

# POWELL & LEON, LLP

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February 1, 2019

Michelle Luera, CTCM  
Senior Research Analyst  
Data Analysis and Transparency Division  
Texas Comptroller of Public Accounts  
111 E. 17<sup>th</sup> Street  
Austin, Texas 78774

Re: Application #1321 from Pasadena Performance Products, LP to Deer Park Independent School District – Amendment #002 Transmittal Letter

Dear Ms. Luera:

This letter is in response to your email dated January 24, 2019. Per your request, Pasadena Performance Products, LP has made the following changes to Application #1321. Enumerated below are the changes contained in Amendment #002:

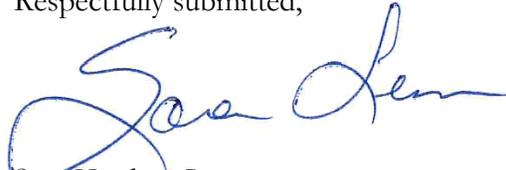
1. **Application Section 9, Item 2: *Commencement of Construction***  
Commencement of construction is indeed slated for Q3 2019. A revised Schedule C with Tax Year 2019 is included with Tab 14 (see details below).
2. **Tab 5: *Limitation is a Determining Factor***  
All pages of Tab 5 are attached, including the following content:
  - a. continued response to Question 7;
  - b. responses to Questions 8 – 10; and
  - c. key determining factors.
3. **Tab 7: *Detailed Description of the Qualified Investment***  
“Significant Components of the Facility Include” was updated to include requested additional detail.
4. **Tab 11: *Maps***  
A detailed Plot Plan for the Qualified Investment has been included, with labels.
5. **Tab 14: *Schedules***  
The following changes were made to the Schedules:
  - a. **A1:** Updated to include Pre-2019, QTP1 for 2020, and QTP2 for 2021;
  - b. **A2:** Updated to reflect changes to A1 and QTP2/L1 for 2021;
  - c. **B:** Updated to reflect changes to A1 and A2;
  - d. **C:** Updated to reflect changes to A1 and A2;
  - e. **D:** Updated for new calculation of Annual Tax Levy, Annual Incentive, and Annual Net Tax Levy, given the changes to QTP, Estimated Market Value, and amount of qualifying investment.

6. **Tab 16: Reinvestment Zone**
  - a. Additional language has been added to state that Deer Park ISD (a Chapter 41 school district) will create the Reinvestment Zone.
  - b. A letter from Deer Park ISD is attached, stating the District's intent to establish the Reinvestment Zone.
  
7. **Application Section 16: Authorized Signatures and Application Certification**

A new signature page is attached.

If you have any questions, or would like to discuss this matter further, please contact me or Shelly Leung at (512) 494-1177.

Respectfully submitted,



Sara Hardner Leon

Enclosures

cc: *Via Electronic Mail: [vwhite@dpsid.org](mailto:vwhite@dpsid.org)*  
Mr. Victor White, Superintendent of Schools, Deer Park Independent School District

*Via Electronic Mail: [tina.winninger@nextwaveenergy.com](mailto:tina.winninger@nextwaveenergy.com)*  
Ms. Tina Wininger, Controller, Next Wave Energy Partners, LP

*Via Electronic Mail: [gfrancis@deloitte.com](mailto:gfrancis@deloitte.com)*  
Mr. George Francis, Managing Tax Director, Deloitte Tax, LLP

# Tab #5

## Limitation is a Determining Factor

1. **Does the applicant currently own the land on which the proposed project will occur?**

No. Applicant (previously defined as “Pasadena Performance Products, LP”) has long-term lease on the proposed project site. The lease has a termination clause that Applicant can utilize if project does not move forward.

2. **Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

Applicant has entered into non-binding Letters of Intent (“LOI”) for a portion of feedstock supply and alkylate offtake. Applicant’s business model necessitates these LOI’s be in place prior to investment decisions being made so there is available feedstock if the proposed project moves forward.

3. **Does the applicant have current business activities at the location where the proposed project will occur?**

No.

4. **Has the applicant made any public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**

No.

5. **Has the applicant received any local or state permits for activities on the proposed project site?**

Yes – Air Permit.

6. **Has the applicant received commitments for state or local incentives at the proposed project site?**

No.

7. **Is the applicant evaluating other locations not in Texas for the proposed project?**

Yes. Applicant is evaluating other locations outside of Texas for the proposed project to which this application pertains. To date, locations evaluated include the Louisiana Gulf Coast and the Northeast United States.

Applicant is an independent energy company focused on the development, operation, acquisition, and expansion of midstream and downstream petrochemical and fuels assets. Applicant's core capabilities include customized toll processing, manufacturing and logistics solutions for natural gas liquids, petrochemicals and gasoline blending components.

Applicant's investment decisions are in part driven by geo-tech feasibility of a location. Applicant is currently spending dollars to move dirt for the purpose of evaluating the proposed project site.

Applicant's capital investments are allocated to projects and locations based on anticipated return on investment. Once the investment is made, one of the largest ongoing costs to operations is property tax liabilities. Diligence is one of the most important factors when securing funding for a capital investment, and the internal rate of return is a key driver in Applicant's cost/benefit analysis. The Chapter 313 Value Limitation, if granted, would make the location in Texas a feasible investment.

**8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?**

No.

**9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?**

N/A

**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?**

No.

**Key Determining Factors:**

- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.
- The expected property tax burden for the Applicant's proposed project is significant to the internal rate of return expected. The property tax burden has both a direct and indirect impact on the proposed project's overall economic viability, and Applicant's ultimate decision to invest in Texas.

- The ability for Applicant to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor in deciding whether to invest in this project.
- Capital investments by the Applicant are based on anticipated return on investment. Once the investment is made, one of the largest ongoing costs to operations is property tax liabilities. The property tax liabilities directly influence the internal rate of return on investment required by Applicant to secure funding. Without the Chapter 313 tax incentive, the economics of this project become less competitive with other capital-intensive projects, and the viability of the proposed project becomes increasingly uncertain.
- Tax incentives play an important role in calculating internal rate of return on investment for projects in Texas due to the high property tax burden.
- Applicant has taken Chapter 313 appraised value limitation as an important component for evaluating whether to commit a substantial amount of capital in this area of Texas.

# Tab #7

## Detailed Description of Qualified Investment

### Proposed Project Description

The proposed project to which this application pertains is to construct an on-purpose alkylate manufacturing facility. The facility will consist of two units, an olefins unit (“Olefins Unit”) and an alkylation unit, as well as associated process infrastructure, auxiliary equipment and logistics assets.

The Olefins Unit produces olefins via a catalyst and co-catalyst. The alkylation unit will react light olefins – including the olefins produced by the Olefins Unit – with isobutane in the presence of a sulfuric acid catalyst to form alkylate. Alkylate is a premium blendstock used in the formulation of gasoline and is sought after for its high octane and low vapor pressure characteristics.

Feedstocks are sourced from a pipeline network connected to market hubs along the Gulf Coast. Final products produced are alkylates, which will be transported by pipeline and sold into the gasoline blending market for domestic and foreign consumption.

Applicant anticipates investments for construction of approximately \$575 million. This anticipated investment amount includes engineering, equipment, and construction costs.

### Significant Components of the Facility Include:

- Distillation towers
- Reactors
- Heat Exchangers, pumps and vessels
- Compressor and refrigeration units
- Acid and Caustic Storage & Neutralization Equipment
- Cooling Tower
- Electrical Substation
- Waste Water Tank
- Firewater Tank and Distribution System
- Metering Stations
- Feedstock and Product Storage
- Pipeline Transfer Pumps
- Truck Loading, Unloading & Truck Scale
  - catalysts to be used in the manufacturing process are brought in via truck, weighed and unloaded; smaller volume products of the manufacturing process are sold and loaded onto trucks for delivery to the customer
- Flare & Thermal Oxidizer
- Buildings: Control Room, Lab & Maintenance Warehouse

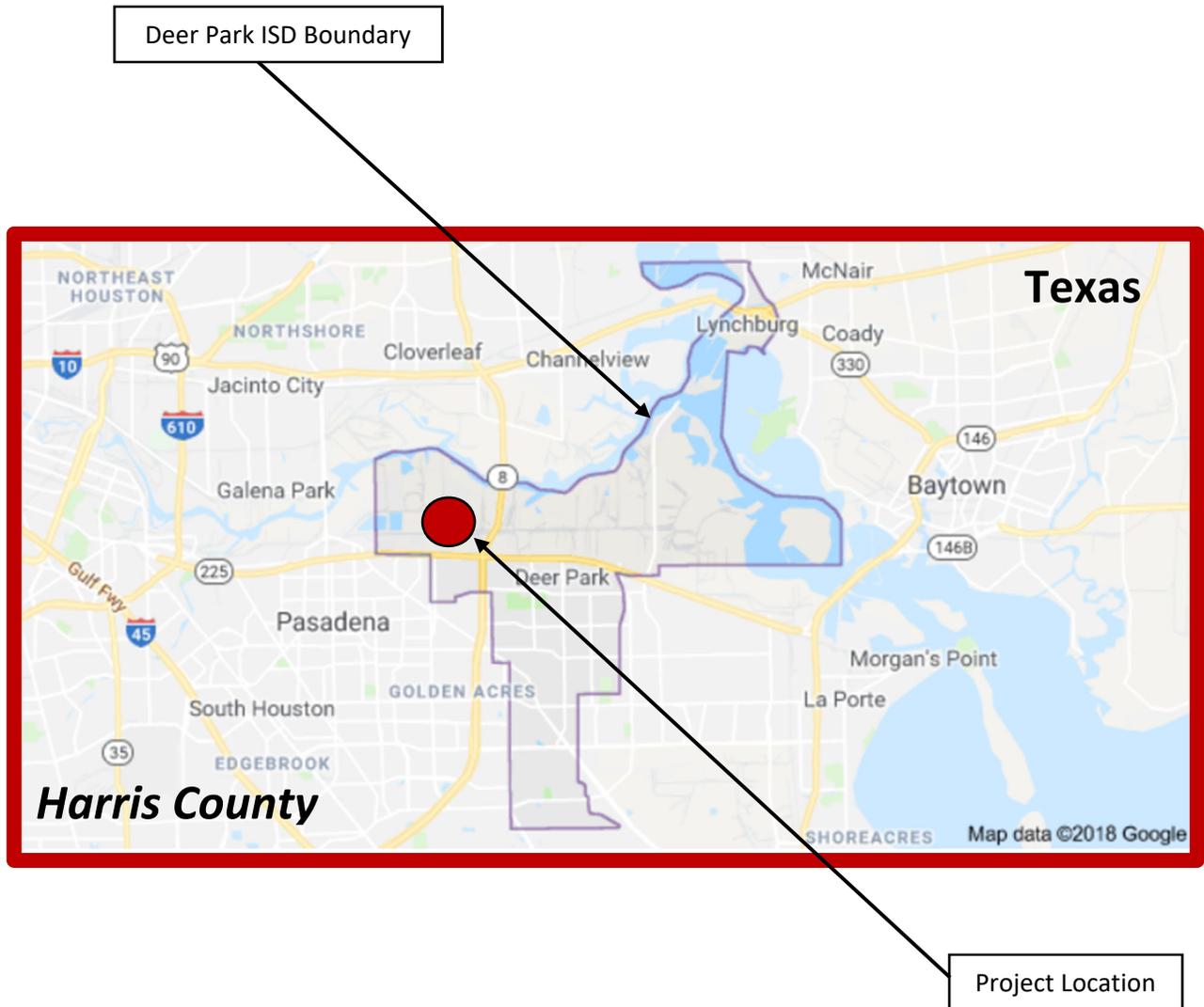
# Tab #11

## Maps that clearly show:

- a) **Project Vicinity** – See following map labeled “Project Vicinity Map”
- b) **Qualified Investment** – See following map labeled “Qualified Investment / Qualified Property Map”
- c) **Qualified Property** – See following map labeled “Qualified Investment / Qualified Property Map”
- d) **Existing Property** – See Tab #10
- e) **Land location and vicinity map** – see following map labeled “Project Vicinity Map”
- f) **Reinvestment Zone within vicinity map, showing the actual or proposed boundaries and size** – See following map containing the label “Proposes Reinvestment Zone Boundary”

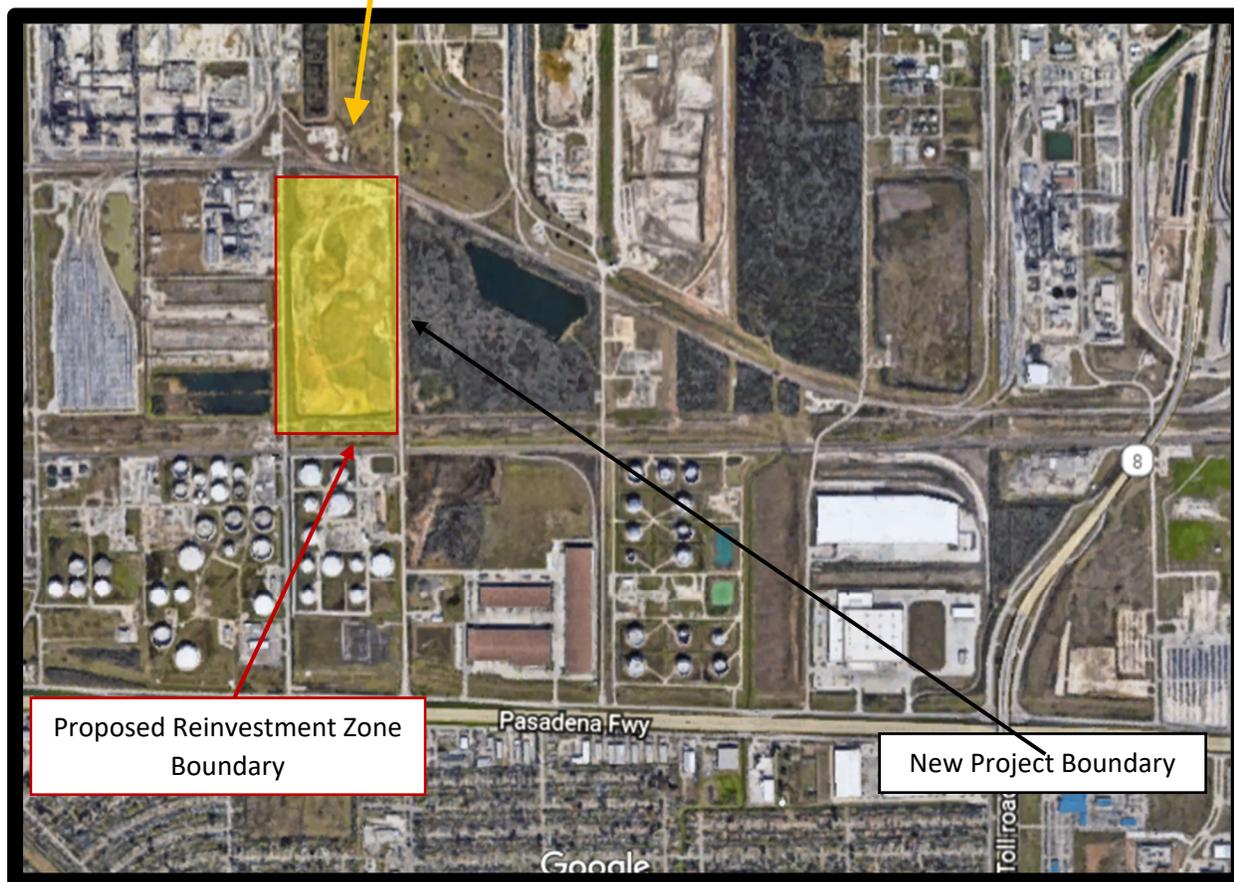
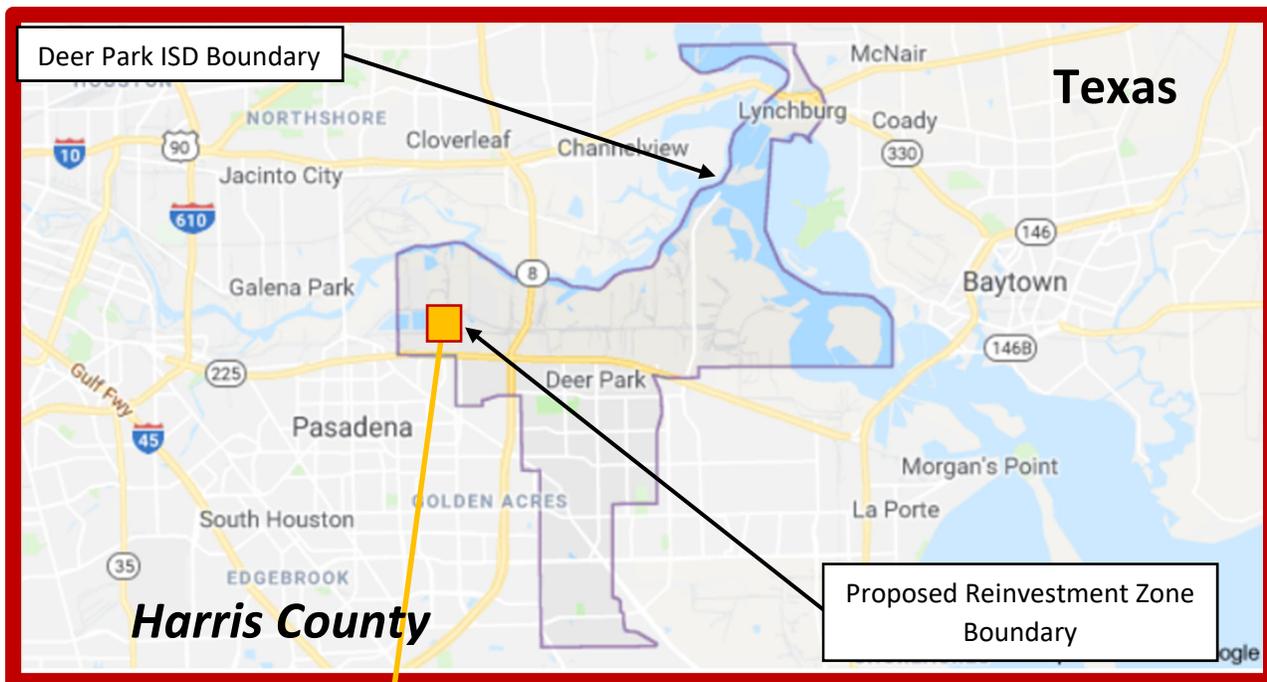
Qualified Investment / Qualified Property Map  
Continued

# Project Vicinity Map

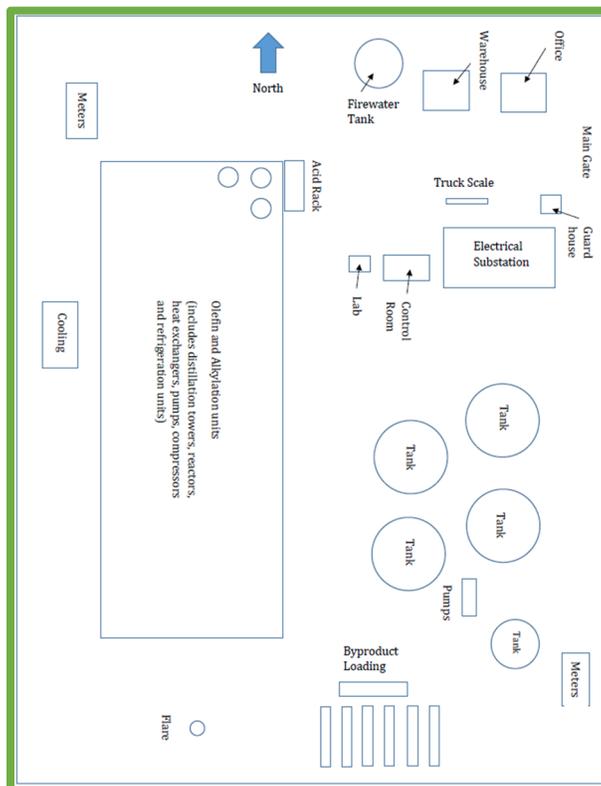


Qualified Investment / Qualified Property Map  
Continued

# Qualified Investment / Qualified Property Map



Qualified Investment / Qualified Property Map  
Continued



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 <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	<b>Total Investment</b> (Sum of Columns A+B+C+D)	
Investment made before filing complete application with district	Pre	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2019	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									
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				193,000,000	2,000,000	-	-	195,000,000	
Complete tax years of qualifying time period	QTP1	2020-2021	2020	374,000,000	-	-	-	374,000,000	
	QTP2	2021-2022	2021	6,000,000	-	-	-	6,000,000	
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				573,000,000	2,000,000			575,000,000	
				Enter amounts from TOTAL row above in Schedule A2					
<b>Total Qualified Investment (sum of green cells)</b>				575,000,000					

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.

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 <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property {SEE NOTE}	Total Investment (A+B+C+D)	
Total Investment from Schedule A1*	--	<b>TOTALS FROM SCHEDULE A1</b>		Enter amounts from TOTAL row in Schedule A1 in the row below					
				573,000,000	2,000,000	-	-	575,000,000	
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	Pre	2019-2020	2019	193,000,000	2,000,000			195,000,000	
	QTP1	2020-2021	2020	374,000,000				374,000,000	
Value limitation period***	QTP2/L1	2021-2022	2021	6,000,000				6,000,000	
	2	2022-2023	2022						
	3	2023-2024	2023						
	4	2024-2025	2024						
	5	2025-2026	2025						
	6	2026-2027	2026						
	7	2027-2028	2027						
	8	2028-2029	2028						
	9	2029-2030	2029						
	10	2030-2031	2030						
<b>Total Investment made through limitation</b>				573,000,000	2,000,000	-	-	575,000,000	
Continue to maintain viable presence	11	2031-2032	2031						
	12	2032-2033	2032						
	13	2033-2034	2033						
	14	2034-2035	2034						
	15	2035-2036	2035						
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036						
	17	2037-2038	2037						
	18	2038-2039	2038						
	19	2039-2040	2039						
	20	2040-2041	2040						
	21	2041-2042	2041						
	22	2042-2043	2042						
	23	2043-2044	2043						
	24	2044-2045	2044						
	25	2045-2046	2045						

\* 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)**

**Application #1321, Amendment #002, 02/01/2019**

Date

**2/1/2019**

Applicant Name

**Pasadena Performance Products, LP**

**Form 50-296A**

ISD Name

**Deer Park 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>	Pre	2019-2020	2019		2,000,000	189,140,000	187,140,000	187,140,000	187,140,000
	QTP 1	2020-2021	2020		1,960,000	551,877,200	549,877,200	549,877,200	549,877,200
Value Limitation Period	QTP2/L1	2021-2022	2021		1,920,800	546,719,656	544,719,656	544,719,656	80,000,000
	2	2022-2023	2022		1,882,384	535,785,263	533,785,263	533,785,263	80,000,000
	3	2023-2024	2023		1,844,736	525,069,558	523,069,558	523,069,558	80,000,000
	4	2024-2025	2024		1,807,842	514,568,166	512,568,166	512,568,166	80,000,000
	5	2025-2026	2025		1,771,685	504,276,803	502,276,803	502,276,803	80,000,000
	6	2026-2027	2026		1,736,251	494,191,267	492,191,267	492,191,267	80,000,000
	7	2027-2028	2027		1,701,526	484,307,442	482,307,442	482,307,442	80,000,000
	8	2028-2029	2028		1,667,496	474,621,293	472,621,293	472,621,293	80,000,000
	9	2029-2030	2029		1,634,146	465,128,867	463,128,867	463,128,867	80,000,000
	10	2030-2031	2030		1,601,463	455,826,290	453,826,290	453,826,290	80,000,000
Continue to maintain viable presence	11	2031-2032	2031		1,569,433	446,709,764	444,709,764	444,709,764	444,709,764
	12	2032-2033	2032		1,538,045	437,775,569	435,775,569	435,775,569	435,775,569
	13	2033-2034	2033		1,507,284	429,020,057	427,020,057	427,020,057	427,020,057
	14	2034-2035	2034		1,477,138	420,439,656	418,439,656	418,439,656	418,439,656
	15	2035-2036	2035		1,447,595	412,030,863	410,030,863	410,030,863	410,030,863
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036		1,418,644	403,790,246	401,790,246	401,790,246	401,790,246
	17	2037-2038	2037		1,390,271	395,714,441	393,714,441	393,714,441	393,714,441
	18	2038-2039	2038		1,362,465	387,800,152	385,800,152	385,800,152	385,800,152
	19	2039-2040	2039		1,335,216	380,044,149	378,044,149	378,044,149	378,044,149
	20	2040-2041	2040		1,308,512	372,443,266	370,443,266	370,443,266	370,443,266
	21	2041-2042	2041		1,282,341	364,994,401	362,994,401	362,994,401	362,994,401
	22	2042-2043	2042		1,256,695	357,694,513	355,694,513	355,694,513	355,694,513
	23	2043-2044	2043		1,231,561	350,540,622	348,540,622	348,540,622	348,540,622
	24	2044-2045	2044		1,206,929	343,529,810	341,529,810	341,529,810	341,529,810
	25	2045-2046	2045		1,182,791	336,659,214	334,659,214	334,659,214	334,659,214

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 2/1/2019  
 Applicant Name Pasadena Performance Products, LP  
 ISD Name Deer Park 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 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>	Pre	2019-2020	2019	400 FTE	70,000			
	QTP 1	2020-2021	2020	400 FTE	70,000			
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	QTP2/L1	2021-2022	2021	400 FTE	70,000		25	70,000
	2	2022-2023	2022				25	70,000
	3	2023-2024	2023				25	70,000
	4	2024-2025	2024				25	70,000
	5	2025-2026	2025				25	70,000
	6	2026-2027	2026				25	70,000
	7	2027-2028	2027				25	70,000
	8	2028-2029	2028				25	70,000
	9	2029-2030	2029				25	70,000
	10	2030-2031	2030				25	70,000
Years Following Value Limitation Period	11 through 25	2031-2046	2045				25	70,000

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

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)  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: 2/1/2019  
 Applicant Name: Pasadena Performance Products, LP  
 ISD Name: Deer Park ISD

Form 50-296A  
 Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County:					
	City: Pasadena	2021	10 Years	3,065,225	1,839,135	1,226,090
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
<b>TOTAL</b>				3,065,225	1,839,135	1,226,090

Additional information on incentives for this project:

# **Tab #16**

## **Description of Reinvestment Zone**

The legal description of the Reinvestment Zone is attached. Deer Park Independent School District is a Chapter 41 District. Therefore, Deer Park ISD will create the Reinvestment Zone.

The enclosed letter from Deer Park ISD states the intent and timing of establishing the Reinvestment Zone at the School Board Meeting.



January 31, 2019

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
111 E. 17<sup>th</sup> Street  
Austin, Texas 78774

Re: Application for a Chapter 313 Value Limitation Agreement between the Deer Park Independent School District and Pasadena Performance Products, LP

Dear Local Government Assistance and Economic Analysis Division:

The Board of Trustees of the Deer Park Independent School District (the “District”) intends to conduct a public hearing to consider and act upon a Resolution designating a certain area as a Reinvestment Zone, under Texas Tax Code § 321.0025, in portions of Harris County, Texas; establishing the boundaries thereof; and providing for an effective date. The Pasadena Performance Products, LP (the “Applicant”) project is to be located within the proposed *Pasadena Reinvestment Zone*, with metes and bounds as described in **Exhibit A**.

To determine whether to designate the proposed *Pasadena Reinvestment Zone*, the Board of Trustees will consider, in accordance to Board Policy CCG (LEGAL), whether the Reinvestment Zone: (i) meets the criteria set forth in Texas Tax Code § 312.0025 for the creation of a reinvestment zone, as set forth in the Property Redevelopment and Tax Abatement Act, as amended; and (ii) is reasonably likely to contribute to the expansion of primary employment in the Reinvestment Zone, or attract major investment in the Reinvestment Zone that would be a benefit to property in the Reinvestment Zone and to the District and contribute to the economic development of the region of this State in which the District is located. (See **Exhibit B**).

The adoption of this measure will be complete when the District considers the final approval of the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between the District and Applicant.

Thank you for your attention to the foregoing. Please do not hesitate to contact the District’s Counsel, Sara H. Leon ([sleon@powell-leon.com](mailto:sleon@powell-leon.com)), should you have any questions.

Sincerely,

Victor White, Superintendent of Schools  
Deer Park Independent School District

## EXHIBIT A

### LEGAL DESCRIPTION OF THE PREMISES

#### TRACT 1:

A tract of land containing 52.9567 acres (2306792 square feet) located partially within the Thomas Earl Survey, Abstract 18, and partially within the James Seymour Survey, Abstract 698, both in Harris County Texas. Said tract being more particularly described by metes and bounds as follows:

BEING a 52.9567 acre (2306792 square feet) tract of land situated in the James Seymour Survey, Abstract No. 698, and the Thomas Earl Survey, Abstract No. 18, Harris County, Texas, and being a part of and out of that certain called 108.965 acre tract as described in conveyance to Lone Star Cement Co. and recorded in Volume 3167, Page 49, of the Harris County Deed Records, said 52.9567 acre parcel being more fully described by metes and bounds as follows:

COMMENCING at the Point Of Intersection of the North line of a 178' wide tract conveyed to H.L.& P. Co. in Volume 2243, Page 326, of the Harris County Deed Records and the East line of Phillips Co. Private Road (variable width);

THENCE North 87°33'52" East along and with the North line of said H.L.& P. Co. 178' wide tract, a distance of 26.30 feet to the POINT OF BEGINNING of the tract herein described, and being in the West line of said Lone Star Cement Co. tract;

THENCE North 02°35'53" West along and with the West line of said Lone Star Cement Co. tract, a distance of 2417.79 feet to a 5/8" iron rod set for the Northwest corner of the tract herein described and being in the South line of Port Terminal Railroad;

THENCE, along a curve to the right having a radius of 2814.31 feet, an arc length of 568.52 feet to the East line of said James Seymour Survey, same being the West line of Thomas Earle Survey, and continuing for a total distance of 1006.38 feet to a 5/8" iron rod set for the Northeast corner of the tract herein described, and being in the West line of North South Street (100' R.O.W.);

THENCE South 02°57'38" East along and with the West line of said North South Street, a distance of 2207.00 feet to a 5/8" iron rod set for the Southeast corner of the tract herein described, and being in the North line of said H.L.& P. Co. 178' wide tract;

THENCE South 87°33'52" West along and with the North line of said H.L.& P. Co. 178' wide tract, a distance of 991.93 feet to the POINT OF BEGINNING.

#### TRACT 2:

Non-exclusive easement estate created by that certain Use of Road Agreement executed by and between Phillips Chemical Company and Beck Cattle & Land Company, as set forth in instrument dated January 15, 1952, filed for record in Volume 3159, Page 360 of the Deed Records of Harris County, Texas.

**EXHIBIT B**

BOARD POLICY CCG (LEGAL)—LOCAL REVENUE SOURCES; AD VALOREM TAXES

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**Section I:  
Maintenance Taxes**

A board may levy, assess, and collect annual ad valorem taxes for the maintenance of a district's schools. *Education Code 45.002*

Tax Rate Cap

If authorized by a majority of qualified voters of a district voting at an election held for that purpose, the district may impose a maintenance tax rate at a rate not to exceed the rate stated in the proposition. For any year, the maintenance tax rate per \$100 of taxable value adopted by a district may not exceed the rate equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Education Code 42.2516, multiplied by \$1.50.

A rate that exceeds this maximum rate for the year in which the tax is to be imposed is void. A district with a tax rate that is void under this subsection may, subject to requirements imposed by other law, adopt a rate for that year that does not exceed the specified maximum rate for that year.

Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law may not levy a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Education Code 42.2516, multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year.

*Education Code 45.003(a), (d)–(f)*

Appraisal Roll

By August 1 or as soon thereafter as practicable, a district's tax assessor shall submit to the board the district's appraisal roll, showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property.

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**Note:** The *Truth in Taxation* website maintained by the Texas comptroller of public accounts offers [detailed guidance on setting local property tax rates for school districts](#).<sup>1</sup>

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By August 1 or as soon thereafter as practicable, a district's tax collector shall certify to the board the estimates and amounts required by law.

*Tax Code 26.04(b)*

*Certified Estimate*

By April 30, the chief appraiser shall prepare and certify an estimate of the taxable value of school district property. *Tax Code 26.01(e)*

LOCAL REVENUE SOURCES  
AD VALOREM TAXES

CCG  
(LEGAL)

Disaster Area	If a district is located partly or entirely inside an area declared by the governor to be a disaster area, the board may authorize the re-appraisal of all property damaged in the disaster at its market value immediately after the disaster. <i>Tax Code 23.02(a)</i>
Meeting on Budget and Proposed Tax Rate	A board shall call a public meeting to discuss and adopt its budget and proposed tax rate. A board must provide notice of the budget and proposed tax rate meeting, as described below. The budget must be adopted before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins. [See CE]
<i>Published Notice</i>	A board president shall provide for publication of notice of the budget and proposed tax rate meeting in a daily, weekly, or bi-weekly newspaper published in a district. If no daily, weekly, or bi-weekly newspaper is published in a district, the president shall provide for publication of notice in at least one newspaper of general circulation in the county in which the district's central administrative office is located. The notice shall be published not earlier than the 30th day or later than the tenth day before the date of the hearing.
Form of Notice	<p>The published notice of the public meeting to discuss and adopt the budget and the proposed tax rate must meet the size, format, and content requirements dictated by law.</p> <p>The notice is not valid if it does not substantially conform to the language and format prescribed by the comptroller.</p>
Taxpayer Injunction	If a district has not complied with the published notice requirements in the FORM OF NOTICE described above, and the requirements for DISTRICTS WITH JULY 1 FISCAL YEAR below, if applicable, and the failure to comply was not in good faith, a person who owns taxable property in the district is entitled to an injunction restraining the collection of taxes by the district. An action to enjoin the collection of taxes must be filed before the date a district delivers substantially all of its tax bills.
<i>Districts with July 1 Fiscal Year</i>	<p>A district with a fiscal year beginning July 1 may use the certified estimate of the taxable value of district property in preparing the published notice if the district does not receive the certified appraisal roll on or before June 7. A district that uses a certified estimate may adopt a budget at the public meeting designated in the published notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the district.</p> <p>After receipt of the certified appraisal roll, a district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds:</p>

1. The rate proposed in the notice prepared using the estimate;  
or
2. The district's rollback rate determined under Tax Code 26.08  
using the certified appraisal roll.

*Decrease in Debt  
Service Rate*

If the debt service rate calculated under Education Code 44.004(c)(5)(A)(ii)(b) decreases after the publication of the notice required by this section, the board president is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate.

*Education Code 44.004*

Tax Rate

Before the later of September 30 or the 60th day after the date the certified appraisal roll is received, a board shall adopt a tax rate for the current tax year that reflects the two components, maintenance and operations expenditures and the debt service rate calculated under Education Code 44.004(c)(5)(A)(ii)(b), and shall notify the assessor of the tax rate adopted. The two components shall be approved separately. *Tax Code 26.05(a)*

A board may not impose property taxes in any year until it has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the district's effective maintenance and operations tax rate and the district's current debt rate must be a record vote, and at least 60 percent of the members of the board must vote in favor of the ordinance, resolution, or order. *Tax Code 26.05(b)*

The budget shall be adopted before the adoption of the tax rate.  
*Education Code 44.004(g)*

*Exception*

A district may adopt a budget after the district adopts a tax rate for the tax year in which the fiscal year covered by the budget begins if the district elects to adopt a tax rate before receiving the certified appraisal roll for the district. The board may adopt a tax rate for the current tax year before receipt of the certified appraisal roll if the chief appraiser of the appraisal district in which the district participates has, by April 30, certified to the assessor for the district an estimate of the taxable value of property in the school district as provided by Education Code 26.01(e). If a district adopts a tax rate before the adoption of the budget, the effective tax rate and the rollback tax rate of the district shall be calculated based on the certified estimate of taxable value. *Education Code 44.004(j); Tax Code 26.01(e), .05(g)*

**Effective Tax Rate** The vote on the ordinance setting a tax rate that exceeds the effective tax rate must be a record vote. A motion to adopt an ordinance setting a tax rate that exceeds the effective tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate."

**Maintenance and Operations Tax Rate** If the ordinance sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, a board must include in the ordinance in type larger than the type used in any other portion of the document the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

*Internet Posting* A district shall also include on the home page of any Internet website operated by the district the following statement: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

*Tax Code 26.05(b)*

**Section II: Election to Ratify Taxes**

If a board adopts a tax rate that exceeds a district's rollback tax rate as defined in Tax Code 26.08, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money is necessary due to a natural disaster and the governor has requested federal disaster assistance, an election is not required.  
*Tax Code 26.08(a)*

A board shall order that the election be held in a district on a date not less than 30 or more than 90 days after the date on which it adopted the tax rate. The election need not be held on a uniform

	election date unless a uniform election date falls within the 30–90 day time period. <i>Tax Code 26.08(b)</i>
Proposition	In addition to any other requirement imposed by law for a proposition, including a provision prescribing the proposition language, a proposition submitted to the voters for approval of the imposition or increase of a tax shall specifically state the amount of or maximum tax rate of the tax or tax increase for which approval is sought. <i>Education Code 52.072(e)</i>
Approval of Proposition	If a majority of votes cast in a district favor the proposition, the tax rate for the current year is the rate that was adopted by the board. If the proposition is not approved, a board may not adopt a tax rate for the current year that exceeds a district’s rollback tax rate. <i>Tax Code 26.08(c)–(d)</i>
Call for Election	A call for an election shall be made not later than the 62nd day before election day.
Exceptions	For an election to be held on a uniform election date, the election shall be ordered not later than the 78th day before election day.  An election under Tax Code 26.08 to ratify a tax rate adopted by a board under Tax Code 26.05(g) shall be ordered not later than the 30th day before election day.  <i>Election Code 3.003, .005, 41.002 [See BBB]</i>
Notice to County Clerk	A board shall deliver notice of the election to the county clerk of each county in which the district is located not later than the 60th day before election day.
Exception	If a board orders an election under Tax Code 26.08 to ratify a tax rate adopted by the board under Tax Code 26.05(g), the board shall deliver notice of the election to the county clerk of each county in which the school district is located not later than the 30th day before election day.  <i>Election Code 4.008</i>
Tax Information to County	A district shall provide to the county assessor-collector for each county in which all or part of district territory is located the district’s adopted tax rate, maintenance and operations rate, debt rate, effective tax rate, effective maintenance and operations rate, and rollback tax rate for posting on the county’s Internet website. The district shall provide the information annually following the adoption of a tax rate by the district for the current tax year. <i>Tax Code 26.16(a)–(b)</i>

**Section III: Payment Options**

	<p>A board may adopt one or both of the following discount options for early payment of district taxes. <i>Tax Code 31.05(a)</i></p>
<p><i>Option 1</i> Discounts</p>	<p>If a board adopts Option 1, the following apply regardless of the date on which a district mails its tax bills.</p> <ol style="list-style-type: none"><li>1. Three percent if the tax is paid in October or earlier.</li><li>2. Two percent if the tax is paid in November.</li><li>3. One percent if the tax is paid in December.</li></ol> <p><i>Tax Code 31.05(b)</i></p> <p>This discount does not apply to taxes that are calculated too late for it to be available. <i>Tax Code 31.04(c)</i></p>
<p><i>Option 2</i></p>	<p>If a board adopts Option 2, the following discounts apply only when a district mails its tax bills after September 30:</p> <ol style="list-style-type: none"><li>1. Three percent if the tax is paid before or during the next full calendar month following the date on which the tax bills were mailed.</li><li>2. Two percent if the tax is paid during the second full calendar month following the date on which the tax bills were mailed.</li><li>3. One percent if the tax is paid during the third full calendar month following the date on which the tax bills were mailed.</li></ol> <p><i>Tax Code 31.05(c)</i></p>
<p><i>Both Options</i></p>	<p>If a board adopts both discount options, the discounts described at Option 1 apply unless a district mails its tax bills after September 30, in which case only the discounts described at Option 2 apply. <i>Tax Code 31.05(a)</i></p>
<p><i>Rescission</i></p>	<p>The board may rescind a discount lawfully adopted by the board. The rescission of a discount takes effect in the tax year following the year in which the discount is rescinded. <i>Tax Code 31.05(d)</i></p>
<p>Split Payments</p>	<p>A board may provide for split payment of taxes. If a person pays one-half of the taxes before December 1, he or she may pay the remaining one-half of the taxes without penalty or interest at any time before July 1 of the following year. This payment option does not apply to taxes that are calculated too late for it to be available. <i>Tax Code 31.03, .04(c)</i></p>
<p>Performing Services in Lieu of Paying Taxes</p>	<p>In accordance with the provisions below, a board may permit certain individuals or business entities to provide certain services to a district in lieu of paying the district property taxes. While performing</p>

services for a district, the individual is not an employee of the district and is not entitled to any benefit, including workers' compensation coverage, that the district provides to its employees.

*Persons 65 and  
Over*

Subject to the requirements contained in Tax Code 31.035, a board by order or resolution may permit an individual who is at least 65 years of age to perform services for the taxing unit in lieu of paying taxes imposed by a district on property owned by the individual and occupied as the individual's residence homestead.

*Tax Code 31.035*

*Teaching  
Services by  
Individual*

Subject to the requirements contained in Tax Code 31.036, a board by resolution may permit qualified individuals, who are not employed by a district, to perform teaching services for the district at a junior high school or high school of the district in lieu of paying taxes imposed by the district on property owned and occupied by the individual as a residence homestead. *Tax Code 31.036*

*Teaching  
Services by  
Employee of  
Business Entity*

Subject to the requirements contained in Tax Code 31.037, a board by resolution may authorize a corporation or other business entity to permit a qualified individual employed by the business entity to perform teaching services in a high school or a junior high school for a district in lieu of paying taxes imposed by the district on property owned by the business entity. *Tax Code 31.037*

Installment  
Payments  
*Certain  
Homesteads*

An individual who qualifies for a homestead exemption under Tax Code 11.13(c), .132, or .22 may pay taxes on the residence homestead property in installments without penalty or interest if paid by the applicable dates provided for in Tax Code 31.031. *Tax Code 31.031*

*Disaster Area*

Owners of certain property in a disaster area are permitted to pay taxes in installment payments. This option applies to:

1. Real property that:
  - a. Is the residence homestead of the owner or consists of property that is used for residential purposes and that has fewer than five living units, or is owned or leased by a business entity that had not more than the amount calculated as provided by Tax Code 31.032(h) in gross receipts in the entity's most recent federal tax year or state franchise tax annual period, according to the applicable federal income tax return or state franchise tax report of the entity; and
  - b. Is located in a disaster area and has been damaged as a direct result of the disaster.

2. Tangible personal property that is owned or leased by a business entity described above at number 1(a); and
3. Taxes that are imposed on the property by a taxing unit before the first anniversary of the disaster;

Such installment payments shall not incur penalty or interest if paid by the applicable dates provided for in Tax Code 31.032.

*Tax Code 31.032(a)–(b)*

Partial Payments

The tax collector may decide to accept partial payments of district property taxes. Acceptance of a partial payment does not affect the delinquency date, but penalties and interest are incurred only by the portion of tax that remains unpaid on the date the tax becomes delinquent. The discounts described above do not apply to any portion of a partial payment of district taxes. *Tax Code 31.07(c)*

**Section IV:  
Delinquent Taxes**

Taxes are delinquent if not paid before February 1 of the year following the year in which imposed, except as provided below:

Delinquency Date

1. A district has provided for split payments. *Tax Code 31.03*
2. A district's tax bills are mailed after January 10. *Tax Code 31.04(a)*
3. A district's tax bills are mailed after September 30 and the board has adopted discounts provided by Tax Code 31.05(c). *Tax Code 31.04(d)*

*Tax Code 31.02*

Delinquent Tax  
Collection

A board may contract with any competent attorney to represent the district to enforce the collection of delinquent taxes. The attorney's compensation is set in the contract, but the total amount of compensation provided may not exceed 20 percent of the amount of delinquent tax, penalty, and interest collected. *Tax Code 6.30(c)*

Additional Penalties

If a district or the tax collector for the district has contracted with a private attorney for the collection of delinquent taxes, the board may impose, by official action, an additional penalty on taxes that become delinquent in the manner prescribed by law. *Tax Code 33.07, .08*

**Section V:  
Exemptions**

Homestead  
Exemptions

An adult is entitled to exemption from taxation of \$25,000 of the appraised value of the adult's residence homestead. To receive the residence homestead exemption, the person claiming the exemption must apply for the exemption. *Tax Code 11.13(b), .43*

LOCAL REVENUE SOURCES  
AD VALOREM TAXES

CCG  
(LEGAL)

<i>Persons 65 or Older or Disabled Persons</i>	An adult who is disabled or 65 or older is entitled to an additional \$10,000 exemption of the appraised value of his or her residence homestead. <i>Tax Code 11.13(c)</i>
Tax Ceiling	A district shall not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older, or on the residence homestead of an individual who is disabled as defined by Tax Code 11.13, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for an applicable exemption. <i>Tax Code 11.26(a)</i>
Improvements	A district may increase the taxes if improvements are made to the property, but that tax amount is then frozen. <i>Tax Code 11.26(b)</i>
Portability of Tax Ceiling	If an individual subject to a limitation on tax increases subsequently qualifies a different residence for the residence homestead exemption, the tax limitation on the new residence is calculated to give the individual the same percentage of tax paid as the limitation on the former home in accordance with Tax Code 11.26(g). <i>Tax Code 11.26(g)</i>
Surviving Spouse of Persons 65 or Older	If an individual who qualifies for the exemption for an individual 65 years of age or older dies, the surviving spouse of the individual is entitled to the limitation applicable to the residence homestead of the individual if the surviving spouse is 55 years of age or older when the individual dies, and the residence homestead of the individual is the residence homestead of the surviving spouse on the date that the individual dies and remains the residence homestead of the surviving spouse. <i>Tax Code 11.26(i)</i>
<i>Homesteads Rendered Uninhabitable Or Unusable</i>	If a qualified residential structure for which the owner receives a homestead exemption under Tax Code 11.13 is rendered uninhabitable or unusable by a casualty or by wind or water damage, the owner may continue to receive the exemption for the structure and the land and improvements used in the residential occupancy of the structure while the owner constructs a replacement qualified residential structure on the land in accordance with Tax Code 11.135 and 11.26(n)–(o) and 34 Administrative Code 9.416. <i>Tax Code 11.135, .26(n)–(o); 34 TAC 9.416</i>
Veteran Exemptions <i>100 Percent Disabled</i>	A disabled veteran who receives from the U.S. Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. A person who qualifies for an exemption after

January 1 of a tax year may receive the exemption for the applicable portion of that tax year immediately on qualification for the exemption. *Tax Code 11.131, .42(e)*

*Partially Disabled  
with Donated  
Residence*

A disabled veteran who has a disability rating of less than 100 percent is entitled to an exemption from taxation of a percentage of the appraised value of the disabled veteran's residence homestead equal to the disabled veteran's disability rating if the residence homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran. An exemption is effective as of January 1 of the tax year in which the person qualifies for the exemption and applies to the entire tax year. *Tax Code 11.132, .42(c)*

*Exemption for  
Surviving Spouse*

The surviving spouse of a disabled veteran who qualified for an exemption when the veteran died, or of a disabled veteran who would have qualified for an exemption if it had been in effect on the date the veteran died, is entitled to the same exemption from taxation of the same property to which the disabled veteran's exemption applied or would have applied if:

1. The surviving spouse has not remarried since the death of the disabled veteran; and
2. The property:
  - a. Was the residence homestead of the surviving spouse when the disabled veteran died; and
  - b. Remains the residence homestead of the surviving spouse.

If a surviving spouse who qualifies for an exemption subsequently qualifies a different property as the surviving spouse's residence homestead, the surviving spouse is entitled to an exemption from taxation of the subsequently qualified homestead in an amount equal to the dollar amount of the exemption of the former homestead in the last year in which the surviving spouse received an exemption for that homestead if the surviving spouse has not remarried since the death of the disabled veteran.

*Tax Code 11.131(c)-(d), .132(c)-(d)*

*Surviving Spouse  
of Individual  
Killed in Action*

The surviving spouse of a member of the armed services of the United States who is killed in action is entitled to an exemption from taxation of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the death of the member of the armed services. An exemption is effective as of January 1 of the tax year in which the person

qualifies for the exemption and applies to the entire tax year. *Tax Code 11.132, .42(c)*

A surviving spouse who receives an exemption for a residence homestead is entitled to receive an exemption from taxation of a property that the surviving spouse subsequently qualifies as the surviving spouse's residence homestead in an amount equal to the dollar amount of the exemption from taxation of the first property for which the surviving spouse received the exemption in the last year in which the surviving spouse received that exemption if the surviving spouse has not remarried since the death of the member of the armed services. *Tax Code 11.132*

*Disabled Veteran* A disabled veteran is entitled to an exemption from taxation of a portion of the assessed value of a property the veteran owns and designates under Tax Code 11.22. This exemption can be, but is not required to be, applied to a residence homestead. *Tax Code 11.22*

Optional Exemptions A board may grant additional tax exemptions for transitional housing, homesteads, historic sites, community land trusts, certain water conservation initiatives, certain tax-exempt corporations, and charitable organizations, as provided by law. If a district adopts, amends, or repeals an exemption that the district by law has the option to adopt or not, the district shall notify the appraisal office of its action and of the terms of the exemption within 30 days after the date of its action. *Tax Code 6.08, 11.111, .13, .1827, .184, .24, .32; Tex. Const. Art. VIII, Sec. 1-b*

Goods-in-Transit A person is entitled to an exemption from taxation of the appraised value of that portion of the person's property that consists of goods-in-transit.

In accordance with Tax Code 11.253, a board may provide for the taxation of goods-in-transit that are otherwise exempt from taxation. The official action to tax the goods-in-transit must be taken before January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. Before acting to tax the exempt property, a board must conduct a public hearing as required by Texas Constitution Article VIII, Section 1-n(d). The goods-in-transit remain subject to taxation by a district until the board rescinds or repeals its previous action to tax goods-in-transit, or otherwise determines that the exemption will apply to that district.

Notwithstanding official action that was taken before October 1, 2011, to tax goods-in-transit, a district may not tax such goods-in-transit in a tax year that begins on or after January 1, 2012, unless the board takes official action on or after October 1, 2011, to provide for the taxation of the goods-in-transit.

*Exception*

If the board, before October 1, 2011, took action to provide for the taxation of goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the district, the district tax officials may continue to impose the taxes against the goods-in-transit until the debt is discharged, if cessation of the imposition would impair the obligation of the contract by which the debt was created.

*Tax Code 11.253(b), (j)–(j-2)*

**Section VI:  
Economic  
Development**

Tax Increment  
Financing Act

The governing body of a municipality or county may designate a geographic area as a reinvestment zone to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future, in accordance with the Tax Increment Financing Act, Tax Code Chapter 311. *Tax Code 311.003(a)*

*Board of  
Directors*

A board may appoint one member of the reinvestment zone's board of directors if the district has approved the payment of all or part of the tax increment produced by the district into the tax increment fund for the zone or may waive that right. *Tax Code 311.009(a)*

In certain reinvestment zones, a board may be entitled to appoint more than one member of the reinvestment zone's board of directors. *Tax Code 311.0091(a)–(b)*

When the reinvestment zone has been designated upon petition of property owners under Tax Code 311.005(a)(4), a board may appoint a member or members, as appropriate, of the reinvestment zone's board of directors only if it has approved the payment of all or part of the tax increment produced by a district into the tax increment fund for the zone. *Tax Code 311.009(b), .0091(c)*

*Collection and  
Deposit of Tax  
Increments*

A district shall provide for the collection of its taxes in the zone as for any other property tax and shall pay into the zone's tax increment fund the amount specified by law. Notwithstanding any termination of the reinvestment zone and unless otherwise specified by an agreement between the district and the municipality or county that created the zone, this payment shall be made no later than 90 days after the later of the delinquency date for district property taxes or the date the municipality or county that created the zone submits to the district an invoice specifying the tax increment produced by the district and the amount the district is required to pay into the tax increment fund for the zone. A district is not required to pay the portion attributable to delinquent taxes until those taxes are collected. A district shall not be required to pay a tax increment into

the zone's tax increment fund beyond three years from the date the zone was created, except as provided by law. *Tax Code 311.013*

A district is not required to pay into the tax increment fund any of its tax increment produced from a reinvestment zone created upon petition of property owners under Tax Code 311.005(a) unless it enters into an agreement to do so with the governing body of the municipality or county that designated the zone. *Tax Code 311.013(f)*

A district is not required to pay into the tax increment fund any of its tax increment produced from property located in an area added to a reinvestment zone under Tax Code 311.007 unless the board enters into an agreement to do so with the governing body of the municipality or county that created the zone. *Tax Code 311.013(k)*

A district that participates in a zone is not required to increase the percentage or amount of the tax increment to be contributed by the district because of an amendment to the project plan or reinvestment zone financing plan for the zone unless the board by official action approves the amendment. *Tax Code 311.011(g)*

A district whose taxable value is reduced under Government Code 403.302(d)(4) shall pay into the tax increment fund, in addition to the amount otherwise required to be paid, the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction. This additional amount may not exceed the amount the district receives in state aid for the current tax year under Education Code 42.2514. The district shall pay the additional amount after the district receives the state aid to which the district is entitled for the current tax year under Education Code 42.2514. *Tax Code 311.013(n)*

Notwithstanding the designation of a later termination date under Tax Code 311.017(a), a district that taxes real property located in the reinvestment zone is not required to pay any of its tax increment into the tax increment fund for the zone after the termination date designated in the ordinance or order creating the zone unless the board enters into an agreement to do so with the governing body of the municipality or county that created the zone. *Tax Code 311.017(a-1)*

If the governing body of the municipality or county that designated a reinvestment zone extends the term of all or a portion of the zone, a district is not required to participate in the zone or portion of the zone for the extended term unless the district enters into a written agreement to do so. *Tax Code 311.007(c)*

LOCAL REVENUE SOURCES  
AD VALOREM TAXES

CCG  
(LEGAL)

Property  
Redevelopment and  
Tax Abatement Act

On or after September 1, 2001, a school district may not enter into a tax abatement agreement under Tax Code Chapter 312. *Tax Code 312.002(f)*

*District  
Designated*

Notwithstanding any other provision of Tax Code Chapter 312 to the contrary, the board, in the manner required for official action and for purposes of Tax Code Chapter 313, Subchapter B or C [see TEXAS ECONOMIC DEVELOPMENT ACT, below], may designate an area entirely within the territory of the district as a reinvestment zone if the board finds that, as a result of the designation and the granting of a limitation on appraised value, for property located in the reinvestment zone, the designation is reasonably likely to:

1. Contribute to the expansion of primary employment in the reinvestment zone; or
2. Attract major investment in the reinvestment zone that would:
  - a. Be a benefit to property in the reinvestment zone and to the school district; and
  - b. Contribute to the economic development of the region of this state in which the school district is located.

The board may seek the recommendation of the commissioners court of each county and the governing body of each municipality that has territory in the district before designating an area as a reinvestment zone.

*Tax Code 312.0025*

Texas Economic  
Development Act

In order to attract large-scale capital investments, create new jobs, strengthen the economy, and expand the property tax base, districts may offer certain ad valorem tax benefits and financial benefits in accordance with the Texas Economic Development Act. *Tax Code 313*

Districts should strictly interpret the criteria and selection guidelines and approve only those applications for an ad valorem tax benefit that:

1. Enhance the local community;
2. Improve the local public education system;
3. Create high-paying jobs; and
4. Advance the economic development goals of Texas.

*Tax Code 313.004(3)*

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**Note:** For complete information regarding the Texas Economic Development Act, refer to Tax Code Chapter 313 and 34 Administrative Code Chapter 9, Subchapter F.

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<sup>1</sup> Property Tax Assistance for School Districts: <https://comptroller.texas.gov/taxes/property-tax/truth-in-taxation/school-districts.php>

Texas Comptroller of Public Accounts

Data Analysis and Transparency Form 50-296-A

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

Victor White

Print Name (Authorized School District Representative)

Superintendent of Schools

Title

sign here

Handwritten signature of Victor White

Signature (Authorized School District Representative)

February 7, 2019

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here

A. Patrick Diamond

Print Name (Authorized Company Representative (Applicant))

Executive Chairman

Title

sign here

Handwritten signature of A. Patrick Diamond

Signature (Authorized Company Representative (Applicant))

1/30/2019

Date

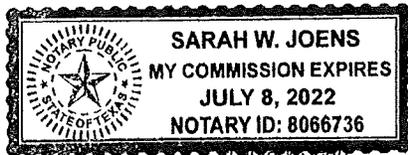
GIVEN under my hand and seal of office this, the

30th day of January, 2019

Handwritten signature of Sarah W. Joens

Notary Public in and for the State of Texas

My Commission expires: July 8, 2022



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.