

O'HANLON, DEMERATH & CASTILLO

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August 11, 2020

KEVIN O'HANLON

CERTIFIED, CIVIL APPELATE

CERTIFIED, CIVIL TRIAL

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

RE: Value Limitation Agreement between Port Arthur Independent School District and
Emerald Renewable Diesel, LLC (#1443)

To the Local Government Assistance & Economic Analysis Division:

Enclosed please find a final copy each of the materials submitted to, and approved by, the Port Arthur ISD Board of Trustees on June 25, 2020. The package contains a copy each of the Findings entered by the Board. A fully executed set of originals of these documents will be maintained in the Board's records. Attached to each of the Findings, please find 1) a copy of the Application; 2) a copy of the Comptroller's appraisal of the project; 3) a copy of the economic impact study; 4) a copy of the financial impact study; and, 5) the final participation agreement.

Please do not hesitate to call with any questions.

Sincerely,

William Eggleston

Legal Assistant to Kevin O'Hanlon

**FINDINGS OF THE PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
EMERALD RENEWABLE DIESEL, LLC (#1443)**



June 25, 2020

**FINDINGS OF THE
PORT ARTHUR INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES**

**UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
EMERALD RENEWABLE DIESEL, LLC (#1443)**

JUNE 25, 2020

FINDINGS OF THE PORT ARTHUR INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
EMERALD RENEWABLE DIESEL, LLC (#1443)

STATE OF TEXAS §

COUNTY OF JEFFERSON §

On the 25th day of June 2020, a public meeting of the Board of Trustees of the Port Arthur Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Emerald Renewable Diesel, LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On October 24, 2019, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Application was determined to be complete as of December 18, 2019. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32068897787), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Jefferson Central Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on March 11, 2020 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

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

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

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

In support of Finding 1, the Application indicates that:

Emerald Renewable Diesel, LLC ("Applicant") is requesting an appraised value limitation from Port Arthur ISD for a proposed renewable diesel refinery project ("Project") located in Jefferson County. The refinery will produce renewable diesel and co-products. Construction of the Project is expected commence in the September of 2020 and take approximately 27 months to complete.

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

Board Finding Number 2.

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

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

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

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

Board Finding Number 5.

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

In its Application, the Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs must be at least \$82,973 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

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

Board Finding Number 6.

The Applicant does not intend to create any non-qualifying jobs.

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For any non-qualifying jobs the Applicant should create, the Applicant will be required to pay at least the county average wage of \$57,811 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

The Project is fully taxable for the District's debt services taxes. As a result, local taxpayers could receive a modest benefit from the addition of the Project to the local I&S tax roll.

The analysis prepared by Moak, Casey & Associates projects that the Project would initially add \$202.9 million to the tax base that would be available for debt service purposes at the peak investment level for the 2022-23 school year. Because the full value of the Project is subject to I&S taxes, local taxpayers could receive a modest benefit from the addition of the Project to the local I&S tax roll.

Board Finding Number 8.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 9.

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

reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 10.

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

The Board has developed a written policy CCGB (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

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

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

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

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, Chapter 313.

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2018 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year (**Attachment E**), the total industrial value for the District is \$5.7 billion. The District is categorized as a Subchapter C, Category I district, which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

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

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

Board Finding Number 13.

The Applicant (Taxpayer No. 32068897787) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 32068897787), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

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

Board Finding Number 15.

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

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

Board Finding Number 16.

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

Board Finding Number 17.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB set forth at <https://pol.tasb.org/Home/Index/723> that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

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

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

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

Board Finding Number 18.

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

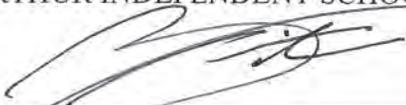
Board Finding Number 19.

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

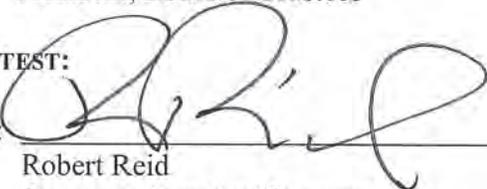
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this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

Dated the 25th day of June 2020.

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

By: 

Brandon Bartie
President, Board of Trustees

ATTEST:
By: 

Robert Reid
Secretary, Board of Trustees

Attachment A

Application

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

November 6, 2019

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

RE: Application to the Port Arthur Independent School District from Emerald Renewable Diesel, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Port Arthur Independent School District is notifying Emerald Renewable Diesel, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the Economic Impact Report.

The Applicant submitted the Application to the school district on October 24, 2019. The Board voted to accept the application on October 24, 2019. The application has been determined complete as of November 6, 2019. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

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

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Jefferson County Appraisal District
Emerald Renewable Diesel, LLC



300 North LaSalle Street
Suite 4925
Chicago, IL 60654

October 24, 2019

Dr. Mark L. Porterie
Superintendent of Schools
Port Arthur Independent School District
PO Box 1388
Port Arthur, TX 77641-1388

RE: Chapter 313 Application for Appraised Value Limitation on Qualified Property Emerald Renewable Fuels, LLC (Emerald) Renewable Diesel Project

Dear Dr. Porterie:

Enclosed is a Chapter 313 application for a Renewable Diesel project proposed by Emerald Biofuels, LLC ("Emerald") in Jefferson County, Texas. Emerald seeks support from the Port Arthur Independent School District Board and asks that you forward the enclosed application to the Texas Comptroller's office for review and certification.

Emerald is looking forward to establishing a strong working relationship with Port Arthur ISD and the greater Port Arthur community.

If you have any questions regarding this application, please contact me at (847) 212-0339 or contact our local consultant Danny Harris at (713) 452-9852.

Thank you for your consideration in this matter.

Sincerely yours,

A handwritten signature in blue ink that reads "Howard C. Jensen".

Howard C. Jensen
Principal

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

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

Application for Appraised Value Limitation on Qualified Property

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

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

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

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

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

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

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

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

Please visit the Comptroller's website to find out more about the program at comptroller.texas.gov/economy/local/ch313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

October 24, 2019

Date Application Received by District

Dr. Mark

First Name

Superintendent

Title

Port Arthur Independent School District

School District Name

4801 9th Avenue

Street Address

P> O< Box 1388

Mailing Address

Port Arthur

City

(409) 989-6100

Phone Number

Mobile Number (optional)

Porterie

Last Name

Texas

State

(409) 989-6229

Fax Number

mporterie@paisd.org

Email Address

77641-1388

ZIP

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

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Form for Authorized School District Consultant with fields for Name, Title, Firm Name, Phone Number, Fax Number, and Email Address.

- 4. On what date did the district determine this application complete? November 6, 2019
5. Has the district determined that the electronic copy and hard copy are identical? Yes No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Form for Authorized Company Representative with fields for Name, Title, Organization, Street Address, Mailing Address, City, State, ZIP, Phone Number, Fax Number, and Business Email Address.

- 2. Will a company official other than the authorized company representative be responsible for responding to future information requests? Yes No

2a. If yes, please fill out contact information for that person.

Contact information form for 2a with fields for Name, Title, Organization, Street Address, Mailing Address, City, State, ZIP, Phone Number, Fax Number, and Business Email Address.

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

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Danny Harris
First Name Last Name
Managing Member
Title
HH Property Tax Services
Firm Name
(713) 452-9852
Phone Number
dkharris@hhproptax.com
Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? [checked] Yes [] No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in Tab 2 proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? [] Yes [checked] No [] N/A

3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? [] Yes [checked] No [] N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Emerald Renewable Diesel, LLC

2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32068897787

3. List the NAICS code 325199

4. Is the applicant a party to any other pending or active Chapter 313 agreements? [] Yes [checked] No

4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) limited liability corporation

2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? [] Yes [checked] No

2a. If yes, attach in Tab 3 a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.

3. Is the applicant current on all tax payments due to the State of Texas? [checked] Yes [] No

4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? [] Yes [] No [checked] N/A

5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in Tab 3)

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

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

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

- 1. Application approval by school board March 2020
- 2. Commencement of construction September 1, 2020
- 3. Beginning of qualifying time period March 1, 2020
- 4. First year of limitation January 1, 2022
- 5. Begin hiring new employees January 1, 2022
- 6. Commencement of commercial operations June 1, 2022
- 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No
- Note:** Improvements made before that time may not be considered qualified property.
- 8. When do you anticipate the new buildings or improvements will be placed in service? June 1, 2022

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Jefferson
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Jefferson CAD
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

County: <u>Jefferson, \$0.364977, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>See Tab 6</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>See Tab 6</u> <small>(Name, tax rate and percent of project)</small>
- 5. Is the project located entirely within the ISD listed in Section 1? Yes No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at comptroller.texas.gov/economy/local/ch313/.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 7);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (Tab 7); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (Tab 11).
- 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? Yes No

SECTION 12: Qualified Property

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

Q1 2020

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

1. In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
 2. In Tab 10, attach a specific and detailed description of all proposed new property that will not become new improvements as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
 3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
 4. Total estimated market value of existing property (that property described in response to question 1): \$ 0
 5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
 6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0
- Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2019
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,110.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,278.65
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,595.63
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 82,973.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 82,973.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of
Public Accounts)*

Tab 3

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

Not Applicable

Tab 4

Detailed Description of the Project

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.

Product Overview

Emerald Renewable Fuels, LLC (“**Emerald or the Company**”) is considering a project to manufacture renewable diesel fuel and co-products. This project represents an environmentally sensitive solution to the problem of disposing of waste materials while also producing clean fuels for today’s transportation demands.

Renewable diesel is like petroleum-based diesel except that it is produced from renewable feedstocks such as waste fats and oils, agricultural waste and the production of crops especially grown for renewable fuels such as winter cover crops. The output will then be sold primarily to a large operator of travel centers in North America. The Co-Products, primarily naphtha and liquefied petroleum gas (“**LPG**”), will to be sold on the spot market.

An independent study concluded that the Company’s renewable diesel fuel is a superior product to biodiesel and will remain an attractive and economical substitute for petroleum diesel or biodiesel due to its superior technical properties and flexibility in using feedstocks.. The study also concluded that market conditions are expected to remain strong such that:

- The technology that will be used is now a commercially proven technology (reducing technical and scale-up risk)
- The expected continuation of strong demand and the associated strong pricing for diesel fuel in the U.S. and worldwide
- The expected continuation and growth of federal and state mandates for blending biomass- based diesel into the motor fuel diesel pool, along with the associated value of RINs for blending renewable diesel
- The renewable diesel meets ASTM D975 and EN590 specifications, and unlike biodiesel, requires no blending with petroleum diesel
- The product quality of renewable diesel is better than petroleum diesel, especially with regards to cetane, which has impact on engine efficiency
- The motor fuels industry generally prefers renewable diesel to biodiesel
- The low carbon footprint of renewable diesel when compared to petroleum diesel generates valuable credits, along with the expected growth in states imposing new regulations to reduce greenhouse gas emissions.

The proposed process improvements for which the tax limitation is sought would include the feedstock preprocessing unit, a hydrotreating unit and isomerization unit customized for refining agricultural fats

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and oils. Along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self-contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, catalyst and utility distribution equipment, tanks and pipelines located within the project boundary.

Outside of the process area, proposed improvements will include:

- The truck loading/unloading racks
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and hydrogen
- Electrical substation
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building
- Access roadways and parking lots
- Pipe racks
- Control, administration and other plant buildings integral to the manufacturing processes .

Project Schedule

The 27-month construction schedule consists of the following major steps commencing after final approval of the Project:

- **Months 0-6:** Engineering during which major pieces of equipment with long lead times will be ordered; detailed engineering of modules and procurement
- **Months 6-12:** Site preparation and utility infrastructure preparation
- **Months 12-23:** Pretreatment unit construction, balance of plant construction and module installation
- **Months 24-25:** Mechanical Completion
- **Months 25-26:** Commissioning, startup, and testing
- **Month 27:** Commencement of operations

The Project Site

The Project will be located on a leased 18.71-acre parcel (the “**Project Site**”) at the GT OmniPort site, an 1100-acre industrial site (the “**GTO Site**”) located 85 miles east of Houston, on Taylor Bayou adjacent to Port Arthur, Texas.

The Company believes that the Project site’s strategic location along the Gulf Coast allows for convenient and cost-effective transportation options for both feedstock and renewable diesel, and that the existing infrastructure at the Project site will minimize capital investment and reduce the risks that would be associated with greenfield development.

Emerald has entered into an Option Agreement with GT Logistics, LLC (“**GT**” or the “**Sublessor**”) and will exercise the option if the Project receives final approval.

Engineering, Procurement and Construction Contract

The Project will be built pursuant to an Engineering Procurement and Construction Contract (the “**EPC Contract**”) to be entered into by the Company, pending finalization of construction schedule dates and final approval of the Project by all parties. The use of an EPC Contract is common in the biofuel refineries and other manufacturing industries construction industry.

Permitting

The Company holds an air permit (the “**Air Permit**”), as required by the US Environmental Protection Agency (“**US EPA**”) under the Clean Air Act, from the Texas Commission on Environmental Quality (“**TCEQ**”) to build its Renewable Diesel Refinery at the GT OmniPort site. The Company’s renewable diesel refinery is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act Regulations. The Company secured the Air Permit through the Permit-By-Rule process in Texas. The State of Texas, through its regulatory agency in anticipation of receiving all necessary approvals to move forward with the Project. Although the Project’s air permit was initially procured on September 30, 2015, it has no expiration date and the Company has confirmed with the TCEQ in October 2018 that the air permit remains valid and has no expiration date.

Additional State and local level construction permit, and additional permits for the operation and commissioning of the Project, will be required. The Company expects to obtain such permits during the normal course of design, construction and commissioning of the Project as and when required. GT will assist the Company to procure the necessary permits.

Upon timely granting of all required permits from respective federal, state, and local agencies, construction planning is currently proposed to commence in the first quarter of 2020 with on-site construction starting in Q3 2020. Completion is projected in the first quarter of 2022.

Tab 5

Documentation to assist in determining if limitation is a determining factor

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.

Emerald Biofuels, LLC is a development stage company seeking investors for its renewable diesel refinery. Emerald has evaluated and continues to evaluate sites for its refinery within Texas and other states along the Gulf Coast. The GT OmniPort site meets Emerald's site requirements along with other Gulf Coast sites. Prospective investors in this type of investment are requiring (a) a high level of certainty regarding future expenses (including local taxes) and (b) a high level of return on its investment in a highly competitive fuel supply environment and a changing regulatory environment. Moreover, a project such as this is very sensitive to changes in regulations which can severely impact the profitability of the enterprise. Accordingly, cost control is very critical to this operation and a 313-tax limitation agreement will aide in this control. Consequently, it is a determining factor in the decision to move forward with the project in Texas.

The U.S. renewable fuel market was created by federal and state government mandated initiatives, including the Energy Policy Act of 2005, as amended, which created Renewable Fuels Standard ("RFS") and renewable identification numbers ("RINs"), and state mandates, most notably in California, which created the Low Carbon Fuel Standard ("LCFS") and a Cap-and-Trade program with the goal of reducing 2030 greenhouse gas ("GHG") emission levels to 40% below those in 1990 through reducing the carbon footprint of the fuel use, particularly fuel used for transportation. These governmental programs generally require that renewable fuels replace or reduce the amount of petroleum-based transportation fuel, heating oil and/or jet fuel through the blending of renewable fuels with gasoline or diesel fuel by refiners or importers or the purchase and use of renewable fuels.

The LCFS further established a credit trading mechanism for regulated parties to demonstrate their compliance with the LCFS requirements. Refiners and importers of petroleum products can generate LCFS credits by purchasing and importing biofuels outside of California, purchasing biofuels inside California, and blending into petroleum fuel.

To satisfy these goals and earn the applicable credits, renewable diesel is emerging as a significant fuel in the global transportation industry. Renewable diesel has the same properties of petroleum-based diesel and can be used in vehicles, trucks and other transporters that use diesel fuel without blending with petroleum diesel but is produced from 100% renewable sources and contains no fossil carbon.

Worldwide production of renewable diesel has increased from about 300 million gallons in 2011 to about 2.2 billion gallons currently. As of today, there are only four renewable diesel refineries currently operating in the United States, which are inadequate to meet this growing domestic and worldwide demand.

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Upon completion, the Project is expected to be a renewable diesel fuel production facility that will convert, pretreated solid waste (predominantly waste fats, oils, greases and other agricultural oils (collectively, "FOGs" or "Feedstock")) into (i) renewable diesel fuel (ii) naphtha, LPG, along with certain amounts of lean gas and soap stocks

Below are expansions to specific questions in Section 8 with a "yes" answers.

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

The applicant has entered into a letter of intent as required by prospective investors with GT Logistics who controls the GT OmniPort site. The letter of intent deals with a lease of the site and the development of a terminaling capability.

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

Prospective investors demand that critical permit be in hand. Emerald holds an air permit as required by the EPA under the Clean Air Act, from the Texas Commission on Environmental Quality ("TCEQ") to build the Project at the Project Site. The Project is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act and TCEQ Regulations. Emerald also holds 4 other air permits for locations outside of Texas.

- Is the applicant evaluating other locations not in Texas for the proposed project?

Emerald is also considering other sites along the Gulf Coast.

- Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

Extensive financial projections including return on investment for various sites has been provided to prospective investors.

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

Emerald has provided to prospective investors information on feedstock costs, costs of transportation and infrastructure availability and costs for several sites.

- 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?

Prospective investors have required Emerald to provide information on taxes, possible abatements and government incentives for each site under consideration.

Tab 6

Project Location within Single or Multiple School Districts

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

The potential project would be located entirely within the boundaries of Port Arthur ISD. The project is also located 100% in the following taxing entities and the 2019 tax rate is shown below for each:

- Taxing Entity % of Project 2019 Tax Rate
- Jefferson County 100% 0.364977
- Port Arthur ISD 100% 1.48089
- Jefferson County Drainage District No. 7 100% 0.311805
- Port of Port Arthur Navigation District 100% 0.199645
- Sabine-Neches Navigation District 100% 0.092067

Tab 7

Description of Qualified Investment

Emerald Biofuels, LLC ("Emerald") is evaluating the possible development, design and construction of 6,500 bbls per day (guaranteed capacity) renewable diesel refinery. The refinery would produce renewable diesel and co-products. One of the potential locations for the new facilities is unimproved land located within the GT Omniport business park in Jefferson County, Texas.

Within the processing area the Qualified Investment for which the tax limitation is sought would include the feedstock preprocessing unit and UOP/ENI Ecofining™ process technology (a hydrotreating unit and isomerization unit customized for refining agricultural fats and oils) is proprietary technology owned by UOP, LLC, a division of Honeywell, Inc. ("UOP"), which UOP has licensed to the Company, along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self-contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of raw materials and intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, raw material and utility distribution equipment, tanks and pipelines located within the project boundary.

Outside the process area, the Qualified Investment will include:

- Two rail spurs with four spots each for railcar loading and unloading plus additional siding for railcar storage
- Rail car storage in transit (SIT) yard used to store renewable diesel and co-product on site by the project in rail cars until there are a sufficient number of full rail cars to be shipped
- SIT for loading of barges until there is sufficient quantity of product for transfer to a near-by deep water port to fill portions of a tanker ship
- The truck loading/unloading racks for feedstocks and products and a truck scale
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and two 600 pounds per square inch gauge (psig) steam boilers (hydrogen is supplied by a pipeline connected to a common hydrogen grid)
- Electrical substation and interconnections to the ISBL
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building (the control room, locker room, offices, and lunch room are integral to the building housing the pretreatment equipment)
- Access roadways and parking lots
- Pipe racks between the process area and the storage tanks, and piping for bringing hydrogen to the process area.
- Control, administration and other plant buildings integral to the manufacturing processes of the project.

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Upon timely granting of all required permits from respective federal, state, and local agencies, on site construction is currently proposed to commence in the third quarter of 2020 with completion estimated in the first quarter of 2022.

Tab 8

Description of Qualified Property

Emerald Biofuels, LLC ("Emerald") is evaluating the possible development, design and construction of 6,500 bbls per day (guaranteed capacity) renewable diesel refinery. The refinery would produce renewable diesel and co-products. One of the potential locations for the new facilities is unimproved land located within the GT Omniport business park in Jefferson County, Texas.

Within in the process area, the Qualified Property for which the tax limitation is sought would include the feedstock preprocessing unit and UOP/ENI Ecofining™ process technology (a hydrotreating unit and isomerization unit customized for refining agricultural fats and oils) is proprietary technology owned by UOP, LLC, a division of Honeywell, Inc. ("UOP"), which UOP has licensed to the Company, along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self-contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of raw materials and intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, raw material and utility distribution equipment, tanks and pipelines located within the project boundary.

Outside the process area, the Qualified Property will include:

- Two rail spurs with four spots each for railcar loading and unloading plus additional siding for railcar storage
- Rail car storage in transit (SIT) yard used to store renewable diesel and co-product on site by the project in rail cars until there are a sufficient number of full rail cars to be shipped
- SIT for loading of barges until there is sufficient quantity of product for transfer to a nearby deep water port to fill portions of a tanker ship
- The truck loading/unloading racks for feedstocks and products and a truck scale
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and two 600 pounds per square inch gauge (psig) steam boilers (hydrogen is supplied by a pipeline connected to a common hydrogen grid)
- Electrical substation and interconnections to the ISBL
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building (the control room, locker room, offices, and lunch room are integral to the building housing the pretreatment equipment)
- Access roadways and parking lots
- Pipe racks between the process area and the storage tanks, and piping for bringing hydrogen to the process area.
- Control, administration and other plant buildings integral to the manufacturing processes of the project.

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Upon timely granting of all required permits from respective federal, state, and local agencies, on site construction is currently proposed to commence in the third quarter of 2020 with completion estimated in the first quarter of 2022.

Tab 9

Description of Land

The unimproved land on which the project will be located would be on portions of three parcels identified on the appraisal records of the Jefferson County Appraisal District by the following Property IDs and Geographic ID Numbers. The parcels are in the name of Golden Triangle Properties LLC and there are no improvement values on the accounts.

- 1) Property ID No. 74506/Geographic ID No. 049400-000-067640-00000-8
- 2) Property ID No. 255833/Geographic ID No. 049400-000-067641-00000-6
- 3) Property ID No. 74503/Geographic ID No. 049400-000-067625-00000-9

The JCAD real property account information for the above accounts is attached.

The land will not be qualified property for purposes of this Application

Property

Account

Property ID: 74506 Legal Description: PT OF BLKS 7&8 RG Q PT OF BLKS 6-9 RG R PT OF BLKS 6&7 ALL OF BLKS 7&8 RG S PT BLKS 7-9 RG T PALCO 282.174 AC (NON-AG ACCT)

Geographic ID: 049400-000-067640-00000-8 Zoning:

Type: Real Agent Code:

Property Use Code: F5

Property Use Description: OPERATING UNITS ACREAGE

Location

Address: TX Mapsco: 109-89

Neighborhood: Map ID: 0

Neighborhood CD:

Owner

Name: GOLDEN TRIANGLE PROPERTIES LLC Owner ID: 472419

Mailing Address: 9977 W SAM HOUSTON PKWY N STE 100 % Ownership: 100.0000000000% HOUSTON, TX 77064-7509

Exemptions:

Uses

+) Improvement Homesite Value:	+	\$0	
+) Improvement Non-Homesite Value:	+	\$0	
+) Land Homesite Value:	+	\$0	
+) Land Non-Homesite Value:	+	\$1,975,220	Ag / Timber Use Value
+) Agricultural Market Valuation:	+	\$0	\$0
+) Timber Market Valuation:	+	\$0	\$0

=) Market Value:	=	\$1,975,220	
-) Ag or Timber Use Value Reduction:	-	\$0	

=) Appraised Value:	=	\$1,975,220	
-) HS Cap:	-	\$0	

=) Assessed Value:	=	\$1,975,220	

taxing Jurisdiction

Owner: GOLDEN TRIANGLE PROPERTIES LLC

% Ownership: 100.0000000000%

Total Value: \$1,975,220

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
109	PORT ARTHUR ISD	1.480890	\$1,975,220	\$1,975,220	\$29,250.83
343	PORT OF PORT ARTHUR	0.199645	\$1,975,220	\$1,975,220	\$3,943.43
755	SABINE NECHES NAV DIST	0.092067	\$1,975,220	\$1,975,220	\$1,818.53
851	DRAINAGE DISTRICT #7	0.311805	\$1,975,220	\$1,975,220	\$6,158.83
901	JEFFERSON COUNTY	0.364977	\$1,975,220	\$1,975,220	\$7,209.10
A59	FARM AND LATERAL ROAD	0.000000	\$1,975,220	\$1,975,220	\$0.00

Account

Property ID: 255833 Legal Description: PT OF BLKS 7&8 RG Q PT OF BLKS 6-9 RG
 R PT OF BLKS 6&7 ALL OF BLKS 7&8 RG S
 PT BLKS 7-9 RG T PALCO 742.212 AC (AG
 ACCT)

Geographic ID: 049400-000-067641-00000-6 Zoning:

Type: Real Agent Code:

Property Use Code: D1

Property Use Description: 5+ ACRES PASTURE/RANCH

Location

Address: TX Mapsco: 109-89

Neighborhood: Map ID: 0

Neighborhood CD:

Owner

Name: GOLDEN TRIANGLE PROPERTIES LLC Owner ID: 472419

Mailing Address: 9977 W SAM HOUSTON PKWY N STE 100 % Ownership: 100.0000000000% HOUSTON,
 TX 77064-7509

Exemptions:

Values

) Improvement Homesite Value:	+	\$0	
) Improvement Non-Homesite Value:	+	\$0	
) Land Homesite Value:	+	\$0	
) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
) Agricultural Market Valuation:	+	\$5,531,480	\$66,060
) Timber Market Valuation:	+	\$0	\$0

) Market Value:	=	\$5,531,480	
) Ag or Timber Use Value Reduction:	-	\$5,465,420	

) Appraised Value:	=	\$66,060	
) HS Cap:	-	\$0	

) Assessed Value:	=	\$66,060	

Property

Account

Property ID:	74503	Legal Description:	PT L5 B7 RG Q PT L3&4 B8 RG Q PT L6&7 B9 RG Q PT L4-8 B7 RG PT L1&8 B7 RG S PALCO & B37-43 ABD LAKESIDE PARK 92.004 AC
Geographic ID:	049400-000-067625-00000-9	Zoning:	
Type:	Real	Agent Code:	
Property Use Code:	F5		
Property Use Description:	OPERATING UNITS ACREAGE		

Location

Address:		Mapsco:	109-95
	TX	Map ID:	0
Neighborhood:			
Neighborhood CD:			

Owner

Name:	GOLDEN TRIANGLE PROPERTIES LLC	Owner ID:	472419
Mailing Address:	9977 W SAM HOUSTON PKWY N STE 100 HOUSTON, TX 77064-7509	% Ownership:	100.0000000000%
		Exemptions:	

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$644,030	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0

(=) Market Value:	=	\$644,030	
(-) Ag or Timber Use Value Reduction:	-	\$0	

(=) Appraised Value:	=	\$644,030	
(-) HS Cap:	-	\$0	

(=) Assessed Value:	=	\$644,030	

taxing Jurisdiction

Owner: GOLDEN TRIANGLE PROPERTIES LLC

Tab 10

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

Not Applicable – All equipment that will be installed on the site is new equipment and is qualified property. The only items on the site at this time are old concrete foundations that will be removed. They have no value on the JCAD tax roles.

Tab 11

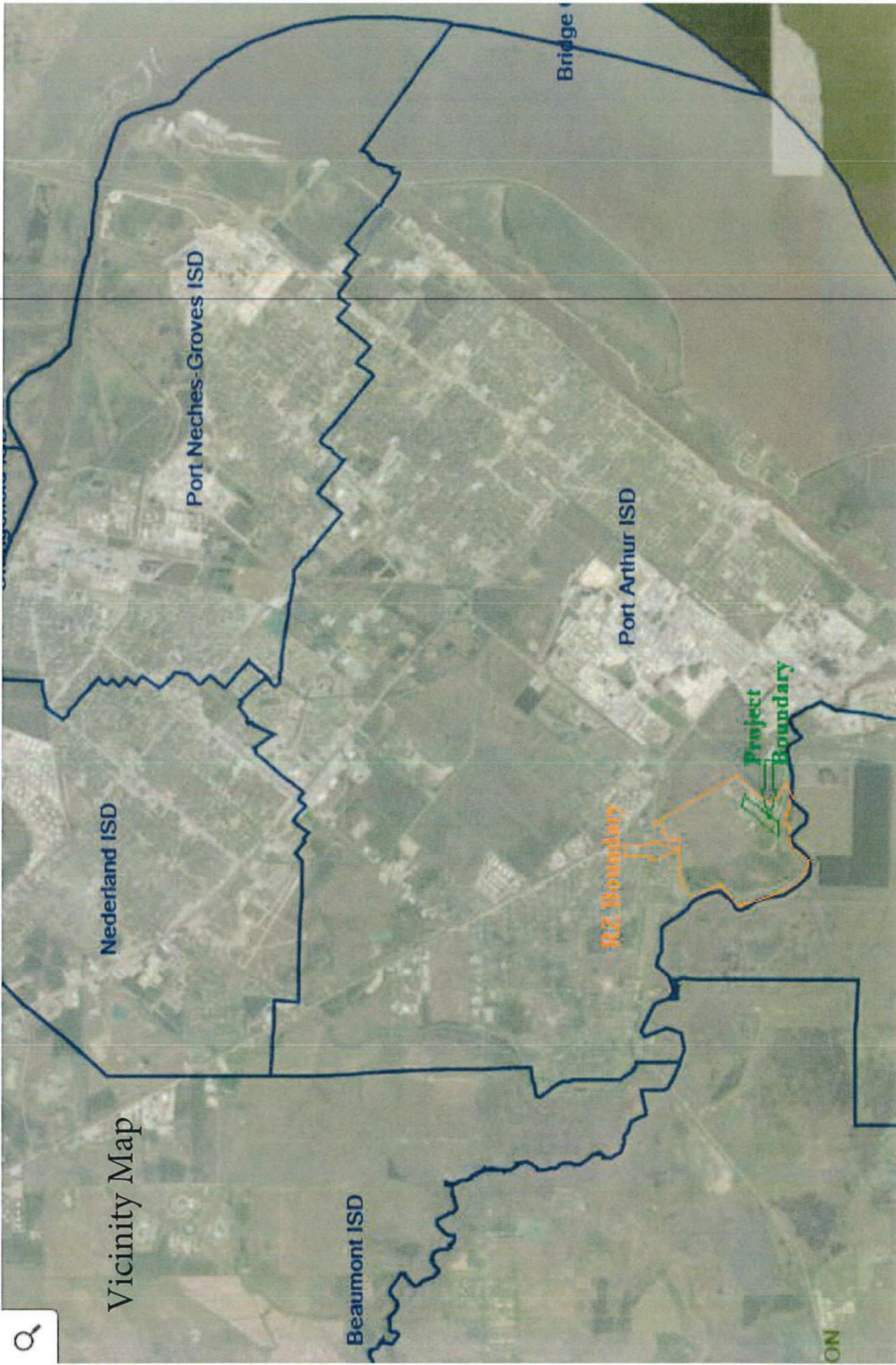
Maps that show:

- a) Project vicinity
- b) Qualified investment including location of personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying period
- c) Qualified property including location of new buildings or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment Zone within the vicinity map, showing the proposed boundaries and size

Attached



Vicinity Map

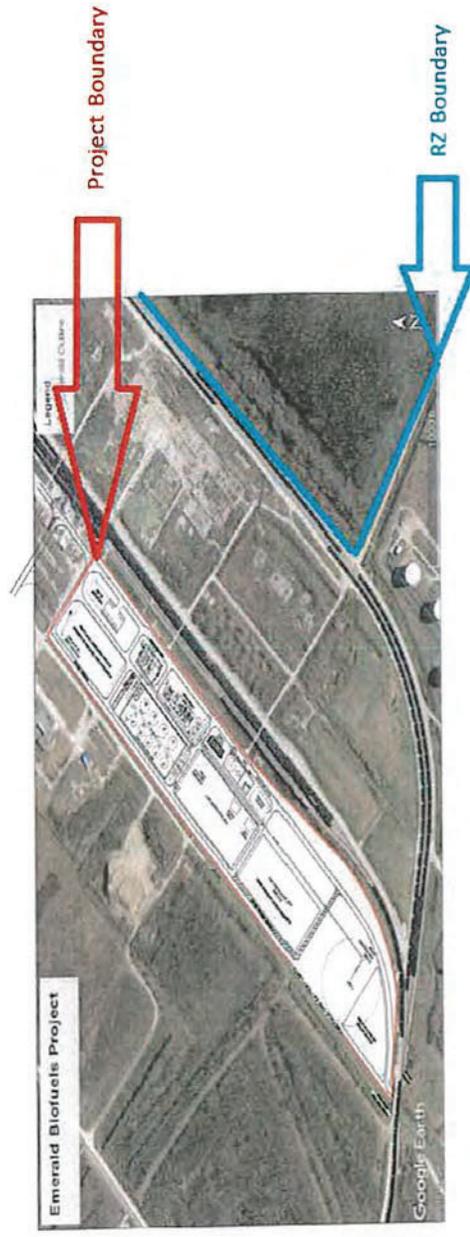


Area in Red is the Project Area for the project
Emerald Renewable Project



All existing improvements are outside the project area boundary. The Rail Facilities and existing concrete foundations have no relation to the project; are outside the boundary of the project; and have been appraised at \$0 on the JCAD Appraisal Rolls

Operating Equipment Layout to be placed in Leased Area Emerald Renewable Project



All existing improvements are outside the project area boundary. The Rail Facilities and existing concrete foundations have no relation to the project; are outside the boundary of the project; and have been appraised at \$0 on the JCAD Appraisal Rolls

Tab 12

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

Not Applicable

Tab 13

Calculation of three possible wage requirements with TWC documentation for last four quarters

1. The average weekly wage for all jobs and all industries in Jefferson County

\$1,110.00

-
2. 110% of the average weekly wage for manufacturing jobs in Jefferson County

\$2,278.65

3. 110% of the average manufacturing wage for the South East Texas Regional Planning Commission Council of Government Region

\$1,595.63 weekly or \$82,973.00 annually

Quarterly Census of Employment Wages (QCEW) Report
 Tab 13

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	02	Jefferson	Total All	10	Total, All Industries	\$1,063
2018	03	Jefferson	Total All	10	Total, All Industries	\$1,060
2018	04	Jefferson	Total All	10	Total, All Industries	\$1,137
2019	01	Jefferson	Total All	10	Total, All Industries	\$1,180
			4 QTR AVG		\$4,400/4	\$4,440
			Annual Pay		\$1,110x52	\$57,720

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	02	Jefferson	Private	31-33	Manufacturing	\$2,000
2018	03	Jefferson	Private	31-33	Manufacturing	\$1,859
2018	04	Jefferson	Private	31-33	Manufacturing	\$2,010
2019	01	Jefferson	Private	31-33	Manufacturing	\$2,417
			Average		\$8,286/4	\$8,286
			110% weekly avg		\$2071.50 x110%	\$2,278.65
			Annual		\$2,072x52	\$107,718.00
			110% Annual		&107,718x110%	\$118,489.80

**2018 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Texas		\$27.04	\$56,240
<u>Alamo Area Council of Governments</u>	18	\$22.80	\$47,428
<u>Ark-Tex Council of Governments</u>	5	\$18.73	\$38,962
<u>Brazos Valley Council of Governments</u>	13	\$18.16	\$37,783
<u>Capital Area Council of Governments</u>	12	\$32.36	\$67,318
<u>Central Texas Council of Governments</u>	23	\$19.60	\$40,771
<u>Coastal Bend Council of Governments</u>	20	\$28.52	\$59,318
<u>Concho Valley Council of Governments</u>	10	\$21.09	\$43,874
<u>Deep East Texas Council of Governments</u>	14	\$18.28	\$38,021
<u>East Texas Council of Governments</u>	6	\$21.45	\$44,616
<u>Golden Crescent Regional Planning Commission</u>	17	\$28.56	\$59,412
<u>Heart of Texas Council of Governments</u>	11	\$22.71	\$47,245
<u>Houston-Galveston Area Council</u>	16	\$29.76	\$61,909
<u>Lower Rio Grande Valley Development Council</u>	21	\$17.21	\$35,804
<u>Middle Rio Grande Development Council</u>	24	\$20.48	\$42,604
<u>NORTEX Regional Planning Commission</u>	3	\$25.14	\$52,284
<u>North Central Texas Council of Governments</u>	4	\$27.93	\$58,094
<u>Panhandle Regional Planning Commission</u>	1	\$24.19	\$50,314
<u>Permian Basin Regional Planning Commission</u>	9	\$25.90	\$53,882
<u>Rio Grande Council of Governments</u>	8	\$18.51	\$38,493
<u>South East Texas Regional Planning Commission</u>	15	\$36.26	\$75,430
<u>South Plains Association of Governments</u>	2	\$20.04	\$41,691
<u>South Texas Development Council</u>	19	\$17.83	\$37,088
<u>Texoma Council of Governments</u>	22	\$21.73	\$45,198
<u>West Central Texas Council of Governments</u>	7	\$21.84	\$45,431

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.

Data published: July 2019

Data published annually, next update will be July 31, 2020

Annual wage figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas Occupational Employment Statistics (OES) data, and is not to be compared to BLS estimates.

Data intended only for use in implementing Chapter 313, Tax Code.

South East Texas Regional Planning Commission

Annual Wage Calculation - \$75,430.60 x 110% = \$82,973.00

Weekly calculation - \$82,973.00 / 52 = \$1,595.63

Tab 13
Comparison of QCEW and South East Texas Regional Planning Wages

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	02	Jefferson	Total All	10	Total, All Industries	\$1,063
2018	03	Jefferson	Total All	10	Total, All Industries	\$1,060
2018	04	Jefferson	Total All	10	Total, All Industries	\$1,137
2019	01	Jefferson	Total All	10	Total, All Industries	\$1,180
						\$4,440
				4 QTR Avg	\$4,400/4	\$1,110
				Annual Pay	\$1,110x52	\$57,720

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	02	Jefferson	Private	31-33	Manufacturing	\$2,000
2018	03	Jefferson	Private	31-33	Manufacturing	\$1,859
2018	04	Jefferson	Private	31-33	Manufacturing	\$2,010
2019	01	Jefferson	Private	31-33	Manufacturing	\$2,417
						\$8,286
				Average	\$8,286/4	\$2,071.50
				110% weekly	\$2071.50 x110%	\$2,278.65
				Annual	\$2,072x52	\$107,718.00
				110% Annual	&107,718x110%	\$118,489.80

Year	Period	Region	Ownership	Industry Code	Industry	Average Annual Wage
2019	July	South East Texas	Total All	10	Total, All Industries	\$75,430.00
				110% of avg wage		\$82,973
				Weely wage		\$1,595.63

Tab 14

Schedules A1, A2, B, C and D

See attached

Date 8/24/2019
 Applicant Name Emerald Renewable Dist
 USD Name Port Arthur

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

Form 50-296A
 Revised July 2014

PROPERTY INVESTMENT AMOUNTS							
(Estimated investment in each year. Do not put cumulative totals.)							
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property (SEE NOTE)	Column D Other new investment made during this year that may become Qualified Property (NOTE)	Column E Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district			Not eligible to become Qualified Property				0
Investment made after filing complete application with district, but before final board approval of application	2020	2020	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	2021	2021-2022	0	\$206,965,000	0	0	0
Complete tax years of qualifying time period	2022	2022-2023	\$549,617	\$122,854,000	0	0	\$123,303,617
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]			\$549,617	\$329,819,000	0	0	\$330,168,617
			Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)			\$330,168,617				

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 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.

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

PROPERTY INVESTMENT AMOUNTS										
(Estimated investment in each year. Do not put cumulative totals.)										
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) (YYYY)	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other investment made during this year that will become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total Investment (A+B+C+D)			
Total Investment from Schedule A1*										
	TOTALS FROM SCHEDULE A1		\$549,617	\$329,619,000	\$0	0	\$330,168,617			
	QTP1	2021-2022	\$0	\$206,965,000			\$206,965,000			
	QTP2	2022-2023	\$549,617	\$122,654,000			\$123,203,617			
	1	2022-2023	0	0						
	2	2023-2024	0	0						
	3	2024-2025	0	0						
	4	2025-2026	0	0						
	5	2026-2027	0	0						
	6	2027-2028	0	0						
	7	2028-2029	0	0						
	8	2029-2030	0	0						
	9	2030-2031	0	0						
	10	2031-2032	0	0						
	Total Investment made through limitation		\$549,617	\$329,619,000	0	0	\$330,168,617			
	11	2032-2033								
	12	2033-2034								
	13	2034-2035								
	14	2035-2036								
	15	2036-2037								
	16	2037-2038								
	17	2038-2039								
	18	2039-2040								
	19	2040-2041								
	20	2041-2042								
	21	2042-2043								
	22	2043-2044								
	23	2044-2045								
	24	2045-2046								
	25	2046-2047								
	Additional years for 25 year economic impact as required by 313.026(c)(1)									

* 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.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The total dollar amount of planned investment each year in buildings or nonremovable components of buildings.
 Column D: 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 E: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date 10/24/2019
 Applicant Name Emerald Renew
 ISD Name Port Arthur

Form 50-296A
 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>	2019-2020	2019	0	0	0	0	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	2020-2021	2020	0	\$72,483,529	0	\$61,611,000	\$61,611,000	\$61,611,000	\$61,611,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary.</i>	2021-2022	2021	0	\$119,075,294	\$437,400	\$101,214,000	\$101,651,400	\$101,651,400	\$101,651,400
	2022-2023	2022	0	\$238,149,412	\$437,400	\$202,427,000	\$202,864,400	\$202,864,400	\$30,000,000
	2023-2024	2023	0	\$238,149,412	\$415,530	\$202,427,000	\$202,842,530	\$202,842,530	\$30,000,000
	2024-2025	2024	0	\$226,242,353	\$394,754	\$192,306,000	\$192,700,754	\$192,700,754	\$30,000,000
	2025-2026	2025	0	\$214,930,588	\$375,016	\$182,691,000	\$183,066,016	\$183,066,016	\$30,000,000
	2026-2027	2026	0	\$204,183,529	\$356,265	\$173,556,000	\$173,912,265	\$173,912,265	\$30,000,000
	2027-2028	2027	0	\$193,974,118	\$338,452	\$164,878,000	\$165,216,452	\$165,216,452	\$30,000,000
	2028-2029	2028	0	\$184,275,294	\$321,529	\$156,634,000	\$156,955,529	\$156,955,529	\$30,000,000
	2029-2030	2029	0	\$175,062,353	\$305,453	\$148,803,000	\$149,108,453	\$149,108,453	\$30,000,000
	2030-2031	2030	0	\$166,309,412	\$290,180	\$141,363,000	\$141,653,180	\$141,653,180	\$30,000,000
	2031-2032	2031	0	\$157,992,941	\$275,671	\$134,294,000	\$134,569,671	\$134,569,671	\$30,000,000
	2032-2033	2032	0	\$150,094,118	\$275,671	\$127,580,000	\$127,855,671	\$127,855,671	\$127,855,671
	2033-2034	2033	0	\$142,589,412	\$275,671	\$121,201,000	\$121,476,671	\$121,476,671	\$121,476,671
	2034-2035	2034	0	\$135,460,000	\$275,671	\$115,141,000	\$115,416,671	\$115,416,671	\$115,416,671
	2035-2036	2035	0	\$128,687,059	\$275,671	\$109,384,000	\$109,659,671	\$109,659,671	\$109,659,671
	2036-2037	2036	0	\$122,251,765	\$275,671	\$103,914,000	\$104,189,671	\$104,189,671	\$104,189,671
	2037-2038	2037	0	\$116,140,000	\$275,671	\$98,719,000	\$98,994,671	\$98,994,671	\$98,994,671
	2038-2039	2038	0	\$110,332,941	\$275,671	\$93,783,000	\$94,058,671	\$94,058,671	\$94,058,671
	2039-2040	2039	0	\$104,816,471	\$275,671	\$89,094,000	\$89,369,671	\$89,369,671	\$89,369,671
	2040-2041	2040	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671
	2041-2042	2041	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671
	2042-2043	2042	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671
	2043-2044	2043	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671
	2044-2045	2044	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671
	2045-2046	2045	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671
	2046-2047	2046	0	\$99,575,294	\$275,671	\$84,639,000	\$84,914,671	\$84,914,671	\$84,914,671

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.

10/24/2019

Schedule C: Employment Information

Emerald Renewable Diesel
Port Arthur

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>		2019-2020	2019	0		0				
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>		2020-2021	2020	175	\$80,000	0				
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>		2021-2022	2021	300	\$80,000	0				
	1	2022-2023	2022	100	\$80,000	0		10	\$82,973	
	2	2023-2024	2023					10	\$82,973	
	3	2024-2025	2024					10	\$82,973	
	4	2025-2026	2025					10	\$82,973	
	5	2026-2027	2026					10	\$82,973	
	6	2027-2028	2027					10	\$82,973	
	7	2028-2029	2028					10	\$82,973	
	8	2029-2030	2029					10	\$82,973	
	9	2030-2031	2030					10	\$82,973	
	10	2031-2032	2031					10	\$82,973	
Years Following Value Limitation Period	11 through 25	2032-2033 to 2047-2048	2032-2047					10	\$82,973	

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

- Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)
- C1. qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) Yes No
- 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 10/24/2019
Applicant Name - Emerald Renewable Diest
ISD Name - Port Arthur

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: Not applicable(NA) City: Not applicable Other: Not applicable	NA NA NA	NA NA NA	NA NA NA	NA NA NA	NA NA NA
Tax Code Chapter 312	County: Jefferson City: Not applicable Other: Port of Port Arthur	2022 5 years NA NA	2022 5 years NA NA	To be determined NA NA	To be determined NA NA	To be determined NA NA
	Other: Sabine Naches Navigation	2022 5 years	2022 5 years	To be determined	To be determined	To be determined
	Other: Drainage District 7	2022 5 years	2022 5 years	To be determined	To be determined	To be determined
Local Government Code Chapters 380/381	County: Not applicable City: Not applicable Other: Not applicable	NA NA NA	NA NA NA	NA NA NA	NA NA NA	NA NA NA
Freeport Exemptions	NA	NA	NA	NA	NA	NA
Non-Annexation Agreements	City of Port Arthur	To be determined	To be determined	To be determined	To be determined	To be determined
Enterprise Zone/Project	NA	NA	NA	NA	NA	NA
Economic Development Corporation	NA	NA	NA	NA	NA	NA
Texas Enterprise Fund	NA	NA	NA	NA	NA	NA
Employee Recruitment	NA	NA	NA	NA	NA	NA
Skills Development Fund	NA	NA	NA	NA	NA	NA
Training Facility Space and Equipment	NA	NA	NA	NA	NA	NA
Infrastructure Incentives	NA	NA	NA	NA	NA	NA
Permitting Assistance	NA	NA	NA	NA	NA	NA
Other:	NA	NA	NA	NA	NA	NA
Other:	NA	NA	NA	NA	NA	NA
Other:	NA	NA	NA	NA	NA	NA
Other:	NA	NA	NA	NA	NA	NA
TOTAL						

Additional information on incentives for this project:

Tab 15

Economic Impact Analysis, other payments made in the state or other economic information

None

Tab 16

Description of Reinvestment Zone

Description of Reinvestment Zone or Enterprise Zone, including:

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

16a) Not applicable

16b) The reinvestment zone will be described by reference to the parcels of land identified on the appraisal records of the Jefferson County Appraisal District (JCAD) by the Property ID No.s and Geographic ID No.s listed below:

- 1) Property ID 74503, Geographic ID 049400-000-067625-00000-9
- 2) Property ID 74506, Geographic ID 049400-000-067640-00000-8
- 3) Property ID 255833, Geographic ID 049400-000-067641-00000-6

See maps included in Tab 11

16c) Will be provided once Port Arthur ISD creates the reinvestment zone.

16d) No guidelines and criteria are required for Port Arthur ISD to create the reinvestment zone.

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

RESOLUTION CREATING EMERALD REINVESTMENT ZONE

WHEREAS, Section 312.0025 of the Texas Tax Code permits a school district to designate a reinvestment zone if that designation 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 school district and contribute to the economic development of the region of this state in which the school district is located; and,

WHEREAS, the Port Arthur Independent School District (the "District") desires to encourage the development of primary employment and to attract major investment in the District and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and,

WHEREAS, the District published notice of a public hearing regarding the possible designation of the area described in the attached **Exhibit A** as a reinvestment zone for the purposes of Chapter 313 of the Texas Tax Code; and,

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the school district in Jefferson County, Texas as shown on the map attached as **Exhibit B**; and,

WHEREAS, the District has given written notice of the proposed action and the Public Hearing to all political subdivisions and taxing authorities having jurisdiction over the property proposed to be designated as the reinvestment zone, described in the attached **Exhibits A & B**; and,

WHEREAS, all interested members of the public were given an opportunity to make comments at the public hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PORT ARTHUR INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Port Arthur Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of *EMERALD REINVESTMENT ZONE* has been called, held and conducted, and that notices of such hearing have been published and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of *EMERALD REINVESTMENT ZONE* be and, by the adoption of this Resolution, are declared and certified to be the area as described in the description attached hereto as "**Exhibit A**"; and,
- (c) That the map attached hereto as "**Exhibit B**" is declared to be and, by the adoption of this Resolution, is certified to accurately depict and show the boundaries of *EMERALD REINVESTMENT ZONE* which is described in **Exhibit A**; and further certifies that the property described in **Exhibit A** is inside the boundaries shown on **Exhibit B**; and,
- (d) That creation of *EMERALD REINVESTMENT ZONE* with boundaries as described in **Exhibit A** and **Exhibit B** will result in benefits to the Port Arthur Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the *EMERALD REINVESTMENT ZONE* described in **Exhibit A** and **Exhibit B** 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, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Port Arthur Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Port Arthur Independent School District hereby creates a reinvestment zone under the provisions of Texas Tax Code §312.0025, encompassing the area described by the descriptions in **Exhibit A** and **Exhibit B**, and such reinvestment zone is hereby designated and shall hereafter be referred to as *EMERALD REINVESTMENT ZONE*.

SECTION 4. That the existence of the *EMERALD REINVESTMENT ZONE* shall first take effect upon, XXX XXth, 2020, the date of the adoption of this Resolution by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such adoption.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Port Arthur Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Jefferson County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this XX day of XXXX, 2020.

**PORT ARTHUR INDEPENDENT SCHOOL
DISTRICT**

By: _____
President
Board of Trustees

ATTEST: _____
Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF EMERALD REINVESTMENT ZONE

EMERALD REINVESTMENT ZONE

Property ID	Legal Description	Within Leased Area	Within Port-Arthur ISD
74503	PT L5 B7 RG Q PT L3&4 B8 RG Q PT L6&7 B9 RG Q PT L4-8 B7 RG PT L1&8 B7 RG S PALCO & B37-43		
74506	ABD LAKESIDE PARK 92.004 AC PT OF BLKS 7&8 RG Q PT OF BLKS 6-9 RG R PT OF BLKS 6&7 ALL OF BLKS 7&8 RG S PT BLKS 7-9 RG T PALCO 282.174 AC (NON-AG ACCT)	Yes	Y
255833	PT OF BLKS 7&8 RG Q PT OF BLKS 6-9 RG R PT OF BLKS 6&7 ALL OF BLKS 7&8 RG S PT BLKS 7-9 RG T PALCO 742.212 AC (AG ACCT)	Yes	Y

EXHIBIT B

SURVEY MAPS OF EMERALD REINVESTMENT ZONE

Tab 17

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

See attached.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print here

Dr. Mark Porterie

Print Name (Authorized School District Representative)

Superintendent of Schools

Title

sign here

Dr. Mark Porterie

Signature (Authorized School District Representative)

10-24-19

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 here

Howard C. Jensen

Print Name (Authorized Company Representative (Applicant))

Principal

Title

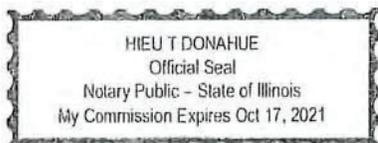
sign here

Howard C. Jensen

Signature (Authorized Company Representative (Applicant))

October 21, 2019

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

21st day of Oct 2019

Notary Public in and for the State of Texas, Illinois

My Commission expires: 10/17/2021

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.

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

December 16, 2019

Local Government Assistance & Economic Analysis

Texas Comptroller of Public Accounts

P.O. Box 13528

Austin, Texas 78711-3528

RE: (1443) Amendment001 to Port Arthur Independent School District from Emerald Renewable Diesel, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed. Please find Amendment001 to Port Arthur Independent School District from Emerald Renewable Diesel, LLC (1443). The following changes have been made:

1. Sec 5. Q4. Further Explain why "N/A" was marked – **Updated Tab 3**
2. Sec 14.
 - a. Q7. As of Nov 2019 QCEW released Q2 for 2019. You will need to update Section 14 and Tab 13. **Updated wages**
 - b. Q12-13. Will need to be answered. – **Updated answers**
3. Tab 5. Can you further expand on how the Chapter 313 directly impacts the viability of this Project? i.e. What would happen if the Project would not receive the limitation? **Updated the first paragraph of Tab 5.**
4. Schedule C. will need to answer question C1a. and C1b. – **Verified with Comptroller that these questions would not need to be answered.**
5. Tab 11. Maps
 - a. The Vicinity Map, at minimum, will need to show that the Project Boundary is within RZ, ISD and the County. Also please include landmarks i.e. roads so that we may clearly identify the location of the project boundary. – **Updated Maps**

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

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Jefferson County Appraisal District
Emerald Renewable Diesel, LLC

Texas Comptroller of Public Accounts

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2019
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 a. Average weekly wage for all jobs (all industries) in the county is 1,110.75
 b. 110% of the average weekly wage for manufacturing jobs in the county is 2,245.38
 c. 110% of the average weekly wage for manufacturing jobs in the region is 1,595.63
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 82,973.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 82,973.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

Tab 3

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

Emerald Renewable Diesel is not part of a combined group.

N/A

Tab 5

Documentation to assist in determining if limitation is a determining factor

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.

Emerald Biofuels, LLC is a development stage company seeking investors for its renewable diesel refinery. Emerald has evaluated and continues to evaluate sites for its refinery within Texas and other states along the Gulf Coast. The GT OmniPort site meets Emerald's site requirements along with other Gulf Coast sites. Prospective investors in this type of investment are requiring (a) a high level of certainty regarding future expenses (including local taxes) and (b) a high level of return on its investment in a highly competitive fuel supply environment and a changing regulatory environment. Moreover, a project such as this is very sensitive to changes in regulations which can severely impact the profitability of the enterprise. Accordingly, cost control is very critical to this operation and a 313-tax limitation agreement will aide in this control and is critical to the financial viability of the project. If Emerald is not able to secure a 313 tax limitation agreement, the potential site of the project may move to Louisiana or the project may not happen at all. Consequently, it is a determining factor in the decision to move forward with the project in Texas.

The U.S. renewable fuel market was created by federal and state government mandated initiatives, including the Energy Policy Act of 2005, as amended, which created Renewable Fuels Standard ("RFS") and renewable identification numbers ("RINs"), and state mandates, most notably in California, which created the Low Carbon Fuel Standard ("LCFS") and a Cap-and-Trade program with the goal of reducing 2030 greenhouse gas ("GHG") emission levels to 40% below those in 1990 through reducing the carbon footprint of the fuel use, particularly fuel used for transportation. These governmental programs generally require that renewable fuels replace or reduce the amount of petroleum-based transportation fuel, heating oil and/or jet fuel through the blending of renewable fuels with gasoline or diesel fuel by refiners or importers or the purchase and use of renewable fuels.

The LCFS further established a credit trading mechanism for regulated parties to demonstrate their compliance with the LCFS requirements. Refiners and importers of petroleum products can generate LCFS credits by purchasing and importing biofuels outside of California, purchasing biofuels inside California, and blending into petroleum fuel.

To satisfy these goals and earn the applicable credits, renewable diesel is emerging as a significant fuel in the global transportation industry. Renewable diesel has the same properties of petroleum-based diesel and can be used in vehicles, trucks and other transporters that use diesel fuel without blending with petroleum diesel, but is produced from 100% renewable sources and contains no fossil carbon.

Worldwide production of renewable diesel has increased from about 300 million gallons in 2011 to about 2.2 billion gallons currently. As of today, there are only four renewable diesel refineries currently operating in the United States, which are inadequate to meet this growing domestic and worldwide demand.

Upon completion, the Project is expected to be a renewable diesel fuel production facility that will convert, pretreated solid waste (predominantly waste fats, oils, greases and other agricultural oils (collectively, “FOGs” or “Feedstock”)) into (i) renewable diesel fuel (ii) naphtha, LPG, along with certain amounts of lean gas and soap stocks

Below are expansions to specific questions in Section 8 with a “yes” answers.

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

The applicant has entered into a letter of intent as required by prospective investors with GT Logistics who controls the GT OmniPort site. The letter of intent deals with a lease of the site and the development of a terminaling capability.

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

Prospective investors demand that critical permit be in hand. Emerald holds an air permit as required by the EPA under the Clean Air Act, from the Texas Commission on Environmental Quality (“TCEQ”) to build the Project at the Project Site. The Project is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act and TCEQ Regulations. Emerald also holds 4 other air permits for locations outside of Texas.

- Is the applicant evaluating other locations not in Texas for the proposed project?

Emerald is also considering other sites along the Gulf Coast.

- Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

Extensive financial projections including return on investment for various sites has been provided to prospective investors.

- Has the applicant provided information related to the applicant’s inputs, transportation and markets for the proposed project?

Emerald has provided to prospective investors information on feedstock costs, costs of transportation and infrastructure availability and costs for several sites.

- 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?

Prospective investors have required Emerald to provide information on taxes, possible abatements and government incentives for each site under consideration.

Area in Red is the Project Area for the project
Emerald Renewable Project



All existing improvements are outside the project area boundary. The Rail Facilities and existing concrete foundations have no relation to the project; are outside the boundary of the project; and have been appraised at \$0 on the JCAD Appraisal Rolls

Tab 13

Calculation of three possible wage requirements with TWC documentation for last four quarters

1. The average weekly wage for all jobs and all industries in Jefferson County

\$1,110.75

-
2. 110% of the average weekly wage for manufacturing jobs in Jefferson County

\$2,245.38

3. 110% of the average manufacturing wage for the South East Texas Regional Planning Commission Council of Government Region

\$1,595.63 weekly or \$82,973.00 annually

Texas Comptroller of Public Accounts



SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print here

Dr. Mark Porterie
Print Name (Authorized School District Representative)

Superintendent of Schools
Title

sign here

Dr. Mark Porterie
Signature (Authorized School District Representative)

12-10-2019
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

Howard C. Jensen
Print Name (Authorized Company Representative (Applicant))

Principal
Title

sign here

Howard C. Jensen
Signature (Authorized Company Representative (Applicant))

12/9/2019
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

9 day of December, 2019

Notary Public in and for the State of Texas 2114015

My Commission expires: 04/10/2023

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.





www.jcad.org

P.O. Box 21337
Beaumont, Texas 77720-1337

1443-Port Arthur-Emerald Renewable-Supplement001
March 6, 2020

Jefferson Central Appraisal District

4610 S. Fourth St.
Beaumont, Texas 77705

Phone (409) 840-9944
(409) 727-4611
Fax (409) 727-5621

Chief Appraiser
Angela Bellard, RPA, RES, AAS

February 18, 2020

Members of the Board
Lauren Williams Mason, Chairperson
Dr. Louis Reed, Jr., Secretary
Allison Nathan Getz
Eugene Landry
Terry Schwertner

Ms. Tabita Collazo, Research Analyst
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 East 17th Street, Room 427
Austin, Texas 78774

RE: APP 1443- Port Arthur ISD, Emerald Renewable Diesel, LLC

Dear Ms. Collazo:

This letter is written to confirm that the below accounts, which are a part of the reinvestment zone for the Emerald Renewable Diesel, LLC project, do not carry any value for the old concrete that remains on this property:

PID 74506, Golden Triangle Properties LLC
PID 74503, Golden Triangle Properties LLC
PID 255833, Golden Triangle Properties LLC

Please let me know if anything else is required from our office.

Sincerely,

A handwritten signature in black ink that reads "Angela Bellard". The signature is written in a cursive style.

Angela Bellard, RPA, RES, AAS
Chief Appraiser

pjb

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 06/04/2020 14:57:35

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

EMERALD RENEWABLE DIESEL LLC

Texas Taxpayer Number 32068897787

Mailing Address 206 E 9TH ST STE 1300 AUSTIN, TX 78701-4411

Right to Transact Business in Texas ACTIVE

State of Formation DE

Effective SOS Registration Date 11/08/2018

Texas SOS File Number 0803162189

Registered Agent Name CAPITOL CORPORATE SERVICES, INC.

Registered Office Street Address 206 E. 9TH ST., STE. 1300 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 11, 2020

Dr. Mark Porterie
Superintendent
Port Arthur Independent School District
P.O. Box 1388
Port Arthur, TX 77641-1388

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and Emerald Renewable Diesel, LLC, Application 1443

Dear Superintendent Porterie:

On December 18, 2019, the Comptroller issued written notice that Emerald Renewable Diesel, LLC (applicant) submitted a completed application (Application 1443) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 24, 2019, to the Port Arthur 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 1443.

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).

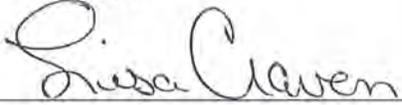
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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, 2020.

Note that any building or improvement existing as of the application review start date of December 18, 2020, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Craven".

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Emerald Renewable Diesel, LLC (project) applying to Port Arthur 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 Emerald Renewable Diesel, LLC.

Applicant	Emerald Renewable Diesel, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Arthur ISD
2018-2019 Average Daily Attendance	7,309
County	Jefferson
Proposed Total Investment in District	\$330,168,617
Proposed Qualified Investment	\$330,168,617
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
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	\$1,596
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,596
Minimum annual wage committed to by applicant for qualified jobs	\$82,973
Minimum weekly wage required for non-qualifying jobs	\$1,112
Minimum annual wage required for non-qualifying jobs	\$57,811
Investment per Qualifying Job	\$33,016,861.70
Estimated M&O levy without any limit (15 years)	\$25,669,875
Estimated M&O levy with Limitation (15 years)	\$10,939,538
Estimated gross M&O tax benefit (15 years)	\$14,730,337

Table 2 is the estimated statewide economic impact of Emerald Renewable Diesel, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	175	264	439	\$14,000,000	\$22,000,000	\$36,000,000
2021	300	460	760	\$24,000,000	\$42,000,000	\$66,000,000
2022	110	229	339	\$8,829,730	\$25,170,270	\$34,000,000
2023	10	71	81	\$829,730	\$11,170,270	\$12,000,000
2024	10	37	47	\$829,730	\$8,170,270	\$9,000,000
2025	10	17	27	\$829,730	\$5,170,270	\$6,000,000
2026	10	10	20	\$829,730	\$4,170,270	\$5,000,000
2027	10	12	22	\$829,730	\$4,170,270	\$5,000,000
2028	10	17	27	\$829,730	\$4,170,270	\$5,000,000
2029	10	25	35	\$829,730	\$5,170,270	\$6,000,000
2030	10	32	42	\$829,730	\$5,170,270	\$6,000,000
2031	10	38	48	\$829,730	\$6,170,270	\$7,000,000
2032	10	41	51	\$829,730	\$7,170,270	\$8,000,000
2033	10	44	54	\$829,730	\$7,170,270	\$8,000,000
2034	10	46	56	\$829,730	\$8,170,270	\$9,000,000
2035	10	48	58	\$829,730	\$8,170,270	\$9,000,000

Source: CPA REMI, Emerald Renewable Diesel, LLC

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*	Port Arthur ISD I&S Tax Levy	Port Arthur ISD M&O Tax Levy	Port Arthur ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Drainage District No.7 Tax Levy	Port of Port Arthur Navigation District County Tax Levy	Sabine-Neches Navigation District Tax Levy	Estimated Total Property Taxes
2020	\$61,611,000	\$61,611,000	0.3150	\$194,075	\$1,050	\$840,990	\$224,866	\$192,106	\$123,003	\$56,723	\$1,437,689
2021	\$101,651,400	\$101,651,400		\$320,202	\$1,067,340	\$1,387,542	\$371,004	\$316,954	\$202,942	\$93,587	\$2,372,029
2022	\$202,864,400	\$202,864,400		\$639,023	\$2,130,076	\$2,769,099	\$740,408	\$632,541	\$405,009	\$186,771	\$4,733,829
2023	\$202,842,530	\$202,842,530		\$638,954	\$2,129,847	\$2,768,801	\$740,329	\$632,473	\$404,965	\$186,751	\$4,733,318
2024	\$192,700,754	\$192,700,754		\$607,007	\$2,023,358	\$2,630,365	\$703,313	\$600,851	\$384,717	\$177,414	\$4,496,661
2025	\$183,066,016	\$183,066,016		\$576,658	\$1,922,193	\$2,498,851	\$668,149	\$570,809	\$365,482	\$168,543	\$4,271,834
2026	\$173,912,265	\$173,912,265		\$547,824	\$1,826,079	\$2,373,902	\$634,740	\$542,267	\$347,207	\$160,116	\$4,058,232
2027	\$165,216,452	\$165,216,452		\$520,432	\$1,734,773	\$2,255,205	\$603,002	\$515,153	\$329,846	\$152,110	\$3,855,316
2028	\$156,955,529	\$156,955,529		\$494,410	\$1,648,033	\$2,142,443	\$572,852	\$489,395	\$313,354	\$144,504	\$3,662,548
2029	\$149,108,453	\$149,108,453		\$469,692	\$1,565,639	\$2,035,330	\$544,212	\$464,928	\$297,688	\$137,280	\$3,479,437
2030	\$141,653,180	\$141,653,180		\$446,208	\$1,487,358	\$1,933,566	\$517,002	\$441,682	\$282,803	\$130,416	\$3,305,468
2031	\$134,569,671	\$134,569,671		\$423,894	\$1,412,982	\$1,836,876	\$491,148	\$419,595	\$268,662	\$123,894	\$3,140,175
2032	\$127,855,671	\$127,855,671		\$402,745	\$1,342,485	\$1,745,230	\$466,644	\$398,660	\$255,257	\$117,713	\$2,983,504
2033	\$121,476,671	\$121,476,671		\$382,652	\$1,275,505	\$1,658,157	\$443,362	\$378,770	\$242,522	\$111,840	\$2,834,651
2034	\$115,416,671	\$115,416,671		\$363,563	\$1,211,875	\$1,575,438	\$421,244	\$359,875	\$230,424	\$106,261	\$2,693,241
2035	\$109,659,671	\$109,659,671		\$345,428	\$1,151,427	\$1,496,855	\$400,233	\$341,924	\$218,930	\$100,960	\$2,558,902
2036	\$104,189,671	\$104,189,671		\$328,197	\$1,093,992	\$1,422,189	\$380,268	\$324,869	\$208,009	\$95,924	\$2,431,260
			Total	\$7,700,963	\$25,669,875	\$33,370,838	\$8,922,775	\$7,622,853	\$4,880,821	\$2,250,808	\$57,048,095

Source: CPA, Emerald Renewable Diesel, LLC

*Tax Rate per \$100 Valuation

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

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*	Port Arthur ISD I&S Tax Levy	Port Arthur ISD M&O Tax Levy	Port Arthur ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Drainage District No.7 Tax Levy	Port of Port Arthur Navigation District County Tax Levy	Sabine-Neches Navigation District Tax Levy	Estimated Total Property Taxes
				0.3150	1.0500		0.3650	0.3118	0.1996	0.0921	
2020	\$61,611,000	\$61,611,000		\$194,075	\$646,916	\$840,990	\$224,866	\$192,106	\$123,003	\$56,723	\$1,437,689
2021	\$101,651,400	\$101,651,400		\$320,202	\$1,067,340	\$1,387,542	\$371,004	\$316,954	\$202,942	\$93,587	\$2,372,029
2022	\$202,864,400	\$30,000,000		\$639,023	\$315,000	\$954,023	\$740,408	\$632,541	\$405,009	\$186,771	\$2,918,752
2023	\$202,842,530	\$30,000,000		\$638,954	\$315,000	\$953,954	\$740,329	\$632,473	\$404,965	\$186,751	\$2,918,472
2024	\$192,700,754	\$30,000,000		\$607,007	\$315,000	\$922,007	\$703,313	\$600,851	\$384,717	\$177,414	\$2,788,303
2025	\$183,066,016	\$30,000,000		\$576,658	\$315,000	\$891,658	\$668,149	\$570,809	\$365,482	\$168,543	\$2,664,641
2026	\$173,912,265	\$30,000,000		\$547,824	\$315,000	\$862,824	\$634,740	\$542,267	\$347,207	\$160,116	\$2,547,153
2027	\$165,216,452	\$30,000,000		\$520,432	\$315,000	\$835,432	\$603,002	\$515,153	\$329,846	\$152,110	\$2,435,543
2028	\$156,955,529	\$30,000,000		\$494,410	\$315,000	\$809,410	\$572,852	\$489,395	\$313,354	\$144,504	\$2,329,515
2029	\$149,108,453	\$30,000,000		\$469,692	\$315,000	\$784,692	\$544,212	\$464,928	\$297,688	\$137,280	\$2,228,798
2030	\$141,653,180	\$30,000,000		\$446,208	\$315,000	\$761,208	\$517,002	\$441,682	\$282,803	\$130,416	\$2,133,110
2031	\$134,569,671	\$30,000,000		\$423,894	\$315,000	\$738,894	\$491,148	\$419,595	\$268,662	\$123,894	\$2,042,194
2032	\$127,855,671	\$127,855,671		\$402,745	\$1,342,485	\$1,745,230	\$466,644	\$398,660	\$255,257	\$117,713	\$2,983,504
2033	\$121,476,671	\$121,476,671		\$382,652	\$1,275,505	\$1,658,157	\$443,362	\$378,770	\$242,522	\$111,840	\$2,834,651
2034	\$115,416,671	\$115,416,671		\$363,563	\$1,211,875	\$1,575,438	\$421,244	\$359,875	\$230,424	\$106,261	\$2,693,241
2035	\$109,659,671	\$109,659,671		\$345,428	\$1,151,427	\$1,496,855	\$400,233	\$341,924	\$218,930	\$100,960	\$2,558,902
2036	\$104,189,671	\$104,189,671		\$328,197	\$1,093,992	\$1,422,189	\$380,268	\$324,869	\$208,009	\$95,924	\$2,431,260
			Total	\$7,700,963	\$10,939,538	\$18,640,500	\$8,922,775	\$7,622,853	\$4,880,821	\$2,250,808	\$42,317,758
			Diff	\$0	\$14,730,337	\$14,730,337	\$0	\$0	\$0	\$0	\$14,730,337

Assumes School Value Limitation.

Source: CPA, Emerald Renewable Diesel, LLC

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$646,916	\$646,916	\$0	\$0
	2021	\$1,067,340	\$1,714,255	\$0	\$0
Limitation Period (10 Years)	2022	\$315,000	\$2,029,255	\$1,815,076	\$1,815,076
	2023	\$315,000	\$2,344,255	\$1,814,847	\$3,629,923
	2024	\$315,000	\$2,659,255	\$1,708,358	\$5,338,281
	2025	\$315,000	\$2,974,255	\$1,607,193	\$6,945,474
	2026	\$315,000	\$3,289,255	\$1,511,079	\$8,456,553
	2027	\$315,000	\$3,604,255	\$1,419,773	\$9,876,325
	2028	\$315,000	\$3,919,255	\$1,333,033	\$11,209,358
	2029	\$315,000	\$4,234,255	\$1,250,639	\$12,459,997
	2030	\$315,000	\$4,549,255	\$1,172,358	\$13,632,356
	2031	\$315,000	\$4,864,255	\$1,097,982	\$14,730,337
Maintain Viable Presence (5 Years)	2032	\$1,342,485	\$6,206,740	\$0	\$14,730,337
	2033	\$1,275,505	\$7,482,245	\$0	\$14,730,337
	2034	\$1,211,875	\$8,694,120	\$0	\$14,730,337
	2035	\$1,151,427	\$9,845,546	\$0	\$14,730,337
	2036	\$1,093,992	\$10,939,538	\$0	\$14,730,337
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$1,039,444	\$11,978,982	\$0	\$14,730,337
	2038	\$987,616	\$12,966,598	\$0	\$14,730,337
	2039	\$938,382	\$13,904,980	\$0	\$14,730,337
	2040	\$891,604	\$14,796,584	\$0	\$14,730,337
	2041	\$891,604	\$15,688,188	\$0	\$14,730,337
	2042	\$891,604	\$16,579,792	\$0	\$14,730,337
	2043	\$891,604	\$17,471,396	\$0	\$14,730,337
	2044	\$891,604	\$18,363,000	\$0	\$14,730,337
	2045	\$891,604	\$19,254,604	\$0	\$14,730,337
	2046	\$891,604	\$20,146,208	\$0	\$14,730,337

\$20,146,208

is greater than

\$14,730,337

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

Source: CPA, Emerald Renewable Diesel, LLC

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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 Emerald Renewable Diesel, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Emerald Renewable Diesel, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Emerald Biofuels, LLC is a development stage company seeking investors for its renewable diesel refinery. Emerald has evaluated and continues to evaluate sites for its refinery within Texas and other states along the Gulf Coast. The GT OmniPort site meets Emerald’s site requirements along with other Gulf Coast sites. Prospective investors in this type of investment are requiring (a) a high level of certainty regarding future expenses (including local taxes) and (b) a high level of return on its investment in a highly competitive fuel supply environment and a changing regulatory environment. Moreover, a project such as this is very sensitive to changes in regulations which can severely impact the profitability of the enterprise. Accordingly, cost control is very critical to this operation and a 313-tax limitation agreement will aide in this control and is critical to the financial viability of the project. If Emerald is not able to secure a 313 tax limitation agreement, the potential site of the project may move to Louisiana or the project may not happen at all. Consequently, it is a determining factor in the decision to move forward with the project in Texas.”
 - B. “Prospective investors demand that critical permit be in hand. Emerald holds an air permit as required by the EPA under the Clean Air Act, from the Texas Commission on Environmental Quality (“TCEQ”) to build the Project at the Project Site. The Project is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act and TCEQ Regulations. Emerald also holds 4 other air permits for locations outside of Texas.”
- Per Comptroller Research
 - A. On April 8, 2015 Beaumont Enterprise reported that Emerald Biofuels was awarded a portion of \$210 million in federal funds and had signed a lease with GT OmniPort. It was also reported that

it would be moving forward with the renewable diesel refinery in Port Arthur. Project's location, job numbers or capital investment had yet to be announced.

- B. On December 21, 2015 Renewable Energy World reported that the Department of Energy (DOE) had partnered with three biorefineries, (one of them being Emerald Biofuels, building in Port Arthur, TX), which are "capable of producing 'drop-in' fuels to meet the needs of the military and private sector." As of December 2015, construction of the refineries had not started. "A DOE spokesperson expressed confidence that the projects are proceeding as expected. Emerald, Red Rock and Fulcrum are, 'finishing their permitting process and obtaining financing. These activities take time particularly in a low oil price market. We are not concerned with the current timeline,'"
- C. On July 2, 2016 My San Antonio reported that "In late 2014, Chicago-based Emerald Biofuels signed a lease with GT OmniPort to build a \$315 million renewable diesel refinery at the industrial park, becoming its first tenant. The project, partially funded with federal money, has not yet begun construction."
- D. Per the Phoenix Power Group, Inc. website, Emerald Biofuels has contracted Phoenix Power Group for a Diesel Refinery Project in Port Arthur, Texas. "Phoenix Power Group is providing development, engineering, and pre-construction services for a renewable diesel refinery project in Port Arthur, Texas that will produce 110 million gallons annually of commercial grade ultra-low sulfur diesel fuel and certain co-products, including naphtha and liquefied petroleum gas, using proven Honeywell UOP/Eni Ecofining process technology."
- Provided by Applicant
 - A. "Emerald Renewable Fuels, LLC ("Emerald or the Company") is considering a project to manufacture renewable diesel fuel and co-products. This project represents an environmentally sensitive solution to the problem of disposing of waste materials while also producing clean fuels for today's transportation demands. Renewable diesel is like petroleum-based diesel except that it is produced from renewable feedstocks such as waste fats and oils, agricultural waste and the production of crops especially grown for renewable fuels such as winter cover crops. The output will then be sold primarily to a large operator of travel centers in North America. The Co-Products, primarily naphtha and liquefied petroleum gas ("LPG"), will to be sold on the spot market. An independent study concluded that the Company's renewable diesel fuel is a superior product to biodiesel and will remain an attractive and economical substitute for petroleum diesel or biodiesel due to its superior technical properties and flexibility in using feedstocks. The study also concluded that market conditions are expected to remain strong..."(Tab 4 of the Application)

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab 5

Documentation to assist in determining if limitation is a determining factor

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.

Emerald Biofuels, LLC is a development stage company seeking investors for its renewable diesel refinery. Emerald has evaluated and continues to evaluate sites for its refinery within Texas and other states along the Gulf Coast. The GT OmniPort site meets Emerald's site requirements along with other Gulf Coast sites. Prospective investors in this type of investment are requiring (a) a high level of certainty regarding future expenses (including local taxes) and (b) a high level of return on its investment in a highly competitive fuel supply environment and a changing regulatory environment. Moreover, a project such as this is very sensitive to changes in regulations which can severely impact the profitability of the enterprise. Accordingly, cost control is very critical to this operation and a 313-tax limitation agreement will aide in this control and is critical to the financial viability of the project. If Emerald is not able to secure a 313 tax limitation agreement, the potential site of the project may move to Louisiana or the project may not happen at all. Consequently, it is a determining factor in the decision to move forward with the project in Texas.

The U.S. renewable fuel market was created by federal and state government mandated initiatives, including the Energy Policy Act of 2005, as amended, which created Renewable Fuels Standard ("RFS") and renewable identification numbers ("RINs"), and state mandates, most notably in California, which created the Low Carbon Fuel Standard ("LCFS") and a Cap-and-Trade program with the goal of reducing 2030 greenhouse gas ("GHG") emission levels to 40% below those in 1990 through reducing the carbon footprint of the fuel use, particularly fuel used for transportation. These governmental programs generally require that renewable fuels replace or reduce the amount of petroleum-based transportation fuel, heating oil and/or jet fuel through the blending of renewable fuels with gasoline or diesel fuel by refiners or importers or the purchase and use of renewable fuels.

The LCFS further established a credit trading mechanism for regulated parties to demonstrate their compliance with the LCFS requirements. Refiners and importers of petroleum products can generate LCFS credits by purchasing and importing biofuels outside of California, purchasing biofuels inside California, and blending into petroleum fuel.

To satisfy these goals and earn the applicable credits, renewable diesel is emerging as a significant fuel in the global transportation industry. Renewable diesel has the same properties of petroleum-based diesel and can be used in vehicles, trucks and other transporters that use diesel fuel without blending with petroleum diesel, but is produced from 100% renewable sources and contains no fossil carbon.

Worldwide production of renewable diesel has increased from about 300 million gallons in 2011 to about 2.2 billion gallons currently. As of today, there are only four renewable diesel refineries currently operating in the United States, which are inadequate to meet this growing domestic and worldwide demand.

Upon completion, the Project is expected to be a renewable diesel fuel production facility that will convert, pretreated solid waste (predominantly waste fats, oils, greases and other agricultural oils (collectively, "FOGs" or "Feedstock")) into (i) renewable diesel fuel (ii) naphtha, LPG, along with certain amounts of lean gas and soap stocks

Below are expansions to specific questions in Section 8 with a "yes" answers.

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

The applicant has entered into a letter of intent as required by prospective investors with GT Logistics who controls the GT OmniPort site. The letter of intent deals with a lease of the site and the development of a terminaling capability.

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

Prospective investors demand that critical permit be in hand. Emerald holds an air permit as required by the EPA under the Clean Air Act, from the Texas Commission on Environmental Quality ("TCEQ") to build the Project at the Project Site. The Project is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act and TCEQ Regulations. Emerald also holds 4 other air permits for locations outside of Texas.

- Is the applicant evaluating other locations not in Texas for the proposed project?

Emerald is also considering other sites along the Gulf Coast.

- Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

Extensive financial projections including return on investment for various sites has been provided to prospective investors.

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

Emerald has provided to prospective investors information on feedstock costs, costs of transportation and infrastructure availability and costs for several sites.

- 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?

Prospective investors have required Emerald to provide information on taxes, possible abatements and government incentives for each site under consideration.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Company to invest \$300M in Port Arthur diesel refinery

By Eric Besson Published 6:00 am CDT, Wednesday, April 8, 2015



Train cars used to transport liquid product sit on the tracks at the GT Logistics facility in Port Arthur, while leasable land waits on the other side of the tracks Wednesday afternoon. GT Logistics at Omniport is in the business of transportation, specifically petrochemical products, but has the capacity to branch out into other materials. Photo taken Wednesday 10/1/14 Jake Daniels/@JakeD_in_SETX

A Chicago-based company is moving forward with a \$300 million plan to construct a renewable diesel refinery in Port Arthur that would develop military-grade fuel from organic sources, like vegetable oil or animal fats.

Emerald Biofuels last summer was awarded a portion of \$210 million in federal funds that were split among three companies to produce cleaner diesel for the Navy and Marine Corps.

In October, Emerald signed a lease for 8 acres of property with GT OmniPort, becoming the first tenant at the 1,100-acre industrial park that opened 18 months ago.

OmniPort General Manager **Bart Owens** deferred questions to Emerald, citing a non-disclosure agreement. An Emerald vice president declined to answer questions, pending approval from the federal government.

AP Top Stories



Emerald has said it will invest \$315 million in construction and employ 50 full-time, said **Fred Jackson**, assistant to county judge **Jeff Branick**.

Emerald has not formally announced the project's location, job numbers or capital investment. It also has not yet made public its feedstock supplier or what specifically the feedstock will be, beyond a note on its website that the refinery will use a "wide range of non-edible oils."

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H E A R S T



Baseload, Bioenergy

Are We There Yet? A Biofuel Refinery Update

Issue 110 and Volume 18.

By Tom Ewing | 12.21.15

In September 2014, the Department of Energy (DOE), along with the Departments of the Navy and Agriculture, announced a significant financial partnership to advance the construction of three biorefineries, infrastructure “capable of producing ‘drop-in’ fuels to meet the needs of the military and private sector.”

This announcement included endorsements from Navy Secretary Ray Mabus, Agriculture Secretary Tom Vilsack and Deputy Energy Secretary Daniel Poneman. This public-private partnership would expand the operational capability of the Navy and Marines, use American grown fuels, foster employment in an advanced biofuel sector, and help reduce carbon emissions.



Senior Airman Jacob Prine checks the fuel connection to a F-15 Eagle prior to a flight test of new, environmentally-friendly fuel at Eglin Air Force Base, Fla. The Air Force is working toward changing half of the continental U.S. jet fuel requirement to alternative fuels by 2016. Credit: U.S. Air Force / 2nd Lt. Andrew Caulk.

DOE’s private sector partners are Fulcrum Bioenergy, based in California, building a refinery in Storey County, NV (near Reno, NV); Emerald Biofuels, a Chicago company, building in Port Arthur, TX; and Red Rock Biofuels, based in Colorado, building near Longview, OR. [Red Rock and Joule announced a merger as this magazine went to press.] The three projects, when completed are expected to “produce more than 100 million gallons of military grade fuel beginning in 2016 and 2017 at a price competitive with their petroleum counterparts.”

An August 2015 project update indicated that FedEx and Southwest Airlines agreed to buy fuel from Red Rock and that United and Cathay Pacific Airlines had invested in Fulcrum and would be purchasing its fuel. These purchase agreements are important because demand is critical for supply and investors won’t fund a project unless they are pretty sure that there is an offtaker for the product. Unfortunately, however, there seems to be little progress on building the refinery projects themselves.

Any refinery project, of course, is complex, from siting to engineering to construction. Plus, alternative fuel projects are invariably affected by the price of oil. Cheap oil forces even tougher scrutiny from financiers who want assurances that a new fuel can remain cost competitive and that producers can retain customers (and

repay loans). Finally biorefinery projects, like all refinery projects, present significant industrial-manufacturing challenges requiring close regulatory scrutiny for safety, air, water and hazardous materials impacts. Permitting takes time.

DOE's August update does not mention revised construction and production schedules. However, since 2016 is less than three months away, and refinery construction has not started, production timelines have obviously slipped. Are these significant delays or just indicative of inevitable difficulties within complex projects? Perhaps a more important question: are they cautionary delays?

A DOE spokesperson expressed confidence that the projects are proceeding as expected. Emerald, Red Rock and Fulcrum are "finishing their permitting process and obtaining financing. These activities take time particularly in a low oil price market. We are not concerned with the current timeline," he wrote in an e-mail reply to questions. The Department expects construction on one project to begin soon likely in the next few months.

The companies cannot draw any federal money until all private sector financing is in place. Again, cheap oil makes this tough. In addition, each project is based on relatively untested technologies and processes. These unknowns add additional risk. DOE remains confident, though, that each company is close to completing all due diligence for investors and regulators. For DOE, it is not particularly material whether fuel production starts in 2017 or 2018 as long as the projects are meeting and completing substantial milestones.



Rendering of the Sierra BioFuels Plant, which will be entering construction later this year. Credit: Fulcrum BioEnergy.

Among the three companies, Fulcrum appears to be closest to hitting the start button. The company has been working at this a long time — first entering capital markets in 2011, trying to secure financing on a proprietary technology that uses municipal solid waste as the initial feedstock that is eventually processed into liquid fuels.

Fulcrum's website references swings in oil prices. The company is confident that its business model can handle short- and long-term volatile oil markets. Fulcrum writes that it can remain "cash flow positive with oil below \$30 per barrel, provide good returns with oil at \$50 per barrel and extremely attractive returns

with oil at \$80 per barrel.” These price points put the company in a good spot. In July, the US Energy Information Agency forecast a 2018 oil price around \$75 per barrel, rising to \$120 per barrel by 2035.

Rick Barraza, Fulcrum’s Vice President of Administration, said that last May Fulcrum finalized a fixed-price engineering, procurement and construction contract with Abengoa, providing cost, schedule and performance guarantees. He said that Fulcrum “expects to begin construction during the fourth quarter of this year.” On financing, Barraza said “funds are in place to begin construction” and that the company is “finalizing the loan documentation under our \$105 million loan guarantee with the USDA at which point these (federal) funds will be available.” Barraza expects Fulcrum to start operations “in late 2017.”



Wood is made of simple sugars, a building block compound for biofuels. However, these sugars first have to be unbundled from other molecules, which is tricky. This flow diagram illustrates one approach, using sulfite pretreatment, by researcher Jinlan Cheng and colleagues. Credit: Northwest Advanced Renewables Alliance ([NARA](#)).

Emerald and Red Rock are harder to assess. DOE’s comments do not singularly reference each company. Emerald and Red Rock officials did not return interview requests nor respond to e-mails. From public records, Red Rock has received an air permit from the Oregon Department of Environmental Quality, an important step. Emerald has a permit, submitted July 31, 2015, which was approved on September 20. Paper work, at least, shows progress.



United is a strategic investor in Fulcrum BioEnergy. Credit: United.

For energy and environmental policies there’s a lot riding on the success of these public-private partnerships, much more than the hoped-for success of three companies.

DOE and its partner agencies, as well as White House leadership, need to demonstrate that policy initiatives and financial subsidies can build a new, competitive energy industry almost from the ground up.

Time is a factor. People need to see shiny tanker trucks, filled with biofuels, pulling onto the airport tarmac soon. Too long a wait foments opposition. With 2016 an election year a partisan shift could force an

unfriendly reevaluation of federal alternative energy programs. Contentious issues will fade when the US Navy can buy jet fuel from a Red Rock or a Fulcrum, at no extra hit to the U.S. taxpayer.

Finally U.S. airlines need biofuel to help decrease carbon emissions while still expanding service to meet increased travel demands. FAA wants U.S. airlines to use one billion gallons of biofuel by 2018. Maybe that's a stretch goal but some consistent level of supply needs to be in the market soon. The next year is critical. 🍀

The Projects

Emerald Biofuels

Corporate Headquarters: Chicago, IL

Biorefinery location: Port Arthur, TX

Feedstock: Non-edible oils and animal fats.

Finished product: Renewable diesel.

Quantity (max.): 82 million gallons annually.

Fulcrum Bioenergy

Corporate Headquarters: Pleasanton, CA

Biorefinery location: Storey County, NV. The plant will be called the Sierra BioFuels Plant.

Feedstock: Municipal solid waste.

Finished product: Renewable syncrude upgraded and processed into a low-carbon jet fuel product.

Quantity: 10 million gallons annually.

Red Rock Biofuels Merging with Joule

Corporate Headquarters: Fort Collins, CO

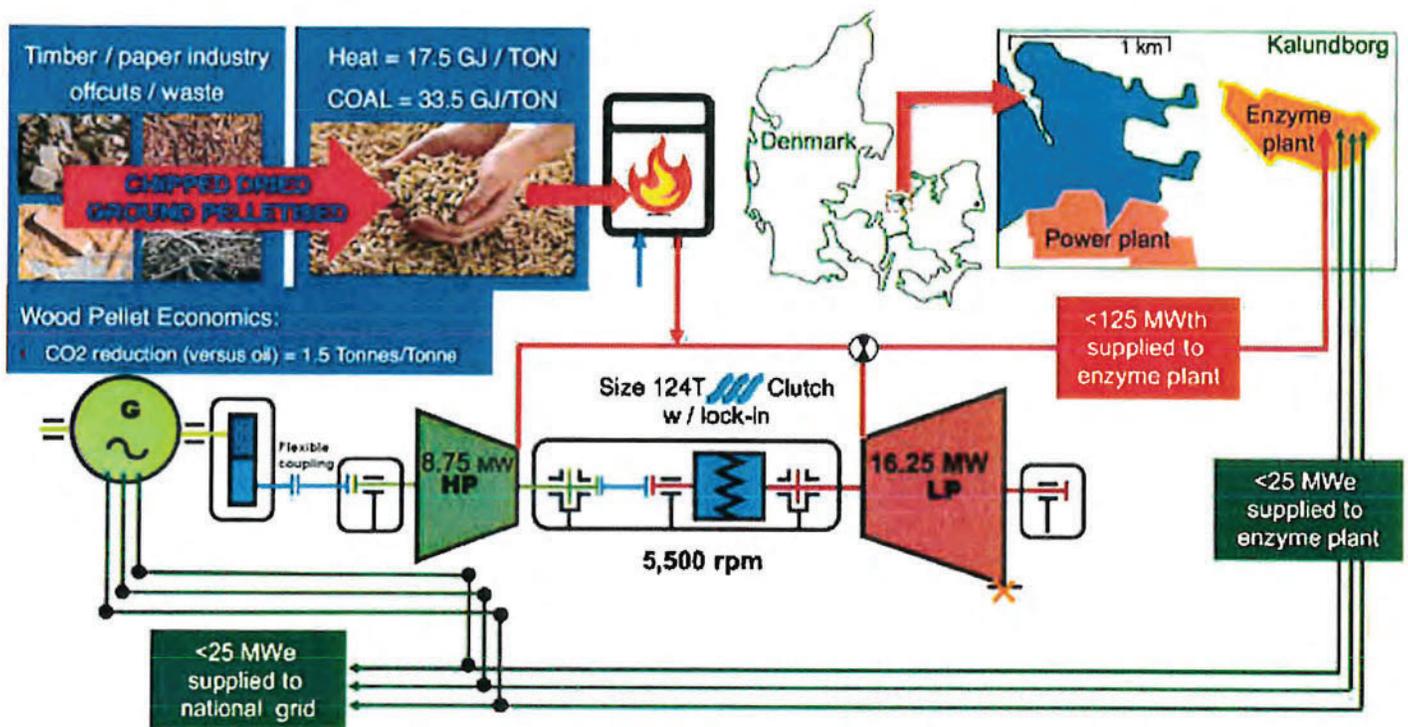
Biorefinery location: Longview, OR

Feedstock: Woody biomass, forest by-products.

Finished product: Jet, diesel, and naphtha fuels.

Quantity: 12 million gallons annually.

More



Bioenergy

Phasing out coal in Denmark via bioenergy-based CHP



FROM: <https://www.mysanantonio.com/news/article/Company-pitches-1-2B-project-near-Port-Arthur-8338460.php>

Company pitches \$1.2B project near Port Arthur

By [Eric Besson](#)

Published 4:11 pm CDT, Saturday, July 2, 2016

Two years after [Port Arthur City Council](#) rejected their proposal, executives behind a proposed \$1.2 billion ZeoGas methanol plant have lined up a deal to buy land outside city limits and are requesting local tax breaks.

ZeoGas' second go at a Southeast Texas plant has put another billion-dollar-plus project in the pipeline as cheap natural gas continues boosting industrial development in the area.

The project is similar to the \$1.7 billion Natgasoline plant under construction south of Beaumont, according to details in ZeoGas' request for a 100 percent, 10-year property tax abatement, which the company filed with Jefferson County this week.

ZeoGas has a tentative deal to purchase 400 acres at GT OmniPort, the industrial park south of Texas 73 on Taylor Bayou near Port Arthur, according to the application.

County commissioners on July 11 will consider creating a "reinvestment zone" at the site, said [Fred Jackson](#), assistant to the county judge. While that would not alone guarantee tax abatements, it is the first step in the process, Jackson said.

The project would create 100 full-time jobs at an average salary of \$70,000 per year, the application states.

ZeoGas initially backed out of Port Arthur in 2014 after Council denied the company a tax abatement. Port Arthur EDC Director [Floyd Batiste](#) said Port Arthur residents were concerned that the plant, then proposed for land near U.S. 96 and Texas 73, was too close to homes.

Jen Wechsler, senior vice president and general counsel for ZeoGas, said the company expects the OmniPort location to go over better with residents.

"Obviously this location in Port Arthur is where we would really like to be," Wechsler said. "We think this location is superior for us from a business perspective, and we don't think there's going to be concerns from the neighbors."

The land is near the Valero and Motiva refineries and is the site of a former chemical plant.

Nine companies received some level of tax abatement in 2015 as \$4.7 million in potential Jefferson County revenue was waived, according to the appraisal district. Since 1986, Jefferson County has waived \$99.2 million in potential revenue through abatements, which are designed to encourage capital investment and job creation. At a minimum, the ZeoGas plant would convert natural gas into 1.8 million tons of methanol per year. Executives haven't decided whether to build out the second phase of the project, which would convert methanol to gasoline; that phase would add about \$300 million to the company's capital investment, according to the abatement application.

Methanol is a product in household materials including carpeting, paint and insulation, as well as wood adhesive used in home construction.

Natgasoline first announced its \$1.7 billion natural gas-to-methanol plant outside Beaumont in 2013 and is expected to start producing 1.75 million tons of methanol by next year. OCI also aspires to eventually convert methanol to gasoline.

Natgasoline received a 100-percent, 10-year waiver of property taxes stemming from improvements made to the land. That plant will ultimately require more than 200 full-time workers, the company previously said.

Formed in 2012, ZeoGas licensed methanol production technology from Air Liquide and methanol-to-gasoline technology from ExxonMobil, according to its application.

GT OmniPort opened in 2012. In addition to 1,100 acres that have been shopped to industrial developers, the park is at the juncture of truck, train and ship thoroughfares.

In late 2014, Chicago-based Emerald Biofuels signed a lease with GT OmniPort to build a \$315 million renewable diesel refinery at the industrial park, becoming its first tenant.

The project, partially funded with federal money, has not yet begun construction.

ZeoGas hopes to break ground within the next two years, though that is also contingent upon reaching commercial agreements with buyers, Wechsler said.

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Emerald Biofuels Renewable Diesel Refinery Project

CLIENT: EMERALD BIOFUELS, LLC

LOCATION: PORT ARTHUR, TEXAS

SCOPE: EPC CONTRACTOR

Phoenix Power Group is providing development, engineering, and pre-construction services for a renewable diesel refinery project in Port Arthur, Texas that will produce 110 million gallons annually of commercial grade ultra-low sulfur diesel fuel and certain co-products, including naphtha and liquefied petroleum gas, using proven Honeywell UOP/Eni Ecofining™ process technology.

Phoenix is the EPC Contractor for the Project that will utilize commercially proven refining technology capable of processing a variety of renewable feedstocks (waste oils, fats, greases and other agricultural oils) into fuel that meets ASTM-D-975 diesel fuel specifications. The Project produces a “drop-in” second generation biofuel that is chemically indistinguishable from petroleum refined diesel.

The project sells its entire renewable diesel output to one of the world's largest publicly traded (AA-rated) international oil and gas companies. The project also benefits from a long-term feedstock supply agreement, and third-party operations and maintenance arrangement, each with industry-leading providers of these services.

The production of renewable diesel is economically well-positioned through mandates by both federal and state governments in the U.S. and Canada. As an advanced biomass-based diesel fuel, the Project's renewable diesel will generate renewable identification numbers (RINs) in accordance with the federal Renewable Fuels Standards legislation. The low-carbon intensity of renewable diesel will also qualify for credits offered by various states in the U.S. and Canada, most notably California's Low Carbon Fuel Standard (LCFS).

[< Back to Projects](#)

Corporate Headquarters:

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Florham Park, NJ 07932
888.225.6725

Phoenix North Constructors:

Suite 2920 | 715 5th Avenue SW
Calgary, AB T2P 2X0
403.290.2402



Tab 4

Detailed Description of the Project

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.

Product Overview

Emerald Renewable Fuels, LLC (“**Emerald or the Company**”) is considering a project to manufacture renewable diesel fuel and co-products. This project represents an environmentally sensitive solution to the problem of disposing of waste materials while also producing clean fuels for today’s transportation demands.

Renewable diesel is like petroleum-based diesel except that it is produced from renewable feedstocks such as waste fats and oils, agricultural waste and the production of crops especially grown for renewable fuels such as winter cover crops. The output will then be sold primarily to a large operator of travel centers in North America. The Co-Products, primarily naphtha and liquefied petroleum gas (“**LPG**”), will to be sold on the spot market.

An independent study concluded that the Company’s renewable diesel fuel is a superior product to biodiesel and will remain an attractive and economical substitute for petroleum diesel or biodiesel due to its superior technical properties and flexibility in using feedstocks.. The study also concluded that market conditions are expected to remain strong such that:

- The technology that will be used is now a commercially proven technology (reducing technical and scale-up risk)
- The expected continuation of strong demand and the associated strong pricing for diesel fuel in the U.S. and worldwide
- The expected continuation and growth of federal and state mandates for blending biomass- based diesel into the motor fuel diesel pool, along with the associated value of RINs for blending renewable diesel
- The renewable diesel meets ASTM D975 and EN590 specifications, and unlike biodiesel, requires no blending with petroleum diesel
- The product quality of renewable diesel is better than petroleum diesel, especially with regards to cetane, which has impact on engine efficiency
- The motor fuels industry generally prefers renewable diesel to biodiesel
- The low carbon footprint of renewable diesel when compared to petroleum diesel generates valuable credits, along with the expected growth in states imposing new regulations to reduce greenhouse gas emissions.

The proposed process improvements for which the tax limitation is sought would include the feedstock preprocessing unit, a hydrotreating unit and isomerization unit customized for refining agricultural fats

Emerald Renewable Diesel 313 Application

and oils. Along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self-contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, catalyst and utility distribution equipment, tanks and pipelines located within the project boundary.

Outside of the process area, proposed improvements will include:

- The truck loading/unloading racks
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and hydrogen
- Electrical substation
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building
- Access roadways and parking lots
- Pipe racks
- Control, administration and other plant buildings integral to the manufacturing processes .

Project Schedule

The 27-month construction schedule consists of the following major steps commencing after final approval of the Project:

- **Months 0-6:** Engineering during which major pieces of equipment with long lead times will be ordered; detailed engineering of modules and procurement
- **Months 6-12:** Site preparation and utility infrastructure preparation
- **Months 12-23:** Pretreatment unit construction, balance of plant construction and module installation
- **Months 24-25:** Mechanical Completion
- **Months 25-26:** Commissioning, startup, and testing
- **Month 27:** Commencement of operations

Emerald Renewable Diesel 313 Application

The Project Site

The Project will be located on a leased 18.71-acre parcel (the “**Project Site**”) at the GT OmniPort site, an 1100-acre industrial site (the “**GTO Site**”) located 85 miles east of Houston, on Taylor Bayou adjacent to Port Arthur, Texas.

The Company believes that the Project site’s strategic location along the Gulf Coast allows for convenient and cost-effective transportation options for both feedstock and renewable diesel, and that the existing infrastructure at the Project site will minimize capital investment and reduce the risks that would be associated with greenfield development.

Emerald has entered into an Option Agreement with GT Logistics, LLC (“**GT**” or the “**Sublessor**”) and will exercise the option if the Project receives final approval.

Engineering, Procurement and Construction Contract

The Project will be built pursuant to an Engineering Procurement and Construction Contract (the “**EPC Contract**”) to be entered into by the Company, pending finalization of construction schedule dates and final approval of the Project by all parties. The use of an EPC Contract is common in the biofuel refineries and other manufacturing industries construction industry.

Permitting

The Company holds an air permit (the “**Air Permit**”), as required by the US Environmental Protection Agency (“**US EPA**”) under the Clean Air Act, from the Texas Commission on Environmental Quality (“**TCEQ**”) to build its Renewable Diesel Refinery at the GT OmniPort site. The Company’s renewable diesel refinery is an advanced technology refinery designed to operate in a very clean environmental manner and meets all requirements for a minor source air permit per the US EPA Clean Air Act Regulations. The Company secured the Air Permit through the Permit-By-Rule process in Texas. The State of Texas, through its regulatory agency in anticipation of receiving all necessary approvals to move forward with the Project. Although the Project’s air permit was initially procured on September 30, 2015, it has no expiration date and the Company has confirmed with the TCEQ in October 2018 that the air permit remains valid and has no expiration date.

Additional State and local level construction permit, and additional permits for the operation and commissioning of the Project, will be required. The Company expects to obtain such permits during the normal course of design, construction and commissioning of the Project as and when required. GT will assist the Company to procure the necessary permits.

Upon timely granting of all required permits from respective federal, state, and local agencies, construction planning is currently proposed to commence in the first quarter of 2020 with on-site construction starting in Q3 2020. Completion is projected in the first quarter of 2022.

Emerald Renewable Diesel 313 Application

Port Arthur Independent School District

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED EMERALD
RENEWABLE FUELS, LLC PROJECT IN THE PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1443)**

PREPARED BY



JANUARY 21, 2020

Executive Summary

Emerald Renewable Fuels, LLC (Company) has requested that the Port Arthur Independent School District (PAISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to PAISD on October 24, 2019 the Company plans to invest \$202.9 million in new taxable value to construct a renewable diesel fuel refinery. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, PAISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to PAISD	\$1.8 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$13.0 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. A Completeness Letter was issued for this application on December 18, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of

the project and provide its certificate for a limitation on appraised value. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo (O'Hanlon) will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting.

How the 313 Agreement Interacts with Texas School Finance

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3, for those districts subject to recapture under the new law. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. It does not appear to be an issue for PAISD, at least in the early limitation years under the proposed agreement, based on the calculations shown below.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely upon prior-year state property values as determined annually under the Comptroller's State Property Value Study (Section 403 of the Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year [emphasis added].**

Given the directive regarding the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.256(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

(For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	7,314
Local M&O Tax Base	\$5.102 billion
2019-20 M&O Tax Rate:	\$1.0684 per \$100 of Taxable Value
2020-21 Projected M&O Tax Rate:	\$1.0548 per \$100 of Taxable Value
I&S Tax Rate:	\$0.3150 per \$100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 - Base District Information with Emerald Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d) District Revenue Protection District Property Value with Project	Sec. 48.256(d) District Revenue Protection District Property Value with Limitation	DPV Value with Project per WADA	DPV Value with Limitation per WADA
QTP0	2019-20	7,314.05	9,933.74	\$1.0684	\$0.3150	\$5,065,835,481	\$5,065,835,481	\$509,963	\$509,963
QTP1	2020-21	7,314.05	9,789.70	\$1.0548	\$0.3150	\$5,560,978,529	\$5,560,978,529	\$568,044	\$568,044
QTP2	2021-22	7,314.05	9,789.70	\$1.0548	\$0.3150	\$5,574,950,385	\$5,574,950,385	\$569,471	\$569,471
VL1	2022-23	7,314.05	9,789.70	\$1.0548	\$0.3150	\$5,616,674,116	\$5,616,674,116	\$573,733	\$573,733
VL2	2023-24	7,314.05	9,789.70	\$1.0548	\$0.3150	\$5,943,943,018	\$5,771,078,618	\$607,163	\$589,505
VL3	2024-25	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,147,781,604	\$5,974,939,074	\$627,985	\$610,329
VL4	2025-26	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,234,635,716	\$6,071,934,962	\$636,857	\$620,237
VL5	2026-27	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,327,251,226	\$6,174,185,210	\$646,317	\$630,682
VL6	2027-28	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,431,858,510	\$6,287,946,245	\$657,003	\$642,303
VL7	2028-29	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,542,230,636	\$6,407,014,184	\$668,277	\$654,465
VL8	2029-30	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,658,561,257	\$6,531,605,728	\$680,160	\$667,192
VL9	2030-31	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,781,060,226	\$6,661,951,773	\$692,673	\$680,507
VL10	2031-32	7,314.05	9,789.70	\$1.0548	\$0.3150	\$6,909,950,489	\$6,798,297,309	\$705,839	\$694,434
VP1	2032-33	7,314.05	9,789.70	\$1.0548	\$0.3150	\$7,045,471,123	\$6,940,901,452	\$719,682	\$709,001
VP2	2033-34	7,314.05	9,789.70	\$1.0548	\$0.3150	\$7,540,352,071	\$7,540,352,071	\$770,234	\$770,234
VP3	2034-35	7,314.05	9,789.70	\$1.0548	\$0.3150	\$7,678,212,800	\$7,678,212,800	\$784,316	\$784,316
VP4	2035-36	7,314.05	9,789.70	\$1.0548	\$0.3150	\$7,823,878,674	\$7,823,878,674	\$799,195	\$799,195
VP5	2036-37	7,314.05	9,789.70	\$1.0548	\$0.3150	\$7,977,640,048	\$7,977,640,048	\$814,902	\$814,902

*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

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

M&O Impact of the Emerald Project on PAISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$1.8 million over the course of the Agreement, with all the loss reflected in the first limitation year (2022-23).

Table 2- “Baseline Revenue Model” --Project Value Added to DPV with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2019-20	\$52,428,821	\$14,674,379	\$0	\$7,799,505	\$4,205,119	-\$110,648	\$0	\$78,997,176
QTP1	2020-21	\$51,819,697	\$10,820,378	\$0	\$7,822,456	\$3,323,337	-\$436,813	\$1,623,158	\$74,972,213
QTP2	2021-22	\$52,194,447	\$10,692,326	\$0	\$7,879,027	\$3,328,274	-\$447,350	\$1,325,489	\$74,972,213
VL1	2022-23	\$55,165,558	\$10,309,928	\$0	\$8,327,531	\$3,455,467	-\$495,195	\$0	\$76,763,289
VL2	2023-24	\$56,996,368	\$7,310,515	\$0	\$8,603,902	\$3,100,902	-\$682,944	\$0	\$75,328,743
VL3	2024-25	\$57,774,605	\$5,442,338	\$0	\$8,721,381	\$2,870,773	-\$791,404	\$0	\$74,017,693
VL4	2025-26	\$58,604,682	\$4,646,321	\$0	\$8,846,685	\$2,802,967	-\$843,343	\$0	\$74,057,312
VL5	2026-27	\$59,542,553	\$3,797,502	\$0	\$8,988,262	\$2,726,930	-\$900,230	\$0	\$74,155,017
VL6	2027-28	\$60,532,287	\$2,838,778	\$0	\$9,137,667	\$2,644,263	-\$962,890	\$0	\$74,190,105
VL7	2028-29	\$61,575,617	\$3,291,323	-\$1,464,104	\$9,295,165	\$2,553,537	-\$1,029,003	\$0	\$74,222,535
VL8	2029-30	\$62,674,426	\$1,810,864	-\$1,049,813	\$9,461,035	\$2,457,914	-\$1,098,685	\$0	\$74,255,741
VL9	2030-31	\$63,830,711	\$3,291,323	-\$3,652,973	\$9,635,582	\$2,357,219	-\$1,172,062	\$0	\$74,289,800
VL10	2031-32	\$65,046,616	\$1,810,864	-\$3,353,791	\$9,819,130	\$2,251,272	-\$1,249,267	\$0	\$74,324,824
VP1	2032-33	\$69,472,312	\$3,291,323	-\$6,076,294	\$10,487,211	\$2,241,401	-\$1,393,360	\$0	\$78,022,593
VP2	2033-34	\$70,710,533	\$1,810,864	-\$9,131,411	\$10,674,128	\$1,726,757	-\$1,621,446	\$0	\$74,169,426
VP3	2034-35	\$72,018,858	\$3,291,323	-\$11,875,361	\$10,871,626	\$1,613,849	-\$1,703,749	\$0	\$74,216,547
VP4	2035-36	\$73,399,894	\$1,810,864	-\$11,729,927	\$11,080,101	\$1,494,548	-\$1,790,712	\$0	\$74,264,768
VP5	2036-37	\$74,856,393	\$3,291,323	-\$14,619,606	\$11,299,967	\$1,368,618	-\$1,882,507	\$0	\$74,314,188

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

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$14.8 million over the life of the agreement. The PAISD revenue losses are expected to total approximately \$1.8 million over the course of the agreement. The total potential net tax benefits (after hold-harmless payments are made) are estimated to total \$13.0 million, prior to any negotiations with Emerald on supplemental payments. (See Table 5.)

It should be noted that a key element in the revenue-loss calculation appears to be linked to the retention of prior-year property values in the calculation of the revenue protection amount for the 2022-23 school year. Under the standard agreement, these calculations are based on whatever school finance and property tax laws are in effect each year. With a legislative session occurring in 2021, there could be changes made to current school finance law. While the District will still be protected against revenue losses, these calculations may be reduced below what we are projecting under what is now current law.

Table 3- "Value Limitation Revenue Model" --Project Value Added to DPV with Value Limitation in Effect

Year of Agreement	School Year	M&O Taxes @		Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
		Compressed Rate	State Aid						
QTP0	2019-20	\$52,428,821	\$14,674,379	\$0	\$7,799,505	\$4,205,119	-\$110,648	\$0	\$78,997,176
QTP1	2020-21	\$51,819,697	\$10,820,378	\$0	\$7,822,456	\$3,323,337	-\$436,813	\$1,623,158	\$74,972,213
QTP2	2021-22	\$52,194,447	\$10,692,326	\$0	\$7,879,027	\$3,328,274	-\$447,350	\$1,325,489	\$74,972,213
VL1	2022-23	\$53,581,259	\$10,309,928	\$0	\$8,088,374	\$3,358,697	-\$480,933	\$114,888	\$74,972,213
VL2	2023-24	\$55,412,269	\$8,894,814	\$0	\$8,364,774	\$3,249,467	-\$578,444	\$0	\$75,342,880
VL3	2024-25	\$56,283,455	\$7,026,436	\$0	\$8,496,284	\$3,019,851	-\$688,754	\$0	\$74,137,272
VL4	2025-26	\$57,201,834	\$6,137,471	\$0	\$8,634,918	\$2,940,120	-\$747,224	\$0	\$74,167,119
VL5	2026-27	\$58,223,600	\$5,200,349	\$0	\$8,789,159	\$2,859,546	-\$809,894	\$0	\$74,262,760
VL6	2027-28	\$59,293,030	\$4,157,731	\$0	\$8,950,595	\$2,765,920	-\$878,151	\$0	\$74,289,125
VL7	2028-29	\$60,412,072	\$3,291,323	-\$224,848	\$9,119,521	\$2,667,927	-\$949,592	\$0	\$74,316,404
VL8	2029-30	\$61,582,799	\$1,924,596	\$0	\$9,296,248	\$2,565,388	-\$1,024,346	\$0	\$74,344,685
VL9	2030-31	\$62,807,411	\$3,291,323	-\$2,561,346	\$9,481,110	\$2,458,114	-\$1,102,554	\$0	\$74,374,058
VL10	2031-32	\$64,088,237	\$1,810,864	-\$2,330,492	\$9,674,457	\$2,345,901	-\$1,184,361	\$0	\$74,404,607
VP1	2032-33	\$69,472,312	\$3,291,323	-\$5,117,915	\$10,487,211	\$2,366,637	-\$1,348,235	\$0	\$79,151,333
VP2	2033-34	\$70,710,533	\$1,810,864	-\$9,131,411	\$10,674,128	\$1,726,757	-\$1,621,446	\$0	\$74,169,426
VP3	2034-35	\$72,018,858	\$3,291,323	-\$11,875,361	\$10,871,626	\$1,613,849	-\$1,703,749	\$0	\$74,216,547
VP4	2035-36	\$73,399,894	\$1,810,864	-\$11,729,927	\$11,080,101	\$1,494,548	-\$1,790,712	\$0	\$74,264,768
VP5	2036-37	\$74,856,393	\$3,291,323	-\$14,619,606	\$11,299,967	\$1,368,618	-\$1,882,507	\$0	\$74,314,188

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

Table 4 - Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation

Year of Agreement	School Year	M&O Taxes @		Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
		Compressed Rate	State Aid						
QTP0	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2022-23	-\$1,584,299	\$0	\$0	-\$239,157	-\$96,770	\$14,261	\$114,888	-\$1,791,077
VL2	2023-24	-\$1,584,099	\$1,584,299	\$0	-\$239,128	\$148,565	\$104,500	\$0	\$14,137
VL3	2024-25	-\$1,491,150	\$1,584,098	\$0	-\$225,097	\$149,078	\$102,651	\$0	\$119,580
VL4	2025-26	-\$1,402,848	\$1,491,150	\$0	-\$211,767	\$137,153	\$96,120	\$0	\$109,808
VL5	2026-27	-\$1,318,953	\$1,402,847	\$0	-\$199,103	\$132,616	\$90,336	\$0	\$107,743
VL6	2027-28	-\$1,239,257	\$1,318,953	\$0	-\$187,072	\$121,657	\$84,739	\$0	\$99,020
VL7	2028-29	-\$1,163,545	\$0	\$1,239,256	-\$175,644	\$114,390	\$79,411	\$0	\$93,869
VL8	2029-30	-\$1,091,627	\$113,732	\$1,049,813	-\$164,787	\$107,474	\$74,339	\$0	\$88,944
VL9	2030-31	-\$1,023,300	\$0	\$1,091,627	-\$154,472	\$100,895	\$69,508	\$0	\$84,258
VL10	2031-32	-\$958,379	\$0	\$1,023,299	-\$144,673	\$94,629	\$64,906	\$0	\$79,783
VP1	2032-33	\$0	\$0	\$958,379	\$0	\$125,236	\$45,124	\$0	\$1,128,739
VP2	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

Table 5 - Estimated Financial Impact of the Emerald Project Property Value Limitation Request Submitted to PAISD at \$1.05485 M&O Tax Rate

Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O with Limitation	Assumed M&O Tax Rate	Tax Savings to Company	School District Revenue Protection	Estimated Net Tax Benefits
QTP0	2019-20	\$0	\$0	\$1.06835	\$0	\$0	\$0
QTP1	2020-21	\$61,611,000	\$61,611,000	\$1.05485	\$0	\$0	\$0
QTP2	2021-22	\$101,651,400	\$101,651,400	\$1.05485	\$0	\$0	\$0
VL1	2022-23	\$202,864,400	\$30,000,000	\$1.05485	\$1,823,458	-\$1,791,077	\$32,381
VL2	2023-24	\$202,842,530	\$30,000,000	\$1.05485	\$1,823,227	\$0	\$1,823,227
VL3	2024-25	\$192,700,754	\$30,000,000	\$1.05485	\$1,716,246	\$0	\$1,716,246
VL4	2025-26	\$183,066,016	\$30,000,000	\$1.05485	\$1,614,615	\$0	\$1,614,615
VL5	2026-27	\$173,912,265	\$30,000,000	\$1.05485	\$1,518,056	\$0	\$1,518,056
VL6	2027-28	\$165,216,452	\$30,000,000	\$1.05485	\$1,426,329	\$0	\$1,426,329
VL7	2028-29	\$156,955,529	\$30,000,000	\$1.05485	\$1,339,188	\$0	\$1,339,188
VL8	2029-30	\$149,108,453	\$30,000,000	\$1.05485	\$1,256,414	\$0	\$1,256,414
VL9	2030-31	\$141,653,180	\$30,000,000	\$1.05485	\$1,177,772	\$0	\$1,177,772
VL10	2031-32	\$134,569,671	\$30,000,000	\$1.05485	\$1,103,052	\$0	\$1,103,052
VP1	2032-33	\$127,855,671	\$127,855,671	\$1.05485	\$0	\$0	\$0
VP2	2033-34	\$121,476,671	\$121,476,671	\$1.05485	\$0	\$0	\$0
VP3	2034-35	\$115,416,671	\$115,416,671	\$1.05485	\$0	\$0	\$0
VP4	2035-36	\$109,659,671	\$109,659,671	\$1.05485	\$0	\$0	\$0
VP5	2036-37	\$104,189,671	\$104,189,671	\$1.05485	\$0	\$0	\$0
					\$14,798,356	-\$1,791,077	\$13,007,279

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

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

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with PAISD currently levying a \$0.3150 per \$100 I&S tax rate. As shown in the Table 6 below, local taxpayers could receive a modest benefit from the addition of the Emerald project to the local I&S tax roll.

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Table 6 - Estimated Impact of the Emerald Project Property Value Limitation Request on PAISD I&S Tax Rate

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
QTP0	2019-20	\$0.3150	\$5,744,688,391	\$18,095,768	\$0	\$0.315000	\$0.0000
QTP1	2020-21	\$0.3150	\$5,679,716,940	\$17,891,108	\$61,611,000	\$0.311620	-\$0.0034
QTP2	2021-22	\$0.3150	\$5,673,535,191	\$17,871,636	\$101,651,400	\$0.309456	-\$0.0055
VL1	2022-23	\$0.3150	\$6,384,569,268	\$20,111,393	\$202,864,400	\$0.305299	-\$0.0097
VL2	2023-24	\$0.3150	\$6,460,386,537	\$20,350,218	\$202,842,530	\$0.305411	-\$0.0096
VL3	2024-25	\$0.3150	\$6,541,806,529	\$20,606,691	\$192,700,754	\$0.305987	-\$0.0090
VL4	2025-26	\$0.3150	\$6,628,967,396	\$20,881,247	\$183,066,016	\$0.306535	-\$0.0085
VL5	2026-27	\$0.3150	\$6,728,110,009	\$21,193,547	\$173,912,265	\$0.307063	-\$0.0079
VL6	2027-28	\$0.3150	\$6,833,015,438	\$21,523,999	\$165,216,452	\$0.307563	-\$0.0074
VL7	2028-29	\$0.3150	\$6,943,885,842	\$21,873,240	\$156,955,529	\$0.308037	-\$0.0070
VL8	2029-30	\$0.3150	\$7,060,938,050	\$22,241,955	\$149,108,453	\$0.308486	-\$0.0065
VL9	2030-31	\$0.3150	\$7,184,403,450	\$22,630,871	\$141,653,180	\$0.308909	-\$0.0061
VL10	2031-32	\$0.3150	\$7,314,528,002	\$23,040,763	\$134,569,671	\$0.309309	-\$0.0057
VP1	2032-33	\$0.3150	\$7,451,572,362	\$23,472,453	\$127,855,671	\$0.309686	-\$0.0053
VP2	2033-34	\$0.3150	\$7,595,812,092	\$23,926,808	\$121,476,671	\$0.310042	-\$0.0050
VP3	2034-35	\$0.3150	\$7,747,537,966	\$24,404,745	\$115,416,671	\$0.310376	-\$0.0046
VP4	2035-36	\$0.3150	\$7,907,056,340	\$24,907,227	\$109,659,671	\$0.310691	-\$0.0043
VP5	2036-37	\$0.3150	\$8,074,689,594	\$25,435,272	\$104,189,671	\$0.310987	-\$0.0040

IFA and EDA state aid are now based on current-year values, which could affect the tax rate needed for bond payments in districts eligible for these funds.

Attachment E

Taxable Value of Property

123-907/Port Arthur ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	885,238,761	1.0032	882,415,033	885,238,761
B. MULTIFAMILY RESIDENCES	91,579,918	0.8060	113,622,727	91,579,918
C1. VACANT LOTS	39,827,179	N/A	39,827,179	39,827,179
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	413,460	1.4052	294,233	413,460
D2. REAL PROP:FARM & RANCH	313,560	N/A	313,560	313,560
E. REAL PROP NONQUAL ACREAGE	58,564,330	N/A	58,564,330	58,564,330
F1. COMMERCIAL REAL	465,417,949	0.9329	498,893,717	465,417,949
F2. INDUSTRIAL REAL	5,144,400,644	N/A	5,144,400,644	5,144,400,644
G. OIL,GAS,MINERALS	11,677,889	N/A	11,677,889	11,677,889
J. UTILITIES	144,141,380	1.0646	135,394,871	144,141,380
L1. COMMERCIAL PERSONAL	233,575,177	0.9793	238,512,383	233,575,177
L2. INDUSTRIAL PERSONAL	593,496,120	N/A	593,496,120	593,496,120
M. MOBILE HOMES	323,820	N/A	323,820	323,820
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	2,444,140	N/A	2,444,140	2,444,140
S. SPECIAL INVENTORY	8,813,820	N/A	8,813,820	8,813,820
Subtotal	7,680,228,147	0	7,728,994,466	7,680,228,147
Less Total Deductions	1,535,751,053	0	1,534,892,477	1,535,751,053
Total Taxable Value	6,144,477,094	0	6,194,101,989	6,144,477,094

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M & O Purposes

T1	T2	T3	T4
6,231,069,427	6,144,477,094	6,231,069,427	6,144,477,094

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
86,592,333	0

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
6,678,097,927	6,591,505,594	6,678,097,927	6,591,505,594

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

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

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

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

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

123-907-02/Port Arthur ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	885,238,761	1.0032	882,415,033	885,238,761
B. MULTIFAMILY RESIDENCES	91,579,918	0.8060	113,622,727	91,579,918
C1. VACANT LOTS	39,827,179	N/A	39,827,179	39,827,179
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	413,460	1.4052	294,233	413,460
D2. REAL PROP:FARM & RANCH	313,560	N/A	313,560	313,560
E. REAL PROP NONQUAL ACREAGE	58,564,330	N/A	58,564,330	58,564,330
F1. COMMERCIAL REAL	465,417,949	0.9329	498,893,717	465,417,949
F2. INDUSTRIAL REAL	5,144,400,644	N/A	5,144,400,644	5,144,400,644
G. OIL,GAS,MINERALS	11,677,889	N/A	11,677,889	11,677,889
J. UTILITIES	144,141,380	1.0646	135,394,871	144,141,380
L1. COMMERCIAL PERSONAL	233,575,177	0.9793	238,512,383	233,575,177
L2. INDUSTRIAL PERSONAL	593,496,120	N/A	593,496,120	593,496,120
M. MOBILE HOMES	323,820	N/A	323,820	323,820
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	2,444,140	N/A	2,444,140	2,444,140
S. SPECIAL INVENTORY	8,813,820	N/A	8,813,820	8,813,820
Subtotal	7,680,228,147		7,728,994,466	7,680,228,147
Less Total Deductions	1,535,751,053		1,534,892,477	1,535,751,053
Total Taxable Value	6,144,477,094		6,194,101,989	6,144,477,094

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

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Value Taxable For I & S Purposes

T7	T8	T9	T10
6,678,097,927	6,591,505,594	6,678,097,927	6,591,505,594

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

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

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

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

and

EMERALD RENEWABLE DIESEL LLC

(Texas Taxpayer ID #32068897787)

Comptroller Application #1443

Dated

June 25, 2020

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2020)*

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

STATE OF TEXAS §

COUNTY OF JEFFERSON §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **PORT ARTHUR INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **EMERALD RENEWABLE DIESEL LLC**, Texas Taxpayer Identification Number 32068897787 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on October 24, 2019, the Superintendent of Schools of the Port Arthur Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on October 24, 2019, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

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

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and December 18, 2019 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

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

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on March 11, 2020, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

~~**WHEREAS**, the District's Board of Trustees ratified the extension dated April 24th, 2020, extending the statutory deadline by which the District must consider the Agreement until December 31, 2020, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);~~

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

WHEREAS, on June 25, 2020, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on June 25, 2020, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on May 19, 2020, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on June 25, 2020, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized Board Vice President to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I

DEFINITIONS

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

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

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

“Applicant” means Emerald Renewable Diesel LLC, (*Texas Taxpayer ID #32068897787*), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

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

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

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on October 24, 2019. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

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

“Appraisal District” means the Jefferson Central Appraisal District.

“Board of Trustees” means the Board of Trustees of the Port Arthur Independent School District.

“Commercial Operation” means the relevant property has been constructed, has received all necessary permits to operate, and has commenced commercial operations of receiving feedstocks and converting them into usable products for later sale or processing as intended by the final project design.

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

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

“County” means Jefferson County, Texas.

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

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

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

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

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of

the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

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

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

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

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

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

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

"State" means the State of Texas.

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

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

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

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

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

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

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, and as further provided in Sections 6.2A and 6.2D, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying by the District's Average Daily Attendance, as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the prior school year (rounded to the nearest whole number) times \$100, or any larger amount allowed by Section 313.027(i) of the TEXAS TAX CODE, if such limitation is increased for any future year of this Agreement and such increase is effective for purposes of this Agreement. The Annual Limit shall first be computed for Tax Year 2020, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i.

"Applicable School Finance Law" means Chapters 41, 42, 48, and 49 of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State for each and every year of this Agreement, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any and all amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement. For each year of this Agreement, the "Applicable School Finance Law" shall be interpreted to include all provisions made applicable for any calculations made for the specific year for which calculations are being made.

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

"Net Aggregate Limit" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement, less all amounts previously paid by the Applicant to or on behalf of the District under Article VI, below.

"Net Tax Benefit" means, (i) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) less the sum of (A) all maintenance and operations *ad valorem* school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Articles IV and V under this Agreement.

"New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have actually received for such school year if calculated using prior year taxable values.

"Option to Terminate" means Applicant's written notice to the District which: (i) in the event that Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment prior to the beginning of the Tax Limitation Period notifies the District of Applicant's unilateral determination to terminate this Agreement; or, (ii) with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, where the sum of the maintenance and operations *ad valorem* taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed the amount of the maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The Applicant may exercise the Subsection (ii) option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year where the payment otherwise due exceeded the amount of taxes that Applicant would have paid had it not entered into the Agreement. Any termination of this Agreement under Subsection (ii) of this provision s shall be effective immediately prior to the second Tax Year next following the Tax Year in which notice is given.

"Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the Tax Year, under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the *ad valorem* maintenance & operations tax at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for the prior school year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property for the prior school year subject to this Agreement. In this calculation, the total appraised value of the Qualified Property subject to this Agreement will be used for the Qualified Property in lieu of the property's M&O taxable value. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant's Qualified Property will be used for the Qualified Property in lieu of the property's M&O taxable value.)

"Revenue Protection Amount" means the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date as set forth in Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad

valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is December 18, 2019, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is June 25, 2020.

C. The Qualifying Time Period for this Agreement:

- i. Starts on June 25, 2020, the Application Approval Date; and
- ii. Ends on December 31, 2022, the last day of the second complete Tax Year following the Qualifying Time Period start date

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2022, first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
- ii. Ends on December 31, 2031.

E. The Final Termination Date for this Agreement is December 31, 2036.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax

Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. \$30,000,000 based on Section 313.54 of the TEXAS TAX CODE

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

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

- A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$1,112 for all New Non-Qualifying Jobs created by the Applicant.

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

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

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

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all

purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

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

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

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

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a sole and direct producing cause. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the risk of any and all negative financial consequences to the District's total annual Maintenance and Operations Revenue, for which the execution of this Agreement was a sole and direct producing cause will be borne solely by Applicant and not by District.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such

definition specifically contemplates that calculations made under this Agreement may well periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement; ii) are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and, iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

A. Calculation of the Revenue Protection Amount.

The amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "Revenue Protection Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The Revenue Protection Amount owed by the Applicant to District means the Original M&O Revenue minus the New M&O Revenue (as such terms are defined in Section 1.2):

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

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For All calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.

Section 4.3. SCHEDULE OF MINIMUM PROPERTY VALUES FOR DEBT TAX PURPOSES. Applicant agrees, for each of the years set forth below in this Section, to ensure that Applicant's Qualified Property shall have at least the taxable value for debt service taxation purposes as listed on the following chart, net of any loss of value attributable to a Major Property Loss during a calendar year preceding the date of appraisal for the Tax Year for which values are being guaranteed by the chart below, but only to the extent that that Applicant is pursuing the repairs of such Major Casualty Loss

with reasonable diligence, and to the extent that appraised values for the repair of such Major Property Loss are subtracted from the amount of such loss calculation.

The following minimum property values, listed for each Tax Year, represent 75% of the values set forth by the Applicant in Schedule B of the Application.

Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Guaranteed Minimum Table Value
1	January 1, 2022	2022-2023	2022	\$152,148,300
2	January 1, 2023	2023-2024	2023	\$152,131,897
3	January 1, 2024	2024-2025	2024	\$144,525,565
4	January 1, 2025	2025-2026	2025	\$137,299,511
5	January 1, 2026	2026-2027	2026	\$130,434,198
6	January 1, 2027	2027-2028	2027	\$123,912,338
7	January 1, 2028	2028-2029	2028	\$117,716,646
8	January 1, 2029	2029-2030	2029	\$111,831,339
9	January 1, 2030	2030-2031	2030	\$106,239,885
10	January 1, 2031	2031-2032	2031	\$100,927,253

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES CAUSED BY APPLICANT’S FAILURE TO MAINTAIN MINIMUM PROPERTY VALUES. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, beginning with Tax Year 2022 and continuing thereafter through Tax Year 2031, shall also indemnify and reimburse the District for any loss of District Debt Service Tax revenues to its Interest and Sinking (I&S) Fund, arising from Applicant’s failure to maintain at least the taxable values set forth in Section 4.3 on the Qualified Property that is the subject of this Agreement for Debt Service Tax purposes.

In the event that Applicant fails to maintain the minimum annual taxable value for Debt Service Tax purposes as set forth in Section 4.3, above, Applicant shall reimburse the District for such revenue shortfall in accordance with the following formula:

Guaranteed Local Debt Service Tax Value (as listed in Section 4.3) for the applicable Tax Year

Minus

Actual Taxable Value for Debt Service Tax purposes for the applicable year (net of any loss of value attributable to a Major Property Loss)

Multiplied by

District's adopted Debt Service Tax rate for the applicable year.

If, for any year of this Agreement, the calculation set forth in this Section results in a negative number, the negative number will be considered to be zero.

The District specifically agrees that all payments to the District made under this Subsection shall only be deposited into the District's Interest and Sinking Fund account and may be used for no other purpose.

Section 4.5. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by a qualified and experienced independent third party (the "Third Party") approved each year by the District. To the extent not inconsistent with a statutory change to Applicable School Finance Law, all calculations made by the Third Party under this Agreement shall be made using a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.6. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.7. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2, Article VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her

or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.8. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 which exceeds Fifteen Thousand Dollars (\$15,000.00).

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

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new

Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.11. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District within thirty (30) dates of receipt of written notice, up to the limit set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a sole and direct result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following: all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project during any project construction year. Applicant shall have the right to contest the findings of the District's external auditor in the same manner as described in Section 9.3 herein.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO ANNUAL PAYMENT LIMIT. The District shall receive Supplemental Payments on in the dates set forth on the following schedule.

In any year during the term of this Agreement, the District shall be entitled to receive a payment in an amount equal to the lesser of:

- (a) the Applicant's Stipulated Supplemental Payment Amount, defined as Forty-Five Percent (45%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.2, above; or,

(b) the Net Aggregate Limit, as the term is defined in Section 1.2, above.

Each such payment shall be referred to herein as a "Supplemental Payment."

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

Notwithstanding the foregoing:

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

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

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

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

Section 6.3. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.3, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

C. The payment of all amounts due under this Article shall be made shall be paid on the dates set forth in the table in Section 6.1 above.

Section 6.4. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Supplemental Payments calculated as described in Section 6.4, above.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate, this Agreement shall terminate and be of no further force or effect; provided, however, that:

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

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

ARTICLE VIII
ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

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

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

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

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

A. All inspections will be made at a mutually agreeable time after the giving of not less than ninety-six (96) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS

GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

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

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified

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

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

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

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

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

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

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

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

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

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

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

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

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

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

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

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

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

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

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

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

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

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

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

O. The Applicant failed to comply with the conditions included in the certificate for

limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

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

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

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

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

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

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have *not greater than* sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within thirty (30) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Jefferson County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe.

With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. Consequences of Early Termination or Other Breach by Applicant.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.1 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

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

D. In the event that the District determines that the Applicant has committed a Material

Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

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

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

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

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

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

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

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

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

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

**ARTICLE X.
MISCELLANEOUS PROVISIONS**

Section 10.1. INFORMATION AND NOTICES.

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

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

Dr. Mark Porterie
Superintendent of Schools
Port Arthur Independent School District
4801 9th Avenue
Port Arthur, Texas 77641
Phone: (409) 989-6100
Facsimile: (409) 989-6229

Email: mporterie@paisd.org

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

Howard Jensen
Emerald Biofuels, LLC
300 North LaSalle Street, Suite 4925
Chicago, IL 60654
Phone: (847) 212-0339
Facsimile: (847) 487-7076
Email: hjensen@emeraldbiofuels.com

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

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

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

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

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

a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

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

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

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

i. require that all property added by amendment be eligible property as defined by

Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

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

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

Section 10.3. ASSIGNMENT.

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

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

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

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

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

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

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as

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

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

Section 10.9. INTERPRETATION.

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

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

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

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

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together,

shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

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

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

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

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

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

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

Section 10.14. CONFLICTS OF INTEREST.

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

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

connection with this Agreement.

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

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.

Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

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

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

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

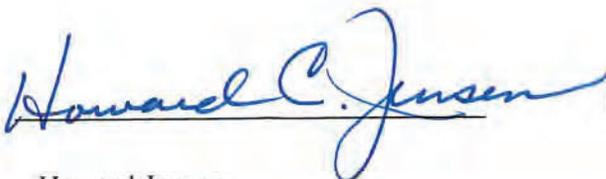
B. Delivery is deemed complete as follows:

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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 25th day of June, 2020.

Emerald Renewable Diesel LLC

**PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT**

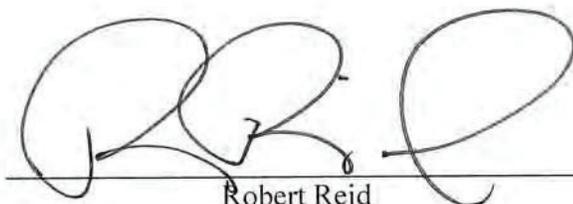
By: 

Howard Jensen
Principal

By: 

Brandon Bartie
President, Board of
Trustees

ATTEST:



Robert Reid
Secretary,
Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On June 25, 2020, the Port Arthur Independent School District adopted an Order creating the *Emerald Reinvestment Zone No. 1*. A legal description and map of the *Emerald Reinvestment Zone No. 1* is attached as the last page of this **EXHIBIT 1** following the legal description of the zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *Emerald Reinvestment Zone No. 1* and the Port Arthur Independent School District.

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

RESOLUTION CREATING EMERALD REINVESTMENT ZONE NO. 1

WHEREAS, Section 312.0025 of the Texas Tax Code permits a school district to designate a reinvestment zone if that designation 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 school district and contribute to the economic development of the region of this state in which the school district is located; and,

WHEREAS, the Port Arthur Independent School District (the "District") desires to encourage the development of primary employment and to attract major investment in the District and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and,

WHEREAS, the District published notice of a public hearing regarding the possible designation of the area described in the attached **Exhibit A** as a reinvestment zone for the purposes of Chapter 313 of the Texas Tax Code; and,

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the school district in Jefferson County, Texas as shown on the map attached as **Exhibit B**; and,

WHEREAS, the District has given written notice of the proposed action and the Public Hearing to all political subdivisions and taxing authorities having jurisdiction over the property proposed to be designated as the reinvestment zone, described in the attached **Exhibits A & B**; and,

WHEREAS, all interested members of the public were given an opportunity to make comments at the public hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PORT ARTHUR INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Port Arthur Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of *EMERALD REINVESTMENT ZONE NO. 1* has been called, held and conducted, and that notices of such hearing have been published and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of *EMERALD REINVESTMENT ZONE NO. 1* be and, by the adoption of this Resolution, are declared and certified to be the area as described in the description attached hereto as "**Exhibit A**"; and,
- (c) That the map attached hereto as "**Exhibit B**" is declared to be and, by the adoption of this Resolution, is certified to accurately depict and show the boundaries of *EMERALD REINVESTMENT ZONE NO. 1* which is described in **Exhibit A**; and further certifies that the property described in **Exhibit A** is inside the boundaries shown on **Exhibit B**; and,
- (d) That creation of *EMERALD REINVESTMENT ZONE NO. 1* with boundaries as described in **Exhibit A** and **Exhibit B** will result in benefits to the Port Arthur Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the *EMERALD REINVESTMENT ZONE NO. 1* described in **Exhibit A** and **Exhibit B** 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, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Port Arthur Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Port Arthur Independent School District hereby creates a reinvestment zone under the provisions of Texas Tax Code §312.0025, encompassing the area described by the descriptions in **Exhibit A** and **Exhibit B**, and such reinvestment zone is hereby designated and shall hereafter be referred to as *EMERALD REINVESTMENT ZONE NO. 1*.

SECTION 4. That the existence of the *EMERALD REINVESTMENT ZONE NO. 1* shall first take effect upon, June 25th, 2020, the date of the adoption of this Resolution by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such adoption.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this

Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Port Arthur Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Jefferson County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 25th day of June, 2020.

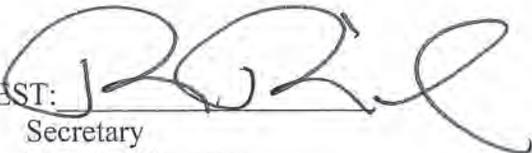
**PORT ARTHUR INDEPENDENT SCHOOL
DISTRICT**

By:



President
Board of Trustees

ATTEST:



Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF EMERALD REINVESTMENT ZONE NO. 1

EMERALD REINVESTMENT ZONE NO. 1

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT
RESOLUTION CREATING EMERALD REINVESTMENT ZONE NO. 1
June 25, 2020
Page 4

Agreement for Limitation on Appraised Value
Between Port Arthur ISD and Emerald Renewable Diesel LLC

Texas Economic Development Act Agreement

Comptroller Form 50-826 (Jan 2016)

EXHIBIT 1

Property ID	Legal Description	Within Leased Area	Within Port-Arthur ISD
74503	PT L5 B7 RG Q PT L3&4 B8 RG Q PT L6&7 B9 RG Q PT L4-8 B7 RG PT L1&8 B7 RG S PALCO & B37-43 ABD LAKESIDE PARK 92.004 AC	Yes	Y
74506	PT OF BLKS 7&8 RG Q PT OF BLKS 6-9 RG R PT OF BLKS 6&7 ALL OF BLKS 7&8 RG S PT BLKS 7-9 RG T PALCO 282.174 AC (NON-AG ACCT)	Yes	Y
255833	PT OF BLKS 7&8 RG Q PT OF BLKS 6-9 RG R PT OF BLKS 6&7 ALL OF BLKS 7&8 RG S PT BLKS 7-9 RG T PALCO 742.212 AC (AG ACCT)	Yes	Y

EXHIBIT B

SURVEY MAPS OF EMERALD REINVESTMENT ZONE NO. 1

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT
RESOLUTION CREATING EMERALD REINVESTMENT ZONE NO. 1
June 25, 2020
Page 5

Agreement for Limitation on Appraised Value
Between Port Arthur ISD and Emerald Renewable Diesel LLC

Texas Economic Development Act Agreement

Comptroller Form 50-826 (Jan 2016)

EXHIBIT 1

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *Emerald Reinvestment Zone No. 1* and the Port Arthur Independent School District. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the legal description and maps attached to **EXHIBIT 1** AND **EXHIBIT 4**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after June 25, 2020, that is owned by the Applicant, as more fully described in Tab #7 of the Application and located within the boundaries of the Port Arthur Independent School District and the *Emerald Reinvestment Zone No. 1* depicted by the map attached to EXHIBIT 4.

The Project will be located entirely within Port Arthur Independent School District. The proposed Project will include the following:

Description of Qualified Investment

Emerald Biofuels, LLC ("Emerald") is evaluating the possible development, design and construction of 6,500 bbls per day (guaranteed capacity) renewable diesel refinery. The refinery would produce renewable diesel and co-products. One of the potential locations for the new facilities is unimproved land located within the GT Omniport business park in Jefferson County, Texas.

Within the processing area the Qualified Investment for which the tax limitation is sought would include the feedstock preprocessing unit and UOP/ENI Ecofining™ process technology (a hydrotreating unit and isomerization unit customized for refining agricultural fats and oils) is proprietary technology owned by UOP, LLC, a division of Honeywell, Inc. ("UOP"), which UOP has licensed to the Company, along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self- contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of raw materials and intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, raw material and utility distribution equipment, tanks and pipelines located within the project boundary.

Outside the process area, the Qualified Investment will include:

- Two rail spurs with four spots each for railcar loading and unloading plus additional siding for railcar storage
- Rail car storage in transit (SIT) yard used to store renewable diesel and co-product on site by the project in rail cars until there are a sufficient number of full rail cars to be shipped
- SIT for loading of barges until there is sufficient quantity of product for transfer to a near- by deep water port to fill portions of a tanker ship
- The truck loading/unloading racks for feedstocks and products and a truck scale
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and two 600 pounds per square inch gauge (psig) steam boilers (hydrogen is supplied by a pipeline connected to a common hydrogen grid)
- Electrical substation and interconnections to the ISBL
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building (the control room, locker room, offices, and lunch room are integral to the building housing the pretreatment equipment)
- Access roadways and parking lots
- Pipe racks between the process area and the storage tanks, and piping for bringing hydrogen to the process area.
- Control, administration and other plant buildings integral to the manufacturing processes of the project.

Upon timely granting of all required permits from respective federal, state, and local agencies, on site construction is currently proposed to commence in the third quarter of 2020 with completion estimated in the first quarter of 2022.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Applicant's Qualified Property shall be *all* tangible personal property first placed in service after December 18, 2019, that is owned by the Applicant, as more fully described in Tab #8 of the Application and located within *the* boundaries of the Port Arthur Independent School District and the *Emerald Reinvestment Zone No. 1* depicted by *the* map attached to this **EXHIBIT 4**.

The Project will be located entirely within Port Arthur Independent School District. The proposed Project will include the following:

Description of Qualified Property

Emerald Biofuels, LLC ("Emerald") is evaluating the possible development, design and construction of 6,500 bbls per day (guaranteed capacity) renewable diesel refinery. The refinery would produce renewable diesel and co-products. One of the potential locations for the new facilities is unimproved land located within the GT Omniport business park in Jefferson County, Texas.

Within in the process area, the Qualified Property for which the tax limitation is sought would include the feedstock preprocessing unit and UOP/ENI Ecofining™ process technology (a hydrotreating unit and isomerization unit customized for refining agricultural fats and oils) is proprietary technology owned by UOP, LLC, a division of Honeywell, Inc. ("UOP"), which UOP has licensed to the Company, along with all process infrastructure and auxiliary equipment including compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, packaged systems (which are a series of interconnected self- contained production units that constitute the renewable diesel refinery operations), blowers and fans, dryers, dust collection units, mixers, feeders, extruder, rotary valves, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of raw materials and intermediate products critical in the manufacturing process of the project, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of spare parts inventories, raw material and utility distribution equipment, tanks and pipelines located within the project boundary.

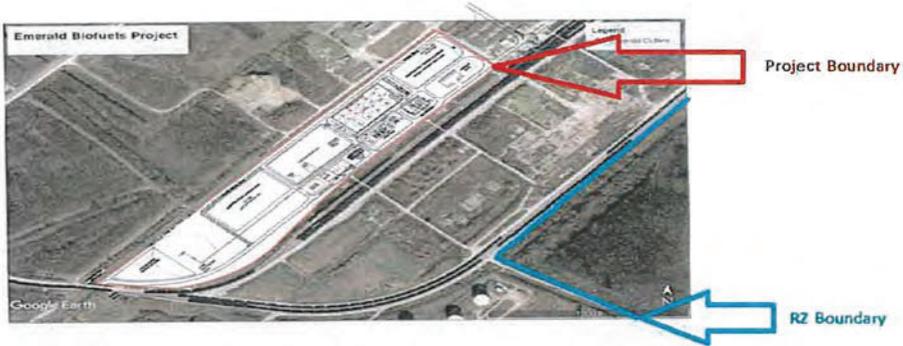
Outside the process area, the Qualified Property will include:

- Two rail spurs with four spots each for railcar loading and unloading plus additional siding for railcar storage
- Rail car storage in transit (SIT) yard used to store renewable diesel and co-product on site by the project in rail cars until there are a sufficient number of full rail cars to be shipped
- SIT for loading of barges until there is sufficient quantity of product for transfer to a nearby deep water port to fill portions of a tanker ship
- The truck loading/unloading racks for feedstocks and products and a truck scale
- Emergency vent flare stack
- Cooling water tower
- Utility systems including electricity, water and wastewater, plant air system, nitrogen system, and two 600 pounds per square inch gauge (psig) steam boilers (hydrogen is supplied by a pipeline connected to a common hydrogen grid)
- Electrical substation and interconnections to the ISBL
- Wastewater treatment system
- Firewater storage tank and diesel-driven pump
- Maintenance shop, warehouse, and materials storage building (the control room, locker room, offices, and lunch room are integral to the building housing the pretreatment equipment)
- Access roadways and parking lots
- Pipe racks between the process area and the storage tanks, and piping for bringing hydrogen to the process area.
- Control, administration and other plant buildings integral to the manufacturing processes of the project.

Upon timely granting of all required permits from respective federal, state, and local agencies, on site construction is currently proposed to commence in the third quarter of 2020 with completion estimated in the first quarter of 2022.

Map of Qualified Investment/Qualified Property

Operating Equipment Layout to be placed in Leased Area
Emerald Renewable Project



All existing improvements are outside the project area boundary. The Rail Facilities and existing concrete foundations have no relation to the project; are outside the boundary of the project; and have been appraised at \$0 on the JCAD Appraisal Rolls

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

June 25, 2020

President and Members
Board of Trustees
Port Arthur Independent School District
4801 9th Avenue
Port Arthur, Texas 77642

Re: Recommendations and Findings of the Firm Concerning the Application of Emerald Renewable Diesel, LLC (#1443) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Port Arthur Independent School District, with respect to the pending Application of Emerald Renewable Diesel, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

Because of the foregoing, it is our recommendation that the Board of Trustees approve the Application of Emerald Renewable Diesel, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink that reads "Daniel T. Casey".

Daniel T. Casey
Partner

www.moakcasey.com

Phone 512-485-7878

901 S. Mopac Expressway ★ Bldg. III ★ Suite 310 ★ Austin, TX 78746

Fax 512-485-7888

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

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

JUSTIN DEMERATH

BENJAMIN CASTILLO

June 25, 2020

President and Members
Board of Trustees
Port Arthur Independent School District
4801 9th Avenue
Port Arthur, Texas 77642

*Re: Recommendations and Findings of the Firm Concerning the Application of
Emerald Renewable Diesel, LLC (#1443) for a Limitation on Appraised Value of
Property for School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Port Arthur Independent School District, with respect to the pending Application of Emerald Renewable Diesel, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Emerald Renewable Diesel, LLC. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Emerald Renewable Diesel, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written over a horizontal line.

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 19, 2020

Dr. Mark Porterie
Superintendent
Port Arthur Independent School District
P.O. Box 1388
Port Arthur, TX, 77641-1388

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and Emerald Renewable Diesel LLC, Application 1443

Dear Superintendent Porterie:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and Emerald Renewable Diesel LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5- 5626 or at 512-475- 5626.

Sincerely,

DocuSigned by:

Will Counihan

45047260A6AB46C...

Will Counihan

Director

Data Analysis & Transparency Division

cc: Dan Casey, Moak, Casey & Associates
Howard Jensen, Emerald Biofuels. LLC
Danny Harris, HH Property Tax Services

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.