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CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

August 26, 2016

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Brazosport Independent School District from Praxair, Inc.
(Comptroller Application #1144)

To the Local Government Assistance & Economic Analysis Division:

On July 29, 2016, an application from Praxair, Inc to the Brazosport Independent School District was submitted to your office for review. Additional information has been requested before the Application can be determined to be complete. In response to that request, Praxair, Inc. has provided in the following information in Supplement #1 to the Application 1144.

1. Wage information is outdated. Tracer information for Q1 2016 and Council of Government Region Wages for All Occupations for 2015 is now available. Please update Tab 13, Page 7 of the application, and Schedule C with the new wage information.

Applicant has provided all of the above information.

2. Schedules. Please provide all tax levies listed on Schedule D as percentages. Additionally, the "Years Following Value Limitation Period" on Schedule C are incorrect.

Schedules C and D have been updated in both PDF and Excel formats.

3. Please provide a map with a clearly depicted project boundary.

Applicant has provided an additional map.

Letter to Local Government Assistance & Economic Analysis Division

August 26, 2016

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4. The “Request for Waiver of Job Creation Requirement” letter must state the industry standard for the number of employees reasonably necessary for the operation of the facility.

A new request on letterhead has been prepared by applicant.

5. Please provide any interconnections with existing facilities.

Applicant has updated Tab 4 to provide specific information on this.

6. Please address if the project will have any interconnections with the separate and distinct project currently beginning construction.

Applicant has updated Tab 4 to provide specific information on this.

A hard copy and an electronic copy of this information will be hand delivered to your office on Monday. Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written in a cursive style.

Kevin O'Hanlon
School District Consultant

Cc: Brazoria County Independent School District

Praxair, Inc.

Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2016
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 1,247

Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 15

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No

6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

a. Average weekly wage for all jobs (all industries) in the county is 1,080.00

b. 110% of the average weekly wage for manufacturing jobs in the county is 2,300.00

c. 110% of the average weekly wage for manufacturing jobs in the region is 1,163.00

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,484.00

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,484.00

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No

12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No

13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)

3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

TAB 4

Detailed Description of the Project

Provide 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.

Praxair's project provides for the design and construction of an industrial gas complex comprising two plants:

1. A new world scale air separation unit (ASU) for the production of argon, oxygen, and nitrogen for distribution to customers in the Gulf Coast area. The feedstock for the ASU is atmospheric air and the merchant liquid products will be shipped by truck to destinations as far away as the pacific northwest
2. A world scale carbon dioxide purification and liquefaction plant to serve carbon dioxide customers in the Gulf Coast area and Mexico. Feedstocks for this plant would be come from local sources in the Freeport area. The liquid CO2 product from this plant would be delivered by truck to customers across the gulf coast.

If approved, the proposed industrial gas complex will be constructed in northern half of the Praxair, Inc. Freeport plant site in Praxair Reinvestment Zone No. 1. The proposed industrial gas complex would reside on what is now vacant industrial land. Construction is anticipated to begin in 3Q 2018 with commencement of commercial operations in 2020.

It is anticipated that Praxair's proposed new plant will be connected to Praxair's atmospheric gas pipelines that run from the north side of the Houston Ship Channel to Freeport. Products from this plant will be distributed via pipelines to Praxair's atmospheric gas customers in either Brazoria, Galveston or Harris County, and by truck to Praxair's customers throughout the Gulf Coast. Praxair is considering alternate locations outside Brazoria County from which to serve these customers.

This plant will not have a pipeline interconnection with the separate and distinct project currently beginning construction on the south side of Praxair's Freeport property. The plant will share the same high voltage connection point to the electric utility grid as the separate and distinct project currently beginning construction .

Below is a list of the major equipment comprising the complex:

- Cryogenic storage tanks
- Compressors
- Heat exchangers
- Pumps

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
BY PRAXAIR, INC. TO BRAZOSPORT ISD*

TAB 4 (cont.)

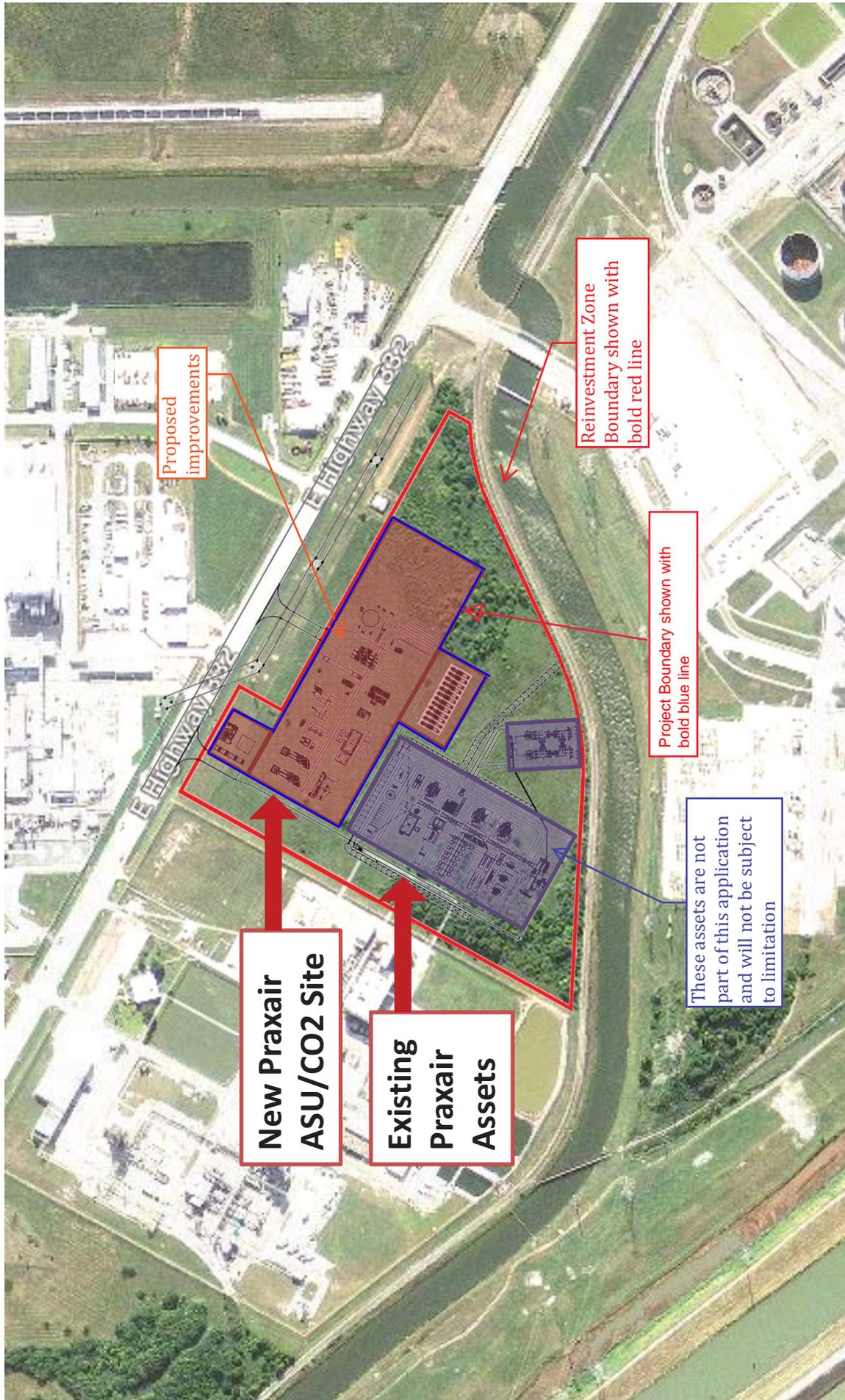
Detailed Description of the Project

- Filters
- Insulation
- Electrical
- Switchgear
- Transformers
- Instrumentation equipment
- Equipment and structural foundations and supports
- Control Equipment
- Industrial gas loading and unloading equipment and road works
- Industrial gas piping

Additional infrastructure to support this property will include:

- Site development/roads
- Utility piping, electrical substation modifications and water distribution.

Proposed Improvements within Reinvestment Zone Boundary



CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

May 11, 2016

Mr. Danny Massey
Superintendent
Brazosport Independent School District
P. O. Drawer Z
Freeport, TX 77542

Re: Chapter 313 Jobs Waiver Request

Dear Superintendent Massey,

Praxair, Inc. requests that the Brazosport Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Tax Code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

The employment industry standard for the facility that is proposed is 15 permanent jobs. Praxair Inc. requests that the Board of Trustees make such a finding and waive the job creation requirement for 25 permanent jobs and in line with industry standards and consistent with recently awarded waivers within this industry, Praxair Inc. has committed to create fifteen (15) total jobs for the project.

Sincerely,

Sam Gregson
Senior Consultant
Cummings Westlake, LLC

**PRAXAIR BRAZOSPORT PROJECT
TAB 13 TO CHAPTER 313 APPLICATION**

**BRAZORIA COUNTY
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2015	\$ 1,040	\$ 54,080
THIRD	2015	\$ 1,024	\$ 53,248
FOURTH	2015	\$ 1,132	\$ 58,864
FIRST	2016	\$ 1,124	\$ 58,448
AVERAGE		\$ 1,080	\$ 56,160

**BRAZORIA COUNTY
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2015	\$ 1,924	\$ 100,048
THIRD	2015	\$ 1,850	\$ 96,200
FOURTH	2015	\$ 2,082	\$ 108,264
FIRST	2016	\$ 2,506	\$ 130,312
AVERAGE		\$ 2,091	\$ 108,706
X		110%	110%
		\$ 2,299.55	\$ 119,576.60

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2014	\$ 1,057	\$ 54,985
X	110%	110%
	\$ 1,163	\$ 60,484

* SEE ATTACHED TWC DOCUMENTATION

**2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
1. Panhandle Regional Planning Commission	\$20.64	\$42,941
2. South Plains Association of Governments	\$17.50	\$36,408
3. NORTEX Regional Planning Commission	\$23.28	\$48,413
4. North Central Texas Council of Governments	\$25.03	\$52,068
5. Ark-Tex Council of Governments	\$18.46	\$38,398
6. East Texas Council of Governments	\$19.84	\$41,270
7. West Central Texas Council of Governments	\$19.84	\$41,257
8. Rio Grande Council of Governments	\$18.32	\$38,109
9. Permian Basin Regional Planning Commission	\$25.18	\$52,382
10. Concho Valley Council of Governments	\$18.80	\$39,106
11. Heart of Texas Council of Governments	\$21.41	\$44,526
12. Capital Area Council of Governments	\$29.98	\$62,363
13. Brazos Valley Council of Governments	\$18.78	\$39,057
14. Deep East Texas Council of Governments	\$17.30	\$35,993
15. South East Texas Regional Planning Commission	\$30.41	\$63,247
16. Houston-Galveston Area Council	\$26.44	\$54,985
17. Golden Crescent Regional Planning Commission	\$23.73	\$49,361
18. Alamo Area Council of Governments	\$19.96	\$41,516
19. South Texas Development Council	\$15.87	\$33,016
20. Coastal Bend Council of Governments	\$25.97	\$54,008
21. Lower Rio Grande Valley Development Council	\$16.17	\$33,634
22. Texoma Council of Governments	\$19.04	\$39,595
23. Central Texas Council of Governments	\$18.04	\$37,533
24. Middle Rio Grande Development Council	\$22.24	\$46,263

$\$54,985 \times 110\% = \$60,484$

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,136
2016	1st Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,124
2015	2nd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,040
2015	3rd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,024
2015	4th Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,132

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,395
2016	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,506
2015	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,924
2015	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,850
2015	4th Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,082

Schedule C: Employment Information

Date: 6/24/2016
 Applicant Name: PRAXAIR, INC
 ISD Name: BRAZOSPORT ISD

Form 50-296A
 Revised May 2014

	Construction		Non-Qualifying Jobs	Qualifying Jobs			
	Column A	Column B	Column C	Column D	Column E		
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	Year	School Year (YYYY-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	2018-2019	50 FTE	57,600	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	70 FTE	57,600	0	0	0
	1	2020-2021	N/A	N/A	0	15	60,484
	2	2021-2022	N/A	N/A	0	15	60,484
	3	2022-2023	N/A	N/A	0	15	60,484
	4	2023-2024	N/A	N/A	0	15	60,484
	5	2024-2025	N/A	N/A	0	15	60,484
	6	2025-2026	N/A	N/A	0	15	60,484
	7	2026-2027	N/A	N/A	0	15	60,484
	8	2027-2028	N/A	N/A	0	15	60,484
	9	2028-2029	N/A	N/A	0	15	60,484
	10	2029-2030	N/A	N/A	0	15	60,484
Years Following Value Limitation Period	11 through 25	2030-2045	N/A	N/A	0	15	60,484

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) Yes No
- If yes, answer the following two questions:
- 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)

Date: 6/24/2016
 Applicant Name: PRAXAIR, INC
 ISD Name: 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:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Brazoria County	2020	7 Years	\$416,730	see detail below	\$0
	Other: Port of Freeport	2020	7 Years	\$34,528		\$0
	Other: Brazosport College	2020	7 Years	\$231,990		\$0
	Other: Velasco Drainage District	2020	7 Years	\$78,479		\$0
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A	N/A	N/A	N/A
Texas Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A
Employee Recruitment	N/A	N/A	N/A	N/A	N/A	N/A
Skills Development Fund	N/A	N/A	N/A	N/A	N/A	N/A
Training Facility Space and Equipment	N/A	N/A	N/A	N/A	N/A	N/A
Infrastructure Incentives	N/A	N/A	N/A	N/A	N/A	N/A
Permitting Assistance	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL				\$ 761,727		\$ -

Additional information on incentives for this project:

- County Terms: 100% of County Tax will be abated for 7 years
- Port of Freeport: 100% of Port Taxes will be abated for 7 years
- Brazosport College: 100% of Brazosport College Tax will be abated for 7 years
- Velasco Drainage: 100% of the Velasco Drainage District Tax will be abated for 7 years



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

[Handwritten Signature]

Signature (Authorized School District Representative)

8-15-16

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

Joseph R. Abdo

Print Name (Authorized Company Representative (Applicant))

Central Region Vice President

Title

sign here

[Handwritten Signature]

Signature (Authorized Company Representative (Applicant))

August 12, 2016

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

12 day of August 2016

[Handwritten Signature]
Notary Public in and for the State of Texas ILLINOIS

My Commission expires: 03/24/2020

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.