GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 20, 2016

Dr. James Cowley
Superintendent
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, Texas 77979

Dear Superintendent Cowley:

On January 22, 2016, the Comptroller issued written notice that Novus International, Inc. (the applicant) submitted a completed application (Application #1113) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on November 16, 2015, to the Calhoun County Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1113.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

[1] All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c) (1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c) (2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of January 22, 2016 or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure
cc: Korry Castillo

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Novus International, Inc. (the project) applying to Calhoun County Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d) (2).

Table 1 is a summary of investment, employment and tax impact of Novus International, Inc.

Applicant	Novus International, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun County ISD
Estimated 2014-2015 Average Daily Attendance	3848
County	Calhoun
Proposed Total Investment in District	$400,000,000
Proposed Qualified Investment	$400,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	20
Average weekly wage of qualifying jobs committed to by applicant	$1,038
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	$1,026
Minimum annual wage committed to by applicant for qualified jobs	$54,000
Minimum weekly wage required for non-qualifying jobs	$1,209
Minimum annual wage required for non-qualifying jobs	$62,855
Investment per Qualifying Job	$40,000,000
Estimated M&O levy without any limit (15 years)	$37,806,232
Estimated M&O levy with Limitation (15 years)	$13,368,668
Estimated gross M&O tax benefit (15 years)	$24,437,564

Table 2 is the estimated statewide economic impact of Novus International, Inc. (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	322	398	720	$25,349,450	$33,650,550	$59,000,000
2019	322	432	754	$25,983,468	$40,016,532	$66,000,000
2020	241	346	587	$19,933,351	$37,066,649	$57,000,000
2021	30	88	118	$1,797,090	$14,202,910	$16,000,000
2022	30	52	82	$1,797,090	$11,202,910	$13,000,000
2023	30	29	59	$1,797,090	$8,202,910	$10,000,000
2024	30	19	49	$1,797,090	$6,202,910	$8,000,000
2025	30	15	45	$1,797,090	$5,202,910	$7,000,000
2026	30	16	46	$1,797,090	$5,202,910	$7,000,000
2027	30	19	49	$1,797,090	$5,202,910	$7,000,000
2028	30	23	53	$1,797,090	$5,202,910	$7,000,000
2029	30	27	57	$1,797,090	$6,202,910	$8,000,000
2030	30	30	60	$1,797,090	$6,202,910	$8,000,000
2031	30	27	57	$1,797,090	$6,202,910	$8,000,000
2032	30	27	57	$1,797,090	$6,202,910	$8,000,000
2033	30	28	58	$1,797,090	$7,202,910	$9,000,000
2034	30	28	58	$1,797,090	$7,202,910	$9,000,000
2035	30	28	58	$1,797,090	$7,202,910	$9,000,000

Source: CPA, Novus International, Inc.

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2368	1.0400	1.2768	0.4900	
2021	$313,900,000	$313,900,000		$743,315	$3,264,560	$4,007,875	$1,538,110	$5,545,985
2022	$301,846,000	$301,846,000		$714,771	$3,139,198	$3,853,970	$1,479,045	$5,333,015
2023	$290,266,800	$290,266,800		$687,352	$3,018,775	$3,706,127	$1,422,307	$5,128,434
2024	$279,143,600	$279,143,600		$661,012	$2,903,093	$3,564,105	$1,367,804	$4,931,909
2025	$268,458,100	$268,458,100		$635,709	$2,791,964	$3,427,673	$1,315,445	$4,743,118
2026	$258,193,000	$258,193,000		$611,401	$2,685,207	$3,296,608	$1,265,146	$4,561,754
2027	$248,331,600	$248,331,600		$588,049	$2,582,649	$3,170,698	$1,216,825	$4,387,523
2028	$238,857,900	$238,857,900		$565,616	$2,484,122	$3,049,738	$1,170,404	$4,220,141
2029	$229,756,400	$229,756,400		$544,063	$2,389,467	$2,933,530	$1,125,806	$4,059,336
2030	$221,012,400	$221,012,400		$523,357	$2,298,529	$2,821,886	$1,082,961	$3,904,847
2031	$212,611,600	$212,611,600		$503,464	$2,211,161	$2,714,625	$1,041,797	$3,756,422
2032	$204,540,400	$204,540,400		$484,352	$2,127,220	$2,611,572	$1,002,248	$3,613,820
2033	$196,785,700	$196,785,700		$465,989	$2,046,571	$2,512,560	$964,250	$3,476,810
2034	$189,335,000	$189,335,000		$448,345	$1,969,084	$2,417,429	$927,742	$3,345,171
2035	$182,176,100	$182,176,100		$431,393	$1,894,631	$2,326,024	$892,663	$3,218,687
			Total	$8,608,188	$37,806,232	$46,414,420	$17,812,552	$64,226,972

Source: CPA, Novus International, Inc.
[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Calhoun County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with Calhoun County.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2368	1.0400	1.2768	0.4900	
2021	$313,900,000	$30,000,000		$743,315	$312,000	$1,055,315	$0	$1,055,315
2022	$301,846,000	$30,000,000		$714,771	$312,000	$1,026,771	$0	$1,026,771
2023	$290,266,800	$30,000,000		$687,352	$312,000	$999,352	$0	$999,352
2024	$279,143,600	$30,000,000		$661,012	$312,000	$973,012	$0	$973,012
2025	$268,458,100	$30,000,000		$635,709	$312,000	$947,709	$0	$947,709
2026	$258,193,000	$30,000,000		$611,401	$312,000	$923,401	$0	$923,401
2027	$248,331,600	$30,000,000		$588,049	$312,000	$900,049	$0	$900,049
2028	$238,857,900	$30,000,000		$565,616	$312,000	$877,616	$0	$877,616
2029	$229,756,400	$30,000,000		$544,063	$312,000	$856,063	$0	$856,063
2030	$221,012,400	$30,000,000		$523,357	$312,000	$835,357	$0	$835,357
2031	$212,611,600	$212,611,600		$503,464	$2,211,161	$2,714,625	$1,041,797	$3,756,422
2032	$204,540,400	$204,540,400		$484,352	$2,127,220	$2,611,572	$1,002,248	$3,613,820
2033	$196,785,700	$196,785,700		$465,989	$2,046,571	$2,512,560	$964,250	$3,476,810
2034	$189,335,000	$189,335,000		$448,345	$1,969,084	$2,417,429	$927,742	$3,345,171
2035	$182,176,100	$182,176,100		$431,393	$1,894,631	$2,326,024	$892,663	$3,218,687
			Total	$8,608,188	$13,368,668	$21,976,856	$4,828,699	$26,805,555
			Diff	$0	$24,437,564	$24,437,564	$12,983,852	$37,421,417

Source: CPA, Novus International, Inc.
[1]Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that Novus International, Inc. (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
Limitation Period (10 Years)	2021	$312,000	$312,000	$2,952,560	$2,952,560
	2022	$312,000	$624,000	$2,827,198	$5,779,758
	2023	$312,000	$936,000	$2,706,775	$8,486,533
	2024	$312,000	$1,248,000	$2,591,093	$11,077,627
	2025	$312,000	$1,560,000	$2,479,964	$13,557,591
	2026	$312,000	$1,872,000	$2,373,207	$15,930,798
	2027	$312,000	$2,184,000	$2,270,649	$18,201,447
	2028	$312,000	$2,496,000	$2,172,122	$20,373,569
	2029	$312,000	$2,808,000	$2,077,467	$22,451,035
	2030	$312,000	$3,120,000	$1,986,529	$24,437,564
Maintain Viable Presence (5 Years)	2031	$2,211,161	$5,331,161	$0	$24,437,564
	2032	$2,127,220	$7,458,381	$0	$24,437,564
	2033	$2,046,571	$9,504,952	$0	$24,437,564
	2034	$1,969,084	$11,474,036	$0	$24,437,564
	2035	$1,894,631	$13,368,668	$0	$24,437,564
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$1,823,095	$15,191,763	$0	$24,437,564
	2037	$1,754,358	$16,946,121	$0	$24,437,564
	2038	$1,688,311	$18,634,432	$0	$24,437,564
	2039	$1,624,845	$20,259,277	$0	$24,437,564
	2040	$1,563,858	$21,823,135	$0	$24,437,564
	2041	$1,505,253	$23,328,389	$0	$24,437,564
	2042	$1,448,934	$24,777,323	$0	$24,437,564
	2043	$1,394,813	$26,172,136	$0	$24,437,564
	2044	$1,342,800	$27,514,936	$0	$24,437,564
	2045	$1,292,813	$28,807,748	$0	$24,437,564
		$28,807,748	is greater than	**$24,437,564**	

Analysis Summary	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Novus International, Inc.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller is able to determine that the limitation on appraised value is a determining factor in the Novus International Inc.'s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, the project requires the appraised value limitation in order to move forward with the development of the project. The applicant further states that, without the appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Novus in the U.S and around the world.
- Per the applicant, Novus International, Inc. is a leader in the global production of animal nutrition products with manufacturing facilities in Little Rock, Arkansas, Beaumont, Texas and Chocolate Bayou near Alvin, Texas.
- Per the applicant, Novus is considering additional investment and agreements pertaining to the preliminary design and engineering work to determine whether the proposed project is technically viable and can be cost-competitive in the global marketplace.
- Per the applicant, it is also considering making investment at another site outside Texas, in St. Gabriel Parish, Louisiana.
- On December 10, 2014, Louisiana Economic Development (LED) offered Novus International, Inc. (the applicant) a significant state incentive package with an estimated value of $161.5 million to secure the company's presence in Louisiana.
- On November 3, 2015, Novus International, Inc. announced that it acquired the Methylmercaptopropanal (MMP) plant from Union Carbide Corporation, a subsidiary of The Dow

Chemical Company, in St. Charles Parish, Louisiana. The announcement follows Novus's previous ALIMET® expansion announcement in the U.S. Gulf Coast region.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   - (1) manufacturing ☑ Yes ☐ No
   - (2) research and development ☐ Yes ☑ No
   - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   - (5) renewable energy electric generation ☐ Yes ☑ No
   - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   - (7) nuclear electric power generation ☐ Yes ☑ No
   - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, 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.
2. Check the project characteristics that apply to the proposed project:
   - ☐ Land has no existing improvements
   - ☑ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☑ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☑ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☑ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

TAB 5

Documentation to assist in determining if limitation is a determining factor.

Novus International, Inc. is a leader in the global production of animal nutrition products with manufacturing facilities in Little Rock, Arkansas, Beaumont, Texas and Chocolate Bayou near Alvin, Texas. Novus is evaluating the construction of additional production capacity in Calhoun County, Texas. The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Novus in the U.S. and around the world. Without this appraised value limitation Novus would have to strongly consider making this investment at another site outside of Texas rather than Calhoun County.

The project is still in an evaluation stage; only very preliminary development activities have begun. No engineering, procurement or construction contracts have been negotiated or signed to support the Considered Project. No public announcements of a definitive intent to construct the project have been made – any statements have indicated only that Novus is considering the additional investment. Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the project is technically viable and can be cost-competitive in the global marketplace.

Novus is also considering making this investment in St. Gabriel Parish, Louisiana. Novus has been offered significant incentives by Louisiana Economic Development. The incentive offer is attached.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

LOUISIANA ECONOMIC DEVELOPMENT

Bobby Jindal
Governor

Stephen Moret
Secretary

December 10, 2014
Scott Whitley
Senior Manager
Novus International
20 Research Park Drive
St. Charles, MO 63304

DELIVERED VIA EMAIL

Dear Mr. Whitley:

Louisiana Economic Development (LED) would be thrilled for Novus International (Novus) to seriously consider Louisiana as a destination for a methionine manufacturing plant. We hope to have an opportunity to work with you on this high-quality project.

Louisiana offers a compelling, multifaceted value proposition that will enable Novus to meet or exceed all of its short-term and long-term production, productivity and cost targets for this project. Strategic advantages of Louisiana include:

1. World-class, comprehensive, turnkey workforce solution (via LED FastStart®)
2. High-quality, available and affordable workforce
3. Robust, flexible incentive package
4. Low cost of doing business
5. Terrific momentum at the state and local levels
6. Fast-track permitting

Each of these advantages is summarized in greater detail below.

1. **World-class comprehensive, turnkey workforce solution (via LED FastStart).** Staffed with dozens of dedicated professionals who have extensive industry-specific experience, LED FastStart will partner with Novus to create customized employee recruiting, screening, and training solutions – at no cost to eligible companies. LED FastStart services are designed and tailored exclusively for Novus, with no preconceived notions about the best approach and no bias regarding the use of existing training programs or facilities. All training materials developed specifically for Novus will be professionally prepared and copyrighted to the company.

   Team members at LED FastStart have managed hundreds of custom workforce solution projects for companies in a wide variety of industries. Our LED FastStart Executive Director, Jeff Lynn, has been with LED FastStart since day one in 2008, and was previously one of the top leaders in Georgia's Quick Start program for 10 years.

   LED FastStart has received national recognition for being the best program of its kind. *Business Facilities* magazine recognized LED FastStart as best in the United States (#1) in its Workforce Training Leaders category in each of the last five years (2010, 2011, 2012, 2013, and 2014). In a February/March 2010 issue, *Area Development* magazine recognized LED FastStart as one of three elite workforce programs in

the South (along with Alabama's AIDT program and Georgia Quick Start). The *Area Development* article noted, "Other states have attempted to model programs like [LED] FastStart, AIDT, and Quick Start, but find it challenging if they lack expertise across a wide range of industries, plentiful and experienced industry advisors, a well-connected technical college system, or a history of exceeding expectations when it comes to building relationships with industry."

The bottom line: Our world-class LED FastStart team will deliver to Novus a talented, flexible, fully-trained workforce with the knowledge base, technical skills, and interpersonal effectiveness to help Novus achieve productivity and quality goals in the shortest possible timeframe. See Attachment A for more detail on LED FastStart.

2. **High-quality, available and affordable workforce.** Louisiana offers a large pool of available workers who are known for their work ethic and experience in manufacturing. Louisiana has a current unemployment rate of 6.2%, which indicates that the labor market is not tight, keeping wage pressures low. Manufacturing wage rates in Louisiana are very competitive. Louisiana workers are flexible, hardworking and loyal (turnover levels here are typically low), and our citizens do their best to find good jobs at home so they don't have to leave our state to find work.

   Louisiana has been a Right-to-Work state for over three decades and has one of the 10 lowest unionization rates in the U.S. In any Louisiana location, Novus will be able to choose from a large pool of highly qualified, interested prospective employees, and would be an employer of choice.

3. **Robust, flexible incentive package.** Louisiana recognizes the value associated with this project, and we therefore are offering Novus an incentive package totaling $161.5 million. This significant offer demonstrates the priority that we place on securing your corporate presence in Louisiana.

State Incentive Package*:	**Est. Value $ Millions**
1. Industrial Tax Exemption Program – property (ad valorem) tax exemption; 10-year term	138.7
2. Quality Jobs Program – 6% payroll rebate for each qualifying new job; 10-year term; and either a 4% sales/use tax rebate on building materials, or a 1.5% refundable tax credit on capital expenditures (excluding land, building, interest, and tax-exempt machinery and equipment)	17.3
3. State Refundable Tax Credit for inventory taxes paid to local government (assumes an inventory valuation of $25 million; value based on 10-year estimate, however the exemption is available permanently)	4.1
4. LED FastStart Program – customized workforce recruitment, screening, training development, and training delivery during employment ramp-up period	1.4
Estimated Total:	**$161.5 million**

*Note: See Attachment B for more information

The estimated value of this offer is predicated on capital investment, employment, and payroll levels projected in Novus' correspondence with LED. Please note that the above offer is conditioned upon the following commitments by Novus:

a. Total capital investment by Novus in Louisiana of at least $1.0 billion by December 31, 2020.

b. New jobs and new annual payroll (excluding benefits and contract labor) at the Novus facility at the following levels:

Year	Average Number of New Jobs	New Actual Payroll ($millions)
2020	165	14.7
2021	165	15.0
2022	165	15.3
2023	165	15.6
2024	165	15.9

This offer is subject to Novus coordinating with LED on a news release and public announcement of the project, including information on the capital investment, the number of new and existing jobs, the average salary associated with new jobs, and other relevant project information. Any public disclosure of the project, regardless of whether the company name is disclosed, by Novus or its representatives (e.g., on a website, in comments to a media outlet, in a press release, through a public vote of a local governmental entity on local incentives, through a permit filing or application) prior to an official announcement coordinated with LED will result in the forfeiture of LED FastStart.

4. **Low cost of doing business.** According to a landmark, national study published by the Tax Foundation and KPMG, Louisiana offers the lowest state/local tax burden in the U.S. for a new manufacturing operation. Our extremely competitive tax position is due to a combination of factors, including our 100 percent industrial property tax exemption (for 10 years), single-sales-factor income tax and corporate franchise tax apportionment for manufacturers (which means Novus will pay no income or franchise tax for products destined for out-of-state locations), and a 100 percent annual rebate for inventory taxes in perpetuity. Beyond the state's low state/local tax burden, Louisiana is recognized as one of the lowest-cost locations for business in the U.S. Electricity rates in Louisiana are among the 10 lowest-cost states, while Louisiana's natural gas rates are the second lowest in the nation. Additionally, wage rates and real estate costs are recognized as some of the lowest in the nation.

5. **Terrific momentum at the state and local levels.** Louisiana is currently experiencing an economic renaissance enabled by sweeping reforms to improve the state's business climate. Pro-business governors have combined to dramatically improve Louisiana's tort climate (Pacific Research Institute now ranks Louisiana's tort climate 11th best in the U.S.); to eliminate unconventional business taxes; to adopt the strongest governmental ethics laws in the country (according to the Center for Public Integrity and the Better Government Association); to launch what is now considered the strongest workforce development program in the U.S. (LED FastStart, ranked 1st by *Business Facilities* magazine); to implement workers compensation reforms; and to adopt the biggest personal income tax cut in state history. Moreover, Louisiana has recently committed billions of dollars in increased funding for transportation and infrastructure, all with no new taxes.

   In 2012, Louisiana enacted landmark laws to reward and retain the most effective classroom teachers; to provide students in failing schools – and their parents – a scholarship to choose a successful school; and to empower school administrators with greater spending flexibility to enhance student achievement.

In five national rankings - *Area Development*, *Business Facilities*, *Chief Executive*, *Site Selection* and DCI - Louisiana now ranks among the Top 10 states for best business climate in the U.S.

6. **Fast-track permitting**. We recognize that the company has a tight schedule to ramp up for the project. The Louisiana Department of Environmental Quality (LDEQ) has an expedited permit processing program, established in 2006, which has enabled LDEQ to build a reputation of being able to issue permits in a more expeditious manner than just about any other state environmental agency in the country. The program allows reimbursement of costs incurred by LDEQ employees that work overtime to expedite a permit, modification, license, registration or variance. These statutes also afford the department the opportunity to hire contractors to perform all work that is deemed necessary. This program shortens the time between application receipt and a final permit decision. Of course, we also will ensure that all required local permits are issued very quickly. See Attachment C for more detail on Louisiana's environmental permitting process.

Over the last several years, Louisiana has become America's new frontier for business opportunity. We're assertively cultivating new business relationships with leading companies that can benefit from – and contribute to – the creation of a new Louisiana, a state known as the new economic powerhouse of the South.

In summary, Louisiana offers an exceptional location for Novus' new facility, and we are prepared to offer you an unparalleled level of commitment to ensure your success here. The foregoing offer described in this letter is valid for 60 days. We look forward to continuing our discussions and hope we can accommodate your business needs. LED is committed to supporting the long-term success of your company and to ensuring that Louisiana represents a compelling platform for the future growth of Novus.

Sincerely,

Stephen Moret

Stephen Moret
Secretary

Attachment A: LED FastStart
Attachment B: Louisiana Economic Development Incentives
Attachment C: Expedited Permitting

Novus Secures Key Intermediate Plant for ALIMET® Production

For Immediate Release

St. Louis, MO-November 3, 2015-Novus International, Inc. announced today that it has acquired the Methylmercaptopropanal (MMP) plant from Union Carbide Corporation, a subsidiary of The Dow Chemical Company, in St. Charles Parish, Louisiana. MMP is a key intermediate in the manufacture of ALIMET® feed supplement. ALIMET® feed supplement provides a methionine source for livestock in the form of HMTBa. Methionine is an essential amino acid for poultry, swine, cattle and aquaculture diets and ALIMET® demonstrates proven performance in these applications.

This acquisition follows Novus's previous ALIMET® expansion announcement in the U.S. Gulf Coast region reinforcing commitment to its customer base. "Acquiring the MMP unit, which is based on Novus proprietary technology, supports our long term strategy in the methionine market," stated Jeff Klopfenstein, Methionine Business Unit President. "Novus now owns 100 percent of the MMP plants supporting ALIMET® production."

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About Novus International, Inc.

Novus International, Inc. is headquartered in metropolitan St. Louis, Missouri, U.S.A. and serves customers in over 100 countries around the world. A global leader in developing animal health and nutrition solutions, Novus International's products include ALIMET® and MHA® feed supplements, ACTIVATE® nutritional feed acid, ACIDOMIX® preservative premixture, CIBENZA® enzyme feed additive, MINTREX® chelated trace minerals, SANTOQUIN® feed preservative, AGRADO® feed antioxidant and many other specialty ingredients. Stratum Nutrition, a division of Novus Nutrition Brands, LLC, focuses on human nutrition through specialty and functional ingredients for manufacturers of foods, beverages and dietary supplements (www.stratumnutrition.com (http://www.stratumnutrition.com/)).

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COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Calhoun County ISD – Novus International, Inc. App. #1113

Comptroller Question (via email on April 12, 2016):

We have some questions:-

1. What is the relationship between INEOS USA, LLC and Novus International, Inc.? The project description states that the manufacturing plant will be located at Ineos USA LLC facility at Green Lake Texas.
2. What does Ineos USA, LLC produce?
3. Is Novus International, Inc. planning on utilizing the output from Ineos USA, LLC for production?
4. Is Novus International, Inc. planning on providing input to Ineos USA, LLC?
5. Is the applicant going to take over the whole Ineos USA, LLC plant complex or sections?
6. What facilities will be shared?

7. The project description includes Intraplant piping, intraplant conduit and connections. Is any part of Novus plant connected to Ineos plant?
8. There is an existing Ineos rail inside the land for this project. How will this facility be separated for appraisal purposes?

Applicant Response (via email on April 18, 2016):

In response to your questions (in red) I'd like to provide some context. Our client's project is essentially stand-alone in the sense that they manufacture their own feedstock and will purchase most of the other materials required at each of the sites under consideration. That said, the client will optimize the site specific design as engineering progresses. The primary feedstock for our client MMP, will be produced by existing suppliers for this project and the primary product (Alimet) will be sold to existing and new customers in the US and outside the US and none will be used by INEOS at the Green Lake site.

1. What is the relationship between INEOS USA, LLC and Novus International, Inc.? The project description states that the manufacturing plant will be located at Ineos USA LLC facility at Green Lake Texas. There is no relationship between Ineos USA, LLC. If this site is chosen for our project INEOS will be the operator of our plant and they will do so via a long-term contract operating agreement.

2. What does Ineos USA, LLC produce? Acrylonitrile, ACH, HCN, Acetonitrile, Oxazole… the following link can give you more details on INEOS products (http://www.ineos.com/products)
3. Is Novus International, Inc. planning on utilizing the output from Ineos USA, LLC for production? No, we may optimize waste, bi-product, and utilities if feasible but will also retain capability for completely independent operation.
4. Is Novus International, Inc. planning on providing input to Ineos USA, LLC? No.
5. Is the applicant going to take over the whole Ineos USA, LLC plant complex or sections? No.
6. What facilities will be shared? None. We are designing for completely independent operation.
7. The project description includes Intraplant piping, intraplant conduit and connections. Is any part of Novus plant connected to Ineos plant? Yes, Novus will have easements for connecting pipelines etc., but all ownership of assets will reside on their respective property boundary lines. Novus will not share any assets.
8. There is an existing Ineos rail inside the land for this project. How will this facility be separated for appraisal purposes? Yes, it is inside the reinvestment zone. It is not owned by Novus and will not be on Novus owned land. Calhoun County Appraisal District will assess these assets to INEOS as they currently do and in the future.