	300,000,000	300,000,000	300,000,000	300,276,920	30,000,000
	2	2020-2021	2020	276,920	400,000,000	600,000,000	955,276,920	955,276,920	30,000,000
	3	2021-2022	2021	276,920	384,000,000	576,000,000	915,276,920	915,276,920	30,000,000
	4	2022-2023	2022	276,920	368,640,000	552,960,000	876,876,920	876,876,920	30,000,000
	5	2023-2024	2023	276,920	353,894,400	530,841,600	840,012,920	840,012,920	30,000,000
	6	2024-2025	2024	276,920	339,738,624	509,607,936	804,623,480	804,623,480	30,000,000
	7	2025-2026	2025	276,920	326,149,079	489,223,619	770,649,618	770,649,618	30,000,000
	8	2026-2027	2026	276,920	313,103,116	469,654,674	738,034,710	738,034,710	30,000,000
	9	2027-2028	2027	276,920	300,578,991	450,868,487	706,724,398	706,724,398	30,000,000
	10	2028-2029	2028	276,920	288,555,832	432,833,747	676,666,499	676,666,499	30,000,000
Continue to maintain viable presence	11	2029-2030	2029	276,920	277,013,598	415,520,397	647,810,916	647,810,916	647,810,916
	12	2030-2031	2030	276,920	265,933,054	398,899,582	620,109,556	620,109,556	620,109,556
	13	2031-2032	2031	276,920	255,295,732	382,943,598	593,516,251	593,516,251	593,516,251
	14	2032-2033	2032	276,920	245,083,903	367,625,854	567,986,677	567,986,677	567,986,677
	15	2033-2034	2033	276,920	235,280,547	352,920,820	543,478,287	543,478,287	543,478,287
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	276,920	225,869,325	338,803,987	519,950,232	519,950,232	519,950,232
	17	2035-2036	2035	276,920	216,834,552	325,251,828	497,363,300	497,363,300	497,363,300
	18	2036-2037	2036	276,920	208,161,170	312,241,755	475,679,845	475,679,845	475,679,845
	19	2037-2038	2037	276,920	199,834,723	299,752,085	454,863,728	454,863,728	454,863,728
	20	2038-2039	2038	276,920	191,841,334	287,762,001	434,880,255	434,880,255	434,880,255
	21	2039-2040	2039	276,920	184,167,681	276,251,521	415,696,122	415,696,122	415,696,122
	22	2040-2041	2040	276,920	176,800,974	265,201,460	397,279,354	397,279,354	397,279,354
	23	2041-2042	2041	276,920	169,728,935	254,593,402	379,599,257	379,599,257	379,599,257
	24	2042-2043	2042	276,920	162,939,777	244,409,666	362,626,363	362,626,363	362,626,363
	25	2043-2044	2043	276,920	156,422,186	234,633,279	346,332,385	346,332,385	346,332,385

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

24-Sep-15
The Dow Chemical Company
Brazosport ISD

Schedule C: Employment Information

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	150 FTE	60,000			
	0	2018-2019	2018	1400 FTE	60,000	0	0	
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2019-2020	2019	400 FTE	60,000	17	35	60,000
	2	2020-2021	2020			17	35	60,000
	3	2021-2022	2021			17	35	60,000
	4	2022-2023	2022			17	35	60,000
	5	2023-2024	2023			17	35	60,000
	6	2024-2025	2024			17	35	60,000
	7	2025-2026	2025			17	35	60,000
	8	2026-2027	2026			17	35	60,000
	9	2027-2028	2027			17	35	60,000
Years Following Limitation Period	10	2028-2029	2028			17	35	60,000
	11 through 25	2029-2043	2029-2043			17	35	60,000

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

☐

Yes

☒

No
- C1a.

Will the applicant request a job waiver, as provided under 313.025(f-1)?

☐

Yes

☒

No
- C1b.

Will the applicant avail itself of the provision in 313.021(3)(F)?

☐

Yes

☒

No

Schedule D: Other Incentives (Estimated)

24-Sep-15
The Dow Chemical Company
Brazosport ISD

Form 50-296A
Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	Brazoria County	2018	10 yr	16,000,000	4,000,000	12,000,000
	Brazosport College	2018	10 yr	9,000,000	2,000,000	7,000,000
	Port Freeport	2018	10 yr	1,500,000	400,000	1,100,000
	Velasco Drainage District	2018	10 yr	3,300,000	800,000	2,500,000
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions	Brazosport ISD, Port Freeport, Velasco Drainage District		Life of Plant	7,102,874	175,908	6,700,000
Non-Annexation Agreements	Brazosport Industrial District		Through 2026	9,200,000	2,200,000	7,000,000
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				46,102,874	9,575,908	36,300,000

Additional information on incentives for this project:



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Danny Massey

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here



Signature (Authorized School District Representative)

Nov. 17, 2017

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here

David Ngo

Print Name (Authorized Company Representative (Applicant))

Property Tax Manager

Title

sign
here



Signature (Authorized Company Representative (Applicant))

11-17-17

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

17 day of November, 2017



Notary Public in and for the State of Texas

My Commission expires: 11/13/2020

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.