

# CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.  
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

## OFFICE USE ONLY CERTIFICATION OF FILING

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

SABIC US Projects LLC  
Houston, TX United States

Certificate Number:  
2017-187358

Date Filed:  
04/04/2017

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Gregory Portland Independent School District, Portland, Texas, United States of America

Date Acknowledged:

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

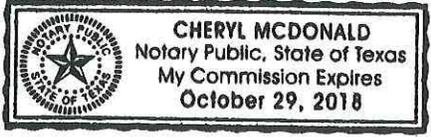
Agreement No. 1154 under  
Chapter 313 of the Texas Tax Code

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Cummings, Dale	Houston, TX United States		X
	Kuntz, Stephen A.	Houston, TX United States		X
	Sabic US Holdings LP	Houston, TX United States	X	

5 Check only if there is NO Interested Party.

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.



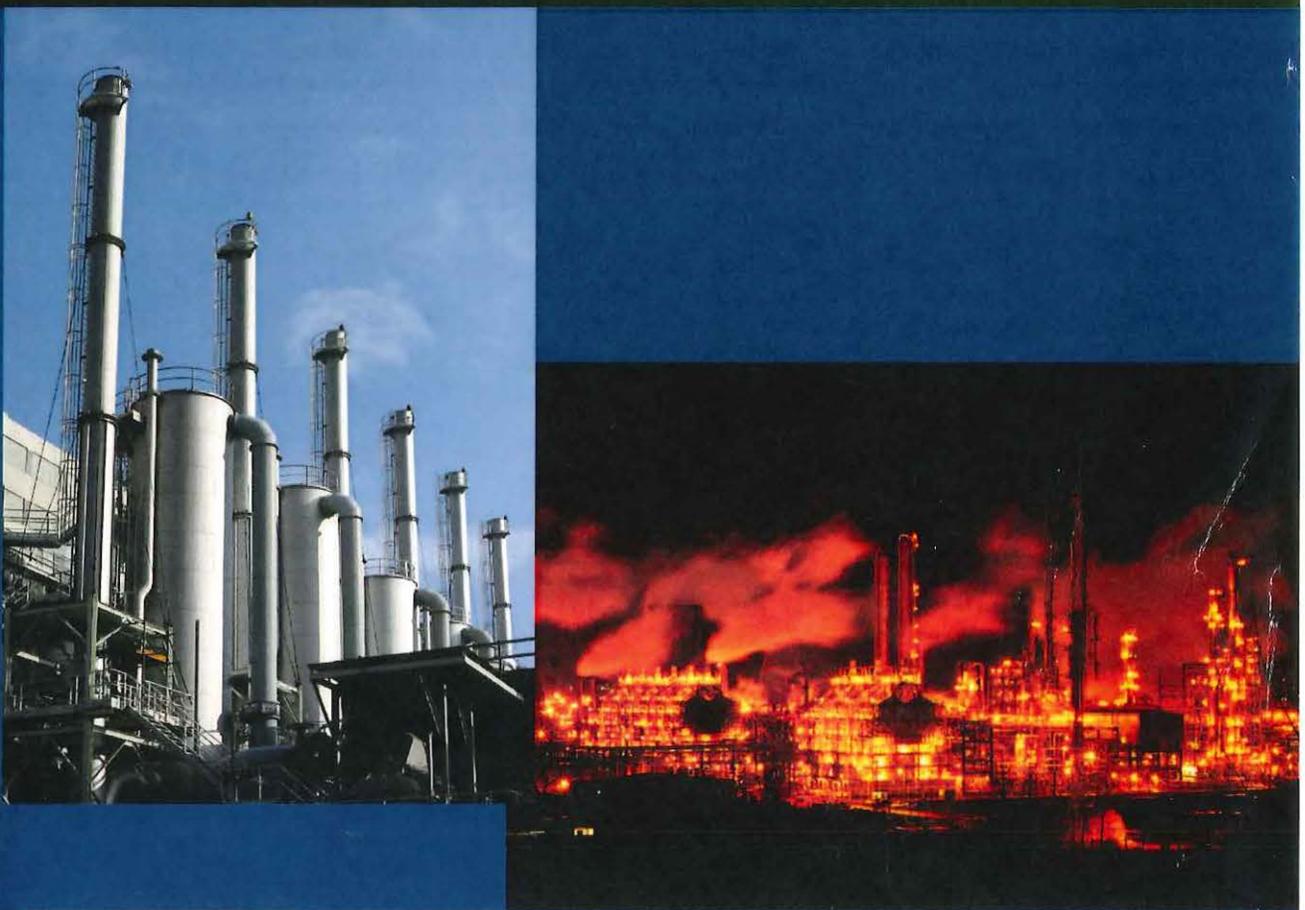
*Steven D. Nichols*  
Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said Steven D. Nichols, this the 4th day of April, 2017, to certify which, witness my hand and seal of office.

*Cheryl McDonald*      Cheryl McDonald      Notary  
Signature of officer administering oath      Printed name of officer administering oath      Title of officer administering oath

**FINDINGS OF THE GREGORY-PORTLAND  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
SABIC US PROJECTS, LLC (#1154)**



March 21, 2017

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**FINDINGS  
OF THE  
GREGORY-PORTLAND INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
SABIC US PROJECTS, LLC (#1154)**

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**MARCH 21, 2017**

FINDINGS OF THE GREGORY-PORTLAND  
INDEPENDENT SCHOOL DISTRICT BOARD OF  
TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
SABIC US PROJECTS, LLC (#1154)

*STATE OF TEXAS* §

*COUNTY OF SAN PATRICIO* §

On the 21<sup>st</sup> day of March, 2017, a public meeting of the Board of Trustees of the Gregory-Portland Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of SABIC US Projects, LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On August 31, 2016, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32059501976), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the San Patricio County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On October 26, 2016, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on November 28, 2016 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project 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 25<sup>th</sup> anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment D**.

The Board of Trustees has confirmed that the taxable value of property in the District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment E**.

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis; after receiving public input from the community at multiple posted meetings of the Board of Trustees; after extended negotiations with Applicant and its agents; after conducting an extended

Public Hearing on March 21, 2017 at which the Board considered input from the Applicant, including the consideration of the materials presented to the San Patricio County Commissioners Court, **Attachment K**, which were re-presented at the Public Hearing; after considering input from the Board's consultants; and after considering all if the viewpoints of multiple members of the community, the Board finds:

**Board Finding Number 1.**

**The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.**

In support of Finding 1, the Application indicates that:

The Project consists of three applications that are being submitted simultaneously. All of the property that is the subject of the three applications will only be built if all three applications are approved. The three applications are SABIC US Projects, LLC (this application), GCGV Asset Holding LLC, and Exxon Mobil Corporation.

SABIC US Projects, LLC ("SABIC"), a wholly owned subsidiary of Saudi Basic Industries Corporation, proposes to design and construct a 600,000 ton per annum SABIC Gas Phase polyethylene unit.

Property used for chemical manufacturing is eligible for a limitation under §313.024(b)(1).

**Board Finding Number 2.**

**The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement.**

In support of Finding 2, the Comptroller's Economic Impact Evaluation and Certification, Attachment C, states:

This represents the Comptroller's determination that SABIC US Projects, LLC (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)
<b>Limitation Pre-Years</b>	2021	\$0	\$0	\$0	\$0
	2022	\$561,708	\$561,708	\$0	\$0
	2023	\$2,682,953	\$3,244,661	\$0	\$0
<b>Limitation Period (10 Years)</b>	2024	\$336,000	\$3,580,661	\$6,204,492	\$6,204,492
	2025	\$336,000	\$3,916,661	\$6,109,694	\$12,314,186
	2026	\$336,000	\$4,252,661	\$6,013,009	\$18,327,195
	2027	\$336,000	\$4,588,661	\$5,917,774	\$24,244,969
	2028	\$336,000	\$4,924,661	\$5,823,967	\$30,068,936
	2029	\$336,000	\$5,260,661	\$5,731,568	\$35,800,503
	2030	\$336,000	\$5,596,661	\$5,640,554	\$41,441,057
	2031	\$336,000	\$5,932,661	\$5,550,906	\$46,991,963
	2032	\$336,000	\$6,268,661	\$5,462,602	\$52,454,565
	2033	\$336,000	\$6,604,661	\$5,375,623	\$57,830,188
<b>Maintain Viable Presence (5 Years)</b>	2034	\$5,511,775	\$12,116,436	\$0	\$57,830,188
	2035	\$5,318,920	\$17,435,356	\$0	\$57,830,188
	2036	\$5,132,814	\$22,568,169	\$0	\$57,830,188
	2037	\$4,953,219	\$27,521,389	\$0	\$57,830,188
	2038	\$4,779,910	\$32,301,299	\$0	\$57,830,188
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2039	\$4,612,665	\$36,913,963	\$0	\$57,830,188
	2040	\$4,448,815	\$41,362,779	\$0	\$57,830,188
	2041	\$4,293,131	\$45,655,910	\$0	\$57,830,188
	2042	\$4,142,896	\$49,798,806	\$0	\$57,830,188
	2043	\$3,997,918	\$53,796,724	\$0	\$57,830,188
	2044	\$3,798,022	\$57,594,745	\$0	\$57,830,188
	2045	\$3,608,121	\$61,202,866	\$0	\$57,830,188
	2046	\$3,427,715	\$64,630,581	\$0	\$57,830,188
	2047	\$3,256,329	\$67,886,910	\$0	\$57,830,188
	2048	\$3,093,513	\$70,980,422	\$0	\$57,830,188
		<b>\$70,980,422</b>	is greater than	<b>\$57,830,188</b>	
<b>Analysis Summary</b>					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, SABIC US Projects, LLC

**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.

### **Board Finding Number 3.**

**The limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.**

The Comptroller **has determined** that the limitation on appraised value is a determining factor in SABIC US Projects, LLC'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 SABIC US Projects, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "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 Project. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made. 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."
  - B. "The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes."
  - C. "Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas."

D. "Property tax incentives, including the appraised value limitation, will allow the Applicant to tackle these long range requirements to make the Project viable in this community. The petrochemicals market is very competitive. Without the Chapter 313 value limitation, siting the project in San Patricio County is less attractive."

- A July 29, 2016 *The Coastal Bend Chronicle* article states that "[t]hough nothing has been set in stone or put to paper, the new steam cracking plant proposal brought forth jointly by the Exxon Mobil Corp. and Saudi Arabia Basic Industries Corp., a Riyadh-based petrochemical company, is already in motion on the municipal level. According to Gregory City Manager City Administrator Robert Meager, a move by Portland City Officials to expand their Certificate of Convenience and Necessity (CCN) zone to encompass a 1000-acre area just West of Gregory is proof that Portland Officials are making plans to provide water and sewer to the new plant."

**Board Finding Number 4.**

**The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.**

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

**Board Finding Number 5.**

**Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment C, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.**

In its Application, Applicant has committed to creating eighty-five (85) new qualifying jobs. The average salary level of qualifying jobs will be at least \$59,408.80 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

**Board Finding Number 6.**

**The Applicant intends to create no non-qualifying jobs.**

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least the county average wage for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

**Board Finding Number 7.**

**The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.**

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$584 million to the tax base for debt service purposes at the peak investment level for the 2024-25 school year. The project remains fully taxable for

debt services taxes, with the District currently levying a \$0.18 per \$100 I&S rate. While the value of the Project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the Project to the local I&S tax roll.

**Board Finding Number 8.**

**The effects of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities are addressed under current law and provisions in the Value Limitation Agreement that provide for costs associated with extraordinary education-related expenses.**

Based on letters provided on October 31, 2016, the Texas Education Agency does not expect that the GCGV, ExxonMobil and SABIC facilities will have a significant impact on the number or size of school facilities in G-PISD. (See **Attachment F** for the TEA letter addressing the impact of the SABIC US project.) In terms of full-time permanent jobs, the three new plants anticipate a minimum of 400 permanent positions when they begin operation. Since the beginning of operations is nearly a decade away, there would be time to address the District's facility needs to enroll new permanent residents in the community, which will in large part be driven by the availability of housing for future employees of these firms and their families.

A potentially more challenging issue is the impact that the construction phase of the project might have on G-PISD. In a recent posting on its project-related website, ExxonMobil indicates that there may be up to 11,000 construction workers in the area over a five-year period. The Agreement (**Exhibit G**) includes language that addresses the extraordinary education-related expenses provision included in Section 313.027 of the Tax Code. In addition to the general language traditionally contained in chapter 313 Agreements, the Agreement contains specific provisions which specifically authorize the District to recover extraordinary costs arising from the temporary acquisition of capital assets such as busses and portable buildings which may become necessary in the event of a construction related temporary increase in the District's student enrollment. Under normal circumstances, costs related to enrollment growth are funded through the standard Foundation School Program formula structure. However, the fact that the construction-related growth may be temporary

raises the possibility that the temporary acquisition of capital assets through leasing may be more efficient. Capital costs are normally financed through the District's debt tax and lease payments are not. Lease payments for capital expenses, if and to the extent created by temporary growth related to the construction of the project, would necessarily be seen as being extraordinary. The cost of portable buildings and related expenses or the salaries of temporary employees are items covered by provisions related to extraordinary education-related expenses in the Article V of the Value Limitation Agreement.

The Value Limitation Agreement additionally provides for the District to recover increased costs of obtaining the necessary potable water to conduct its non-landscaping school-related expenses in the event that the district experiences a water curtailment due to the Applicant's operations.

**Board Finding Number 9.**

**The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.**

**Board Finding Number 10.**

**The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.**

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to

projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

**Board Finding Number 11.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).**

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, **Attachment E**. The total industrial value for the District is \$461 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its placement in a strategic investment area. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

**Board Finding Number 12.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.**

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment H**)

**Board Finding Number 13.**

**The Applicant (Taxpayer No. 32059501976) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer No. 32059501976), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. (See **Attachment B**.) The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

**Board Finding Number 14.**

**The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.**

**Board Finding Number 15.**

**The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.**

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (Attachment H)

**Board Finding Number 16.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

**Board Finding Number 17.**

**The Board finds that there are no undisclosed and accounted for conflicts of interest at the time of considering the agreement.**

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <http://pol.tasb.org/Home/Index/1052>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't

Code §171.004. As a result, a single conflict of interest was disclosed by a Trustee immediately upon the announcement by Applicant that it was considering a property value guarantee to some local property owners. The disclosure was made by Applicant on March 3, 2017, and a conflict of interest statement was immediately filed. Since that point in time the Trustee has refrained from participating in deliberations concerning the Application.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

**Board Finding Number 18.**

**The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.**

**Board Finding Number 19.**

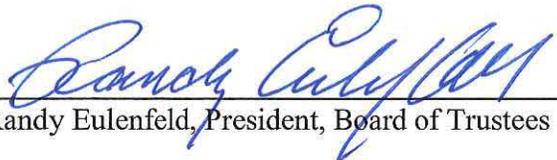
**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

In making this finding 19 the Board has also considered the Agreement between Applicant and the District attached to as **Attachment K**, which outlines the terms of specific additional undertakings accepted by Applicant to alleviate specific environmental and safety concerns raised by the Board of Trustees during the course of its consideration of the Application.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

Dated the 21st day of March, 2017.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

By:   
Randy Eulendorf, President, Board of Trustees

ATTEST:

By:   
Carrie Gregory, Secretary, Board of Trustees

**GCGV ASSET HOLDING LLC  
EXXON MOBIL CORPORATION  
SABIC US PROJECTS LLC**

**BY HAND DELIVERY**

March 21, 2017

Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Re: Gregory-Portland ISD Application Nos. 1154, 1155 and 1156  
Supplemental Environmental and Safety Undertakings

Ladies and Gentlemen:

In response to questions and comments from local residents and the Board of Trustees of Gregory-Portland Independent School District concerning the projects that are the subject of the above-referenced applications (collectively, the "Project"), GCGV Asset Holding LLC, Exxon Mobil Corporation and SABIC US Projects LLC (collectively, "Gulf Coast Growth Ventures") have developed programs and procedures to address concerns raised by the local community. Gulf Coast Growth Ventures has communicated a description of this initiative to, among others, the San Patricio County Commissioner's Court.

As part of this initiative, Gulf Coast Growth Ventures informs the Gregory-Portland Independent School District that during the respective terms of the three Chapter 313 agreements covering the Project and approved on March 21, 2017, by the Board of Trustees of Gregory-Portland Independent School District, Gulf Coast Growth Ventures will undertake the following:

1. After site selection, Gulf Coast Growth Ventures will voluntarily establish a regional air quality monitoring network with sample points at the fence line of the Project site and within the local community. The sample points in the local community will include two school campuses (such as Stephen F. Austin Elementary School and Gregory-Portland High School), provided that Gregory-Portland Independent School District makes locations at the campuses available to Gulf Coast Growth Ventures for the installation, operation and maintenance of monitoring stations. Gulf Coast Growth Ventures will provide timely online tracking and assessment of monitoring results available to the local community.
2. After site selection, Gulf Coast Growth Ventures will institute a construction traffic management program during the construction of the Project to:

- coordinate and fund traffic management and provide funding for traffic studies and implementation costs, including the cost of additional police officers;
  - implement a dust control program during the construction period; and
  - develop plans to avoid construction traffic on school bus routes and major school traffic routes and in school zones.
3. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will establish an Operations Community Advisory Panel (“CAP”) to encourage the regular and open exchange of information between the operating facilities and the local community. The CAP would be modeled on similar panels in other communities in which Exxon Mobil Corporation operates. Gregory-Portland Independent School District will be eligible to nominate a person to serve on the CAP.
  4. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will maintain firefighting and emergency response equipment at the Project facilities and train plant personnel in firefighting and emergency response procedures.
  5. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will participate in community-wide mutual aid programs with local community first responders and other industry.
  6. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will establish a leak detection and repair (“LDAR”) program at the Project utilizing infrared cameras and other current technologies.
  7. After site selection, Gulf Coast Growth Ventures will institute a community communication program regarding the Project to:
    - establish and maintain routine communications with local elected officials and community leaders;
    - maintain a robust web and social media presence in the local community which will include a link to the Texas Commission on Environmental Quality’s web site; and
    - establish and maintain lines of communication for local community members to raise concerns, ask questions, and obtain information about the Project as it progresses.
  8. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will develop regular and timely reporting to the local community regarding Gulf Coast Growth Ventures’ safety, security, health and environment stewardship, including:

- safety and environmental performance; and
- environmental improvement activities.

Please do not hesitate to contact me should you have any questions regarding these matters.

Gulf Coast Growth Ventures very much appreciates the leadership and support of the Board of Trustees of Gregory-Portland Independent School District in working with us to bring this important Project to South Texas.

Thank you for your consideration.

Very truly yours,

Robert Tully  
Venture Executive

APPROVED THIS 21<sup>ST</sup> DAY OF MARCH, 2017.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

By: \_\_\_\_\_  
RANDY EULENFELD  
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: \_\_\_\_\_  
CARRIE GREGORY  
SECRETARY, BOARD OF TRUSTEES

Attachment A

Application

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE McCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

September 16, 2016

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

RE: Application to the Gregory-Portland Independent School District from SABIC US  
Projects LLC

**(First Qualifying Year 2022)**

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the first of a series of three applications for review to the Comptroller's Office, the Gregory-Portland Independent School District is notifying SABIC US Projects LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The company has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in 2024.

The Applicant submitted the Application to the school district on August 31, 2016. The Board voted to accept the application on August 31, 2016. The application has been determined complete as of September 16, 2016. Please prepare the economic impact report.

The Applicant has requested a portion of Tab 11 of the Application detailing the specific layout of the project be kept confidential. In accordance with 34 TAC 9.1053, the information that is the subject of this request is segregated from the supplemental materials submitted contemporaneously with this application, that is, the proprietary commercial information regarding the specific location of the possible project. The confidential materials are being submitted separately to protect against unintended disclosure. The public release of this information would reveal information which the company considers to be a trade secret. Furthermore, the public production of this information would cause the company to suffer substantial competitive harm and weaken its position in competitive siting decisions.

Letter to Local Government Assistance & Economic Analysis Division  
September 16, 2016  
Page 2 of 2

A copy of the application will be submitted to the San Patricio County Appraisal District.

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: San Patricio County Appraisal District  
SABIC US Projects LLC

## CUMMINGS WESTLAKE LLC

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

August 28, 2016

Dr. Paul Clore, Superintendent  
Gregory-Portland Independent School District  
608 College Street  
Portland, TX 78374

**Re: Chapter 313 Application – SABIC US Projects, LLC**

Dear Dr. Clore,

Enclosed is the Application for Appraised Value Limitation for SABIC US Projects, LLC. The Project consists of a series of three applications that are being submitted simultaneously. All of the property that is the subject of the three applications will only be built if all three applications are approved. The three applications are SABIC US Projects, LLC (this application), GCGV Asset Holding LLC, and Exxon Mobil Corporation

All of the property submitted in this application is specifically excluded from the applications of GCGV Asset Holding LLC and Exxon Mobil Corporation. All of the property in this application will be in a reinvestment zone created for GCGV Asset Holding LLC by San Patricio County or Gregory-Portland ISD at a later date.

Please note that there are four maps pertaining to the proposed site layout in Tab 11. SABIC US Projects, LLC considers these four maps to be confidential information that is not for public disclosure. The vicinity map in Tab 11 is not confidential.

SABIC US Projects, LLC is submitting the application fee by wire transfer prior to the meeting on August 31, 2016. If you have questions, would you please contact me? I look forward to seeing you next Wednesday night.

Sincerely,



D. Dale Cummings



# Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

Economic Development  
and Analysis  
**Form 50-296-A**

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

August 31, 2016

Date Application Received by District

Dr. Paul

Clore

First Name

Last Name

Superintendent

Title

Gregory-Portland Independent School District

School District Name

608 College Street

Street Address

608 College Street

Mailing Address

Portland

TX

78374

City

State

ZIP

361-777-1091

361-643-1754

Phone Number

Fax Number

pclore@g-pisd.org

Mobile Number (optional)

Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application?  Yes  No

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

<u>Daniel T.</u> First Name	<u>Casey</u> Last Name
<u>Partner</u> Title	
<u>Moak Casey &amp; Associates, LLP</u> Firm Name	
<u>512-485-7878</u> Phone Number	<u>512-485-7888</u> Fax Number
	<u>dcasey@moakcasey.com</u> Email Address
<u>Mobile Number (optional)</u>	

4. On what date did the district determine this application complete? ..... September 16, 2016
5. Has the district determined that the electronic copy and hard copy are identical? .....  Yes  No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

<u>Kevin</u> First Name	<u>Wright</u> Last Name
<u>Chief Financial Officer and Treasurer</u> Title	<u>SABIC US Projects LLC</u> Organization
<u>2500 CityWest Blvd., Suite 650</u> Street Address	
<u>2500 CityWest Blvd., Suite 650</u> Mailing Address	
<u>Houston</u> City	<u>TX</u> State
<u>713-267-3046</u> Phone Number	<u>77042</u> ZIP
	<u>832-325-7845</u> Fax Number
	<u>KWright@sabic.com</u> Business Email Address
<u>Mobile Number (optional)</u>	

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? .....  Yes  No
- 2a. If yes, please fill out contact information for that person.

<u>Steven</u> First Name	<u>Nichols</u> Last Name
<u>Senior Specialist, Americas Tax</u> Title	<u>SABIC US Projects LLC</u> Organization
<u>2500 City West Blvd.</u> Street Address	
<u>2500 City West Blvd.</u> Mailing Address	
<u>Houston</u> City	<u>TX</u> State
<u>832-205-0327</u> Phone Number	<u>77042</u> ZIP
	<u>844-536-7280</u> Fax Number
	<u>steven.nichols@sabic.com</u> Business Email Address
<u>Mobile Number (optional)</u>	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....  Yes  No

**SECTION 2: Applicant Information (continued)**

**4. Authorized Company Consultant (If Applicable)**

Dale \_\_\_\_\_ Cummings \_\_\_\_\_  
 First Name Last Name  
 Founding Partner \_\_\_\_\_  
 Title \_\_\_\_\_  
 Cummings Westlake LLC \_\_\_\_\_  
 Firm Name \_\_\_\_\_  
 713-266-4456 \_\_\_\_\_ 713-266-2333 \_\_\_\_\_  
 Phone Number Fax Number  
 dcummings@cwlp.net \_\_\_\_\_  
 Business Email Address

**SECTION 3: Fees and Payments**

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.  
 1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.  
 For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.  
 2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A  
 3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A

**SECTION 4: Business Applicant Information**

1. What is the legal name of the applicant under which this application is made? SABIC US Projects LLC  
 2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32059501976  
 3. List the NAICS code 325211  
 4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement

**SECTION 5: Applicant Business Structure**

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation  
 2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.  
 3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No  
 4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A  
 5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

**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:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> 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.**

**SECTION 9: Projected Timeline**

1. Application approval by school board ..... January 2017
  2. Commencement of construction ..... 2021
  3. Beginning of qualifying time period ..... January 1, 2022
  4. First year of limitation ..... 2024
  5. Begin hiring new employees ..... 2021
  6. Commencement of commercial operations ..... 2024
  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? ..... Q4 2023

**SECTION 10: The Property**

1. Identify county or counties in which the proposed project will be located San Patricio
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property San Patricio
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: <u>San Patricio, .46, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>Not applicable</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Not applicable</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Not applicable</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>SP Drainage, .054067, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Not applicable</u> <small>(Name, tax rate and percent of project)</small>
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 [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/).

1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
  2. What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00
- 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

**SECTION 12: Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
  - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
  
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)?  Yes  No
  - 2a. If yes, attach complete documentation including:
    - a. legal description of the land (Tab 9);
    - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
    - c. owner (Tab 9);
    - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
    - e. a detailed map showing the location of the land with vicinity map (Tab 11).
  
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?  Yes  No
  - 3a. If yes, attach the applicable supporting documentation:
    - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
    - b. legal description of reinvestment zone (Tab 16);
    - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
    - d. guidelines and criteria for creating the zone (Tab 16); and
    - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
  - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? December 2016

**SECTION 13: Information on Property Not Eligible to Become Qualified Property**

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
  
4. Total estimated market value of existing property (that property described in response to question 1): ..... \$ 0.00
  
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
  
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): ..... \$ 0.00

**Note:** Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

**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)? ..... 0  
**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? ..... 85
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 ..... 894.75
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 1,769.35
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,142.48
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? ..... 59,408.80
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 59,408.80
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**.

**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** ▶ Dr. Paul Clore  
Print Name (Authorized School District Representative)

Superintendent

Title

**sign here** ▶ *Paul Clore*  
Signature (Authorized School District Representative)

Date

8-31-16

**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** ▶ Kevin Wright  
Print Name (Authorized Company Representative (Applicant))

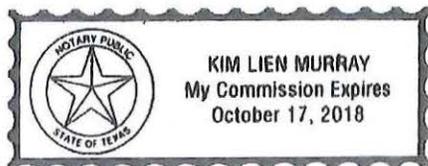
Chief Financial Officer and Treasurer

Title

**sign here** ▶ *Kevin Wright*  
Signature (Authorized Company Representative (Applicant))

Date

8/25/2016



(Notary Seal)

GIVEN under my hand and seal of office this, the

25th day of August 2016  
*Kim Lien Murray*  
Notary Public in and for the State of Texas

My Commission expires:

10/17/2018

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.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> <li>a) Project vicinity</li> <li>b) Qualified investment including 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</li> <li>c) Qualified property including location of new buildings or new improvements</li> <li>d) Existing property</li> <li>e) Land location within vicinity map</li> <li>f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size</li> </ul> <p><b>Note:</b> Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> <li>a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office</li> <li>b) legal description of reinvestment zone*</li> <li>c) order, resolution or ordinance establishing the reinvestment zone*</li> <li>d) guidelines and criteria for creating the zone*</li> </ul> <p><b>* To be submitted with application or before date of final application approval by school board</b></p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

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**TAB 1**

*Pages 1 through 9 of application.*

**TAB 2**

**Proof of Payment of Application Fee**

Please find on the following page, evidence of the wire transfers for the \$150,000 application fee to Gregory-Portland Independent School District.

Evidence of two \$75,000 wire transfers to Gregory-Portland ISD totaling the \$150,000 application fee.

citi		sign off • privacy • citi	
Home File Services			
File Status Summary   File Life Cycle   Event Viewer   Transaction Viewer   File Summary			
Payment Detail   Payment Detail Third Party   Advice Details   Bank Reporting   Intermediary Bank Info   Reject Return Response			
Transaction UID	064093350000057	Transaction Code	CTX
File Runtime UID	94095365	Customer Transaction ID	520002000114612016
Authorization Code 1	WHTNEW	Authorization Code 2	
Customer Account Number	404710001	Customer Batch Number	SA1000044930-000
BES Identifier		BES Customer Alias	
Routing	CITIDIRECT		
Interchange ID	SA1000044930	CICConnect Customer ID	20752
Beneficiary Type ID		Beneficiary ID	SABICA-ACHE
Beneficiary Name	GREGORY-PORTLAND INDEPENDENT SCHOOL	Beneficiary Tax Identifier	
Beneficiary ISO Country Code	US	City In Beneficiary Address	PORTLAND
State Prov In Beneficiary Address	TX	Postal Code In Beneficiary Address	70374
Country In Beneficiary Address	UNITED STATES	Beneficiary FI Address Line 1	100 W HOUSTON ST
Beneficiary FI Address Line 2	78205 SAN ANTONIO	Beneficiary FI Address Line 3	Texas
Beneficiary FI Address Line 4		Beneficiary FI Swift Code	FRSTUS44
Beneficiary FI is a bank?	N	Beneficiary FI is a bank agency	
Beneficiary Account Number	300011764	Primary Beneficiary Account Type	DA
Secondary Beneficiary Account Type	ABA	Non Participating Account Number	11764
Beneficiary FI Name	THE FROST NATIONAL BANK	Beneficiary FI Branch	DOWNTOWN-SAN ANTONIO
Beneficiary FI Routing Code	11400093	Beneficiary FI ISO Country Code	US
City In Beneficiary FI Address	78205 SAN ANTONIO	State/Province In Beneficiary FI Address	Texas
Postal Code In Beneficiary FI Address		Country In Beneficiary FI Address	UNITED STATES
Beneficiary Address Line 1	DISTRICT	Beneficiary Address Line 2	600 COLLEGE STREET
Beneficiary Address Line 3		Beneficiary Address Line 4	
Beneficiary Extra Details 1		Beneficiary Extra Details 2	
Beneficiary Extra Details 3		Beneficiary Extra Details 4	
Payor Type ID		Payor ID	SABICA-EFT2
Payor Name	SABIC America, Inc.	Payor ISO Country Code	US
Payor Tax ID		City In Payor Address	US
State/Province In Payor Address		Postal Code In Payor Address	
Country In Payor Address	UNITED STATES	Payor Address Line 1	2600 CityWest Blvd. Suite 650
Payor Address Line 2	77042 Houston	Payor Address Line 3	US
Payor Address Line 4		Payor FI Swift Code	CITIUS33
Payor FI is a bank?		Payor FI is a bank agency	
Payor Account/Payor Account Number	5634	Payor Account Currency Code	USD
Primary Payor Account Type	DA	Secondary Payor Account Type	ABA
Payor FI Name		Payor FI Branch	940
Transaction Currency Code	USD	Transaction Amount	75000.00
Credit/Debit Indicator of Transaction Amount	C	Net Instrument Amount	
Gross Instrument Amount		PI Discount	
Amendment Amount Reason Code		Amendment Amount	
Transaction Extra Details 1		Transaction Extra Details 2	
Transaction Extra Details 3		Transaction Extra Details 4	
Transaction Origination Date		Transaction Payment Date	

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Home File Services			
File Status Summary   File Life Cycle   Event Viewer   Transaction Viewer   File Summary			
Payment Detail   Payment Detail Third Party   Advice Details   Bank Reporting   Intermediary Bank Info   Reject Return Response			
Transaction UID	09399550100000001	Transaction Code	CTX
File Runtime UID	93995601	Customer Transaction ID	520002000112932016
Authorization Code 1	WHTNEW	Authorization Code 2	
Customer Account Number	404710001	Customer Batch Number	SA1000051217-000
BES Identifier		BES Customer Alias	
Routing	CITIDIRECT		
Interchange ID	SA1000051217	CICConnect Customer ID	20752
Beneficiary Type ID		Beneficiary ID	SABICA-ACHE
Beneficiary Name	GREGORY-PORTLAND INDEPENDENT SCHOOL	Beneficiary Tax Identifier	
Beneficiary ISO Country Code	US	City In Beneficiary Address	PORTLAND
State Prov In Beneficiary Address	TX	Postal Code In Beneficiary Address	70374
Country In Beneficiary Address	UNITED STATES	Beneficiary FI Address Line 1	100 W HOUSTON ST
Beneficiary FI Address Line 2	78205 SAN ANTONIO	Beneficiary FI Address Line 3	Texas
Beneficiary FI Address Line 4		Beneficiary FI Swift Code	FRSTUS44
Beneficiary FI is a bank?	N	Beneficiary FI is a bank agency	
Beneficiary Account Number	300011764	Primary Beneficiary Account Type	DA
Secondary Beneficiary Account Type	ABA	Non Participating Account Number	11764
Beneficiary FI Name	THE FROST NATIONAL BANK	Beneficiary FI Branch	DOWNTOWN-SAN ANTONIO
Beneficiary FI Routing Code	11400093	Beneficiary FI ISO Country Code	US
City In Beneficiary FI Address	78205 SAN ANTONIO	State/Province In Beneficiary FI Address	Texas
Postal Code In Beneficiary FI Address		Country In Beneficiary FI Address	UNITED STATES
Beneficiary Address Line 1	DISTRICT	Beneficiary Address Line 2	600 COLLEGE STREET
Beneficiary Address Line 3		Beneficiary Address Line 4	
Beneficiary Extra Details 1		Beneficiary Extra Details 2	
Beneficiary Extra Details 3		Beneficiary Extra Details 4	
Payor Type ID		Payor ID	SABICA-EFT2
Payor Name	SABIC America, Inc.	Payor ISO Country Code	US
Payor Tax ID		City In Payor Address	US
State/Province In Payor Address		Postal Code In Payor Address	
Country In Payor Address	UNITED STATES	Payor Address Line 1	2600 CityWest Blvd. Suite 650
Payor Address Line 2	77042 Houston	Payor Address Line 3	US
Payor Address Line 4		Payor FI Swift Code	CITIUS33
Payor FI is a bank?		Payor FI is a bank agency	
Payor Account/Payor Account Number	5634	Payor Account Currency Code	USD
Primary Payor Account Type	DA	Secondary Payor Account Type	ABA
Payor FI Name		Payor FI Branch	940

TransactionCurrencyCode	USD	Transaction Amount	75000.00
Credit/Debit Indicator of Transaction Amount	C	Net Instrument Amount	
Gross Instrument Amount		PI Discount	
Amendment Amount Reason Code		Amendment Amount	
Transaction Extra Details 1		Transaction Extra Details 2	
Transaction Extra Details 3		Transaction Extra Details 4	
Transaction Origination Date		Transaction Payment Date	

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

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**TAB 3**

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)

See attached.

Texas Franchise Tax Extension Affiliate List

Tcode 13298

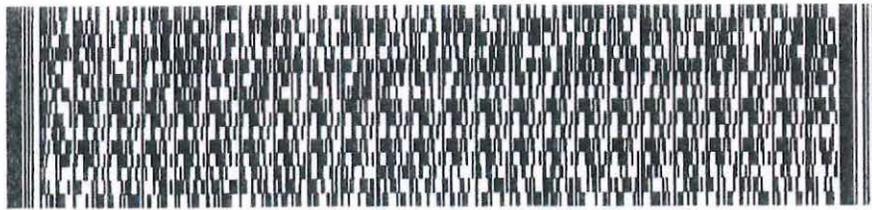
Reporting entity taxpayer number 13311692753	Report year 2016	Reporting entity taxpayer name SABIC US Holdings LP
---	---------------------	--

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. SABIC Petrochemicals Holding US, Inc.	11334045140	<input type="checkbox"/>
2. SABIC Innovative Plastics US LLC	331169273	<input type="checkbox"/>
3. Exatec, LLC	13833936399	<input checked="" type="checkbox"/>
4. SABIC Innovative Plastics Mt. Vernon	13520981500	<input checked="" type="checkbox"/>
5. SABIC Polymershapes LLC	010695945	<input checked="" type="checkbox"/>
6. SABIC Americas, Inc.	10611978759	<input type="checkbox"/>
7. SABIC Ventures US Holdings LLC	472356842	<input checked="" type="checkbox"/>
8. SABIC US Projects LLC	32059501976	<input type="checkbox"/>
9.		<input type="checkbox"/>
10.		<input type="checkbox"/>
11.		<input type="checkbox"/>
12.		<input type="checkbox"/>
13.		<input type="checkbox"/>
14.		<input type="checkbox"/>
15.		<input type="checkbox"/>
16.		<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1062

**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.

The Project consists of three applications that are being submitted simultaneously. All of the property that is the subject of the three applications will only be built if all three applications are approved. The three applications are SABIC US Projects, LLC (this application), GCGV Asset Holding LLC, and Exxon Mobil Corporation.

SABIC US Projects, LLC ("SABIC"), a wholly owned subsidiary of Saudi Basic Industries Corporation, proposes to design and construct a 600,000 ton per annum SABIC Gas Phase polyethylene unit.

The plant will manufacture linear low density polyethylene (LLDPE) resin and high density polyethylene (HDPE) which are used in products such as film, plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails and drums. Feedstock for the plant will be provided by an adjacent ethane steam cracker that is the subject of a separate Application for Limitation of Appraised Value for Qualified Property. A summary of the relationship between the ethane steam cracker and the polyethylene unit is discussed below.

Feedstock Sources

- The polyethylene unit will use ethylene produced by the ethane steam cracker as feedstock that will be delivered by intraplant piping.

Proposed Output and Final Products

- The polyethylene unit will have a design capacity of 600,000 tons per annum of polyethylene.

Interconnections with Adjacent Facilities

- Utility infrastructure that is the subject of the GCGV Asset Holding, LLC application would interconnect with the polyethylene unit via intraplant piping and electrical connections. Again, as stated above, all property that is the subject of the two other applications in this series of applications is specifically excluded from SABIC's application to the district.
- Ethylene from the ethane steam cracker will be delivered to the polyethylene unit via intraplant piping.
- Polyethylene produced by the polyethylene unit will be transported by rail via the railroad spurs that are part of the GCGV Asset Holding LLC application. Again, as stated above, all property that is the subject of the two other applications in this series of applications is specifically excluded from SABIC's application to the district.

## SABIC US Projects LLC

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit along with all process infrastructure and auxiliary equipment, including but not limited to, compressors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems, blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines, storage tanks, blending silos, electrical switchgear, transformers, substations, instrumentation, equipment and structural foundations including supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, cooling towers, inter-plant piping and utilities, tie-ins, road improvements, control building (including personal property located within buildings), fire prevention and safety equipment, railroad switches, rail car loading equipment, rail car washing buildings and equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

Construction is proposed to commence in the first quarter of 2021 with completion estimated in the fourth quarter of 2023.

**TAB 5**

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

Ranked among the world's largest petrochemicals manufacturers, SABIC is a public company based in Riyadh, Saudi Arabia. 70% of the Company's shares are owned by the Saudi Arabian government, with the remaining 30% held by private investors in Saudi Arabia and other countries of the Gulf Cooperation Council. SABIC's 2015 revenues were over \$39 billion.<sup>1</sup>

SABIC began in 1976 by Royal decree and is now rated by Forbes magazine as the 3<sup>rd</sup> largest diversified chemical company in the world. Today, the company has operations in over 50 countries with a global workforce of over 40,000 talented individuals.

SABIC has chemical manufacturing operations in 21 countries including the United States, Canada, Mexico, Brazil, Argentina, Austria, Germany, Bahrain, United Kingdom, Northern Ireland, Spain, Italy, the Netherlands, Belgium, Saudi Arabia, China, Japan, Thailand, Singapore, South Korea, and India. SABIC has the option to invest capital in manufacturing plants on a worldwide basis.

SABIC is now evaluating the economics of this Project. SABIC owns and operates petrochemical manufacturing facilities around the world as well as in the United States. SABIC is also considering investing in Louisiana. Please see the attached press release regarding competitive siting decisions in the following press releases and news articles.

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 Project. No regulatory permit applications have been filed. No public announcements of a definitive intent to construct the Project have been made. 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.

The site requires a tremendous amount of infrastructure to support the proposed development that is not currently available. Water supply is crucial and will require millions of gallons by pipeline into the site daily. Moving products to and from the site require more investment than at other proposed locations. Property tax incentives, including the appraised value limitation, will allow the Applicant to tackle these long range requirements to make the Project viable in this community.

The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. The petrochemicals market is very competitive. Without the Chapter 313 value limitation, siting the project in San Patricio County is less attractive.



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TUE, JUL 26, 2016

## **Exxon, Sabic Poised to Green-Light US Cracker**

Exxon Mobil Chemical and Saudi Arabian chemical giant Sabic are close to green-lighting a proposal to develop a jointly owned, world-scale, ethane-fed steam cracker on the US Gulf Coast, Exxon officials tell *Oil Daily*.

If the two companies proceed, the plant will be located in either Texas or Louisiana to access the ample supplies of shale-sourced ethane, the most abundant natural gas liquid (NGL), and natural gas to serve as feedstock and fuel for the facility.

The proposed plant will produce ethylene, a primary petrochemical intermediate that goes into the manufacture of many consumer products, notably packaging materials such as polyethylene. Several derivative plants that produce products further down the value chain are part of the project.

If built, the Exxon Chemical-Sabic project will be the 10th new steam cracker since the shale gale began blowing through the US petroleum sector almost a decade ago. All but one, a Royal Dutch Shell project in Pennsylvania, are located on the Gulf Coast ([OD Jun.8'16](#)).

The two companies are among the world's largest in terms of chemicals production and sales. In 2014, Sabic came 4th, with Exxon Chemical 5th, in a ranking by the *Chemical & Engineering News* magazine.

The partners have not disclosed the project cost. But based on similar greenfield facilities now being built, it would likely carry a price tag of \$6 billion-\$7 billion as it is not associated with a refinery or existing chemical complex.

Exxon is building a similar-sized facility at its Baytown, Texas, refining and chemical complex, east of Houston, where it benefits from existing utilities and links to fuel and feedstock lines as well as export facilities ([OD Jun.4'12](#)).

The Baytown unit is believed to be in the \$4 billion-\$5 billion range, although the cost has not been officially disclosed. The plant will use about 90,000 barrels per day of ethane feedstock and 90 million cubic feet per day of natural gas fuel. The proposed Exxon Chemical-Sabic project would use similar volumes.

Baytown will have a capacity of 1.5 million tons/yr and will be Exxon's fifth cracker on the Gulf Coast with completion slated for 2017. The company has two other plants at Baytown and one each at refineries in Beaumont, Texas, and Baton Rouge, Louisiana.

Exxon Mobil Chemical Chief Executive Neil Chapman told *Oil Daily* that the companies have worked together for 35 years and operate two crackers in Saudi Arabia's Jubail Industrial City complex. "This is an extension of our existing Kemya joint venture," he said.

The two companies said in a statement that they would undertake studies and work with state and local officials in Texas and Louisiana to help identify a potential site with adequate infrastructure access.

Chapman said the project's output would be designated for the international market as US needs are generally satisfied from existing facilities. Consequently, access to docks and other shipping facilities are needed.

Miles of NGL and natural gas pipelines cross the Texas-Louisiana coastal area, including Enterprise Products' Aegis Pipeline, which delivers ethane to every existing cracker in the region. In addition, the project would have access to billions of cubic feet per day of natural gas from multiple basins within a few hundred miles, including Exxon equity production.

Industry sources have said previously that Sabic has been seeking an opportunity to invest in a US steam cracker project for several years, as have other Mideast interests.

"We are focused on geographic diversification to supply new markets," Sabic Chief Executive Yousef Abdullah al-Benyan explained. "The proposed venture would capture competitive feedstock and reinforce Sabic's strong position in the value chain."

Despite Sabic's global size, it has a relatively small footprint in the US, where its assets include about a dozen specialty chemicals facilities and a technology center outside Houston.

**Barbara Shook, Houston**

## **ExxonMobil**

### **SABIC and ExxonMobil Evaluating Petrochemical Joint Venture on U.S. Gulf Coast**

- Potential new complex would be located in Texas or Louisiana near natural gas feedstock
- Project would include a steam cracker and derivative units
- Plans in early stages, final investment decision to follow study completion

July 25, 2016 08:35 AM Eastern Daylight Time

HOUSTON--(BUSINESS WIRE)--SABIC and an affiliate of Exxon Mobil Corporation (ExxonMobil) (NYSE:XOM) are considering the potential development of a jointly owned petrochemical complex on the U.S. Gulf Coast.

If developed, the project would be located in Texas or Louisiana near natural gas feedstock and include a world-scale steam cracker and derivative units.

Before making final investment decisions, the companies will conduct necessary studies and work with state and local officials to help identify a potential site with adequate infrastructure access.

"We are focused on geographic diversification to supply new markets," said Yousef Abdullah Al-Benyan, SABIC vice chairman and chief executive officer. "The proposed venture would capture competitive feedstock and reinforce SABIC's strong position in the value chain."

Neil Chapman, president of ExxonMobil Chemical Company, said: "We have the capability to design a project with a unique set of attributes that would make it competitive globally. That is vitally important as most of the chemical demand growth in the next several decades is anticipated to come from developing economies."

ExxonMobil and SABIC have worked together for 35 years in major chemical joint ventures in Saudi Arabia.

#### **About SABIC**

SABIC ranks among the world's top petrochemical companies, and is among the world's market leaders in the production of polyethylene, polypropylene, advanced thermoplastics, glycols, methanol and fertilizers. SABIC manufactures on a global scale in Saudi Arabia, the Americas, Europe and Asia Pacific. The company operates in more than 50 countries across the world with 40,000 employees worldwide. To learn more, visit [www.sabic.com](http://www.sabic.com)

#### **About ExxonMobil Chemical Company**

ExxonMobil Chemical Company is one of the largest petrochemical companies worldwide. The company holds leadership positions in some of the largest-volume and highest-growth commodity petrochemical products in the world. ExxonMobil Chemical Company has manufacturing capacity in every major region of the world, serving large and growing markets. More than 90 percent of the Company's chemical capacity is integrated with large refineries or natural gas processing plants. To learn more, visit [www.exxonmobilchemical.com](http://www.exxonmobilchemical.com).

CAUTIONARY STATEMENT: Statements of future events or conditions in this release are forward-looking statements. Actual future results, including project plans, schedules, and outcomes and future market positioning could differ materially due to changes in market conditions affecting the oil, gas and petrochemical industries or long-term price levels for oil, gas, refined products and petrochemicals; political or regulatory developments, including the granting of required permits and any changes in environmental laws; the occurrence and duration of economic recessions; the actions of competitors; technical or operating factors; the outcome of commercial negotiations; and other factors discussed under the heading "Factors Affecting Future Results" in the Investors section of our website ([www.exxonmobil.com](http://www.exxonmobil.com)) and in Item 1A of our most recent Form 10-K.

#### **Contacts**

##### **Media Line:**

832-625-4000

**S&P Global**  
Platts

## Sabco, ExxonMobil eyeing USGC sites for potential PE, MEG projects

Houston (Platts)--25 Jul 2016 2:50 pm EDT/18:50 GMT

Sabco and ExxonMobil Chemical are considering a pair of locations near Corpus Christi in South Texas and another pair near Baton Rouge, Louisiana, for a potential 1.8 million mt/year ethylene plant that would feed two polyethylene units and a monoethylene glycol facility, the companies said Monday.

If the decision is made to move forward, it would mark Saudi Arabia-based Sabco's entrance into the North American market as a major producer for both derivatives.

The companies are working with state and local governments regarding potential sites in St. James Parish and the Parish of Ascension in Louisiana, and in Victoria, Texas, and in San Patricio County, Texas, ExxonMobil spokeswoman Margaret Ross and Sabco spokeswoman Susan LeBourdais both said.

"ExxonMobil and Sabco must complete their respective studies and obtain project permits before a final investment decision can be made," Ross said. "We are very early in the process and cannot speculate on timelines."

Article Continues below...

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Any new facility would take several years to complete, but potential timeframes would call for the new ethylene and derivatives to come online during the next decade following the first wave of ethane-fed petrochemical expansions in North America.

"If they can time this project to come online in 2023, they would be in a position to capitalize on a more than million metric ton global polyethylene deficit we're anticipating in 2024," said Jim Foster, director of analysis, petrochemicals, for S&P Global. If there is an economic turnaround globally before 2023, this unit might be needed sooner."

Based on Platts Analytics forecasts, ethylene run rates in the US would be between 85% and 90% in the period between 2021-2023. If the project dedicates 60% of the ethylene produced to polyethylene production, Platts Analytics anticipates it would provide an additional 890,000-940,000 mt of material to the global market.

### NEEDED FOR LONGER TERM

With the polyethylene surplus in the Americas -- including all of North and South America -- expected to already be at 6.7 million mt in 2021, the project's output would either displace that of other North American producers in the region, or would be exported to meet global demand. Either way, there would be nearly 1 million mt more polyethylene coming out of North America once the unit is built, Foster said.

"Based on current announcements, we expect the global polyethylene deficit will reach 5.75 million mt in 2025," Foster said. "New projects such as these are definitely needed toward the tail-end of our 10-year forecast."

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"I do have concerns in the short-term though. As these new units come online, we are expecting global PE surpluses globally to grow to more than 7 million mt by 2018 -- which is nearly 8% of total worldwide demand."

Earlier Monday, Sabic and ExxonMobil said they were considering a joint petrochemical complex on the US Gulf Coast that would attempt to capitalize on cheaper ethane feedstock in North America.

"We are focused on geographic diversification to supply new markets," Yousef Abdullah Al-Benyam, Sabic vice chairman and chief executive officer, said in a statement. "The proposed venture would capture competitive feedstock and reinforce Sabic's strong position in the value chain."

ExxonMobil and Sabic have worked together for 35 years in major chemical joint ventures in Saudi Arabia.

"We have the capability to design a project with a unique set of attributes that would make it competitive globally," Neil Chapman, president of ExxonMobil Chemical Company, said in the statement. "That is vitally important as most of the chemical demand growth in the next several decades is anticipated to come from developing economies."

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OUR OIL

# San Patricio in running for Exxon steam cracker facility



Contributed photo San Patricio County is one of three communities in the running to become home to an Exxon Mobil steam cracker.

By *Chris Ramirez* of the *Caller-Times*

July 27, 2016

San Patricio County is on the shortlist of communities to become home to the world's largest steam cracker plant.

Exxon Mobil Corp. and Saudi Arabia Basic Industries Corp., a Riyadh-based petrochemical company, announced in a joint statement Tuesday they plan to build a complex together on the U.S. Gulf Coast.

Victoria and St. James Parish, Louisiana also are in the running.

The companies say the region interests them because of its abundant supply of natural gas, and that their planned facility intends capture competitive feedstock of the commodity.

"We're trying very hard to get that project to come here," said Foster Edwards, president/CEO of the San Patricio County Economic Development Corp. "We've got a lot of vacant land they could use. There's a lot of good qualities they could take advantage of here."

Edwards hoped the community's close ties with the Port of Corpus Christi and the efforts made in recent years to improve the LaQuinta Terminal would help it stand apart from its competitors.

In a statement, Exxon and SABIC said the facility, when finished, would be capable of producing 1.8 million tons per year of ethylene and would feed a monoethylene glycol plant and two polyethylene plants.

Monoethylene glycol can be used to make polyester for clothing and polyethylene terephthalate for beverage bottles and containers. Polyethylene can be used in a range of applications, including packaging, consumer and industrial products, agricultural film, and building and construction materials.

A common thread shared by each community is their availability of undeveloped land and water access. The parcel St. James Parish is offering is in an unincorporated area along the banks of the Mississippi River. Victoria, which has had relationships with petrochemical companies for more than six decades, recently

added liquid and dry bulk cargo docks and improved roads at its port.

It also has beefed up industrial training programs at Victoria College in hopes of building up its workforce.

"Projects of this scale are transformational for any community," said D. Dale Fowler, president of the Victoria Economic Development Corp.

Margaret Ross, an Exxon Mobil spokeswoman, said officials are in the early stages of the process and plan to study each area extensively before making a final decision.

San Patricio County's proximity to the Eagle Ford Shale, along with its growing industrial workforce and the infrastructure the port provides, may be among its greatest advantages, energy expert Ray Perryman said.

Many believe the 3,000-square-mile Eagle Ford Shale energy play contains about 20 trillion cubic feet of natural gas and more than 3 billion barrels of oil.

The port also is in the final stages of a \$28 million expansion of its railroad system and is building several new docks. Last year, the port authority also issued \$115 million in revenue bonds both to buy land and to help finance a variety of capital projects over the next decade.

"Corpus Christi offers the right combination of nearby feedstocks and the right infrastructure and should definitely be considered for the ... project," said Perryman, CEO of The Perryman Group, an economic and financial analysis firm in Waco. "The area has attracted billions of dollars of similar

investments in recent years, which is a testament to its competitiveness."

Twitter: @Caller\_ChrisRam



**About Chris Ramirez**

Chris Ramirez is the Business reporter for the Caller-Times and is the team leader for our Energy Effects coverage.

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**Find this article at:**

<http://www.caller.com/news/energy-effects/oil/san-patricio-in-running-for-exxon-steam-cracker-facility-388df615-5332-03f4-e053-0100007fc6d4-388473221.html>

Check the box to include the list of links referenced in the article.

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

**TAB 6**

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

<b>Taxing Entity</b>	<b>% of Project</b>	<b>2015 Tax Rate</b>
San Patricio County	100%	.4600
Gregory-Portland ISD	100%	1.300
San Patricio Drainage District	100%	.054067

## 2015 TAX RATES

<u>Exemptions</u>	<u>Jurisdiction</u>	<u>M&amp;O Rate</u>	<u>I&amp;S Rate</u>	<u>Total Rate</u>
Over 65 - \$5,000	City of Aransas Pass	0.343648	0.336706	0.680354
Disabled Vet:				
Over 65 - \$10,000	City of Gregory	0.649657	0.210343	0.86
Over 65 - \$8,000	City of Ingleside	0.431001	0.171499	0.6025
none	Industrial District	0.431001	0.171499	0.6025
none	City Ingleside on the Bay	0.166456	0	0.166456
none	City of Lakeside	0.127877	0	0.127877
Over 65 - \$6,000	City of Mathis	0.6277	0.3323	0.96
Disabled - 6,000				
Over 65 - \$8,000	City of Odem	0.655858	0.136110	0.791968
Over 65 - \$15,000	City of Portland	0.372033	0.157612	0.529645
Over 65 - \$5,000	City of Sinton	0.52	0.120046	0.640046
Over 65 - \$5,000	City of Taft	0.643209	0.318463	0.961672
Over 65 - \$5,000	City of Taft-Deannexed	0	0.419217	0.419217
H-25,000 O65- 10,000	Aransas Pass ISD	1.031380	0.040000	1.071380
Disabled - 10,000				
Homestead \$25,000	Gregory-Portland ISD	1.12	0.18	1.30
Over 65 - 10,000	Optional O65 - \$5,000 2008 Tax			
Diabled - 10,000	year			
Homestead \$25,000	Ingleside ISD	1.04	0.04	1.08
Over 65 - \$10,000				
Disability - \$10,000				
Homestead \$25,000	Odem-Edroy ISD	1.17	0.457245	1.627245
Ove 65 - 10,000	Optional O65- \$3,000			
Disabled - 10,000				
Homestead \$25,000	Sinton ISD	1.17	0.359	1.5290
Over 65 - 10,000				
Disabled - 10,000				
H-25,000; O65 - 10,000	Taft ISD	1.137437	0.36640	1.503837
Disabled 10,000				
Homestead 1%	County	0.384219	0.018778	0.402997
Minimum 5,000	(Tax Year - 0-65 \$55,000)			
Over 65 - 60,000	County Special	0.057003		0.057003
			Total for County:	0.460000
Homestead 1%	Drainage District	0.054067		0.054067
Minimum 5,000		Total County& Drainage District		0.514067
Over 65 - 60,000				
Disabled 10,000				
Disabled Vet:	10-29% - 5,000	30-49% - 7,500	50-69% - 10,000	70-100% - 12,000

**TAB 7**

Description of Qualified Investment

SABIC US Projects, LLC ("SABIC"), a wholly owned subsidiary of Saudi Basic Industries Corporation, proposes to design and construct a 600,000 ton per annum SABIC Gas Phase polyethylene unit.

The plant will manufacture linear low density polyethylene (LLDPE) resin and high density polyethylene (HDPE) which are used in products such as film, plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails and drums. Feedstock for the plant will be provided by an adjacent ethane steam cracker that is the subject of a separate Application for Limitation of Appraised Value for Qualified Property. A summary of the relationship between the ethane steam cracker and the polyethylene unit is discussed below.

Proposed Output and Final Products

- The polyethylene unit will have a design capacity of 600,000 tons per annum of polyethylene.

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit along with all process infrastructure and auxiliary equipment, including but not limited to, compressors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems, blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines, storage tanks, blending silos, electrical switchgear, transformers, substations, instrumentation, equipment and structural foundations including supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, cooling towers, inter-plant piping and utilities, tie-ins, road improvements, control building (including personal property located within buildings), fire prevention and safety equipment, railroad switches, rail car loading equipment, rail car washing buildings and equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

Construction is proposed to commence in the first quarter of 2021 with completion estimated in the fourth quarter of 2023.

**TAB 8**

Description of Qualified Property

SABIC US Projects, LLC ("SABIC"), a wholly owned subsidiary of Saudi Basic Industries Corporation, proposes to design and construct a 600,000 ton per annum SABIC Gas Phase polyethylene unit.

The plant will manufacture linear low density polyethylene (LLDPE) resin and high density polyethylene (HDPE) which are used in products such as film, plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails and drums. Feedstock for the plant will be provided by an adjacent ethane steam cracker that is the subject of a separate Application for Limitation of Appraised Value for Qualified Property. A summary of the relationship between the ethane steam cracker and the polyethylene unit is discussed below.

Proposed Output and Final Products

- The polyethylene unit will have a design capacity of 600,000 tons per annum of polyethylene.

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit along with all process infrastructure and auxiliary equipment, including but not limited to, compressors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems, blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines, storage tanks, blending silos, electrical switchgear, transformers, substations, instrumentation, equipment and structural foundations including supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, cooling towers, inter-plant piping and utilities, tie-ins, road improvements, control building (including personal property located within buildings) , fire prevention and safety equipment, railroad switches, rail car loading equipment, rail car washing buildings and equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

Construction is proposed to commence in the first quarter of 2021 with completion estimated in the fourth quarter of 2023.

**TAB 9**

*Description of Land*

SABIC will lease land from GCGV Asset Holding LLC for its polyethylene unit. To demonstrate that the land underlying the SABIC polyethylene unit will be in a reinvestment zone, the legal description of the land in the reinvestment zone to be created by the Board of Trustees of Gregory-Portland ISD for GCGV Asset Holding LLC is on the following pages.

**REINVESTMENT ZONE LEGAL DESCRIPTION**

**Tract I:**

A tract of land containing 523.26 acres, more or less, out of Section "M" of the Geo. H. Paul Subdivision of the Coleman Fulton Pasture Company lands South of Taft, in San Patricio County, Texas, according to the map or plat on page 32 of Volume 1 of the Map or Plat Records of said County and described by metes and bounds as follows:

BEGINNING at an iron pipe, the original West corner of Section "M", for the PLACE OF BEGINNING;

THENCE with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right-of-way, the original Northwest corner of said Section "M";

THENCE with the railroad right-of-way and Section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M", N 60° 2' W 4,314 feet to the PLACE OF BEGINNING, containing 523.26 acres of land, more or less;

**Tract II:**

A tract of land containing 826.56 acres, more or less, out of Sections "M" and "N" of the George H. Paul Subdivision of the Coleman Fulton Pasture Company's lands in San Patricio County, Texas, according to the map or plat thereof recorded in Volume 1, Page 32, of the Map Records of San Patricio County, Texas, being all of a certain tract of land containing 831.04 acres, more or less, described in a gift deed conveying a one-half (1/2) community property interest in said 831.04 acres of land from T.A. McKamey, as grantor, to Kenneth G. McKamey and wife, Hattie Bell McKamey, as grantees, in equal undivided interests, dated May 18, 1963, recorded in Volume 290, Page 351, of the Deed Records of San Patricio County, Texas, and an undivided one-half (1/2) interest in and to said 831.04 acres of land being a portion of the property acquired by Kenneth G. McKamey under the will of Lillian McKamey, Deceased, as filed in San Patricio County, Texas under Probate No. 5642, devising her one-half (1/2) community property interest in said property, said 831.04 acres of land being more particularly described as follows, to-wit:

All of said Sections "M" and "N", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe set for the Northeast corner of said Section "N" and on the South right of way of the S.A. & A.P.R.R., from said pipe the smokestack on the Walker Gin at Gregory bears S 44° 10' E, the silo at Terra Belle Ranch bears N 80° 29' W and the most easterly silo at the Rattle Snake Mott bears N 23° 51' W;

THENCE down the center of a road S 30° 7' W at 5272 feet set an iron pipe 20 feet S 30° 7' W of the fence on the North side of a Road running in a Westerly direction, from which the Silo at the Terra Belle Ranch bears N 22° 58' W and the Water Tower at Taft bears N 49° 48' W for the Southeast corner of Section "N" and the Southeast corner of this survey;

THENCE up the center of said Road N 60° 2' W, at 11,246.5 feet set a stake for the Southwest corner of this survey, from which Walker's Gin bears S 72° 52' E and the water tower at Taft bears N 45° 16' W;

THENCE N 30° E at 20 feet set an iron pipe under the fence on the North side of the road, at 2,357 feet the corner post of a fence, it being August Floerke's Southeast corner, at 5,278 feet a 6 inch by 6 inch cypress post on the South line of the Right-of-Way of the S.A. & A. P. R. R., it being Floerke's Northeast corner and the Northwest corner of Section "M" for the Northwest corner of this survey;

THENCE S 60° E with said right of way line at 5,647 feet the center of the gate at the Terra Belle Ranch, at 11,258 feet the PLACE OF BEGINNING, and containing 1,362.5 acres of land;

SAVE AND EXCEPT one-half (1/2) of the road on the East and South sides of said tract of land, containing 8.2 acres of land, more or less; and,

SAVE AND EXCEPT a tract of land containing 523.26 acres, more or less, out of said Section "M", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe, the original West corner of Section "M", for the place of beginning;

THENCE, with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right of way, the original Northwest corner of Section "M";

THENCE with the railroad right-of-way and section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a 200 acre homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M" N 60° 2' W 4,314 feet to the place of beginning, and containing 523.26 acres of land, more or less;

---

SAVE AND EXCEPT out of said 831.04 acres of land, the following described tracts of land, to-wit:

(a) A Tract of land containing one (1) acre, more or less, out of said Section "N", as conveyed by warranty deed from T.A. McKamey and wife, Lillian McKamey, as grantor, to Central Power and Light Company, dated May 4, 1955, recorded in Volume 200, Page 499, of the Deed Records of San Patricio County, Texas; and

(b) Three and forty-eight hundredths (3.48) acres of land, more or less, described as two tracts containing one and seventy-seven hundredths (1.77) acres, more or less, and one and seventy-one hundredths (1.71) acres, more or less, respectively, as conveyed by Right-of-Way Deed from Kenneth G. McKamey and wife, Hattie Bell McKamey, to San Patricio County, Texas, dated April 23, 1965, recorded in Volume 313, Page 497, of the Deed Records of Nueces County, Texas.

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*The above referenced Tract I and Tract II descriptions were obtained pursuant to a Title/Exam Report, dated effective October 1, 2015, from the records of Bay Area Title Services, LLC, under File No. 99151790.*

**TAB 10**

*Description of all property not eligible to become qualified property (if applicable)*

There are no existing improvements on the land where the proposed polyethylene unit will be located. There are, however, existing improvements located within the proposed reinvestment zone area. All of the existing improvements on the land in the proposed reinvestment zone including surface oil and gas equipment, barns and other farm-related buildings and structures, and one residence will be completely demolished as part of the Project. Please see the aerial photograph of the property on the following page with comments regarding the disposition of existing property.

As of January 1, 2016 San Patricio County Appraisal District valued the existing improvements in the proposed reinvestment zone at \$823,523.

MAP OF EXISTING PROPERTY TO BE DEMOLISHED

PROPOSED REINVESTMENT ZONE AND PROJECT BOUNDARY MAP SHOWING EXISTING PROPERTY - CHAPTER 313 APPLICATION FOR GCGV ASSET HOLDING LLC



INCLUDED FOR INFORMATIONAL PURPOSES ONLY

INCLUDED FOR INFORMATIONAL PURPOSES ONLY -  
REINVESTMENT ZONE FOR SABIC PROPERTY WILL BE  
CREATED FOR GCGV ASSET HOLDING LLC

**GCGV Asset Holding LLC Existing Improvement Values**

SPCAD Property ID	% Interest	Improvement Value\$
56623	46.76%	
1029868	15.59%	
1029869	15.59%	
1029871	15.59%	
1029872	6.47%	
	100.00%	\$ 12,558
1029873	20.00%	
1029874	20.00%	
1029875	20.00%	
1029876	20.00%	
1029877	20.00%	
	100.00%	\$ 41,400
56615	100.00%	\$ -
56650	100.00%	\$ 6,986
56610	100.00%	\$ -
1029880	100.00%	\$ 762,579
56630	100.00%	\$ -
56635	100.00%	\$ -
<b>Totals</b>		<b>\$ 823,523</b>

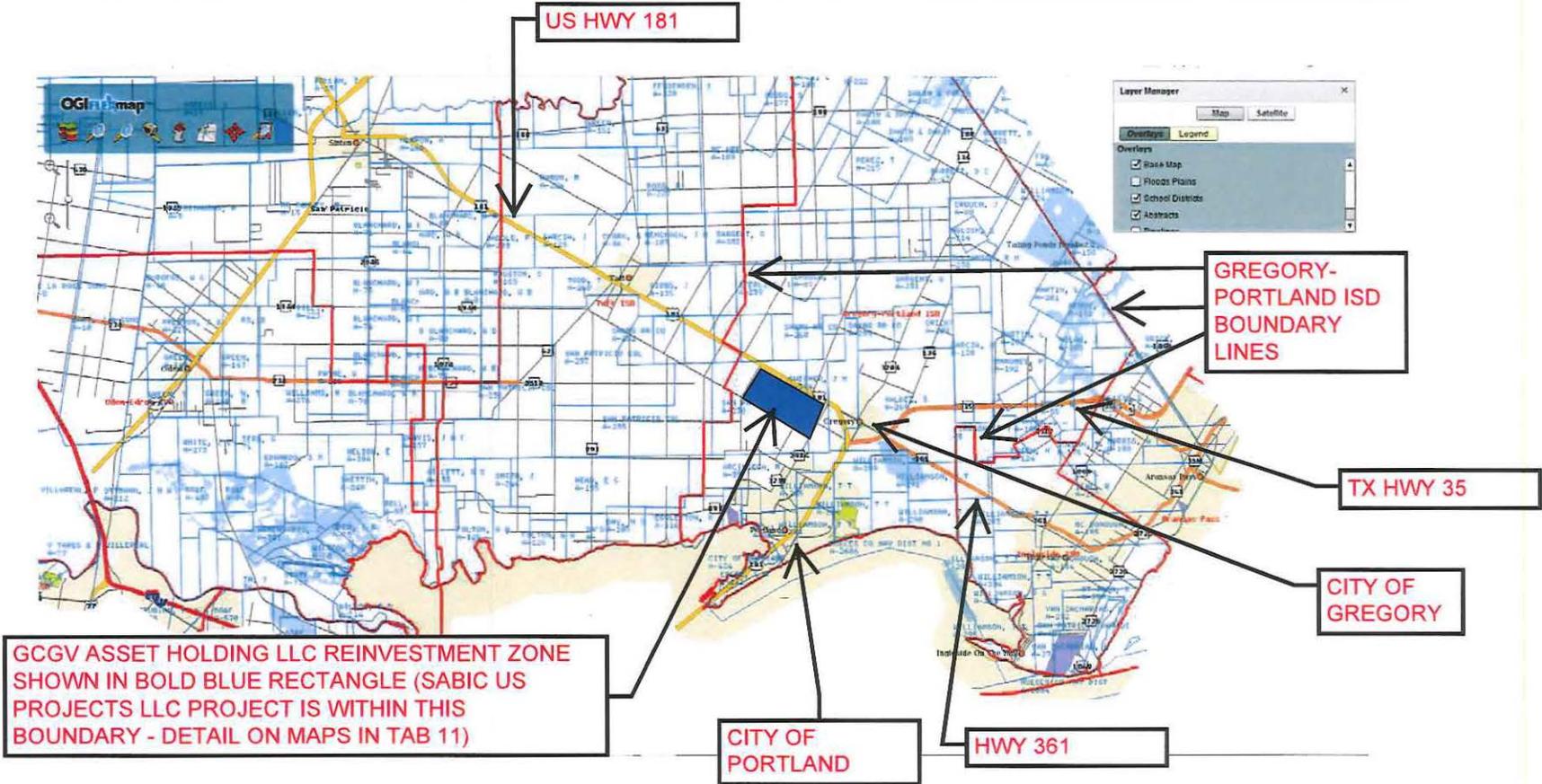
**TAB 11**

Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

See attached maps. The maps showing the qualified investment and qualified property including the proposed location of new buildings or new improvements is confidential and is submitted under separate cover.

# SABIC US PROJECTS LLC VICINITY MAP



**TAB 12**

*Request for Waiver of Job Creation Requirement and supporting information (if applicable)*

Not applicable.

**TAB 13**

*Calculation of three possible wage requirements with TWC documentation*

- San Patricio County average weekly wage for all jobs (all industries)
- San Patricio County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

**SABIC US PROJECTS LLC  
TAB 13 TO CHAPTER 313 APPLICATION**

**GREGORY-PORTLAND ISD - SAN PATRICIO COUNTY  
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2015	\$ 872.00	\$ 45,344.00
THIRD	2015	\$ 898.00	\$ 46,696.00
FOURTH	2015	\$ 923.00	\$ 47,996.00
FIRST	2016	\$ 886.00	\$ 46,072.00
	AVERAGE	\$ 894.75	\$ 46,678.67

**GREGORY-PORTLAND ISD - SAN PATRICIO COUNTY  
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2015	\$ 1,600.00	\$ 83,200.00
THIRD	2015	\$ 1,597.00	\$ 83,044.00
FOURTH	2015	\$ 1,601.00	\$ 83,252.00
FIRST	2016	\$ 1,636.00	\$ 85,072.00
	AVERAGE	\$ 1,608.50	\$ 83,165.33
	X	110%	110%
		\$ 1,769.35	\$ 91,481.87

**CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE**

REGION	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
Coastal Bend	2015	\$ 1,038.62	\$ 54,008.00
	X	110%	110%
		\$ 1,142.48	\$ 59,408.80

\* SEE ATTACHED TWC DOCUMENTATION

# Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2015	2nd Qtr	San Patricio County	Private	00	0	10	Total, All Industries	\$872
2015	3rd Qtr	San Patricio County	Private	00	0	10	Total, All Industries	\$898
2015	4th Qtr	San Patricio County	Private	00	0	10	Total, All Industries	\$923
2016	1st Qtr	San Patricio County	Private	00	0	10	Total, All Industries	\$886

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2015	2nd Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	\$1,600
2015	3rd Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	\$1,597
2015	4th Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	\$1,601
2016	1st Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	\$1,636

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

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

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.

$\$54,008 \times 110\% = \$59,408.80$
---------------------------------------

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

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**TAB 14**

*Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)*

See attached Schedules A1, A2, B, C and D

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

Date 8/31/2016  
 Applicant Name SABIC US Projects LLC  
 ISD Name Gregory-Portland 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 new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A-B+C+D)	
Investment made before filing complete application with district				Not eligible to become Qualified Property				[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application	-	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017						
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$ -	\$ -	\$ -	\$ -	\$ -	
		2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	
		2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	
		2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	
		2021-2022	2021	\$ 185,750,000	\$ -	\$ -	\$ -	\$ 185,750,000	
Complete tax years of qualifying time period	QTP1	2022-2023	2022	\$ 617,500,000	\$ -	\$ -	\$ -	\$ 617,500,000	
	QTP2	2023-2024	2023	\$ 277,625,000	\$ 500,000	\$ -	\$ -	\$ 278,125,000	
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				\$ 1,080,875,000	\$ 500,000	\$ -	\$ -	\$ 1,081,375,000	
				Enter amounts from TOTAL row above in Schedule A2					
<b>Total Qualified Investment (sum of green cells)</b>				\$ 1,081,375,000					

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.

Date **8/31/2016**  
 Applicant Name **SABIC US Projects LLC**  
 ISD Name **Gregory-Portland ISD**

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

Form 58-296A  
 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 (FB in actual tax year 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 not become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)	
<b>Total Investment from Schedule A1*</b>	—	<b>TOTALS FROM SCHEDULE A1</b>			\$ 1,080,875,000.00	\$ 500,000.00	\$ -	\$ -	\$ 1,081,375,000.00
Each year prior to start of value limitation period**	0	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -	
Each year prior to start of value limitation period**	0	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -	
Value limitation period***	1	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -	
	2	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -	
	3	2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -	
	4	2027-2028	2027	\$ -	\$ -	\$ -	\$ -	\$ -	
	5	2028-2029	2028	\$ -	\$ -	\$ -	\$ -	\$ -	
	6	2029-2030	2029	\$ -	\$ -	\$ -	\$ -	\$ -	
	7	2030-2031	2030	\$ -	\$ -	\$ -	\$ -	\$ -	
	8	2031-2032	2031	\$ -	\$ -	\$ -	\$ -	\$ -	
	9	2032-2033	2032	\$ -	\$ -	\$ -	\$ -	\$ -	
	10	2033-2034	2033	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Investment made through limitation</b>				\$ 1,080,875,000	\$ 500,000	\$ -	\$ -	\$ 1,081,375,000	
Continue to maintain viable presence	11	2034-2035	2034	\$ -	\$ -	\$ -	\$ -	\$ -	
	12	2035-2036	2035	\$ -	\$ -	\$ -	\$ -	\$ -	
	13	2036-2037	2036	\$ -	\$ -	\$ -	\$ -	\$ -	
	14	2037-2038	2037	\$ -	\$ -	\$ -	\$ -	\$ -	
	15	2038-2039	2038	\$ -	\$ -	\$ -	\$ -	\$ -	
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2039-2040	2039	\$ -	\$ -	\$ -	\$ -	\$ -	
	17	2040-2041	2040	\$ -	\$ -	\$ -	\$ -	\$ -	
	18	2041-2042	2041	\$ -	\$ -	\$ -	\$ -	\$ -	
	19	2042-2043	2042	\$ -	\$ -	\$ -	\$ -	\$ -	
	20	2043-2044	2043	\$ -	\$ -	\$ -	\$ -	\$ -	
	21	2044-2045	2044	\$ -	\$ -	\$ -	\$ -	\$ -	
	22	2045-2046	2045	\$ -	\$ -	\$ -	\$ -	\$ -	
	23	2046-2047	2046	\$ -	\$ -	\$ -	\$ -	\$ -	
	24	2047-2048	2047	\$ -	\$ -	\$ -	\$ -	\$ -	
	25	2048-2049	2048	\$ -	\$ -	\$ -	\$ -	\$ -	

\* 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)**

Date

8/31/2016

Applicant Name

SABIC US Projects LLC

Form 50-296A

ISD Name

Gregory-Portland ISD

Revised May 2014

	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	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	\$ -	\$ -	\$ 55,725,000	\$ 50,152,500	\$ 50,152,500	\$ 50,152,500
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2023-2024	2023	\$ -	\$ -	\$ 266,165,958	\$ 239,549,362	\$ 239,549,362	\$ 239,549,362
Value Limitation Period	1	2024-2025	2024	\$ -	\$ 300,000	\$ 648,525,000	\$ 583,972,500	\$ 583,972,500	\$ 30,000,000
	2	2025-2026	2025	\$ -	\$ 295,500	\$ 638,797,125	\$ 575,212,913	\$ 575,212,913	\$ 30,000,000
	3	2026-2027	2026	\$ -	\$ 291,068	\$ 629,215,168	\$ 566,584,719	\$ 566,584,719	\$ 30,000,000
	4	2027-2028	2027	\$ -	\$ 286,701	\$ 619,776,941	\$ 558,085,948	\$ 558,085,948	\$ 30,000,000
	5	2028-2029	2028	\$ -	\$ 282,401	\$ 610,480,286	\$ 549,714,659	\$ 549,714,659	\$ 30,000,000
	6	2029-2030	2029	\$ -	\$ 278,165	\$ 601,323,082	\$ 541,468,939	\$ 541,468,939	\$ 30,000,000
	7	2030-2031	2030	\$ -	\$ 273,992	\$ 592,303,236	\$ 533,346,905	\$ 533,346,905	\$ 30,000,000
	8	2031-2032	2031	\$ -	\$ 269,883	\$ 583,418,687	\$ 525,346,701	\$ 525,346,701	\$ 30,000,000
	9	2032-2033	2032	\$ -	\$ 265,834	\$ 574,667,407	\$ 517,466,501	\$ 517,466,501	\$ 30,000,000
	10	2033-2034	2033	\$ -	\$ 261,847	\$ 566,047,396	\$ 509,704,503	\$ 509,704,503	\$ 30,000,000
Continue to maintain viable presence	11	2034-2035	2034	\$ -	\$ 255,301	\$ 546,235,737	\$ 491,867,464	\$ 491,867,464	\$ 491,867,464
	12	2035-2036	2035	\$ -	\$ 248,918	\$ 527,117,486	\$ 474,854,656	\$ 474,854,656	\$ 474,854,656
	13	2036-2037	2036	\$ -	\$ 242,695	\$ 508,668,374	\$ 458,044,232	\$ 458,044,232	\$ 458,044,232
	14	2037-2038	2037	\$ -	\$ 236,628	\$ 490,864,961	\$ 442,015,111	\$ 442,015,111	\$ 442,015,111
	15	2038-2039	2038	\$ -	\$ 230,712	\$ 473,684,707	\$ 426,546,948	\$ 426,546,948	\$ 426,546,948
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2039-2040	2039	\$ -	\$ 224,944	\$ 457,105,742	\$ 411,620,112	\$ 411,620,112	\$ 411,620,112
	17	2040-2041	2040	\$ -	\$ 219,321	\$ 441,107,041	\$ 397,215,658	\$ 397,215,658	\$ 397,215,658
	18	2041-2042	2041	\$ -	\$ 213,838	\$ 425,668,295	\$ 383,315,303	\$ 383,315,303	\$ 383,315,303
	19	2042-2043	2042	\$ -	\$ 208,492	\$ 410,769,904	\$ 369,901,406	\$ 369,901,406	\$ 369,901,406
	20	2043-2044	2043	\$ -	\$ 203,279	\$ 396,392,958	\$ 356,956,941	\$ 356,956,941	\$ 356,956,941
	21	2044-2045	2044	\$ -	\$ 193,115	\$ 376,573,310	\$ 339,109,094	\$ 339,109,094	\$ 339,109,094
	22	2045-2046	2045	\$ -	\$ 183,460	\$ 357,744,644	\$ 322,153,640	\$ 322,153,640	\$ 322,153,640
	23	2046-2047	2046	\$ -	\$ 174,287	\$ 339,857,412	\$ 306,045,958	\$ 306,045,958	\$ 306,045,958
	24	2047-2048	2047	\$ -	\$ 165,572	\$ 322,864,542	\$ 290,743,660	\$ 290,743,660	\$ 290,743,660
	25	2048-2049	2048	\$ -	\$ 157,294	\$ 306,721,314	\$ 276,206,477	\$ 276,206,477	\$ 276,206,477

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.

Schedule C: Employment Information

Date 8/31/2016  
 Applicant Name SABIC US Projects LLC  
 ISD Name Gregory-Portland ISD

Form 50-296A  
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A FTE Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E 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	2016-2017	2016	-	\$ -	-	0	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2017-2018	2017	-	\$ -	-	0	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2018-2019	2018	-	\$ -	-	0	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2019-2020	2019	-	\$ -	-	0	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2020-2021	2020	-	\$ -	-	0	\$ 59,408.80
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2021-2022	2021	300	\$ 67,500	-	22	\$ 59,408.80
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2022-2023	2022	1,000	\$ 67,500	-	86	\$ 59,408.80
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	0	2023-2024	2023	450	\$ 67,500	-	85	\$ 59,408.80
Value Limitation Period <i>The qualifying time period shall overlap the value limitation period.</i>	1	2024-2025	2024	-	\$ -	-	85	\$ 59,408.80
	2	2025-2026	2025	-	\$ -	-	85	\$ 59,408.80
	3	2026-2027	2026	-	\$ -	-	85	\$ 59,408.80
	4	2027-2028	2027	-	\$ -	-	85	\$ 59,408.80
	5	2028-2029	2028	-	\$ -	-	85	\$ 59,408.80
	6	2029-2030	2029	-	\$ -	-	85	\$ 59,408.80
	7	2030-2031	2030	-	\$ -	-	85	\$ 59,408.80
	8	2031-2032	2031	-	\$ -	-	85	\$ 59,408.80
	9	2032-2033	2032	-	\$ -	-	85	\$ 59,408.80
	10	2033-2034	2033	-	\$ -	-	85	\$ 59,408.80
Years Following Value Limitation Period	11 through 25	2034-2049	2034-2048	-	\$ -	-	85	\$ 59,408.80

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  
 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts  
 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 8/31/2016  
 Applicant Name SABIC US Projects LLC  
 ISD Name Gregory-Portland 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: San Patricio	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	City: Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Other: Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Tax Code Chapter 312	County: San Patricio	2024	10 years	To be determined	To be determined	To be determined
	City: Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Other: Drainage District	2024	10 years	To be determined	To be determined	To be determined
Local Government Code Chapters 380/381	County: San Patricio	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	City: City of Corpus Christi	To be determined	To be determined	To be determined	To be determined	To be determined
	Other: Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Freeport Exemptions	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Non-Annexation Agreements	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Enterprise Zone/Project	Not applicable	Not applicable	Not applicable	Not applicable	\$ 337,000	Not applicable
Economic Development Corporation	Not applicable	Not applicable	Not applicable		Not applicable	
Texas Enterprise Fund	Not applicable	Not applicable	Not applicable		\$ 1,350,000	
Employee Recruitment	Not applicable	Not applicable	Not applicable		Not applicable	
Skills Development Fund	Not applicable	Not applicable	Not applicable		\$ 201,150	
Training Facility Space and Equipment	Not applicable	Not applicable	Not applicable		Not applicable	
Infrastructure Incentives	Not applicable	Not applicable	Not applicable		Not applicable	
Permitting Assistance	Not applicable	Not applicable	Not applicable		Not applicable	
Other:	Not applicable	Not applicable	Not applicable		Not applicable	
Other:	Not applicable	Not applicable	Not applicable		Not applicable	
Other:	Not applicable	Not applicable	Not applicable		Not applicable	
Other:	Not applicable	Not applicable	Not applicable		Not applicable	
<b>TOTAL</b>				\$ -	\$ 1,888,150	\$ -

Additional information on incentives for this project: SABIC US Projects LLC will apply for Chapter 312 tax abatements from San Patricio County and San Patricio Drainage District. Preliminary tax abatement discussions with the county or drainage districts have been held. None of the taxing entities stated here have granted tax abatement at the time of this application.

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

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**TAB 15**

*Economic Impact Analysis, other payments made in the state or other economic information (if applicable)*

None

**TAB 16**

*Description of Reinvestment Zone or Enterprise Zone, including:*

- a) Evidence that the area qualifies as a enterprise zone as defined by the Governor's office*
- b) Legal description of reinvestment zone\**
- c) Order, resolution, or ordinance established the reinvestment zone\**
- d) Guidelines and criteria for creating the zone\**

A legal description of the proposed reinvestment zone is on the following page. Gregory-Portland ISD will create the reinvestment zone at a later date. No guidelines and criteria are required for the Board of Trustees of Gregory-Portland ISD to create the reinvestment zone.

**REINVESTMENT ZONE LEGAL DESCRIPTION**

**Tract I:**

A tract of land containing 523.26 acres, more or less, out of Section "M" of the Geo. H. Paul Subdivision of the Coleman Fulton Pasture Company lands South of Taft, in San Patricio County, Texas, according to the map or plat on page 32 of Volume 1 of the Map or Plat Records of said County and described by metes and bounds as follows:

BEGINNING at an iron pipe, the original West corner of Section "M", for the PLACE OF BEGINNING;

THENCE with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right-of-way, the original Northwest corner of said Section "M";

THENCE with the railroad right-of-way and Section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M", N 60° 2' W 4,314 feet to the PLACE OF BEGINNING, containing 523.26 acres of land, more or less;

**Tract II:**

A tract of land containing 826.56 acres, more or less, out of Sections "M" and "N" of the George H. Paul Subdivision of the Coleman Fulton Pasture Company's lands in San Patricio County, Texas, according to the map or plat thereof recorded in Volume 1, Page 32, of the Map Records of San Patricio County, Texas, being all of a certain tract of land containing 831.04 acres, more or less, described in a gift deed conveying a one-half (1/2) community property interest in said 831.04 acres of land from T.A. McKamey, as grantor, to Kenneth G. McKamey and wife, Hattie Bell McKamey, as grantees, in equal undivided interests, dated May 18, 1963, recorded in Volume 290, Page 351, of the Deed Records of San Patricio County, Texas, and an undivided one-half (1/2) interest in and to said 831.04 acres of land being a portion of the property acquired by Kenneth G. McKamey under the will of Lillian McKamey, Deceased, as filed in San Patricio County, Texas under Probate No.

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

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5642, devising her one-half (1/2) community property interest in said property, said 831.04 acres of land being more particularly described as follows, to-wit:

All of said Sections "M" and "N", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe set for the Northeast corner of said Section "N" and on the South right of way of the S.A. & A.P.R.R., from said pipe the smokestack on the Walker Gin at Gregory bears S 44° 10' E, the silo at Terra Belle Ranch bears N 80° 29' W and the most easterly silo at the Rattle Snake Mott bears N 23° 51' W;

THENCE down the center of a road S 30° 7' W at 5272 feet set an iron pipe 20 feet S 30° 7' W of the fence on the North side of a Road running in a Westerly direction, from which the Silo at the Terra Belle Ranch bears N 22° 58' W and the Water Tower at Taft bears N 49° 48' W for the Southeast corner of Section "N" and the Southeast corner of this survey;

THENCE up the center of said Road N 60° 2' W, at 11,246.5 feet set a stake for the Southwest corner of this survey, from which Walker's Gin bears S 72° 52' E and the water tower at Taft bears N 45° 16' W;

THENCE N 30° E at 20 feet set an iron pipe under the fence on the North side of the road, at 2,357 feet the corner post of a fence, it being August Floerke's Southeast corner, at 5,278 feet a 6 inch by 6 inch cypress post on the South line of the Right-of-Way of the S.A. & A. P. R. R., it being Floerke's Northeast corner and the Northwest corner of Section "M" for the Northwest corner of this survey;

THENCE S 60° E with said right of way line at 5,647 feet the center of the gate at the Terra Belle Ranch, at 11,258 feet the PLACE OF BEGINNING, and containing 1,362.5 acres of land;

SAVE AND EXCEPT one-half (1/2) of the road on the East and South sides of said tract of land, containing 8.2 acres of land, more or less; and,

SAVE AND EXCEPT a tract of land containing 523.26 acres, more or less, out of said Section "M", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe, the original West corner of Section "M", for the place of beginning;

THENCE, with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right of way, the original Northwest corner of Section "M";

THENCE with the railroad right-of-way and section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a 200 acre homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M" N 60° 2' W 4,314 feet to the place of beginning, and containing 523.26 acres of land, more or less;

SAVE AND EXCEPT out of said 831.04 acres of land, the following described tracts of land, to-wit:

(a) A Tract of land containing one (1) acre, more or less, out of said Section "N", as conveyed by warranty deed from T.A. McKamey and wife, Lillian McKamey, as grantor, to Central Power and Light Company, dated May 4, 1955, recorded in Volume 200, Page 499, of the Deed Records of San Patricio County, Texas; and

(b) Three and forty-eight hundredths (3.48) acres of land, more or less, described as two tracts containing one and seventy-seven hundredths (1.77) acres, more or less, and one and seventy-one hundredths (1.71) acres, more or less, respectively, as conveyed by Right-of-Way Deed from Kenneth G. McKamey and wife, Hattie Bell McKamey, to San Patricio County, Texas, dated April 23, 1965, recorded in Volume 313, Page 497, of the Deed Records of Nueces County, Texas.

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*The above referenced Tract I and Tract II descriptions were obtained pursuant to a Title/Exam Report, dated effective October 1, 2015, from the records of Bay Area Title Services, LLC, under File No. 99151790.*

**SABIC US Projects LLC**

Chapter 313 Application to Gregory-Portland ISD

Cummings Westlake, LLC

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**TAB 17**

*Signature and Certification page, signed and dated by Authorized School District  
Representative and Authorized Company Representative (applicant)*

See attached

**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** ▶ Dr. Paul Clore  
Print Name (Authorized School District Representative)

Superintendent

Title

**sign here** ▶ *Paul Clore*  
Signature (Authorized School District Representative)

Date

8-31-16

**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** ▶ Kevin Wright  
Print Name (Authorized Company Representative (Applicant))

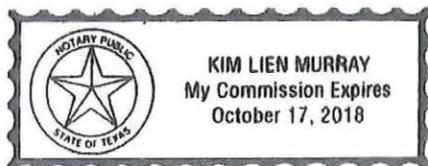
Chief Financial Officer and Treasurer

Title

**sign here** ▶ *Kevin Wright*  
Signature (Authorized Company Representative (Applicant))

Date

8/25/2016



(Notary Seal)

GIVEN under my hand and seal of office this, the

25th day of August 2016  
*Kim Lien Murray*  
Notary Public in and for the State of Texas

My Commission expires:

10/17/2018

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.

**Attachment B**

**Franchise Tax Account Status**



## Franchise Tax Account Status

As of : 03/21/2017 10:46:25

**This Page is Not Sufficient for Filings with the Secretary of State**

<b>SABIC US PROJECTS LLC</b>	
<b>Texas Taxpayer Number</b>	32059501976
<b>Mailing Address</b>	2500 CITYWEST BLVD STE 100 HOUSTON, TX 77042-3038
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	02/04/2016
<b>Texas SOS File Number</b>	0802385030
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

# Attachment C

## State Comptroller's Certification



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 28, 2016

Dr. Paul Clore  
Superintendent  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Re: Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Gregory-Portland Independent  
School District and SABIC US Projects, LLC, Application 1154

Dear Superintendent Clore:

On October 26, 2016, the Comptroller issued written notice that SABIC US Projects, LLC (applicant) submitted a completed application (Application 1154) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on August 31, 2016, to the Gregory-Portland Independent School District (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 1154.

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

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.

**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 October 26, 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 Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Will Counihan

# Attachment D

## Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED SABIC US  
PROJECTS PROJECT IN THE GREGORY-PORTLAND  
INDEPENDENT SCHOOL DISTRICT  
(PROJECT # 1154)**

**PREPARED BY**



**JANUARY 20, 2017**

## Executive Summary

SABIC US Projects, LLC, (Company) has requested that the Gregory-Portland Independent School District (G-PISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to G-PISD on August 31, 2016, the Company plans to invest \$1.1 billion to construct a polyethylene manufacturing facility which is expected to have a peak taxable value of \$584 million. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The SABIC US project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, G-PISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin with the 2024-25 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement and beyond.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted in 2015. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to GPISD	\$7.4 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the District.)	\$53.0 million

## Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The SABIC US application was determined to be complete on October 26, 2016.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate for the SABIC US project was issued on November 28, 2016.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Chapter 313 statute are required. Negotiations have begun on the terms of the value limitation agreement payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final consideration and possible adoption by the school district's board of trustees.

At the final board meeting, the school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting, although only the creation of the reinvestment zone may be required in the board's consideration of the SABIC US application.

## How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of three components: Tier I, Tier II and additional state aid for tax reduction (ASATR), although ASATR is currently scheduled to be eliminated after the 2016-17 school year. (For more detailed information on the school finance funding system, please review the Texas Education Agency's [School Finance 101: Funding of Texas Public Schools.](#))

**Tier I** provides state funding based on ADA and special student populations, as well as transportation. The local funds for Tier I are M&O taxes raised at the compressed tax rate—\$1.00 per \$100 of taxable value for most school districts (less any recapture payments owed to the state from high property-wealth school districts).

**Tier II** guarantees a specific amount of funding per student in weighted average daily attendance for each penny of a school district's tax effort above a specified level. There are two levels of Tier II funding—funding under the six so-called golden pennies and the eleven so-called copper pennies. Voter approval is required in most cases to access the last two golden pennies and the eleven copper pennies. G-PISD voters previously approved the maximum \$1.17 per \$100 M&O tax rate.

**Additional State Aid for Tax Reduction (ASATR)** guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. ASATR funding is expected to be eliminated after the 2016-17 school year under current law. Legislative consideration of continuing ASATR funding is expected in 2017 and there may be efforts made to extend this provision by as much as ten years. For the purpose of the estimates shown below, expiration after the 2016-17 school year is assumed.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation nearly always results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year, as certified by the Comptroller.

In most instances, smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). An expansion of the I&S tax base would result from the location of the ExxonMobil project within G-PISD.

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

### **Underlying School District Data Assumptions**

A key element in any analysis of the school finance implications of a Chapter 313 agreement is the provision for revenue protection in the agreement between the school district and the applicant. The standard agreement language calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This provision meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue-protection language in the agreement. This approach also reduces guess work as to future changes in school finance and property tax laws.

In the initial estimates prepared for the project when the application was filed in August, student enrollment was held constant. The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain current enrollment trends, based on Texas Education Agency (TEA) projections, and establish base-level property values in order to isolate the effects of the value limitation under the school finance system. One advantage of incorporating projected enrollment growth into this analysis is that it establishes the outer bounds of the fiscal impact of the project and potential supplemental payments to be negotiated with the Company, relative to using a static enrollment count.

The District's underlying local tax base reached \$1.86 billion for the 2016 tax year (the most recent year available) and is maintained at that level for the forecast period. Previously-approved Chapter 313 projects are then factored into the M&O tax bases used for both models presented below. An M&O tax rate of \$1.17 per \$100 is used throughout this analysis.

As part of this analysis, a detailed review was made to assess the impact of future M&O property tax rate rollback calculations for both scenarios. The general requirement is that the M&O rollback tax rate be based on the tax rate needed to maintain current revenue per weighted student plus an additional four cents of tax effort, not to exceed the maximum \$1.17 authorized by law and previously-approved by G-PISD voters. Give the scale of the existing projects that are under construction and those under consideration relative to the SABIC US

project, the movement of property values onto and off of the District's M&O tax base because of the proposed and current Chapter 313 agreements creates the potential for significant volatility in the adoption of M&O tax rates for the foreseeable future.

At the same time, G-PISD voters retain the ability to approve an M&O tax rate above the rollback tax rate in any given year, up to the \$1.17 per \$100 maximum tax rate. Rather than pre-judge future actions by the school board and local voters, this analysis is based on the assumption of a constant \$1.17 per \$100 M&O tax rate, as noted previously.

A similar issue exists with regard to the I&S tax rate, which is currently levied at \$0.18 per \$100 of taxable value. The impact of the SABIC US project will be significant, since the I&S tax is levied on the full project value. While under the District's current bond schedule a reduced I&S tax rate would be expected in the future, our understanding is that the District is reviewing its options to consider retiring existing debt early in order to save on future interest costs. Given these discussions and the view established for the M&O tax rate, the decision was made to retain the current \$0.18 per \$100 I&S tax rate for the forecast period rather than to predict future board and voter actions related to debt issues.

G-PISD has estimated 2016-17 state property wealth per weighted ADA or WADA of approximately \$301,205. As a result, G-PISD is not currently considered a Chapter 41 or recapture district under the school finance system. By 2021-22 school year, which is the beginning of this analysis, G-PISD would be expected to be subject to some level of recapture payments under current law, although these amounts are relatively modest in most of the preceding years. Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Recent legislative changes are incorporated into these estimates. The basic allotment was raised from \$5,040 to \$5,140 per WADA, which is used throughout the state aid calculations. The basic allotment also establishes the recapture level for M&O taxes up to the compressed tax rate (generally \$1.00 for most school districts). The Tier II guaranteed yield level for up to six cents of tax effort was increased from \$61.86 in 2014-15 to \$74.28 and \$77.53, respectively, for the 2015-16 and 2016-17 school years. These levels are maintained throughout this analysis.

The mandated school district homestead exemption increase from \$15,000 to \$25,000 has been incorporated into the analysis. Given that the models below focus exclusively on the SABIC US project values, however, the homestead exemption change does not have a significant impact on the District's funding.

### **M&O Impact of the SABIC US Project on G-PISD**

School finance models were prepared for G-PISD under these assumptions through the 2038-39 school year. Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue Model" by adding the total value of the project to the model, but without assuming that a value limitation agreement is approved. These model results are detailed in Table 2.

Additionally, a separate model is established to make a calculation of the "Value Limitation Revenue Model" by adding the project's limited M&O value of \$30 million to the model. These results are shown in Table 3.

**Table 1 – Base District Information with SABIC US Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD with Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2021-22	4,828.49	6,044.42	\$1.1700	\$0.1800	\$2,708,270,007	\$2,708,270,007	\$2,458,942,677	\$2,458,942,677	\$406,812	\$406,812
QTP1	2022-23	4,928.30	6,154.87	\$1.1700	\$0.1800	\$3,787,451,034	\$3,787,451,034	\$2,786,825,238	\$2,786,825,238	\$452,784	\$452,784
QTP2	2023-24	5,030.17	6,267.31	\$1.1700	\$0.1800	\$4,502,769,156	\$4,502,769,156	\$3,866,006,264	\$3,866,006,264	\$616,853	\$616,853
VL1	2024-25	5,134.14	6,381.76	\$1.1700	\$0.1800	\$3,317,107,759	\$2,763,135,259	\$4,581,324,386	\$4,581,324,386	\$717,877	\$717,877
VL2	2025-26	5,240.26	6,497.09	\$1.1700	\$0.1800	\$3,255,202,653	\$2,709,989,740	\$3,395,662,990	\$2,841,690,490	\$522,644	\$437,379
VL3	2026-27	5,348.58	6,615.67	\$1.1700	\$0.1800	\$9,362,734,462	\$8,826,149,743	\$3,333,757,884	\$2,788,544,971	\$503,919	\$421,506
VL4	2027-28	5,459.14	6,748.71	\$1.1700	\$0.1800	\$9,197,798,772	\$8,669,712,824	\$9,441,289,693	\$8,904,704,974	\$1,398,977	\$1,319,468
VL5	2028-29	5,571.98	6,888.20	\$1.1700	\$0.1800	\$8,942,283,802	\$8,422,569,143	\$9,276,354,002	\$8,748,268,054	\$1,346,701	\$1,270,036
VL6	2029-30	5,687.15	7,030.58	\$1.1700	\$0.1800	\$8,695,953,512	\$8,184,484,573	\$9,020,839,032	\$8,501,124,373	\$1,283,085	\$1,209,163
VL7	2030-31	5,804.70	7,175.91	\$1.1700	\$0.1800	\$8,458,466,354	\$7,955,119,449	\$8,774,508,743	\$8,263,039,804	\$1,222,773	\$1,151,498
VL8	2031-32	5,924.69	7,324.23	\$1.1700	\$0.1800	\$9,759,495,287	\$9,264,148,586	\$8,537,021,585	\$8,033,674,680	\$1,165,586	\$1,096,862
VL9	2032-33	6,047.15	7,475.63	\$1.1700	\$0.1800	\$9,478,724,557	\$8,991,258,056	\$9,838,050,518	\$9,342,703,817	\$1,316,017	\$1,249,755
VL10	2033-34	6,172.15	7,630.15	\$1.1700	\$0.1800	\$9,215,850,840	\$8,736,146,337	\$9,557,279,788	\$9,069,813,287	\$1,252,568	\$1,188,681
VP1	2034-35	6,299.72	7,787.86	\$1.1700	\$0.1800	\$12,839,078,246	\$12,839,078,246	\$9,294,406,071	\$8,814,701,568	\$1,193,448	\$1,131,851
VP2	2035-36	6,429.94	7,948.84	\$1.1700	\$0.1800	\$12,448,952,464	\$12,448,952,464	\$12,917,633,477	\$12,917,633,477	\$1,625,097	\$1,625,097
VP3	2036-37	6,562.85	8,113.14	\$1.1700	\$0.1800	\$12,072,628,817	\$12,072,628,817	\$12,527,507,695	\$12,527,507,695	\$1,544,101	\$1,544,101
VP4	2037-38	6,698.50	8,280.84	\$1.1700	\$0.1800	\$11,709,613,150	\$11,709,613,150	\$12,151,184,048	\$12,151,184,048	\$1,467,385	\$1,467,385
VP5	2038-39	6,836.96	8,452.01	\$1.1700	\$0.1800	\$11,359,429,293	\$11,359,429,293	\$11,788,168,381	\$11,788,168,381	\$1,394,718	\$1,394,718

\*Basic Allotment: \$5,140; AISD Yield: \$77.53; Equalized Wealth: \$514,000 per WADA

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

**Table 2 – “Baseline Revenue Model” --Project Value Added with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2021-22	\$26,838,725	\$8,016,442	\$0	\$0	\$4,562,583	\$1,458,878	-\$601,948	\$72,950	\$110,500	\$40,458,130
QTP1	2022-23	\$37,414,699	\$5,331,153	\$0	\$0	\$6,360,499	\$1,599,947	-\$1,150,919	\$296,804	\$110,500	\$49,962,682
QTP2	2023-24	\$44,424,816	\$1,697,040	\$0	-\$7,036,938	\$7,552,219	\$684,203	-\$2,237,857	\$75,104	\$110,500	\$45,269,087
VL1	2024-25	\$32,916,129	\$1,732,117	\$0	-\$8,880,782	\$5,595,742	\$157,943	-\$1,908,840	\$55,620	\$110,500	\$29,778,429
VL2	2025-26	\$32,307,707	\$1,767,921	\$0	-\$507,601	\$5,492,310	\$937,314	-\$1,312,261	\$54,565	\$110,500	\$38,850,455
VL3	2026-27	\$92,159,793	\$2,338,270	\$0	\$0	\$15,667,165	\$2,978,514	-\$3,524,540	\$1,349,475	\$110,500	\$111,079,177
VL4	2027-28	\$90,541,724	\$1,841,762	\$0	-\$56,600,801	\$15,392,093	\$0	-\$7,300,757	\$180,516	\$110,500	\$44,165,036
VL5	2028-29	\$88,036,003	\$1,879,831	\$0	-\$53,746,189	\$14,966,120	\$0	-\$7,017,152	\$175,520	\$110,500	\$44,404,633
VL6	2029-30	\$85,620,317	\$1,918,688	\$0	-\$50,618,025	\$14,555,454	\$0	-\$6,719,358	\$170,704	\$110,500	\$45,038,280
VL7	2030-31	\$83,291,318	\$1,958,347	\$0	-\$47,561,733	\$14,159,524	\$0	-\$6,429,679	\$166,060	\$110,500	\$45,694,337
VL8	2031-32	\$96,039,802	\$1,998,826	\$0	-\$52,955,747	\$16,326,766	\$0	-\$7,285,136	\$191,477	\$110,500	\$54,426,488
VL9	2032-33	\$93,286,673	\$2,040,142	\$0	-\$56,103,903	\$15,858,734	\$0	-\$7,381,746	\$185,988	\$110,500	\$47,996,388
VL10	2033-34	\$90,708,958	\$2,082,312	\$0	-\$52,722,893	\$15,420,522	\$0	-\$7,061,199	\$180,849	\$110,500	\$48,719,049
VP1	2034-35	\$126,120,645	\$2,125,353	\$0	-\$71,023,585	\$21,440,510	\$0	-\$9,651,271	\$251,451	\$110,500	\$69,373,603
VP2	2035-36	\$122,297,413	\$2,158,523	\$0	-\$82,821,228	\$20,790,560	\$0	-\$10,267,469	\$243,828	\$110,500	\$52,512,127
VP3	2036-37	\$118,609,441	\$2,192,379	\$0	-\$78,315,438	\$20,163,605	\$0	-\$9,830,021	\$236,475	\$110,500	\$53,166,941
VP4	2037-38	\$115,051,887	\$2,226,935	\$0	-\$73,923,092	\$19,558,821	\$0	-\$9,405,121	\$229,382	\$110,500	\$53,849,313
VP5	2038-39	\$111,620,086	\$2,262,205	\$0	-\$69,639,181	\$18,975,414	\$0	-\$8,992,259	\$222,540	\$110,500	\$54,559,306

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

**Table 3-- "Value Limitation Revenue Model" --Project Value Added with Value Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2021-22	\$26,838,725	\$8,016,442	\$0	\$0	\$4,562,583	\$1,458,878	-\$601,948	\$72,950	\$110,500	\$40,458,130
QTP1	2022-23	\$37,414,699	\$5,331,153	\$0	\$0	\$6,360,499	\$1,599,947	-\$1,150,919	\$296,804	\$110,500	\$49,962,682
QTP2	2023-24	\$44,424,816	\$1,697,040	\$0	-\$7,036,938	\$7,552,219	\$684,203	-\$2,237,857	\$75,104	\$110,500	\$45,269,087
VL1	2024-25	\$27,376,404	\$1,732,117	\$0	-\$7,386,163	\$4,653,988	\$131,559	-\$1,587,585	\$46,183	\$110,500	\$25,077,003
VL2	2025-26	\$26,855,578	\$6,621,673	\$0	\$0	\$4,565,449	\$1,244,850	-\$756,361	\$0	\$110,500	\$38,641,689
VL3	2026-27	\$86,793,946	\$7,790,399	\$0	\$0	\$14,754,971	\$4,372,204	-\$2,194,972	\$1,807,583	\$110,500	\$113,434,631
VL4	2027-28	\$85,260,864	\$1,841,762	\$0	-\$51,372,541	\$14,494,347	\$0	-\$6,752,324	\$169,987	\$110,500	\$43,752,595
VL5	2028-29	\$82,838,856	\$1,879,831	\$0	-\$48,624,083	\$14,082,605	\$0	-\$6,478,925	\$165,158	\$110,500	\$43,973,943
VL6	2029-30	\$80,505,627	\$1,918,688	\$0	-\$45,580,647	\$13,685,957	\$0	-\$6,189,895	\$160,506	\$110,500	\$44,610,736
VL7	2030-31	\$78,257,849	\$1,958,347	\$0	-\$42,607,894	\$13,303,834	\$0	-\$5,908,853	\$156,025	\$110,500	\$45,269,808
VL8	2031-32	\$91,086,335	\$1,998,826	\$0	-\$47,669,996	\$15,484,677	\$0	-\$6,745,915	\$181,602	\$110,500	\$54,446,029
VL9	2032-33	\$88,412,007	\$2,040,142	\$0	-\$51,302,311	\$15,030,041	\$0	-\$6,877,090	\$176,270	\$110,500	\$47,589,558
VL10	2033-34	\$85,911,913	\$2,082,312	\$0	-\$47,999,556	\$14,605,025	\$0	-\$6,564,696	\$171,285	\$110,500	\$48,316,783
VP1	2034-35	\$126,120,645	\$2,125,353	\$0	-\$68,067,532	\$21,440,510	\$0	-\$9,459,255	\$251,451	\$110,500	\$72,521,671
VP2	2035-36	\$122,297,413	\$2,158,523	\$0	-\$82,821,228	\$20,790,560	\$0	-\$10,267,469	\$243,828	\$110,500	\$52,512,127
VP3	2036-37	\$118,609,441	\$2,192,379	\$0	-\$78,315,438	\$20,163,605	\$0	-\$9,830,021	\$236,475	\$110,500	\$53,166,941
VP4	2037-38	\$115,051,887	\$2,226,935	\$0	-\$73,923,092	\$19,558,821	\$0	-\$9,405,121	\$229,382	\$110,500	\$53,849,313
VP5	2038-39	\$111,620,086	\$2,262,205	\$0	-\$69,639,181	\$18,975,414	\$0	-\$8,992,259	\$222,540	\$110,500	\$54,559,306

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of \$7.4 million to G-PISD over the course of the Agreement, with nearly all of this loss reflected in the first limitation year (2024-25). Nearly all of the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

### ***M&O Impact on the Taxpayer***

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. The \$1.17 per \$100 M&O tax rate noted previously is assumed in 2016-17 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$60.4 million over the life of the agreement. The G-PISD revenue losses are expected to total approximately \$7.4 million over the course of the agreement, as noted above. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$53 million, prior to any negotiations with SABIC US on supplemental payments.

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2024-25	-\$5,539,725	\$0	\$0	\$1,494,620	-\$941,754	-\$26,384	\$321,254	-\$9,437	\$0	-\$4,701,426
VL2	2025-26	-\$5,452,129	\$4,853,752	\$0	\$507,601	-\$926,861	\$307,536	\$555,899	-\$54,565	\$0	-\$208,767
VL3	2026-27	-\$5,365,847	\$5,452,129	\$0	\$0	-\$912,194	\$1,393,690	\$1,329,568	\$458,108	\$0	\$2,355,454
VL4	2027-28	-\$5,280,860	\$0	\$0	\$5,228,260	-\$897,746	\$0	\$548,433	-\$10,529	\$0	-\$412,441
VL5	2028-29	-\$5,197,147	\$0	\$0	\$5,122,106	-\$883,515	\$0	\$538,227	-\$10,362	\$0	-\$430,690
VL6	2029-30	-\$5,114,690	\$0	\$0	\$5,037,377	-\$869,497	\$0	\$529,463	-\$10,197	\$0	-\$427,544
VL7	2030-31	-\$5,033,469	\$0	\$0	\$4,953,840	-\$855,690	\$0	\$520,825	-\$10,035	\$0	-\$424,529
VL8	2031-32	-\$4,953,467	\$0	\$0	\$5,285,751	-\$842,089	\$0	\$539,221	-\$9,876	\$0	\$19,541
VL9	2032-33	-\$4,874,666	\$0	\$0	\$4,801,592	-\$828,693	\$0	\$504,656	-\$9,719	\$0	-\$406,830
VL10	2033-34	-\$4,797,045	\$0	\$0	\$4,723,337	-\$815,497	\$0	\$496,503	-\$9,564	\$0	-\$402,266
VP1	2034-35	\$0	\$0	\$0	\$2,956,053	\$0	\$0	\$192,015	\$0	\$0	\$3,148,068
VP2	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2037-38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2038-39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

**Table 5 - Estimated Financial Impact of the SABIC US Project Property Value Limitation Request Submitted to GPISD at \$1.1700 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2021-22	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0
QTP1	2022-23	\$50,152,500	\$50,152,500	\$0	\$1.170	\$586,784	\$586,784	\$0	\$0	\$0
QTP2	2023-24	\$239,549,362	\$239,549,362	\$0	\$1.170	\$2,802,728	\$2,802,728	\$0	\$0	\$0
VL1	2024-25	\$583,972,500	\$30,000,000	\$553,972,500	\$1.170	\$6,832,478	\$351,000	\$6,481,478	-\$4,701,426	\$1,780,052
VL2	2025-26	\$575,212,913	\$30,000,000	\$545,212,913	\$1.170	\$6,729,991	\$351,000	\$6,378,991	-\$208,767	\$6,170,224
VL3	2026-27	\$566,584,719	\$30,000,000	\$536,584,719	\$1.170	\$6,629,041	\$351,000	\$6,278,041	\$0	\$6,278,041
VL4	2027-28	\$558,085,948	\$30,000,000	\$528,085,948	\$1.170	\$6,529,606	\$351,000	\$6,178,606	-\$412,441	\$5,766,165
VL5	2028-29	\$549,714,659	\$30,000,000	\$519,714,659	\$1.170	\$6,431,662	\$351,000	\$6,080,662	-\$430,690	\$5,649,971
VL6	2029-30	\$541,468,939	\$30,000,000	\$511,468,939	\$1.170	\$6,335,187	\$351,000	\$5,984,187	-\$427,544	\$5,556,643
VL7	2030-31	\$533,346,905	\$30,000,000	\$503,346,905	\$1.170	\$6,240,159	\$351,000	\$5,889,159	-\$424,529	\$5,464,629
VL8	2031-32	\$525,346,701	\$30,000,000	\$495,346,701	\$1.170	\$6,146,556	\$351,000	\$5,795,556	\$0	\$5,795,556
VL9	2032-33	\$517,466,501	\$30,000,000	\$487,466,501	\$1.170	\$6,054,358	\$351,000	\$5,703,358	-\$406,830	\$5,296,528
VL10	2033-34	\$509,704,503	\$30,000,000	\$479,704,503	\$1.170	\$5,963,543	\$351,000	\$5,612,543	-\$402,266	\$5,210,277
VP1	2034-35	\$491,867,464	\$491,867,464	\$0	\$1.170	\$5,754,849	\$5,754,849	\$0	\$0	\$0
VP2	2035-36	\$474,654,656	\$474,654,656	\$0	\$1.170	\$5,553,459	\$5,553,459	\$0	\$0	\$0
VP3	2036-37	\$458,044,232	\$458,044,232	\$0	\$1.170	\$5,359,118	\$5,359,118	\$0	\$0	\$0
VP4	2037-38	\$442,015,111	\$442,015,111	\$0	\$1.170	\$5,171,577	\$5,171,577	\$0	\$0	\$0
VP5	2038-39	\$426,546,948	\$426,546,948	\$0	\$1.170	\$4,990,599	\$4,990,599	\$0	\$0	\$0
						<b>\$94,111,694</b>	<b>\$33,729,114</b>	<b>\$60,382,580</b>	<b>-\$7,414,493</b>	<b>\$52,968,088</b>

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

## **I&S Funding Impact on School District**

The project remains fully taxable for debt services taxes, with G-PISD currently levying an \$0.18 per \$100 I&S rate. While the value of the SABIC US project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the SABIC US project to the local I&S tax roll. As noted in an earlier section of this report, the District is investigating approaches to providing its taxpayers with beneficial tax relief relative to the payments made on voter-approved debt.

Based on letters provided on October 31, 2016, the Texas Education Agency does not expect that the GCGV, ExxonMobil and SABIC facilities will have a significant impact on the number or size of school facilities in G-PISD. In terms of full-time permanent jobs, the three new plants anticipate a minimum of 400 permanent positions when they begin operation. Since the beginning of operations is nearly a decade away, there would be time to address the District's facility needs to enroll new permanent residents in the community, which will in large part be driven by the availability of housing for future employees of these firms and their families.

A potentially more challenging issue is the impact that the construction phase of the project might have on G-PISD. In a recent posting on its project-related website, ExxonMobil indicates that they anticipate up to 11,000 construction workers in the area over a five-year period. Based on the construction practices for similar projects in other districts, our observation has been that many of the workers commute weekly to the job sites and do not move their families to these locations, although it is difficult to find hard data on this issue. The availability of temporary housing would be expected to influence these decisions, as well as the term of each employee's engagement on the project.

One thing that is clear is that it would not be financially prudent for the District to construct permanent facilities if a bulge in the student population occurs during the construction phase of the project. In the case of other projects, districts and companies have negotiated language under the extraordinary education-related expenses provision included in Section 313.027 of the Tax Code. Enrollment growth is funded through the standard Foundation School Program formula structure. The cost of portable buildings and related expenses or the salaries of temporary employees would typically be items covered by provisions related to extraordinary education-related expenses in a value limitation agreement.

**Note: School district revenue-loss estimates are subject to change based on numerous factors, including:**

- **Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.**
- **Legislative changes addressing property value appraisals and exemptions.**
- **Year-to-year appraisals of project values and district taxable values.**
- **Changes in school district tax rates and student enrollment.**

Attachment E

Taxable Value of Property



# Taxes

## Property Tax

# SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT

## 2015 ISD Summary Worksheet

205/San Patricio

205-902/Gregory-Portland CISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	919,999,923	.9400	978,723,322	919,999,923
B. Multi-Family Residences	97,382,546	N/A	97,382,546	97,382,546
C1. Vacant Lots	30,256,416	N/A	30,256,416	30,256,416
C2. Colonia Lots	484,875	N/A	484,875	484,875
D1. Rural Real(Taxable)	17,784,176	1.0274	17,309,647	17,784,176
D2. Real Prop Farm & Ranch	2,597,941	N/A	2,597,941	2,597,941
E. Real Prop Non Qual Acres	82,898,677	N/A	82,898,677	82,898,677

F1. Commercial Real	175,588,799	1.0324	170,078,263	175,588,799
F2. Industrial Real	411,575,209	N/A	411,575,209	411,575,209
G. Oil, Gas, Minerals	47,206,540	N/A	47,206,540	47,206,540
J. Utilities	47,767,220	N/A	47,767,220	47,767,220
L1. Commercial Personal	56,974,464	N/A	56,974,464	56,974,464
L2. Industrial Personal	49,415,905	N/A	49,415,905	49,415,905
M. Other Personal	1,797,207	N/A	1,797,207	1,797,207
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	776,140	N/A	776,140	776,140
S. Special Inventory	2,866,272	N/A	2,866,272	2,866,272
Subtotal	1,945,372,310		1,998,110,644	1,945,372,310
Less Total Deductions	291,170,018		303,796,028	291,170,018
Total Taxable Value	1,654,202,292		1,694,314,616	1,654,202,292 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M&O Purposes

T1	T2	T3	T4
----	----	----	----

1,691,867,259	1,654,202,292	1,691,867,259	1,654,202,292
---------------	---------------	---------------	---------------

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
37,664,967	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

**Value Taxable For I&S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
1,773,993,739	1,736,328,772	1,773,993,739	1,736,328,772

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

# Attachment F

## TEA's Facilities Value



Texas Education Agency

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [tea.texas.gov](http://tea.texas.gov)

**IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.**

October 31, 2016

Randy Eulenfeld, President  
Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, TX 78374

Dear Mr. Eulenfeld:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed SABIC US Projects LLC project on the number and size of school facilities in Gregory-Portland Independent School District (GPISD). Based on an examination of GPISD enrollment and the number of potential new jobs, the TEA has determined that the SABIC US Projects LLC project should not have a significant impact on the number or size of school facilities in GPISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Al McKenzie', written over a horizontal line.

Al McKenzie  
Director of State Funding

AM/rk  
Cc: Paul Clore

# Attachment G

## Participation Agreement

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF  
PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND  
OPERATIONS TAXES**

by and between

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

and

**SABIC US PROJECTS LLC**

*(Texas Taxpayer ID # 32059501976)*

Comptroller Application # 1154

Dated

March 21, 2017

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (Jan 2016)*

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR  
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

*STATE OF TEXAS* §

*COUNTY OF SAN PATRICIO* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **SABIC US PROJECTS LLC**, Texas Taxpayer Identification Number 32059501976, hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

**RECITALS**

*WHEREAS*, on August 31, 2016, the Superintendent of Schools of the Gregory-Portland Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

*WHEREAS*, on August 31, 2016, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

*WHEREAS*, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

*WHEREAS*, the District and the Texas Comptroller's Office have determined that the Application is complete and October 26, 2016, is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

*WHEREAS*, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the San Patricio County Appraisal District established in San Patricio County, Texas (the "San Patricio County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

*WHEREAS*, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on November 28, 2016, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

*WHEREAS*, the District's Board of Trustees, by resolution dated March 6, 2017, extended

the statutory deadline by which the District must consider the Application until June 30, 2017, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

**WHEREAS**, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, on March 21, 2017, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

**WHEREAS**, on March 21, 2017, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to, findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's 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; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

**WHEREAS**, on March 20, 2017, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

**WHEREAS**, on March 21, 2017, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

## **ARTICLE I** **DEFINITIONS**

**Section 1.1 DEFINITIONS.** Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to the Applicant.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means SABIC US Projects LLC (Texas Taxpayer ID #32059501976), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in EXHIBIT 3 of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in EXHIBIT 4 of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on August 31, 2016. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the San Patricio County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Gregory-Portland Independent School District.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means San Patricio County, Texas.

“District” or “School District” means the Gregory-Portland Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means acts of God, war, fires, explosions, hurricanes, floods, or other causes that are beyond the reasonable control of either Party and that by exercise of due foresight such Party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such Party is unable to overcome. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on EXHIBIT 2, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

**Section 1.2 NEGOTIATED DEFINITIONS.** Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, and as further provided in Sections 6.2A and 6.2D, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying the District’s Average Daily Attendance for the school year immediately preceding the year for which the calculation is being made, as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, times \$100, or any larger amount allowed by Section 313.027(i) of the TEXAS TAX CODE, if such limitation is increased for any future year of this Agreement and such increase is effective for purposes of this Agreement. The Annual Limit shall first be computed for Tax Year

2021, which, by virtue of the deferral of the date on which the Qualifying Time Period for the project is to commence under this Agreement, is the Tax Year that includes the date of January 2, 2021, on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i.

*“Applicable School Finance Law”* means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

*“Applicant’s Stipulated Supplemental Payment Amount”* means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to forty percent (40%) of the “Net Tax Benefit,” as such term is defined in this Section 1.2, for such Tax Year.

*“Article VI Supplemental Payment”* has the meaning given such term in Section 6.1.A. with respect to any payment required pursuant to Article VI of this Agreement.

*“Cumulative Payments”* means for any Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by or owed by the Applicant for all previous Tax Years during the term of this Agreement.

*“Cumulative Unadjusted Tax Benefit”* means for any Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

*“Maintenance and Operations Revenue”* or *“M&O Revenue”* means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District’s M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

*“M&O Amount”* has the meaning given such term in Section 4.2.

*“New M&O Revenue”* has the meaning given such term in Section 4.2.A ii.

“*Net Tax Benefit*” means, for any Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due from the Applicant to the District or any other governmental entity, including the State of Texas, for such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any payments due to the District from the Applicant under Articles IV, V and VI under this Agreement for such Tax Year and all previous Tax Years during the term of this Agreement.

“*Original M&O Revenue*” has the meaning given such term in Section 4.2.A. i.

“*Unadjusted Tax Benefit*” means, for any Tax Year during the term of this Agreement, the total of all gross tax savings calculated for such Tax Year by multiplying (i) an amount equal to (a) the Taxable Value of the Applicant’s Qualified Property used for the District’s debt service (interest and sinking fund) property tax purposes for such Tax Year, minus (b) the Tax Limitation Amount (defined in Section 2.4, below, as Thirty Million Dollars (\$30,000,000.00)), by (ii) the District’s maintenance and operations tax rate for such Tax Year.

## **ARTICLE II**

### **AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1. AUTHORITY.** This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

**Section 2.2. PURPOSE.** In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

**Section 2.3. TERM OF THE AGREEMENT.**

- A. The Application Review Start Date for this Agreement is October 26, 2016, which will be used to determine the eligibility of the Applicant’s Qualified Property and all applicable wage standards.
- B. The Application Approval Date for this Agreement is March 21, 2017.
- C. The Qualifying Time Period for this Agreement:
  - i. Starts on January 2, 2021, a date not later than January 1 of the fourth Tax Year following the Application Approval Date, as authorized by Section 313.027(h) of the TEXAS TAX CODE; and

- ii. Ends on December 31, 2023, the last day of the second complete Tax Year following the Qualifying Time Period start date.
- D. The Tax Limitation Period for this Agreement:
  - i. Starts on January 1, 2024, the first complete Tax Year that begins after the end of Qualifying Time Period; and
  - ii. Ends on December 31, 2033, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.
- E. The Final Termination Date for this Agreement is December 31, 2038, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.
- F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

**Section 2.4. TAX LIMITATION.** So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Thirty Million Dollars (\$30,000,000), based on Section 313.054 of the TEXAS TAX CODE.

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

**Section 2.5. TAX LIMITATION ELIGIBILITY.** In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$895.75 for all New Non-Qualifying Jobs created by the Applicant.

**Section 2.6. TAX LIMITATION OBLIGATIONS.** In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article

IV;

B. provide payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, as more fully specified in Article V;

C. provide such Supplemental Payments as more fully specified in Article VI;

D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

### **ARTICLE III** **QUALIFIED PROPERTY**

**Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.** At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

**Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.** The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

**Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.** The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all

such described property on the Land.

**Section 3.5. QUALIFYING USE.** The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as property used for manufacturing.

#### **ARTICLE IV** **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.** Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was a sole and direct cause, all as calculated in Section 4.2 below. Such payments shall be independent of, and in addition to, such other payments as set forth in Articles V and VI of this Agreement.

The Parties expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of losses that the District incurs in its Maintenance and Operations Revenue will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes that may be made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: (i) for illustrative purposes only and are not intended to be relied upon, and have not been relied upon, by the Parties as a prediction of future consequences to either Party; (ii) based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and (iii) may change in future years to reflect changes in the Applicable School Finance Law.

**Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.** Subject to the provisions of Sections 4.10, 7.1 and 7.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

- A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue, based on the following definitions, where:
  - i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's ad valorem maintenance and operations

tax at the District-adopted rate for the applicable Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.3) will base its calculations upon (1) the total Taxable Values for the applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District's maintenance and operations ad valorem tax purposes, save and except for the Applicant's Qualified Property subject to this Agreement, plus (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant's Qualified Property subject to this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's maintenance and operations ad valorem tax purposes).

- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year.

B. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for the year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2, results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for any year during the Tax Limitation Period under Subsection ii of Section 4.2.A will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made using a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factor not contained in this Agreement.

**Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY.** All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly selected and appointed

each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by a mediator selected in accordance with the procedures set forth in Section 9.3A.

**Section 4.4. DATA USED FOR CALCULATIONS.** The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the TEXAS TAX CODE on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected and appointed under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

**Section 4.5. DELIVERY OF CALCULATIONS.** On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and/or Article VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculations until the Final Termination Date. The Applicant shall not be liable for any of the Third Party's costs resulting from a review or audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 4.6, if such fee is timely paid.

**Section 4.6. PAYMENT BY APPLICANT.** The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.5, above, plus any reasonable and necessary out-of-pocket third party legal expenses paid or incurred by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms or because of the execution of this Agreement. Notwithstanding the foregoing, for no Tax Year during the term of this Agreement shall the Applicant be responsible

for the payment of an aggregate amount of fees and expenses under this Section 4.6 and Section 4.5 which exceeds Twelve Thousand Dollars (\$12,000.00).

**Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.** If at the time the Third Party selected and appointed under Section 4.3 makes its calculations under this Agreement the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Investment and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Investment, respectively, by the Appraisal District. If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations required by this Agreement for the applicable year or years using the new Taxable Value. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

**Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE.** Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Sections 7.1 and 4.10, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, the Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to but not to exceed the amount of the limits set forth in this Agreement (including Sections 7.1 and 4.10), that are necessary to offset any such negative impact on the District's Maintenance and Operations Revenue as a result of its participation in this Agreement. The calculation of any such payments to the District shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

**Section 4.9. RESOLUTION OF DISPUTES.** Should the Applicant disagree with the certification containing the calculations prepared and/or delivered pursuant to Section 4.5, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of the certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

**Section 4.10. CUMULATIVE PAYMENT LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i (i.e. the Tax Year 2016), and ending with the Tax Year 2029, which is the first Tax Year following the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the Applicant's Cumulative Unadjusted Tax Benefit for such Tax Year. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.10, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.10. Any of the Cumulative Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period (i.e. the Tax Year 2029) because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

## **ARTICLE V**

### **PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES**

**Section 5.1. EXTRAORDINARY EXPENSES.** In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for the Applicant's allocable share of all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project described in the Application that are not directly funded in state aid formulas, including expenses for the purchase or lease of portable classrooms or busses, utilities (including non-landscaping water), computers, and the hiring of additional personnel, to accommodate a temporary increase in student enrollment attributable to such project.

In determining the Applicant's allocable share of such non-reimbursed costs for any Tax Year during the term of this Agreement, the aggregate amount of such costs for such Tax Year shall be allocated by the District's external auditor between or among the project described in the Application and each project described in an application for appraised value limitation on qualified property under Chapter 313 of the TEXAS TAX CODE with respect to which the District has entered into a written agreement pursuant to the provisions of Section 313.027 of the TEXAS TAX CODE that (i) has not terminated before such Tax Year, and (ii) includes a provision pursuant to Section 313.027(f)(2) of the TEXAS TAX CODE providing that the owner or owners of the project subject to such agreement will protect the District in the event the District incurs extraordinary education-related expenses related to such project. The District agrees to use reasonable efforts to include such a provision in any such future agreement. The amount of such non-reimbursed costs for any Tax Year during the term of this Agreement allocated to each such project shall be determined by multiplying the total amount of such non-reimbursed costs by a fraction, the numerator of which is the total Taxable Value of such project used for the District's debt service (interest and sinking fund) property tax purposes for such Tax Year, and the denominator of which is the total Taxable Value of all such projects used for the District's

debt service (interest and sinking fund) property tax purposes for such Tax Year.

The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

## **ARTICLE VI** **SUPPLEMENTAL PAYMENTS**

### **Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.**

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI (the "Article VI Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Article VI Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V and this Article VI are subject to the limitations contained in Sections 7.1 and 4.10, and that all payments under this Article VI are subject to the separate limitations contained in Sections 6.2 and 6.3.

B. Adherence to Statutory Limits on Supplemental Payments. It is the express intent of the Parties that any Article VI Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed either (i) the limit imposed by the provisions of Section 313.027(i) of the TEXAS TAX CODE, as such limit is allowed to be increased by the Legislature for any future year of this Agreement, or (ii) the amount described in Section 6.3.

### **Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.** Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall: not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;

B. Supplemental Payments may only be made during the period starting the first complete or partial Tax Year of the Qualifying Time Period (2021) and ending December 31 of the third Tax Year following after the end of the Tax Limitation Period (2036);

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. for purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

**Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT.**

In addition to the Supplemental Payment limitation set forth in Section 6.2, for any Tax Year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- A. the "Applicant's Stipulated Supplemental Payment Amount," as such term is defined in Section 1.2, for such Tax Year; or
- B. the "Aggregate Limit," as such term is defined in Section 1.2, for such Tax Year.

**Section 6.4. ANNUAL CALCULATION OF APPLICANT'S STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.**

The Parties agree that for each Tax Year during the term of this Agreement beginning with the Tax Year 2021, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i., the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 1.2, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Minus,*

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Multiplied by,*

The District's maintenance and operations tax rate for such Tax Year, or the applicable

school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

*Minus,*

Any amounts previously paid to the District under Articles IV and V for such Tax Year;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under this Article VI with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party selected pursuant to Section 4.3 above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

**Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT.** For each Tax Year during the term of this Agreement beginning with the Tax Year 2021, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with Tax Year 2036, which is the third Tax Year following the end of the Tax Limitation Period, the District, or its successor beneficiary should one be designated under Section 6.7 below, shall not be entitled to receive Supplemental Payments, computed under Sections 6.2, 6.3 and 6.4 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 6.2, 6.3 and 6.4 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the TEXAS TAX CODE that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article VI, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of the third full Tax Year (2036) following the end of the Tax Limitation Period, as defined in Section 2.3(D)(ii), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further

obligation with respect thereto.

**Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

- A. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.
- B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5.
- C. The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.

**Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.** At any time during the term of this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded, with respect to future payments only, by action of the Board of Trustees, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in this Article IV, including Sections 6.2, 6.3 and 6.4, above.

Notwithstanding the foregoing, any payments made by the Applicant shall be made in the manner and to the Party designated in this Agreement unless the Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

**ARTICLE VII**  
**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1. ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad

valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

**Section 7.2. OPTION TO TERMINATE AGREEMENT.** In the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, prior to the beginning of the Tax Limitation Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Additionally, in the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

**Section 7.3. EFFECT OF OPTIONAL TERMINATION.** Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

## **ARTICLE VIII**

### **ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding

anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

**Section 8.2. REPORTS.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

**Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS.** During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 8.4. DATA REQUESTS.** Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

**Section 8.5. SITE VISITS AND RECORD REVIEW.** The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

- A. All inspections will be made at a mutually agreeable time after the giving of not less than ninety-six (96) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.
- B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

**Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.** By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance

pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

**Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.** The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would

not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

## **ARTICLE IX**

### **MATERIAL BREACH OR EARLY TERMINATION**

**Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.** The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified

Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

## **Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination") and provide a copy to the Comptroller.

### **Section 9.3. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in San Patricio County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in San Patricio County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the ninety (90) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien

shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

**Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.**

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, no later than, and the District may terminate the Agreement effective on, the later of: (i) the expiration of the ninety (90) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

**Section 9.5. LIMITATION OF OTHER DAMAGES.** Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District,

whether at law or under principles of equity.

**Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.** Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

**Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS.** Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

**Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS.**

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

**ARTICLE X**  
**MISCELLANEOUS PROVISIONS**

**Section 10.1. INFORMATION AND NOTICES.**

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

Dr. Paul Clore  
Superintendent of Schools  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374  
Phone: (361) 777-1091  
Facsimile: (361) 777-1094  
Email: pclore@g-pisd.org

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

Kevin Wright  
Chief Financial Officer and Treasurer  
SABIC US Projects LLC  
2500 City West Boulevard, Suite 650  
Houston, Texas 77042  
Phone: (713) 267-3046  
Facsimile: (832) 325-7845  
Email: kwright@sabic.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

**Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.**

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same

term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

i. The Applicant shall submit to the District and the Comptroller:

- a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
- b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
- c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

- i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and
- ii. If the Comptroller provides its certificate for a limitation with conditions different

from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement.

**Section 10.3. ASSIGNMENT.**

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

**Section 10.4. MERGER.** This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

**Section 10.5. GOVERNING LAW.** This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in San Patricio County.

**Section 10.6. AUTHORITY TO EXECUTE AGREEMENT.** Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 10.7. SEVERABILITY.** If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement,

as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 10.8. PAYMENT OF EXPENSES.** Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.9. INTERPRETATION.**

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

**Section 10.10. EXECUTION OF COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

**Section 10.11. PUBLICATION OF DOCUMENTS.** The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this

Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

**Section 10.13. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

**Section 10.14. CONFLICTS OF INTEREST.**

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

**Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.** Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments),

reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

**Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.**

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 21<sup>st</sup> day of March, 2017.

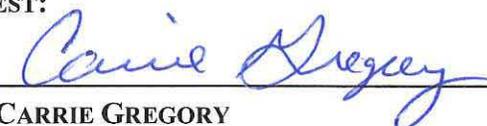
**SABIC US PROJECTS LLC**

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

By:   
Name: MOHAMMED ALWAKEEL  
Title: President & CEO

By:   
**RANDY EULENFELD**  
**PRESIDENT, BOARD OF TRUSTEES**

**ATTEST:**

By:   
**CARRIE GREGORY**  
**SECRETARY, BOARD OF TRUSTEES**

## EXHIBIT 1

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Pursuant to Chapter 312 of the TEXAS TAX CODE and actions taken by the San Patricio County Commissioner's Court, the *Apex Midway Wind, LLC Reinvestment Zone* was created on December 13, 2013, and the *Gulf Coast Growth Ventures Reinvestment Zone* was created on March 20, 2017. Copies of such actions of the San Patricio County Commissioner's Court are attached as the following pages of this **Exhibit 1**. As a result of such actions of the San Patricio County Commissioner's Court, all of the real property within San Patricio County, Texas, described by the legal description in **Exhibit 2** is located within the boundaries of such reinvestment zones.

THE STATE OF TEXAS

COMMISSIONERS' COURT

COUNTY OF SAN PATRICIO

RESOLUTION APEX MIDWAY LLC  
ORDER FOR DESIGNATION OF REINVESTMENT ZONE

WHEREAS, the San Patricio County Commissioners' Court has determined that the economic well being of San Patricio County is of primary concern to the Commissioners' Court, and;

WHEREAS, Chapter 312, Texas Tax Code, known as the Texas Property Redevelopment and Tax Abatement Act Provides that San Patricio County has the authority to create reinvestment zones within the County for the purpose of economic development, and;

WHEREAS, on December 16, 2013, the San Patricio County Commissioners' Court, by resolution, established certain guidelines and criteria governing tax abatement agreements, and indicated the desire of San Patricio County to become eligible to participate in tax abatement agreements, and;

WHEREAS, Apex Midway Wind, LLC has requested the designation of a reinvestment zone for purposes of tax abatement of real property belonging to Apex Midway Wind, LLC, for the purposes of economic development as defined under the Texas Property Redevelopment and Tax Abatement Act, and;

WHEREAS, on the 6<sup>th</sup> day of December, 2013, proper notice was posted, stating that a public hearing would be conducted by the San Patricio County Commissioners' Court on the 16<sup>th</sup> day of December, 2013, to consider the request by Apex Midway Wind, LLC to have property herein described in Exhibit "A" designated as a reinvestment zone, and;

WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the terms of the agreement and the property subject to the agreement as presented to San Patricio County by Apex Midway Wind, LLC meet the applicable guidelines and criteria adopted by the Commissioners' Court on December 9, 2013, and;

WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the creation of a reinvestment zone for the above stated property would be a benefit to the said property and the development anticipated to occur in the proposed zone would contribute to the economic development of San Patricio County, and;

WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the designation of the reinvestment zone would contribute to the retention or

WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the designation of the reinvestment zone would contribute to the retention or expansion of primary employment within San Patricio County, and;

WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the designation of the reinvestment zone would attract major investment in the zone, and;

WHEREAS, the above stated property does not contain area in the taxing jurisdiction of an incorporated municipality;

BE IT THEREFORE ORDERED that the Commissioners' Court of San Patricio County designates as a reinvestment zone, property herein described in Exhibit "A", pursuant to the authority contained in Section 312.401 of the Texas Property Redevelopment and Tax Abatement Act.

Passed in open court this 16<sup>th</sup> day of December 2013.



Attest: Gracie Alaniz-Gonzales  
Gracie Alaniz-Gonzales  
County Clerk  
San Patricio County, Texas

Terry Simpson  
Terry Simpson, County Judge  
San Patricio County, Texas

Nina D. Saucedo  
Commissioner, Precinct 1

Scott Mascher  
Commissioner, Precinct 2

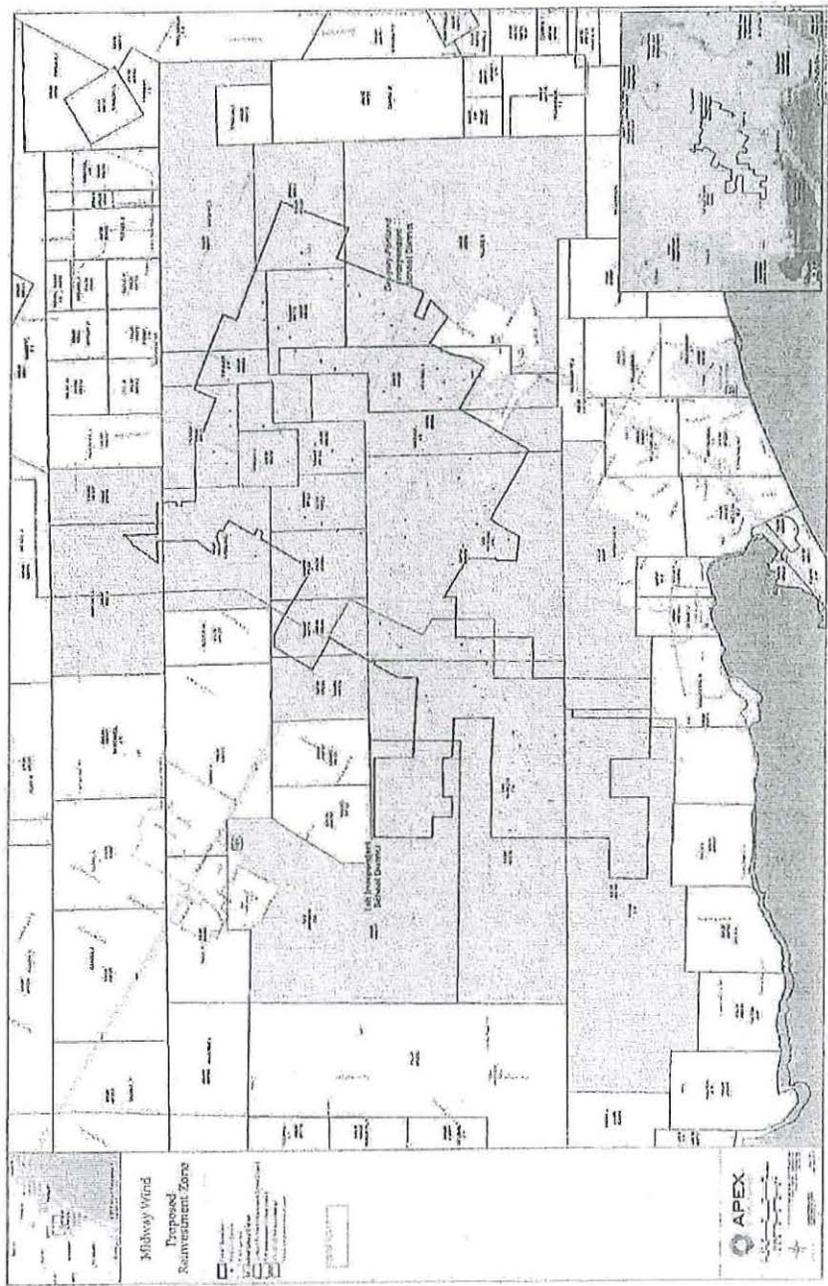
Alma T. Moreno  
Commissioner, Precinct 3

\_\_\_\_\_  
Commissioner, Precinct 4

**EXHIBIT A**

**Apex Midway Wind, LLC Reinvestment Zone Legal Description**

Archiego, M	A-35	40935	Save and except any portion of abstract inside the city limits of Portland, Texas as they exist as of November 18, 2013
Head, E G	A-155	409155	
Keating, J	A-180	409180	Save and except any portion of abstract inside the city limits of Gregory, Texas as they exist as of November 18, 2013
Orlok, HRS I	A-209	409209	
Sargent, G	A-231	409231	
Sargent, G	A-232	409232	
San Patricio CSL	A-235	409235	
San Patricio CSL	A-237	409237	Save and except any portion of abstract inside the city limits of Tapp, Texas as they exist as of November 18, 2013
San Patricio CSL	A-238	409238	
Sterling, I	A-239	409239	
SA&MG RR CO	A-254	409254	
SA&MG RR CO	A-255	409255	
SA&MG RR CO	A-256	409256	
SA&MG RR CO	A-257	409257	
SA&MG RR CO	A-258	409258	
SA&MG RR CO	A-259	409259	
SA&MG RR CO	A-260	409260	
Valdez, G	A-269	409269	Save and except any portion of abstract inside the city limits of Gregory, Texas as they exist as of November 18, 2013
Wright, C	A-280	409280	
Swisher, J-M	A-393	409393	
Swisher, J-M	A-394	409394	Save and except any portion of abstract inside the city limits of Gregory, Texas as they exist as of November 18, 2013
Crouch, J	A-87	40987	



**Agreement for Limitation on Appraised Value**  
 Between Gregory-Portland ISD and SABIC US Projects LLC  
 March 21, 2017

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (January 2016)*

THE STATE OF TEXAS  
COUNTY OF SAN PATRICIO

COMMISSIONERS' COURT

ORDER 1.3

DESIGNATION OF GULF COAST GROWTH VENTURES REINVESTMENT ZONE

WHEREAS, the Commissioners' Court of San Patricio County, Texas (the "Commissioners' Court"), has determined that the economic well-being of San Patricio County, Texas (the "County"), is of primary concern to the Commissioners' Court, and;

WHEREAS, Chapter 312, Texas Tax Code, known as the Texas Property Redevelopment and Tax Abatement Act, provides that the County has the authority to designate reinvestment zones within the County for the purpose of economic development, and;

WHEREAS, on October 6, 1997, the Commissioners' Court, by resolution, established certain guidelines and criteria governing tax abatement agreements and indicated the desire of the County to become eligible to participate in tax abatement agreements, and;

WHEREAS, on February 20, 2017, the Commissioners' Court, by resolution, approved and adopted the County's current Guidelines and Criteria for Granting Tax Abatement (the "Guidelines and Criteria"), and;

WHEREAS, GCGV Asset Holding LLC, Exxon Mobil Corporation and SABIC US Projects LLC (collectively, "Gulf Coast Growth Ventures") have requested the designation of the area of land located in the County and described in Exhibit "A" attached hereto (the "Land") as a reinvestment zone for purposes of tax abatement of property for the purposes of economic development as defined under the Texas Property Redevelopment and Tax Abatement Act, and;

WHEREAS, on August 29, 2016, the Commissioners' Court, by order, previously designated the Land as a reinvestment zone under the provisions of Chapter 312 of the Texas Tax Code, and;

WHEREAS, the Commissioners' Court subsequently determined that it is prudent and advisable to hold a further public hearing on the designation of the Land as a reinvestment zone to ensure compliance with the requirements of applicable law and to afford interested persons the opportunity to speak and present evidence for or against the designation, and;

WHEREAS, on March 9, 2017, proper notice was posted, stating that a public hearing would be conducted by the Commissioners' Court on March 20, 2017, to consider the request by Gulf Coast Growth Ventures to have the Land designated as a reinvestment zone, and;

WHEREAS, it is the finding of the Commissioners' Court that the designation of a reinvestment zone for the Land would be a benefit to the Land and the development anticipated to occur in the proposed reinvestment zone would contribute to the economic development of the County, and,

WHEREAS, it is the finding of the Commissioner's Court that the terms of the three (3) Tax Abatement Agreements and the property subject to such Tax Abatement Agreements as

- 1 -

presented to the Commissioner's Court by Gulf Coast Growth Ventures meet the applicable Guidelines and Criteria adopted by the Commissioners' Court on February 20, 2017, and,

WHEREAS, it is the finding of the Commissioners' Court that the designation of the reinvestment zone for the Land would contribute to the retention or expansion of primary employment within the County, and,

WHEREAS, it is the finding of the Commissioner's Court that the designation of the reinvestment zone for the Land would attract major investment in the zone, and,

WHEREAS, the Land is not in the taxing jurisdiction of a municipality;

BE IT THEREFORE ORDERED that the Commissioners' Court of San Patricio County, Texas, designates as a reinvestment zone the Land described in Exhibit "A" attached hereto, pursuant to the authority contained in Section 312.401 of the Texas Property Redevelopment and Tax Abatement Act.

EXECUTED THE 20<sup>TH</sup> DAY OF MARCH, 2017.



SAN PATRICIO COUNTY, TEXAS

By:   
Terry A. Simpson, County Judge

ATTEST:

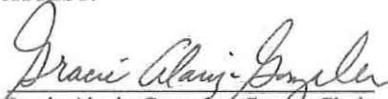
  
Gracie Alaniz-Gonzales, County Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

**Tract I:**

A tract of land containing 523.26 acres, more or less, out of Section "M" of the Geo. H. Paul Subdivision of the Coleman Fulton Pasture Company lands South of Taft, in San Patricio County, Texas, according to the map or plat on page 32 of Volume 1 of the Map or Plat Records of said County and described by metes and bounds as follows:

BEGINNING at an iron pipe, the original West corner of Section "M", for the PLACE OF BEGINNING;

THENCE with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right-of-way, the original Northwest corner of said Section "M";

THENCE with the railroad right-of-way and Section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M", N 60° 2' W 4,314 feet to the PLACE OF BEGINNING, containing 523.26 acres of land, more or less;

**Tract II:**

A tract of land containing 826.56 acres, more or less, out of Sections "M" and "N" of the George H. Paul Subdivision of the Coleman Fulton Pasture Company's lands in San Patricio County, Texas, according to the map or plat thereof recorded in Volume 1, Page 32, of the Map Records of San Patricio County, Texas, being all of a certain tract of land containing 831.04 acres, more or less, described in a gift deed conveying a one-half (1/2) community property interest in said 831.04 acres of land from T.A. McKamey, as grantor, to Kenneth G. McKamey and wife, Hattie Bell McKamey, as grantees, in equal undivided interests, dated May 18, 1963, recorded in Volume 290, Page 351, of the Deed Records of San Patricio County, Texas, and an undivided one-half (1/2) interest in and to said 831.04 acres of land being a portion of the property acquired by Kenneth G. McKamey under the will of Lillian McKamey, Deceased, as filed in San Patricio County, Texas under Probate No. 5642, devising her one-half (1/2) community property interest in said property, said 831.04 acres of land being more particularly described as follows, to-wit:

All of said Sections "M" and "N", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe set for the Northeast corner of said Section "N" and on the South right of way of the S.A. & A.P.R.R., from said pipe the smokestack on the Walker Gin at Gregory bears S 44° 10' E, the silo at Terra Belle Ranch bears N 80° 29' W and the most easterly silo at the Rattle Snake Mott bears N 23° 51' W;

A-1

THENCE down the center of a road S 30° 7' W at 5272 feet set an iron pipe 20 feet S 30° 7' W of the fence on the North side of a Road running in a Westerly direction, from which the Silo at the Terra Belle Ranch bears N 22° 58' W and the Water Tower at Taft bears N 49° 48' W for the Southeast corner of Section "N" and the Southeast corner of this survey;

THENCE up the center of said Road N 60° 2' W, at 11,246.5 feet set a stake for the Southwest corner of this survey, from which Walker's Gin bears S 72° 52' E and the water tower at Taft bears N 45° 16' W;

THENCE N 30° E at 20 feet set an iron pipe under the fence on the North side of the road, at 2,357 feet the corner post of a fence, it being August Floerke's Southeast corner, at 5,278 feet a 6 inch by 6 inch cypress post on the South line of the Right-of-Way of the S.A. & A. P. R. R., it being Floerke's Northeast corner and the Northwest corner of Section "M" for the Northwest corner of this survey;

THENCE S 60° E with said right of way line at 5,647 feet the center of the gate at the Terra Belle Ranch, at 11,258 feet the PLACE OF BEGINNING, and containing 1,362.5 acres of land;

SAVE AND EXCEPT one-half (1/2) of the road on the East and South sides of said tract of land, containing 8.2 acres of land, more or less; and,

SAVE AND EXCEPT a tract of land containing 523.26 acres, more or less, out of said Section "M", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe, the original West corner of Section "M", for the place of beginning;

THENCE, with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right of way, the original Northwest corner of Section "M";

THENCE with the railroad right-of-way and section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a 200 acre homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M" N 60° 2' W 4,314 feet to the place of beginning, and containing 523.26 acres of land, more or less;

SAVE AND EXCEPT out of said 831.04 acres of land, the following described tracts of land, to-wit:

(a) A Tract of land containing one (1) acre, more or less, out of said Section "N", as conveyed by warranty deed from T.A. McKamey and wife, Lillian McKamey, as grantor, to Central Power and Light Company, dated May 4, 1955, recorded in Volume 200, Page 499, of the Deed Records of San Patricio County, Texas; and

(b) Three and forty-eight hundredths (3.48) acres of land, more or less, described as two tracts

A-2

containing one and seventy-seven hundredths (1.77) acres, more or less, and one and seventy-one hundredths (1.71) acres, more or less, respectively, as conveyed by Right-of-Way Deed from Kenneth G. McKamey and wife, Hattie Bell McKamey, to San Patricio County, Texas, dated April 23, 1965, recorded in Volume 313, Page 497, of the Deed Records of Nueces County, Texas.

A-3

## EXHIBIT 2

### DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property will be located and on which the Qualified Investment will be made is located in San Patricio County, Texas, and described by the following legal description:

#### Tract I:

A tract of land containing 523.26 acres, more or less, out of Section "M" of the Geo. H. Paul Subdivision of the Coleman Fulton Pasture Company lands South of Taft, in San Patricio County, Texas, according to the map or plat on page 32 of Volume 1 of the Map or Plat Records of said County and described by metes and bounds as follows:

BEGINNING at an iron pipe, the original West corner of Section "M", for the PLACE OF BEGINNING;

THENCE with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right-of-way, the original Northwest corner of said Section "M";

THENCE with the railroad right-of-way and Section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M", N 60° 2' W 4,314 feet to the PLACE OF BEGINNING, containing 523.26 acres of land, more or less;

#### Tract II:

A tract of land containing 826.56 acres, more or less, out of Sections "M" and "N" of the George H. Paul Subdivision of the Coleman Fulton Pasture Company's lands in San Patricio County, Texas, according to the map or plat thereof recorded in Volume 1, Page 32, of the Map Records of San Patricio County, Texas, being all of a certain tract of land containing 831.04 acres, more or less, described in a gift deed conveying a one-half (1/2) community property interest in said 831.04 acres of land from T.A. McKamey, as grantor, to Kenneth G. McKamey and wife, Hattie Bell McKamey, as grantees, in equal undivided interests, dated May 18, 1963, recorded in Volume 290, Page 351, of the Deed Records of San Patricio County, Texas, and an undivided one-half (1/2) interest in and to said 831.04 acres of land being a portion of the property acquired by Kenneth G. McKamey under

the will of Lillian McKamey, Deceased, as filed in San Patricio County, Texas under Probate No. 5642, devising her one-half (1/2) community property interest in said property, said 831.04 acres of land being more particularly described as follows, to-wit:

All of said Sections "M" and "N", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe set for the Northeast corner of said Section "N" and on the South right of way of the S.A. & A.P.R.R., from said pipe the smokestack on the Walker Gin at Gregory bears S 44° 10' E, the silo at Terra Belle Ranch bears N 80° 29' W and the most easterly silo at the Rattle Snake Mott bears N 23° 51' W;

THENCE down the center of a road S 30° 7' W at 5272 feet set an iron pipe 20 feet S 30° 7' W of the fence on the North side of a Road running in a Westerly direction, from which the Silo at the Terra Belle Ranch bears N 22° 58' W and the Water Tower at Taft bears N 49° 48' W for the Southeast corner of Section "N" and the Southeast corner of this survey;

THENCE up the center of said Road N 60° 2' W, at 11,246.5 feet set a stake for the Southwest corner of this survey, from which Walker's Gin bears S 72° 52' E and the water tower at Taft bears N 45° 16' W;

THENCE N 30° E at 20 feet set an iron pipe under the fence on the North side of the road, at 2,357 feet the corner post of a fence, it being August Floerke's Southeast corner, at 5,278 feet a 6 inch by 6 inch cypress post on the South line of the Right-of-Way of the S.A. & A. P. R. R., it being Floerke's Northeast corner and the Northwest corner of Section "M" for the Northwest corner of this survey;

THENCE S 60° E with said right of way line at 5,647 feet the center of the gate at the Terra Belle Ranch, at 11,258 feet the PLACE OF BEGINNING, and containing 1,362.5 acres of land;

SAVE AND EXCEPT one-half (1/2) of the road on the East and South sides of said tract of land, containing 8.2 acres of land, more or less; and,

SAVE AND EXCEPT a tract of land containing 523.26 acres, more or less, out of said Section "M", more particularly described by metes and bounds as follows, to-wit:

BEGINNING at an iron pipe, the original West corner of Section "M", for the place of beginning;

THENCE, with the section line, N 30° 0' E 5,278 feet to the Southern Pacific Railroad Company right of way, the original Northwest corner of Section "M";

THENCE with the railroad right-of-way and section line, S 60° 0' E 4,326.4 feet to the Northwest corner of a 200 acre homestead tract in the name of McKamey;

THENCE with the boundary line of said homestead tract, S 30° 7' W 5,276.2 feet to the West corner of said homestead tract for the South corner of this tract;

THENCE with the line of said Section "M" N 60° 2' W 4,314 feet to the place of beginning, and containing 523.26 acres of land, more or less;

SAVE AND EXCEPT out of said 831.04 acres of land, the following described tracts of land, to-wit:

(a) A Tract of land containing one (1) acre, more or less, out of said Section "N", as conveyed by warranty deed from T.A. McKamey and wife, Lillian McKamey, as grantor, to Central Power and Light Company, dated May 4, 1955, recorded in Volume 200, Page 499, of the Deed Records of San Patricio County, Texas; and

(b) Three and forty-eight hundredths (3.48) acres of land, more or less, described as two tracts containing one and seventy-seven hundredths (1.77) acres, more or less, and one and seventy-one hundredths (1.71) acres, more or less, respectively, as conveyed by Right-of-Way Deed from Kenneth G. McKamey and wife, Hattie Bell McKamey, to San Patricio County, Texas, dated April 23, 1965, recorded in Volume 313, Page 497, of the Deed Records of Nueces County, Texas.

### EXHIBIT 3

#### APPLICANT'S QUALIFIED INVESTMENT

SABIC US Projects, LLC ("SABIC"), a wholly owned subsidiary of Saudi Basic Industries Corporation, proposes to design and construct a 600,000 ton per annum polyethylene unit.

The plant will manufacture polyethylene resin which is used in products such as film, plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails and drums. Feedstock for the plant will be provided by an adjacent ethane steam cracker that is the subject of a separate Application for Limitation of Appraised Value for Qualified Property. A summary of the relationship between the ethane steam cracker and the polyethylene unit is discussed below.

#### Proposed Output and Final Products

- The polyethylene unit will have a design capacity of 600,000 tons per annum of polyethylene.

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit along with all process infrastructure and auxiliary equipment, including but not limited to, compressors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems, blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines, storage tanks, blending silos, electrical switchgear, transformers, substations, instrumentation, equipment and structural foundations including supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, cooling towers, inter-plant piping and utilities, tie-ins, road improvements, control building (including personal property located within buildings) , fire prevention and safety equipment, railroad switches, rail car loading equipment, rail car washing buildings and equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

**EXHIBIT 4**

**DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY**

See **Exhibit 3**.

**Agreement for Limitation on Appraised Value**  
Between Gregory-Portland ISD and SABIC US Projects LLC  
March 21, 2017

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (January 2016)*

**EXHIBIT 4**

**EXHIBIT 5**  
**AGREEMENT SCHEDULE**

	<b>Year</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description</b>
<b>Deferral Period</b>	Partial Deferral Year Beginning on the Application Approval Date (03/21/17)	January 1, 2017	2017-2018	2017	Start of Deferral Period beginning with the Application Approval Date (03/21/17). No limitation on appraised value.
	Deferral Year	January 1, 2018	2018-2019	2018	Deferral Period. No limitation on appraised value.
	Deferral Year	January 1, 2019	2019-2020	2019	Deferral Period. No limitation on appraised value.
	Deferral Year	January 1, 2020	2020-2021	2020	Deferral Period. No limitation on appraised value.
	Partial Year Deferral Period (01/01/21)	January 1, 2021	2021-2022	2021	Deferral Period. No limitation on appraised value.
<b>Qualifying Time Period</b>	Partial Year Beginning on 01/02/21	January 1, 2021	2021-2022	2021	Start of Qualifying Time Period beginning on 01/02/2021. No limitation on appraised value. First year for computation of Annual Limit.
	1	January 1, 2022	2022-2023	2022	Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2023	2023-2024	2023	Qualifying Time Period. No limitation on appraised value.
<b>Limitation Period (10 Years)</b>	3	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	4	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	5	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	6	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	7	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	8	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.
	9	January 1, 2030	2030-2031	2030	\$30 million appraised value limitation.
	10	January 1, 2031	2031-2032	2031	\$30 million appraised value limitation.
	11	January 1, 2032	2032-2033	2032	\$30 million appraised value limitation.
	12	January 1, 2033	2033-2034	2033	\$30 million appraised value limitation.
<b>Maintain Viable Presence (5 Years)</b>	13	January 1, 2034	2034-2035	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	14	January 1, 2035	2035-2036	2035	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

	<b>Year</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description</b>
	15	January 1, 2036	2036-2037	2036	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	16	January 1, 2037	2037-2038	2037	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	17	January 1, 2038	2038-2039	2038	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

# Attachment H

## Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

March 21, 2017

President and Members  
Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Re: *Recommendations and Findings of the firm Concerning Application of SABIC US Projects LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (#1154)*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Gregory-Portland Independent School District, with respect to the pending Application of SABIC US Projects LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of SABIC US Projects LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey".

Daniel T. Casey  
Partner

[www.moakcasey.com](http://www.moakcasey.com)

Phone 512-485-7878

400 W. 15<sup>th</sup> Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE McCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

March 21, 2017

President and Members  
Of the Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

*Re: Recommendations and Findings of the Firm Concerning Application of SABIC US Projects LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (#1154)*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Gregory-Portland Independent School District, with respect to the pending Application of SABIC US Projects LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and SABIC US Projects LLC Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of SABIC US Projects LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

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

Kevin O'Hanlon  
For the Firm

# Attachment I

## Agreement Review Letter



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

March 20, 2017

Dr. Paul Clore  
Superintendent  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Re: Agreement for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Gregory-Portland Independent  
School District and SABIC US Projects, LLC, Application 1154

Dear Superintendent Clore:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Gregory-Portland Independent School District and SABIC US Projects, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at [desiree.caufield@cpa.texas.gov](mailto:desiree.caufield@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Daniel T. Casey, Moak, Casey & Associates LLP  
Kevin Wright, SABIC US Projects LLC  
Steven Nichols, SABIC US Projects LLC  
Dale Cummings, Cummings Westlake LLC

# Attachment J

## Conflict Of Interest Disclosure

### **Conflicts of Interest Disclosure Procedure**

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:  
The person owns at least:
  - a. Ten percent of the voting stock or shares of the business entity, or
  - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
  - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.

# Attachment K

## Supplemental Environmental and Safety Understanding

**GCGV ASSET HOLDING LLC  
EXXON MOBIL CORPORATION  
SABIC US PROJECTS LLC**

**BY HAND DELIVERY**

March 21, 2017

Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Re: Gregory-Portland ISD Application Nos. 1154, 1155 and 1156  
Supplemental Environmental and Safety Undertakings

Ladies and Gentlemen:

In response to questions and comments from local residents and the Board of Trustees of Gregory-Portland Independent School District concerning the projects that are the subject of the above-referenced applications (collectively, the "Project"), GCGV Asset Holding LLC, Exxon Mobil Corporation and SABIC US Projects LLC (collectively, "Gulf Coast Growth Ventures") have developed programs and procedures to address concerns raised by the local community. Gulf Coast Growth Ventures has communicated a description of this initiative to, among others, the San Patricio County Commissioner's Court.

As part of this initiative, Gulf Coast Growth Ventures informs the Gregory-Portland Independent School District that during the respective terms of the three Chapter 313 agreements covering the Project and approved on March 21, 2017, by the Board of Trustees of Gregory-Portland Independent School District, Gulf Coast Growth Ventures will undertake the following:

1. After site selection, Gulf Coast Growth Ventures will voluntarily establish a regional air quality monitoring network with sample points at the fence line of the Project site and within the local community. The sample points in the local community will include two school campuses (such as Stephen F. Austin Elementary School and Gregory-Portland High School), provided that Gregory-Portland Independent School District makes locations at the campuses available to Gulf Coast Growth Ventures for the installation, operation and maintenance of monitoring stations. Gulf Coast Growth Ventures will provide timely online tracking and assessment of monitoring results available to the local community.
2. After site selection, and during the construction of the Project, Gulf Coast Growth Ventures will establish a regional Project Community Advisory Panel to provide regular counsel to:

- coordinate and fund traffic management and provide funding for traffic studies and implementation costs, including the cost of additional police officers;
  - implement a dust control program during the construction period;
  - develop plans to avoid construction traffic on school bus routes and major school traffic routes and in school zones; and
  - advise on off-site impacts, such as heavy-haul moves and light, noise and odor issues.
3. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will establish an Operations Community Advisory Panel ("CAP") to encourage the regular and open exchange of information between the operating facilities and the local community. The CAP would be modeled on similar panels in other communities in which Exxon Mobil Corporation operates. Gregory-Portland Independent School District will be eligible to nominate a person to serve on the CAP.
  4. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will maintain firefighting and emergency response equipment at the Project facilities and train plant personnel in firefighting and emergency response procedures.
  5. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will participate in community-wide mutual aid programs with local community first responders and other industry.
  6. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will establish a leak detection and repair ("LDAR") program at the Project utilizing infrared cameras and other current technologies.
  7. After site selection, Gulf Coast Growth Ventures will institute a community communication program regarding the Project to:
    - establish and maintain routine communications with local elected officials and community leaders;
    - maintain a robust web and social media presence in the local community which will include a link to the Texas Commission on Environmental Quality's web site; and
    - establish and maintain lines of communication for local community members to raise concerns, ask questions, and obtain information about the Project as it progresses.

8. Upon commencement of operations of the Project, Gulf Coast Growth Ventures will develop regular and timely reporting to the local community regarding Gulf Coast Growth Ventures' safety, security, health and environment stewardship, including:
  - safety and environmental performance; and
  - environmental improvement activities.
9. After site selection, Gulf Coast Growth Ventures will engage with the San Patricio Municipal Water District, City of Corpus Christi Water Department and others to evaluate development of a water desalination project to help offset industrial use.

Please do not hesitate to contact me should you have any questions regarding these matters.

Gulf Coast Growth Ventures very much appreciates the leadership and support of the Board of Trustees of Gregory-Portland Independent School District in working with us to bring this important Project to South Texas.

Thank you for your consideration.

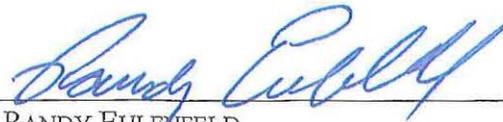
Very truly yours,



Robert Tully  
Venture Executive

APPROVED THIS 21<sup>ST</sup> DAY OF MARCH, 2017.

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

By:   
RANDY EULENFELD  
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By:   
CARRIE GREGORY  
SECRETARY, BOARD OF TRUSTEES