

POWELL & LEON, LLP

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March 18, 2019

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

Re: Application #1327 Sealy Independent School District – Hailiang Copper Texas, Inc.
Amendment #002 Transmittal Letter

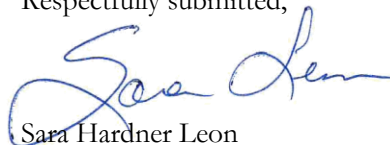
Dear Ms. Luera:

This letter is in response to your email correspondence dated March 4, 2019. Per your request, Hailiang Copper Texas, Inc. (the “Applicant”) has made the following changes to Application #1327. Enumerated below are the changes contained in Amendment #002:

1. **Section 6, Item 3:** *Are you requesting that any of the land be classified as qualified investment?*
The Applicant is not requesting that the land be classified as qualified investment and changed the answer to “no.”
2. **Tab 14: Schedules**
 - a. Schedule A1 has been updated to reflect a Total Qualified Investment of \$135,000,000.
 - b. Schedule C has been updated to reflect that the hiring of employees (Qualifying Jobs) begins in 2020.
3. **Section 16: Authorized Signatures and Applicant 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:* Mike@keatax.com
Mr. Mike Fry, Director of Energy Services, K.E. Andrews & Company

Via Electronic Mail: smoore@sealyisd.com
Ms. Sheryl Moore, Superintendent of Schools, Sealy Independent School District

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 type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district		2018-2019	2018	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						\$21,089,450.00	\$1,675,896.00	\$22,765,346.00
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	Year preceding the first complete tax year of the qualifying time period <i>(assuming no</i>	2019-2020	2019	\$75,000,000.00	\$40,000,000.00			\$115,000,000.00
Complete tax years of qualifying time period	QTP1	2020-2021	2020	\$20,000,000.00				\$20,000,000.00
	QTP2	2021-2022	2021					\$-
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]								
				\$95,000,000.00	\$40,000,000.00	\$21,089,450.00	\$1,675,896.00	\$157,765,346.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$135,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Date 11/15/2018
Applicant Name Hailiang Copper Texas, INC
ISD Name Sealy ISD

Schedule C: Employment Information

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018					
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	400FTE	\$ 66,222.20	N/A		\$ 66,222.20
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020				10	\$ 66,222.20
	2	2021-2022	2021				10	\$ 66,222.20
	3	2022-2023	2022				10	\$ 66,222.20
	4	2023-2024	2023				10	\$ 66,222.20
	5	2024-2025	2024				10	\$ 66,222.20
	6	2025-2026	2025				10	\$ 66,222.20
	7	2026-2027	2026				10	\$ 66,222.20
	8	2027-2028	2027				10	\$ 66,222.20
	9	2028-2029	2028				10	\$ 66,222.20
	10	2029-2030	2029				10	\$ 66,222.20
Years Following Value Limitation Period	11 through 25	2030-2044	2030-2044				10	\$ 66,222.20

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 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

☐

Yes

☒

No
- 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

Texas Comptroller of Public Accounts

Form 10-17-19
Form 10-17-19 A

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

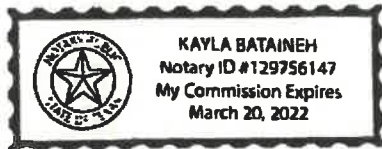
I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
hereSheryl Moore
Print Name (Authorized School District Representative)3-18-19
Titlesign
hereSheryl Moore
Signature (Authorized School District Representative)3-18-19
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
hereWang Lin
Print Name (Authorized Company Representative (Applicant))CEO
Titlesign
here[Signature]
Signature (Authorized Company Representative (Applicant))03/04-2019
Date

(Notary Seal)

GIVEN under my hand and seal of office this, the

3rd day of March 2019K Bataineh
Notary Public in and for the State of Texas

My Commission expires: March 20, 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.