



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

May 5, 2017

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

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Calhoun County Independent
School District and Union Carbide Corporation, Application 1168

Dear Superintendent Dr. Cowley:

On April 7, 2017, the Comptroller issued written notice that Union Carbide Corporation (applicant) submitted a completed application (Application 1168) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on November 13, 2016, to the Calhoun County 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.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

- 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 1168.

Based on the information provided by the applicant, the Comptroller has 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'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, 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 by December 31, 2017.

Note that any building or improvement existing as of the application review start date of April 7, 2017, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely

A handwritten signature in black ink, appearing to read "Mike Reissig", written over the printed name and title.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

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

Table 1 is a summary of investment, employment and tax impact of Union Carbide Corporation.

Applicant	Union Carbide Corporation
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun County ISD
2015-2016 Average Daily Attendance	3,817
County	Calhoun
Proposed Total Investment in District	\$105,000,000
Proposed Qualified Investment	\$105,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	18
Number of new non-qualifying jobs estimated by applicant	2
Average weekly wage of qualifying jobs committed to by applicant	\$1,044
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,044
Minimum annual wage committed to by applicant for qualified jobs	\$54,300
Minimum weekly wage required for non-qualifying jobs	\$1,235
Minimum annual wage required for non-qualifying jobs	\$64,195
Investment per Qualifying Job	\$5,833,333
Estimated M&O levy without any limit (15 years)	\$11,998,462
Estimated M&O levy with Limitation (15 years)	\$6,758,109
Estimated gross M&O tax benefit (15 years)	\$5,240,353

Table 2 is the estimated statewide economic impact of Union Carbide Corporation (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	40	52	92	\$2,172,000	\$4,215,800	\$6,387,800
2019	220	316	535.946	\$11,965,790	\$26,604,310	\$38,570,100
2020	120	231	351	\$6,535,790	\$21,651,010	\$28,186,800
2021	20	107	127	\$1,105,790	\$11,945,510	\$13,051,300
2022	20	78	98	\$1,105,790	\$9,935,910	\$11,041,700
2023	20	59	79	\$1,105,790	\$8,461,710	\$9,567,500
2024	20	50	70	\$1,105,790	\$7,576,210	\$8,682,000
2025	20	46	66	\$1,105,790	\$7,240,010	\$8,345,800
2026	20	47	67	\$1,105,790	\$7,286,410	\$8,392,200
2027	20	50	70	\$1,105,790	\$7,630,810	\$8,736,600
2028	20	54	74	\$1,105,790	\$8,158,810	\$9,264,600
2029	20	57	77	\$1,105,790	\$8,715,010	\$9,820,800
2030	20	61	81	\$1,105,790	\$9,398,910	\$10,504,700
2031	20	65	85	\$1,105,790	\$10,111,710	\$11,217,500
2032	20	67	87	\$1,105,790	\$10,850,610	\$11,956,400
2033	20	70	90	\$1,105,790	\$11,573,810	\$12,679,600

Source: CPA REMI, Union Carbide Corporation

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Groundwater District Tax Levy	Calhoun County Water & Control Improvement District #1 Tax Levy	Estimated Total Property Taxes
			0.2535	1.0401		0.4900	0.0100	0.0565		
2017	\$2,567,860	\$2,567,860	\$6,510	\$26,708	\$33,218	\$12,583	\$257	\$1,451	\$47,508	
2018	\$41,109,810	\$41,109,810	\$104,213	\$427,583	\$531,797	\$201,438	\$4,111	\$23,227	\$760,573	
2019	\$75,353,153	\$75,353,153	\$191,020	\$783,748	\$974,768	\$369,230	\$7,535	\$42,575	\$1,394,109	
2020	\$94,325,184	\$94,325,184	\$239,114	\$981,076	\$1,220,191	\$462,193	\$9,433	\$53,294	\$1,745,110	
2021	\$90,659,288	\$90,659,288	\$229,821	\$942,947	\$1,172,769	\$444,231	\$9,066	\$51,222	\$1,677,287	
2022	\$87,138,993	\$87,138,993	\$220,897	\$906,333	\$1,127,230	\$426,981	\$8,714	\$49,234	\$1,612,159	
2023	\$83,758,464	\$83,758,464	\$212,328	\$871,172	\$1,083,499	\$410,416	\$8,376	\$47,324	\$1,549,615	
2024	\$80,512,100	\$80,512,100	\$204,098	\$837,406	\$1,041,505	\$394,509	\$8,051	\$45,489	\$1,489,554	
2025	\$77,394,537	\$77,394,537	\$196,195	\$804,981	\$1,001,176	\$379,233	\$7,739	\$43,728	\$1,431,876	
2026	\$74,400,585	\$74,400,585	\$188,605	\$773,840	\$962,446	\$364,563	\$7,440	\$42,036	\$1,376,485	
2027	\$71,525,322	\$71,525,322	\$181,317	\$743,935	\$925,252	\$350,474	\$7,153	\$40,412	\$1,323,290	
2028	\$68,763,985	\$68,763,985	\$174,317	\$715,214	\$889,531	\$336,944	\$6,876	\$38,852	\$1,272,202	
2029	\$66,112,014	\$66,112,014	\$167,594	\$687,631	\$855,225	\$323,949	\$6,611	\$37,353	\$1,223,138	
2030	\$63,565,029	\$63,565,029	\$161,137	\$661,140	\$822,277	\$311,469	\$6,357	\$35,914	\$1,176,017	
2031	\$61,118,828	\$61,118,828	\$154,936	\$635,697	\$790,633	\$299,482	\$6,112	\$34,532	\$1,130,759	
2032	\$58,769,378	\$58,769,378	\$148,980	\$611,260	\$760,241	\$287,970	\$5,877	\$33,205	\$1,087,292	
2033	\$56,512,808	\$56,512,808	\$143,260	\$587,790	\$731,050	\$276,913	\$5,651	\$31,930	\$1,045,543	
			Total	\$2,924,344	\$11,998,462	\$14,922,806	\$5,652,578	\$115,359	\$651,777	\$21,342,519

Source: CPA, Union Carbide Corporation

Tax Rate per \$100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Groundwater District Tax Levy	Calhoun County Water & Control Improvement District #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.2535	1.0401		0.4900	0.0100	0.0565	
2017	\$2,567,860	\$2,567,860		\$6,510	\$26,708	\$33,218	\$12,583	\$257	\$1,451	\$47,508
2018	\$41,109,810	\$41,109,810		\$104,213	\$427,583	\$531,797	\$20,144	\$4,111	\$23,227	\$579,278
2019	\$75,353,153	\$30,000,000		\$191,020	\$312,030	\$503,050	\$36,923	\$7,535	\$42,575	\$590,083
2020	\$94,325,184	\$30,000,000		\$239,114	\$312,030	\$551,144	\$69,329	\$9,433	\$53,294	\$683,200
2021	\$90,659,288	\$30,000,000		\$229,821	\$312,030	\$541,851	\$111,058	\$9,066	\$51,222	\$713,197
2022	\$87,138,993	\$30,000,000		\$220,897	\$312,030	\$532,927	\$213,491	\$8,714	\$49,234	\$804,365
2023	\$83,758,464	\$30,000,000		\$212,328	\$312,030	\$524,358	\$307,812	\$8,376	\$47,324	\$887,869
2024	\$80,512,100	\$30,000,000		\$204,098	\$312,030	\$516,128	\$394,509	\$8,051	\$45,489	\$964,178
2025	\$77,394,537	\$30,000,000		\$196,195	\$312,030	\$508,225	\$379,233	\$7,739	\$43,728	\$938,926
2026	\$74,400,585	\$30,000,000		\$188,605	\$312,030	\$500,635	\$364,563	\$7,440	\$42,036	\$914,675
2027	\$71,525,322	\$30,000,000		\$181,317	\$312,030	\$493,347	\$350,474	\$7,153	\$40,412	\$891,385
2028	\$68,763,985	\$30,000,000		\$174,317	\$312,030	\$486,347	\$336,944	\$6,876	\$38,852	\$869,018
2029	\$66,112,014	\$66,112,014		\$167,594	\$687,631	\$855,225	\$323,949	\$6,611	\$37,353	\$1,223,138
2030	\$63,565,029	\$63,565,029		\$161,137	\$661,140	\$822,277	\$311,469	\$6,357	\$35,914	\$1,176,017
2031	\$61,118,828	\$61,118,828		\$154,936	\$635,697	\$790,633	\$299,482	\$6,112	\$34,532	\$1,130,759
2032	\$58,769,378	\$58,769,378		\$148,980	\$611,260	\$760,241	\$287,970	\$5,877	\$33,205	\$1,087,292
2033	\$56,512,808	\$56,512,808		\$143,260	\$587,790	\$731,050	\$276,913	\$5,651	\$31,930	\$1,045,543
			Total	\$2,924,344	\$6,758,109	\$9,682,453	\$4,096,844	\$115,359	\$651,777	\$14,546,433
			Diff	\$0	\$5,240,353	\$5,240,353	\$1,555,734	\$0	\$0	\$6,796,086

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Union Carbide Corporation

Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2016	\$0	\$0	\$0	\$0
	2017	\$26,708	\$26,708	\$0	\$0
	2018	\$427,583	\$454,291	\$0	\$0
Limitation Period (10 Years)	2019	\$312,030	\$766,321	\$471,718	\$471,718
	2020	\$312,030	\$1,078,351	\$669,046	\$1,140,764
	2021	\$312,030	\$1,390,381	\$630,917	\$1,771,682
	2022	\$312,030	\$1,702,411	\$594,303	\$2,365,984
	2023	\$312,030	\$2,014,441	\$559,142	\$2,925,126
	2024	\$312,030	\$2,326,471	\$525,376	\$3,450,502
	2025	\$312,030	\$2,638,501	\$492,951	\$3,943,453
	2026	\$312,030	\$2,950,531	\$461,810	\$4,405,264
	2027	\$312,030	\$3,262,561	\$431,905	\$4,837,168
	2028	\$312,030	\$3,574,591	\$403,184	\$5,240,353
Maintain Viable Presence (5 Years)	2029	\$687,631	\$4,262,223	\$0	\$5,240,353
	2030	\$661,140	\$4,923,362	\$0	\$5,240,353
	2031	\$635,697	\$5,559,059	\$0	\$5,240,353
	2032	\$611,260	\$6,170,320	\$0	\$5,240,353
	2033	\$587,790	\$6,758,109	\$0	\$5,240,353
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$565,247	\$7,323,356	\$0	\$5,240,353
	2035	\$543,594	\$7,866,949	\$0	\$5,240,353
	2036	\$522,795	\$8,389,745	\$0	\$5,240,353
	2037	\$502,818	\$8,892,563	\$0	\$5,240,353
	2038	\$483,628	\$9,376,190	\$0	\$5,240,353
	2039	\$465,194	\$9,841,384	\$0	\$5,240,353
	2040	\$447,486	\$10,288,870	\$0	\$5,240,353
	2041	\$430,476	\$10,719,346	\$0	\$5,240,353
	2042	\$414,134	\$11,133,480	\$0	\$5,240,353
	2043	\$398,349	\$11,531,829	\$0	\$5,240,353

\$11,531,829

is greater than

\$5,240,353

Analysis Summary

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

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

Source: CPA, Union Carbide Corporation

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Union Carbide Corporation’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 Union Carbide Corporation in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Union Carbide Corporation (UCC) has analyzed the property tax liability of constructing a catalyst manufacturing plant in Texas. The Union Carbide Corporation site at Seadrift, Texas is well situated to attract this project. To incentivize this project, the public partnership with the State and Local Governments in Texas is critical.”
 - B. “The investment in and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one area where Texas is not competitive is in property tax liability. Union Carbide Corporation is a capital intensive company and as such carries a substantial property tax liability. The property taxes for ongoing and particularly new investment can greatly impact the competitiveness of the company.”
 - C. “Approval of the 313 agreement is key in creating a more competitive investment environment in Texas. Without approval of the 313 agreement, the company’s property tax liability from the new investment will negatively impact the competitiveness of the project in Texas.”

- D. "Property taxes in the State of Texas are levied on Real and Personal property as well as inventory while an alternate location in consideration in the State of Louisiana also taxes the same property types but provides a more competitive tax abatement program. Projected property tax liability to the company based on the same \$105 million capital investment in Texas compared to Louisiana, is considerably higher (in Texas) over a 10 year period after considering estimated tax savings from negotiated agreements with State and Local authorities in the two locations."
- E. "The proposed manufacturing unit is a catalyst manufacturing plant. The plant would produce a catalyst in the production of High Density Polyethylene (HDPE). HDPE is used in a number of applications, including piping and food packaging. This facility will be a stand-alone facility that will ship its product in portable containers with no reliance on adjacent facilities other than for utility supply. Raw materials come from third party sources external to the site and use of those raw materials is not a driver for site selection as they can be supplied anywhere in the world."
- F. "The new capital project investment will occur inside a reinvestment zone that is vacant land at the Seadrift manufacturing site. The capital project investment will be comprised of new process infrastructure and new manufacturing equipment using the most effective technology design not currently at the Seadrift manufacturing site for new catalyst manufacturing. Approval of the 313 agreement is essential to allow the property tax liabilities in Texas to be as favorable, certain, and competitive as possible for this project. Approval of this school limitation agreement will help ensure the competitiveness of the project so the important capital investment decision can be made, bringing growth to the area."
- According to Commissioner's Court of Calhoun County notice of meeting dated July 28, 2016, "Public hearing regarding the request by Union Carbide Corporation for designation of a Reinvestment Zone. Consider and Take Necessary Action on Resolution of the Commissioners' Court of Calhoun County, Texas Designation Union Carbide Corporation Reinvestment Zone No. 16-02. Consider and Take Necessary Action on Tax Abatement Agreement between Calhoun County, Texas and Union Carbide Corporation."
 - According to Calhoun County Board of Trustee's meeting dated December 12, 2016, "Discussion and Possible Action to Accept the Application of Union Carbide Corporation for an Appraised Value Limitation on qualified Property; Authorize the Superintendent to Review the Application for Completeness and Submit to the Comptroller; and Authorize the Superintendent to enter into any Agreement to Extend the Deadline for Board Action beyond 150 Days Subject to Board Ratification. Union Carbide Corporation has submitted an application for an appraised value limitation on qualified property (tax code, Chapter 313). Consultants from Moak, Casey and Associates were present review Application and answer any Board questions."

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

Application for Appraised Value Limitation on Qualified Property

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 type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements (complete Section 13)
<input checked="" type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<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
- Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

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

Supporting Information

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

Union Carbide Corporation

School Limitation on Appraised Value (Tab 5)

November 7, 2016

The Union Carbide Corporation (UCC) has analyzed the property tax liability of constructing a catalyst manufacturing plant in Texas. The Union Carbide Corporation site at Seadrift, Texas is well situated to attract this project. To incentivize this project, the public partnership with the State and Local Governments in Texas is critical.

The investment in and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one area where Texas is not competitive is in property tax liability. Union Carbide Corporation is a capital intensive company and as such carries a substantial property tax liability. The property taxes for ongoing and particularly new investment can greatly impact the competitiveness of the company. Approval of the 313 agreement is key in creating a more competitive investment environment in Texas. Without approval of the 313 agreement, the company's property tax liability from the new investment will negatively impact the competitiveness of the project in Texas.

Property taxes in the State of Texas are levied on Real and Personal property as well as inventory while an alternate location in consideration in the State of Louisiana also taxes the same property types but provides a more competitive tax abatement program. Projected property tax liability to the company based on the same \$105 million capital investment in Texas compared to Louisiana, is considerably higher (in Texas) over a 10 year period after considering estimated tax savings from negotiated agreements with State and Local authorities in the two locations.

Amendment One
3/30/17

Union Carbide Corporation

School Limitation on Appraised Value (Tab 5)

November 7, 2016

The proposed manufacturing unit is a catalyst manufacturing plant. The plant would produce a catalyst in the production of High Density Polyethylene (HDPE). HDPE is used in a number of applications, including piping and food packaging. This facility will be a stand-alone facility that will ship its product in portable containers with no reliance on adjacent facilities other than for utility supply. Raw materials come from third party sources external to the site and use of those raw materials is not a driver for site selection as they can be supplied anywhere in the world.

The new capital project investment will occur inside a reinvestment zone that is vacant land at the Seadrift manufacturing site. The capital project investment will be comprised of new process infrastructure and new manufacturing equipment using the most effective technology design not currently at the Seadrift manufacturing site for new catalyst manufacturing.

Approval of the 313 agreement is essential to allow the property tax liabilities in Texas to be as favorable, certain, and competitive as possible for this project. Approval of this school limitation agreement will help ensure the competitiveness of the project so the important capital investment decision can be made, bringing growth to the area.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

NOTICE OF MEETING

The Commissioners' Court of Calhoun County, Texas will meet on Thursday, July 28, 2016 at 10:00 a.m. in the Commissioners' Courtroom in the County Courthouse at 211 S. Ann Street, Port Lavaca, Calhoun County, Texas.

AGENDA

The subject matter of such meeting is as follows:

1. Call meeting to order.
2. Invocation.
3. Pledge of Allegiance.
4. Consider and Take Necessary Action on Independent Audit Report for the year ended December 31, 2015 by Rutledge Crain & Company, PC, Certified Public Accountants. (MP)
5. Consider and Take Necessary Action on Amendment No. 1 to the Agreement for Inmate Telephone Services at the Adult Detention Center. (MP)
6. Consider and Take Necessary Action on 2016/2017 EMS/Trauma Care System Fund payment to Calhoun County EMS in the amount of \$6,196.00. (MP)
7. Consider and Take Necessary Action on request to close, abandon and vacate that portion of a 0.106 acre tract of land situated in the Juan Caño Survey, Abstract No. 5, Calhoun County, Texas, and being a portion of Elizabeth Street (an unimproved right of way) of Bayside Beach Unit 2 according to plat recorded in Volume Z, Page 35B of the Plat Records of Calhoun County, Texas. (RG)
8. Consider and Take Necessary Action on Resolution of Commissioners' Court of Calhoun County, Texas Authorizing the County Judge, Commissioners and Office Managers to sign all documents concerning the County Transportation Infrastructure Fund Grant Program. (MP)
9. Consider and Take Necessary Action to approve specifications and authorize the County Auditor to advertise for requests for qualifications and technical proposals for Professional Audit Services for a three-year period (fiscal years 2016-2018) with an option to renew for one-year terms. Qualification statements and proposals will be due Thursday, August 18, 2016 and considered for award on Thursday, September 8, 2016. (MP)

10. Consider and Take Necessary Action on request by Peter DeForest with the Seadrift Volunteer Fire Department to apply for a \$25,000 Grant from the M. G. & Lillie A. Johnson Foundation, for equipment to be mounted on Inventory #24-0463 (Humvee) to be utilized as a grass/brush truck. There will be NO grant match from Calhoun County. (KF)
11. Consider and Take Necessary Action on new Insurance rates with Texas Association of Counties/HEBP for the term of October 1, 2016 thru September 30, 2017 and authorize County Judge to sign. (MP)
12. Consider and Take Necessary Action on Change Order No. 1 for the Tyler Technologies contract for Eagle Recorder in the County Clerk's Office and authorize County Judge to sign, (MP)
13. Consider and Take Necessary Action on insurance proceeds from VFIS in the amount of \$37,103.43 for damages to an ambulance on April 27, 2016. (MP)
14. Consider and Take Necessary Action on Texas Department of Motor Vehicles Calendar year 2017 Optional County Fees. (MP)
15. Consider and Take Necessary Action on Resolution Authorizing County Grant for food programs provided by the Calhoun County Senior Citizens Association, Inc. (MP)
16. Consider and Take Necessary Action on Resolution naming August 6, 2016 as Coast Guard Appreciation Day in Calhoun County. (MP)
17. Executive Session: The Commissioners' Court shall go into Executive Session as authorized by V.T.C.A. Government Code Chapter 551. Following is the subject matter of the Executive Session and the Specific Section of the Open Meetings Act permitting discussion/deliberation in Executive Session.
Section 551.087. (1) To Discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or
(2) To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).
18. Public hearing regarding the request by Novus International, Inc. for designation of a Reinvestment Zone. (MP)
19. Consider and Take Necessary Action on Resolution of the Commissioners' Court of Calhoun County, Texas Designating Novus International, Inc. Reinvestment Zone No. 16-01. (MP)
20. Consider and Take Necessary Action on Tax Abatement Agreement between Calhoun County, Texas and Novus International, Inc. (MP)

21. Public Hearing regarding the request by Union Carbide Corporation for designation of a Reinvestment Zone. (MP)
22. Consider and Take Necessary Action on Resolution of the Commissioners' Court of Calhoun County, Texas Designating Union Carbide Corporation Reinvestment Zone No. 16-02. (MP)
23. Consider and Take Necessary Action on Tax Abatement Agreement between Calhoun County, Texas and Union Carbide Corporation. (MP)
24. Accept reports of the following County Offices:
 - i. Calhoun Tax Assessor/Collector
 - ii. County Treasurer
 - iii. County Sheriff
 - iv. District Clerk
 - v. County Clerk
 - vi. Justices of Peace
 - vii. County Auditor
 - viii. Floodplain Administration
 - ix. Extension Service
 - x. Adult Detention Center SHP Medical
 - xi. Calhoun County Library Meeting Room Usage Report
25. Consider and take necessary action to accept donations to Calhoun County.
26. Consider and Take Necessary Action to declare certain items of County Property in the Calhoun County Sheriff's Office as surplus/waste and remove from inventory. (See lists) (MP)
27. Consider and Take Necessary Action to declare certain items of County property in Department 690, Seadrift Fire Dept. as waste and remove from inventory. (KF)
28. Consider and Take Necessary Action to declare certain items of County Property in Department 340, Seadrift Ambulance as Waste and remove from inventory. (KF)
29. Consider and Take Necessary Action to declare certain items of County property at Calhoun County Precinct #3 as surplus/salvage. (See List) (NF)
30. Consider and Take Necessary Action to declare certain items of property at the Calhoun County Precinct #1 as waste and remove from inventory. (RG)
31. Consider and take necessary action on the matter of declaring certain items of County property as surplus/salvage.
32. Consider and Take Necessary Action to transfer the following items of property in the office of the County Sheriff to Six Mile Volunteer Fire Dept:
 1. Inventory Number 565-0526
10x10 wood frame building located at landfill
Value \$1,115.47

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
MINUTES OF THE CCISD BOARD OF TRUSTEES' MEETING

Regular Meeting
Monday, December 12, 2016
5:30 p.m.

Calhoun County ISD
525 N. Commerce St.
Port O'Connor, Texas

1. CALL TO ORDER The meeting was called to order by Board President Joe Ortiz at 5:40 p.m.

2. ROLL CALL The following Board members were present: Joe Ortiz, President; Bill Harvey, Vice President, Janie Delgado, Secretary, Jesse Briseño, Lina Moore and Mike Mueller.
Absent: David Gaskamp; a quorum was established.

3. INVOCATION The invocation was given by James Cowley.

4. PLEDGES The group recited the Pledge of Allegiance to the United States Flag and the Salute to the Texas Flag.

5. RECOGNITION OF STUDENT GROUPS AND DISTRICT EMPLOYEES

A. Campus Spotlight – Jackson Roosevelt Elementary

The Campus Spotlight this month was Jackson Roosevelt Elementary. Student in the JR Choir did an awesome performance of Christmas songs from their Christmas Concert.

6. AUDIENCE WITH INDIVIDUALS

The board heard from three individuals regarding the high school girl's basketball program.

7. CONSENT AGENDA

- A. Minutes of the November 14, 2016 Board Meeting
- B. October 2016 Financial Statement
- C. Amendments to 2016-2017 Budget (see attached)
- D. Overnight Field Trip for 2016-1027

A motion was made by Mr. Harvey and seconded by Mr. Mueller to approve the consent agenda items.

AYES: Briseño, Delgado, Harvey, Moore, Mueller and Ortiz

NAYS: None

Motion carried 6-0.

8. REGULAR AGENDA

A. Consider/Approve 2015-2016 Financial Audit

The Board Audit Committee consisting of Bill Harvey, Joe Ortiz, Robin Martinez and James Cowley met with Tommy Streal, auditor with Gowland, Streal, Morales and Company to review the 2015-2016 financial audit.

The Board heard a review of the audit, presented by Mr. Streal, during the Board meeting. Mr. Streal told the Board that CCISD received an unqualified report which is the best audit rating that can be achieved.

A motion was made by Mr. Harvey and seconded by Mrs. Delgado to approve the 2015-2016 financial audit as presented.

AYES: Briseño, Delgado, Harvey, Moore, Mueller and Ortiz

NAYS: None

Motion carried 6-0.

The order of the agenda was changed.

D. Discuss and Take Possible Action on Bond Projects Status and Bond Budget Update

1. Summary of Financial Activity

Director of Finance Robin Martinez provided a summary of financial activity for the month of November and a spreadsheet containing anticipated expenditures for the month of December for the 2013 bond projects. The expenditures for November were not as high as predicted, due to punch list items that will be billed in December. Funds from completed projects have been moved to the miscellaneous balance.

2. Summary of Current Financial Forecast

Director of Maintenance Joe Hernandez provided an updated bond spreadsheet containing current and projected bond projects for each line item on the 2013 bond projects list. The spreadsheet included the description, budgeted amount, encumbrance amounts, previous expenditures, balance, anticipated expenditures for the month and anticipated balance after expenditures for each line item.

3. Summary of Design & Construction Activities and Summary of Planned Activities

The Board received updates from E-Contractors, Gexa Energy, W.P. Moore, Stagelight and Gallagher Construction Company. Jarod Black with BTC was present to give an update on the pier and beam foundation for Travis Middle School. Rawley McCoy with RMA gave an update on the kitchen renovations and cooler/freezer at Travis, classroom renovations at Port O'Connor, foundation at district office, atrium at Calhoun High School, stage lights in the auditorium and parking lot at the high school and final punch list for the tennis courts. Many of the bond items assigned to E-Contractors are near completion.

B. Discussion and Possible Action to Accept the Application of Union Carbide Corporation for an Appraised Value Limitation on qualified Property; Authorize the Superintendent to Review the Application for Completeness and Submit to the Comptroller; and Authorize the Superintendent to enter into any Agreement to Extend the Deadline for Board Action beyond 150 Days Subject to Board Ratification.

Union Carbide Corporation has submitted an application for an appraised value limitation on qualified property (tax code, Chapter 313). Consultants from Moak, Casey and Associates were present review Application and answer any Board questions. As with all previous applications, the Board's decision to consider the



Application does not constitute final approval of a tax limitation. Prior to final action, the application will be reviewed by the Texas Comptroller's office for eligibility, and a Tax Limitation Agreement will be developed by the Board's consultants and counsel. The matter will be presented for final Board consideration, but only after completion of the review and drafting, as well as a presentation to the Board of the full financial implications of the Agreement. The plant will be located at the current DOW location in Seadrift and will be valued at approximately \$130,000,000.

A motion was made by Mr. Mueller, seconded by Mr. Briseño to move that pursuant to District Policy CCG (Local) that the Board of Trustees accept the Application of Union Carbide Corporation for an Appraised Value Limitation on Qualified Property; to authorize the Superintendent to review the Application for completeness and submit to the Comptroller; and further, to authorize the Superintendent to enter into any agreement to extend the deadline for Board action beyond 150 days subject to Board ratification.

AYES: Briseño, Delgado, Harvey, Moore, Mueller and Ortiz

NAYS: None

Motion carried 6-0.

C. Discussion and Possible Action to Retain Consultants to Assist the District in Processing of Application for Appraised Value Limitation on Qualified Property from Union Carbide Corporation

A consultant must be retained for processing the application for an appraised value limitation submitted by Union Carbide Corporation.

A motion was made by Mr. Harvey and seconded by Mrs. Delgado to move that pursuant to District Policy CCG (Local) that the Board of Trustees appoint Moak, Casey & Associates and O'Hanlon, McCollom & Demerath as its school finance and legal consultants, respectively, to assist the District in connection with the processing of Application and negotiating an Agreement for Appraised Value Limitation on Qualified Property from Union Carbide Corporation, and further to authorize the Superintendent to enter into agreements with such firms.

AYES: Briseño, Delgado, Harvey, Moore, Mueller and Ortiz

NAYS: None

Motion carried 6-0.

E. Local Policy Changes, Affection Local Policies DNA and FFA; 2nd Reading

DNA (LOCAL): Performance Appraisal Evaluation of Teachers

FFA (LOCAL): Wellness Policy

These policies were reviewed at the November 14th board meeting.

Policy DNA deals with changing the frequency of eligible teachers' appraisals from two years to three years. Policy FFA relates to The Federal Healthy, Hunger-Free Kids Act (HHFKA) of 2010 amended the Child Nutrition and WIC Reauthorization Act of 2004 to expand the requirements for local school wellness policies.