



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 5, 2019

Sheryl Moore
Superintendent
Sealy Independent School District
939 Tiger Lane
Sealy, Texas 77474

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sealy Independent School District and Hailiang Copper Texas, Inc., Application 1327

Dear Superintendent Moore:

On March 22, 2019, the Comptroller issued written notice that Hailiang Copper Texas, Inc. (applicant) submitted a completed application (Application 1327) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on November 28, 2018, to the Sealy 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 1327.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district'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, 2019.

Note that any building or improvement existing as of the application review start date of March 22, 2019, 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,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Hailiang Copper Texas, Inc. (project) applying to Sealy 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 Hailiang Copper Texas, Inc.

Applicant	Hailiang Copper Texas, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sealy ISD
2017-2018 Average Daily Attendance	2,630
County	Austin County
Proposed Total Investment in District	\$157,765,346
Proposed Qualified Investment	\$135,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,274
Minimum annual wage committed to by applicant for qualified jobs	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$906
Minimum annual wage required for non-qualifying jobs	\$47,100
Investment per Qualifying Job	\$15,776,535
Estimated M&O levy without any limit (15 years)	\$16,133,046
Estimated M&O levy with Limitation (15 years)	\$7,296,219
Estimated gross M&O tax benefit (15 years)	\$8,836,828

Table 2 is the estimated statewide economic impact of Hailiang Copper Texas, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	400	540	940	\$26,488,880	\$44,429,456	\$70,918,336
2020	10	108	118,484	\$662,222	\$11,763,382	\$12,425,604
2021	10	68	78	\$662,222	\$8,688,925	\$9,351,147
2022	10	35	45	\$662,222	\$6,003,368	\$6,665,590
2023	10	17	27	\$662,222	\$4,217,671	\$4,879,893
2024	10	9	19	\$662,222	\$3,174,718	\$3,836,940
2025	10	8	18	\$662,222	\$2,750,806	\$3,413,028
2026	10	11	21	\$662,222	\$2,733,694	\$3,395,916
2027	10	15	25	\$662,222	\$2,982,506	\$3,644,728
2028	10	20	30	\$662,222	\$3,374,299	\$4,036,521
2029	10	25	35	\$662,222	\$3,821,203	\$4,483,425
2030	10	25	35	\$662,222	\$3,986,142	\$4,648,364
2031	10	26	36	\$662,222	\$4,240,277	\$4,902,499
2032	10	27	37	\$662,222	\$4,490,150	\$5,152,372
2033	10	28	38	\$662,222	\$4,720,069	\$5,382,291
2034	10	28	38	\$662,222	\$4,924,413	\$5,586,635

Source: CPA REMI, Hailiang Copper Texas, Inc.

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*	Sealy ISD I&S Tax Levy	Sealy ISD M&O Tax Levy	Sealy ISD M&O and I&S Tax Levies	Austin County Tax Levy	City of Sealy Tax Levy	Austin County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
				0.3500	1.0400		0.3996	0.3866	0.1000	
2020	\$116,675,896	\$116,675,896		\$408,366	\$1,213,429	\$1,621,795	\$466,237	\$451,104	\$116,676	\$2,655,812
2021	\$134,475,896	\$134,475,896		\$470,666	\$1,398,549	\$1,869,215	\$537,366	\$519,924	\$134,476	\$3,060,981
2022	\$129,551,896	\$129,551,896		\$453,432	\$1,347,340	\$1,800,771	\$517,689	\$500,886	\$129,552	\$2,948,899
2023	\$124,627,896	\$124,627,896		\$436,198	\$1,296,130	\$1,732,328	\$498,013	\$481,849	\$124,628	\$2,836,818
2024	\$119,703,896	\$119,703,896		\$418,964	\$1,244,921	\$1,663,884	\$478,337	\$462,811	\$119,704	\$2,724,736
2025	\$114,779,896	\$114,779,896		\$401,730	\$1,193,711	\$1,595,441	\$458,660	\$443,774	\$114,780	\$2,612,654
2026	\$109,855,896	\$109,855,896		\$384,496	\$1,142,501	\$1,526,997	\$438,984	\$424,736	\$109,856	\$2,500,573
2027	\$104,931,896	\$104,931,896		\$367,262	\$1,091,292	\$1,458,553	\$419,308	\$405,698	\$104,932	\$2,388,491
2028	\$100,007,896	\$100,007,896		\$350,028	\$1,040,082	\$1,390,110	\$399,632	\$386,661	\$100,008	\$2,276,410
2029	\$95,083,896	\$95,083,896		\$332,794	\$988,873	\$1,321,666	\$379,955	\$367,623	\$95,084	\$2,164,328
2030	\$90,159,896	\$90,159,896		\$315,560	\$937,663	\$1,253,223	\$360,279	\$348,585	\$90,160	\$2,052,247
2031	\$85,235,896	\$85,235,896		\$298,326	\$886,453	\$1,184,779	\$340,603	\$329,548	\$85,236	\$1,940,165
2032	\$80,311,896	\$80,311,896		\$281,092	\$835,244	\$1,116,335	\$320,926	\$310,510	\$80,312	\$1,828,083
2033	\$75,387,896	\$75,387,896		\$263,858	\$784,034	\$1,047,892	\$301,250	\$291,472	\$75,388	\$1,716,002
2034	\$70,463,896	\$70,463,896		\$246,624	\$732,825	\$979,448	\$281,574	\$272,435	\$70,464	\$1,603,920
			Total	\$5,429,391	\$16,133,046	\$21,562,437	\$6,198,813	\$5,997,615	\$1,551,254	\$35,310,119

Source: CPA, Hailiang Copper Texas, Inc.

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Austin County, City of Sealy and Austin County Emergency Services District #2, with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with the county and city.

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	Tax Rate	Sealy ISD I&S Tax Levy	Sealy ISD M&O Tax Levy	Sealy ISD M&O and I&S Tax Levies	Austin County Tax Levy	City of Sealy Tax Levy	Austin County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
				0.3500	1.0400		0.3996	0.3866	0.1000	
2020	\$116,675,896	\$30,000,000		\$408,366	\$312,000	\$720,366	\$116,559	\$112,776	\$116,676	\$1,066,377
2021	\$134,475,896	\$30,000,000		\$470,666	\$312,000	\$782,666	\$134,341	\$129,981	\$134,476	\$1,181,464
2022	\$129,551,896	\$30,000,000		\$453,432	\$312,000	\$765,432	\$129,422	\$125,222	\$129,552	\$1,149,627
2023	\$124,627,896	\$30,000,000		\$436,198	\$312,000	\$748,198	\$124,503	\$120,462	\$124,628	\$1,117,791
2024	\$119,703,896	\$30,000,000		\$418,964	\$312,000	\$730,964	\$119,584	\$115,703	\$119,704	\$1,085,955
2025	\$114,779,896	\$30,000,000		\$401,730	\$312,000	\$713,730	\$114,665	\$110,943	\$114,780	\$1,054,118
2026	\$109,855,896	\$30,000,000		\$384,496	\$312,000	\$696,496	\$109,746	\$106,184	\$109,856	\$1,022,282
2027	\$104,931,896	\$30,000,000		\$367,262	\$312,000	\$679,262	\$104,827	\$101,425	\$104,932	\$990,445
2028	\$100,007,896	\$30,000,000		\$350,028	\$312,000	\$662,028	\$99,908	\$96,665	\$100,008	\$958,609
2029	\$95,083,896	\$30,000,000		\$332,794	\$312,000	\$644,794	\$94,989	\$91,906	\$95,084	\$926,772
2030	\$90,159,896	\$90,159,896		\$315,560	\$937,663	\$1,253,223	\$360,279	\$348,585	\$90,160	\$2,052,247
2031	\$85,235,896	\$85,235,896		\$298,326	\$886,453	\$1,184,779	\$340,603	\$329,548	\$85,236	\$1,940,165
2032	\$80,311,896	\$80,311,896		\$281,092	\$835,244	\$1,116,335	\$320,926	\$310,510	\$80,312	\$1,828,083
2033	\$75,387,896	\$75,387,896		\$263,858	\$784,034	\$1,047,892	\$301,250	\$291,472	\$75,388	\$1,716,002
2034	\$70,463,896	\$70,463,896		\$246,624	\$732,825	\$979,448	\$281,574	\$272,435	\$70,464	\$1,603,920
			Total	\$5,429,391	\$7,296,219	\$12,725,609	\$2,753,177	\$2,663,816	\$1,551,254	\$19,693,856
			Diff	\$0	\$8,836,828	\$8,836,828	\$3,445,636	\$3,333,799	\$0	\$15,616,263

Assumes School Value Limitation and Tax Abatements with the County and City

Source: CPA, Hailing Copper Texas, Inc.

*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 Hailiang Copper Texas, Inc. (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	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$312,000	\$901,429	\$901,429
	2021	\$312,000	\$624,000	\$1,086,549	\$1,987,979
	2022	\$312,000	\$936,000	\$1,035,340	\$3,023,318
	2023	\$312,000	\$1,248,000	\$984,130	\$4,007,448
	2024	\$312,000	\$1,560,000	\$932,921	\$4,940,369
	2025	\$312,000	\$1,872,000	\$881,711	\$5,822,080
	2026	\$312,000	\$2,184,000	\$830,501	\$6,652,581
	2027	\$312,000	\$2,496,000	\$779,292	\$7,431,873
	2028	\$312,000	\$2,808,000	\$728,082	\$8,159,955
	2029	\$312,000	\$3,120,000	\$676,873	\$8,836,828
Maintain Viable Presence (5 Years)	2030	\$937,663	\$4,057,663	\$0	\$8,836,828
	2031	\$886,453	\$4,944,116	\$0	\$8,836,828
	2032	\$835,244	\$5,779,360	\$0	\$8,836,828
	2033	\$784,034	\$6,563,394	\$0	\$8,836,828
	2034	\$732,825	\$7,296,219	\$0	\$8,836,828
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$681,615	\$7,977,834	\$0	\$8,836,828
	2036	\$630,405	\$8,608,239	\$0	\$8,836,828
	2037	\$579,196	\$9,187,435	\$0	\$8,836,828
	2038	\$527,986	\$9,715,421	\$0	\$8,836,828
	2039	\$476,777	\$10,192,197	\$0	\$8,836,828
	2040	\$425,567	\$10,617,764	\$0	\$8,836,828
	2041	\$374,357	\$10,992,121	\$0	\$8,836,828
	2042	\$362,252	\$11,354,373	\$0	\$8,836,828
	2043	\$350,146	\$11,704,519	\$0	\$8,836,828
	2044	\$338,041	\$12,042,560	\$0	\$8,836,828

\$12,042,560

is greater than

\$8,836,828

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, Hailiang Copper Texas, Inc.

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 Hailiang Copper Texas, Inc.'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 Hailiang Copper Texas, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Currently there are multiple locations within the United States being evaluated for an additional Hailiang Copper tubing manufacturing facility. These sites include areas in Pennsylvania and California where similar economic incentives exist as well as conditions which make both locations ideal for copper manufacturing, including access to copper mines and proximity to national ports.”
 - B. “Ultimately, the 313 value limitation agreement will be the deciding factor for Hailiang America Corporation to select southeast Texas for the placement of a new facility. Like the sites being evaluated in Pennsylvania and California, Sealy, Texas, is also an ideal location for the placement of an additional copper tubing manufacturing facility considering its proximity to the Port of Houston and South Louisiana. Without the 313 value limitation agreement, the Sealy, Texas, location however is not as attractive as sites elsewhere primarily because the Sealy location does not have the ease of access to raw copper as California does.”
 - C. “In the event a 313 value limitation agreement is not reached, Hailiang Copper Texas, Inc. could undoubtedly reallocate the capital to be used for the establishment of this facility to another state or country where similar economic incentives exist as well as access to greater amounts of raw copper and shipping ports.”
- According to the Sealy ISD – Board of Trustees Meeting Minutes dated November 28, 2018, “Hailiang asked the district to consider approving them to submit an application to the state of Texas for limitation on appraised value of property for the district's maintenance and operations taxes. Hailiang is the leading manufacturer of copper tubing in China. Their U.S. headquarters is in Pennsylvania and they have a facility in California. The company is purchasing the industrial park facility in Sealy, TX and will retrofit part of the facility to meet their needs. Hailiang intends to start construction April 2019 and their projected completion date is January 2020.”

- An October 11, 2018 *Yicai Global* article stated the following
 - A. "China's Zhejiang Hailiang will invest USD45 million to purchase a plot of land in Texas, the US, to build a copper pipe production line."
 - B. "The company inked a corresponding agreement with Pasadena, Texas-based Five Star Properties Sealy on Oct. 9 to acquire the parcel the latter owns in the Lone Star State, the major copper processor headquartered in Zhuji in China's eastern Zhejiang province said in an announcement yesterday."
 - C. "The 200-acre plot acquired, which includes a total construction area of 928,000 square feet (86,200 square meters), will be the site of a production line making copper refrigerating air conditioning pipes, water pipes, coils, insulation pipes and other conduits, the announcement stated, but without specifying where in Texas the land is located."
- Additional research found the project was not purchased in October 2018. According to Austin County Appraisal District Records, the actual deed date of land occurred on December 14, 2018.

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**

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 (<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.

Supporting Information

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



Tab 5

Limitation as a Determining Factor

Hailiang Copper Texas, Inc is being managed and developed by Hailiang America Corporation, a U.S. division of the China Hailiang Group. Hailiang Group has offices across the globe including China, Mongolia, Vietnam and the United States. Currently there are multiple locations within the United States being evaluated for an additional Hailiang Copper tubing manufacturing facility . These sites include areas in Pennsylvania and California where similar economic incentives exist as well as conditions which make both locations ideal for copper manufacturing, including access to copper mines and proximity to national ports.

Ultimately, the 313 value limitation agreement will be the deciding factor for Hailiang America Corporation to select southeast Texas for the placement of a new facility. Like the sites being evaluted in Pennsylvania and California, Sealy, Texas, is also an ideal location for the placement of an additional copper tubing manufacturing facility considering its proximity to the Port of Houston and South Louisiana. Without the 313 value limitation agreement, the Sealy, Texas, location however is not as attractive as sites elsewhere primarily because the Sealy location does not have the ease of access to raw copper as California does. In the event a 313 value limitation agreement is not reached, Hailiang Copper Texas, Inc could undoubtedly reallocate the capital to be used for the establishment of this facility to another state or country where similar economic incentives exist as well as access to greater amounts of raw copper and shipping ports.

Hailiang Group remains a leading copper tubing manufacturing company, producing 25,000 tons of copper products every month, with global clients across 188 countries. Currently, Hailiang's assets total \$1.4 Billion USD with a total profit of \$76.5 Million USD. Considering Hailiang Group footprint across the world, their decision on manufacturing facility placement is largely determined by area economic incentives.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Minutes of Regular Meeting

The Board of Trustees Sealy ISD

A Regular Meeting of the Board of Trustees of Sealy ISD was held Wednesday, November 28, 2018, beginning at 6:30 PM in the Sealy Elementary, 723 FM 2187, Sealy, TX 77474.

1. Roll Call; Establishment of Quorum; Call to Order and Ceremonial Opening

Members Present: Robert Arnold, Katy Grigar, Jay Aguado, Ryan Reichardt, Creed Roberts

Members Absent: Brian Owen, Joe Mike Young

2. Public Comments – None

3. Consent Agenda

- A. Donation from Wal-Mart
- B. Donation from Casey Killough
- C. 10-24-18 Public Hearing Minutes
- D. 10-24-18 Regular Board Meeting Minutes
- E. 11-12-18 Special Board Meeting Minutes
- F. Consider Approval of Change in Bank Signatures
- G. Investment Report

A motion was made approve the consent agenda as presented.

Motion: Creed Roberts

2nd: Katy Grigar

For: 5

Against: 0

4. Consider Approval of Fiscal Year 2018 Audit Report

Presenter: Jim Obermeier/Steve Van Manen

The audit report is a written opinion of the auditor regarding the financial standing of the district. Mr. Steve Van Manen representing Harrison, Waldrop & Uherek, LLP explained that once the audit report was approved, the board president and the board secretary would need to sign the certificate of the board and consequently he would send it to TEA. Mr. Van Manen reported that

the district has received a clean opinion which is the highest form of assurance that an auditor can give to confirm that the district's financial statements are accurate. The district's financial change position is positive, has an adequate fund balance, and under spent the allotted budget. The district is compliance with federal programs for federal funds and the district's debt level is moderate.

A motion was made to approve the 2017-2018 Audit Report.

Motion: Robert Arnold

2nd: Jay Aguado

For: 5

Against: 0

5. Review Conflict of Interest Policies and Board Conflict of Interest Acknowledgement

Presenter: Sheryl Moore

Dr. Terry Smith with Powell & Leon, LLP law firm presented a Conflict of Interest Acknowledgement to the school board. Dr. Smith asked the board members to review and initial the acknowledgement if they don't have a conflict based on what they currently know about the project with the 313 Agreement Application. The acknowledgement will be kept as part of the minutes for archival purposes.

6. Adopt Board Policy CCG(LOCAL)

Presenter: Sheryl Moore

The proposed CCG(LOCAL) policy outlines the procedures the district will need to follow to file, review, and accept 313 projects and outlines the provisions the board will use when considering amendments to, and when necessary, enforce agreements for 313 projects.

A motion was made approve the changes to CCG(LOCAL)as presented.

Motion: Katy Grigar

2nd: Robert Arnold

For: 5

Against: 0

7. Consider Approval to Accept an Application for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes submitted by Hailiang Copper Texas, Inc.

Presenter: Sheryl Moore

Hailiang asked the district to consider approving them to submit an application to the state of Texas for limitation on appraised value of property for the district's maintenance and operations taxes. Hailiang is the leading manufacturer of copper tubing in China. Their U.S. headquarters is in Pennsylvania and they have a facility in California. The company is purchasing the industrial park facility in Sealy, TX and will retrofit part of the facility to meet their needs. Hailiang intends

to start construction April 2019 and their projected completion date is January 2020. Dr. Terry Smith from Powell & Leon reviewed the district's advantages for approving the application, the process, and timeline. The district would need to approve the application before the comptroller reviews it for suitability. Once approved by the comptroller the district would then start negotiations on the company's M&O tax rate.

A motion was made to approve the application of Hailiang Copper Texas, INC to seek state approval for Limitation on Appraised Value of Property Agreement with Sealy ISD.

Motion: Robert Arnold 2nd: Creed Roberts For: 5 Against: 0

8. Consider and Possible Action to Authorize the Superintendent of Schools to Approve Any Extension of the 150-Day Deadline to Review the Application for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes Submitted by Hailiang Copper Texas, Inc., subject to Board Ratification

Presenter: Sheryl Moore

Should complications arise during the process for said application, the district requested the board's approval to authorize the Superintendent to approve any extension of the 150-day deadline for the application for a Limitation on Appraised Value of Property for Sealy ISD M&O Taxes.

A motion was made to approve to grant the authority to the superintendent to approve any extension of the 150-day deadline for the Application for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes submitted by Hailiang Copper Texas, Inc.

Motion: Creed Robert 2nd: Jay Aguado For: 5 Against: 0

9. Consider and Possible Action to Retain the Professional Services of Powell & Leon, LLP and Jigsaw Consulting to Assist the District in Evaluating and Reviewing the Application for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes Submitted by Hailiang Copper Texas, Inc.

Presenter: Sheryl Moore

The administration is requesting approval to retain the services of Powell & Leon & Jigsaw Consulting for guidance during the agreement process. Hailiang Copper Texas, Inc. has given Sealy ISD \$75,000 to be used for attorney and consulting fees to avoid any cost to the district.



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China's Hailiang Group Buys Land for Copper Pipe Production Line in Texas

TANG SHIHUA

DATE : OCT 11 2018 / SOURCE : YICAI



China's Hailiang Group Buys Land for Copper Pipe Production Line in Texas

(Yicai Global) Oct. 11 -- China's Zhejiang Hailiang will invest USD45 million to purchase a plot of land in Texas, the US, to build a copper pipe production line.

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The company inked a corresponding agreement with Pasadena, Texas-based Five Star Properties Sealy on Oct. 9 to acquire the parcel the latter owns in the Lone Star State, the major copper processor headquartered in Zhuji in China's eastern Zhejiang province said in an announcement yesterday.

The 200-acre plot acquired, which includes a total construction area of 928,000 square feet (86,200 square meters), will be the site of a production line making copper refrigerating air conditioning pipes, water pipes, coils, insulation pipes and other conduits, the announcement stated, but without specifying where in Texas the land is located.

Hailiang will break ground on the facility after taking delivery of the land, the announcement added, but withheld further information on the project's expected total investment, designated scale and estimated dates of completion and commissioning.

The company has outsourced processing in North America in recent years, so the US production base will fill in gaps in its own production capacity in the region, per the announcement.

The announcement made no of mention whether the US investment has a direct nexus with China-US trade frictions. The American market (both North and South America) is a very important global consumer market for copper tubing, it said, adding that the US copper pipe base will enhance the company's supply capacity in the Americas, shorten the delivery cycle, establish brand influence, and provide local customers with better products and supporting

Million for New Metal Projects

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services.

Hailiang Group, one of the country's largest exporters of copper pipes and fittings, boasts several production bases in China and Southeast Asian countries.

It acquired a 100 percent stake in leading Bettendorf, Iowa-based air-conditioning, refrigeration and plumbing wholesaler JMF in 2016 and has gained a distinct brand influence and sales channels in the North American market, public information shows.

Editor: Ben Armour

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Keywords: Land Purchase , US , Texas , New Production Line , Trade Dispute Risk , Copper Pipe Maker , Copper Processing , Hailiang

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ICP备案(增值电信业务经营许可证 沪B2-20050348号 互联网视听节目服务(AVSP):沪备2014002 沪ICP备14015572号-8 沪公网安备 31010602000015号)

Austin CAD Property Search

Property ID: R000014268 For Year 2018

Map



Property Details

Account

Property ID: R000014268
Legal Description: ABST A371 M M KENNEY TRACT 178 Acres:196.1030
Geographic ID: 14268
Agent Code:
Type: R - REAL PROPERTY
Location
Address: 5000 NW I-10 FRONTAGE RD
Map ID:
Neighborhood CD: I10A I10 ZONE A
Owner
Owner ID: 90716450
Name: FIVE STAR PROPERTIES SEALY LLC %PROPERTY TAX DEPT
Mailing Address: PO BOX 1042
SEABROOK, TX 77586
% Ownership: 100.0%
Exemptions: For privacy reasons not all exemptions are shown online.

Property Values

Improvement Homesite Value:	\$0
Improvement Non-Homesite Value:	\$0
Land Homesite Value:	\$0
Land Non-Homesite Value:	\$1,675,896
Agricultural Market Valuation:	\$0
Market Value:	\$1,675,896
Ag Use Value:	\$0
Appraised Value:	\$1,675,896
Homestead Cap Loss: ⓘ	\$0
Assessed Value:	\$1,675,896

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Property Taxing Jurisdiction

Entity	Description	Tax Rate	Market Value	Taxable Value	Estimated Tax	Freeze Ceiling
1	AUSTIN COUNTY	0.399600	\$1,675,896	\$1,675,896	\$6,696.88	
1	FARM/MARKET RD	0.081100	\$1,675,896	\$1,675,896	\$1,359.15	
2	AUSTIN COUNTY ESD#2	0.100000	\$1,675,896	\$1,675,896	\$1,675.90	
2	SPC RD & BRIDGE	0.067200	\$1,675,896	\$1,675,896	\$1,126.20	
3	SEALY ISD	1.390000	\$1,675,896	\$1,675,896	\$23,294.95	
3	CITY OF SEALY	0.386630	\$1,675,896	\$1,675,896	\$6,479.52	

Total Tax Rate: 2.424530 Estimated Taxes With Exemptions: \$40,632.60 Estimated Taxes Without Exemptions: \$40,632.60

Property Improvement - Building

Property Land

Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
I10W-N (HWY 90 TO PY	F2 - Real Industrial	196.103	8,542,246.68	0.00	0.00	\$1,675,896	\$0

Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2019		N/A	N/A	N/A	N/A	N/A
2018		\$0	\$1,675,896	\$0	\$1,675,896	\$0
2017		\$0	\$1,675,896	\$0	\$1,675,896	\$0
2016		\$0	\$1,675,896	\$0	\$1,675,896	\$0
2015		\$0	\$1,675,896	\$0	\$1,675,896	\$0
2014		\$0	\$556,250	\$0	\$556,250	\$0
2013		\$0	\$556,250	\$0	\$556,250	\$0
2012		\$0	\$556,250	\$0	\$556,250	\$0
2011		\$0	\$556,250	\$0	\$556,250	\$0

Property Deed History

Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Number
12/14/2018	25	DSW	FIVE STAR PROPERTIES SEALY LLC	HAILIANG COOPER TX LLC	AUSTIN CO FILE	185797	12/18/2018
2/24/2015	25	DSW	FIVE STAR PROPERTIES SEALY LLC	FIVE STAR PROPERTIES SEALY LLC	AUSTIN CO FILE	#150882	02/27/15
2/24/2015	34	ADDR	BAE SYSTEMS TACTICAL VEHICLE SYSTEMS LP	FIVE STAR PROPERTIES SEALY LLC	AUSTIN CO FILE	#150882	02/27/15
10/28/2010	25	DSW		BAE SYSTEMS TACTICAL VEHICLE SYSTEMS LP	AUSTIN CO FILE	#104234	11/1/10

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