

FINDINGS OF THE BRAZOSPORT
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
DOW CHEMICAL COMPANY



January 4, 2011

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OF THE
BRAZOSPORT INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
DOW CHEMICAL COMPANY**

JANUARY 4, 2011

Board Findings of the Brazosport Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d).

A copy of the Application was delivered to the Brazoria County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on December 3, 2011. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

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

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

After receipt of the Application, the District entered into negotiations with Dow Chemical over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. This form of the Agreement has been submitted to the Comptroller's Office pursuant to 34 Tex. Admin. Code § 9.1055 (c)(1). The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

There is a relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan

Board Findings of the Brazosport Independent School District

for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Dow Chlorine 7 project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of Brazoria County, Texas, is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Brazoria County is the 15th largest county in the state in terms of population. Population growth in Brazoria County was above the state average. The state population grew by 2.0 percent between 2008 and 2009, while the population of Brazoria County increased by 2.6 percent over the same period.

September 2011 employment growth for Brazoria County increased by 1.0 percent from September 2009, while the state total employment increased by 1.2 percent during the same period. The unemployment rate in Brazoria County was 8.7 percent in September 2011, higher than the current state average of 8.1 percent.

Brazoria County has a higher per capita personal income than the state as a whole. In terms of per capita income, Brazoria County's \$36,669 in 2008 ranked 51st among the 254 counties in Texas, while the Texas average was \$37,809 for the same period. These data are more than two years old and the recession that has occurred during that period would be expected to slow the growth in personal income in Brazoria County and throughout the state.

Board Findings of the Brazosport Independent School District

In the first quarter 2011, taxable sales totaled \$5632.87 million in Brazoria County. This figure reflects a 7.3 percent decrease from the same year-earlier quarter and is consistent with the general trend in taxable sales across the state.

Brazoria County will benefit from economic activity like that associated with the Dow Chemical project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$89,161 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the average manufacturing wage. Dow Chemical indicates that total employment will be approximately eight (8) new qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create ten new jobs when fully operational. Eight of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Brazoria County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009 for Brazoria County is \$81,055. That same year, the county annual average wage for all industries was \$43,758. In addition to a salary of \$89,161, each qualifying position will receive benefits such as medical and dental insurance, life insurance, a 401(k) savings plan, pension plan, employee stock purchase plan, family and personal counseling services, and vacation and holiday pay.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$768 million on the basis of the goal of eight (8) new qualifying positions for the entire Dow Chemical project located in Brazosport ISD.

Board Findings of the Brazosport Independent School District

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$768 million, resulting in a relative level of investment per qualifying job of \$96 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts the Dow Chlorine 7 Plant's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 17 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project

Board Findings of the Brazosport Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Dow Chlorine 7

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	250	353	603	\$13,502,500	\$27,497,500	\$41,000,000
2013	1000	1399	2399	\$55,526,000	\$117,474,000	\$173,000,000
2014	410	687	1097	\$23,911,600	\$69,088,400	\$93,000,000
2015	10	123	133	\$1,078,800	\$23,921,200	\$25,000,000
2016	10	98	108	\$1,100,380	\$19,899,620	\$21,000,000
2017	10	82	92	\$1,122,380	\$16,877,620	\$18,000,000
2018	10	78	88	\$1,144,830	\$15,855,170	\$17,000,000
2019	10	79	89	\$1,167,730	\$15,832,270	\$17,000,000
2020	10	87	97	\$1,191,080	\$15,808,920	\$17,000,000
2021	10	94	104	\$1,214,900	\$16,785,100	\$18,000,000
2022	10	101	111	\$1,239,200	\$17,760,800	\$19,000,000
2023	10	103	113	\$1,263,990	\$17,736,010	\$19,000,000
2024	10	107	117	\$1,289,270	\$19,710,730	\$21,000,000
2025	10	114	124	\$1,315,050	\$20,684,950	\$22,000,000
2026	10	96	106	\$1,341,350	\$19,658,650	\$21,000,000
2027	10	94	104	\$1,368,180	\$19,631,820	\$21,000,000
2028	10	92	102	\$1,395,540	\$20,604,460	\$22,000,000

Source: CPA, REMI, The Dow Chemical Company

Board Findings of the Brazosport Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Brazosport ISD I&S Levy	Brazosport ISD M&O Levy	Brazosport ISD M&O and I&S Tax Levies (Before Credit Credited)	Brazosport ISD M&O and I&S Tax Levies (After Credit Credited)	Brazoria County	Velasco Drainage District	Port of Freeport	Brazosport College	Estimated Total Property Taxes
			0.1885	1.0400				0.4263	0.0871	0.0535	0.1758	
2012	\$182,552,450	\$182,552,450		\$344,111	\$1,898,545	\$2,242,657	\$2,242,657	\$778,221	\$159,058	\$97,666	\$320,843	\$3,598,445
2013	\$311,052,450	\$311,052,450		\$586,334	\$3,234,945	\$3,821,279	\$3,821,279	\$1,326,017	\$271,020	\$166,413	\$546,687	\$6,131,416
2014	\$722,052,450	\$722,052,450		\$1,361,069	\$7,509,345	\$8,870,414	\$8,870,414	\$0	\$0	\$0	\$0	\$8,870,414
2015	\$693,172,450	\$693,172,450		\$1,306,630	\$7,208,993	\$8,515,624	\$8,515,624	\$0	\$0	\$0	\$0	\$8,515,624
2016	\$665,447,650	\$30,000,000		\$1,254,369	\$312,000	\$1,566,369	\$1,566,369	\$0	\$0	\$0	\$0	\$1,566,369
2017	\$638,831,842	\$30,000,000		\$1,204,198	\$312,000	\$1,516,198	\$810,803	\$0	\$0	\$0	\$0	\$810,803
2018	\$613,280,666	\$30,000,000		\$1,156,034	\$312,000	\$1,468,034	\$766,214	\$0	\$0	\$0	\$0	\$766,214
2019	\$588,751,538	\$30,000,000		\$1,109,797	\$312,000	\$1,421,797	\$738,864	\$0	\$0	\$0	\$0	\$738,864
2020	\$565,203,574	\$30,000,000		\$1,065,409	\$312,000	\$1,377,409	\$713,291	\$0	\$0	\$0	\$0	\$713,291
2021	\$542,597,529	\$30,000,000		\$1,022,796	\$312,000	\$1,334,796	\$671,468	\$2,313,093	\$472,765	\$290,290	\$953,637	\$4,701,253
2022	\$520,895,726	\$30,000,000		\$981,888	\$312,000	\$1,293,888	\$648,246	\$2,220,578	\$453,856	\$278,679	\$915,495	\$4,516,856
2023	\$500,061,995	\$30,000,000		\$942,617	\$312,000	\$1,254,617	\$931,096	\$2,131,764	\$435,704	\$267,533	\$878,879	\$4,644,977
2024	\$480,061,613	\$480,061,613		\$904,916	\$4,992,641	\$5,897,557	\$904,916	\$2,046,503	\$418,278	\$256,833	\$843,727	\$4,470,257
2025	\$460,861,247	\$460,861,247		\$868,723	\$4,792,957	\$5,661,680	\$946,739	\$1,964,651	\$401,548	\$246,561	\$809,982	\$4,369,482
2026	\$442,428,895	\$442,428,895		\$833,978	\$4,601,261	\$5,435,239	\$5,435,239	\$1,886,074	\$385,488	\$236,699	\$777,586	\$8,721,088
2027	\$424,733,837	\$424,733,837		\$800,623	\$4,417,232	\$5,217,855	\$5,217,855	\$1,810,640	\$370,071	\$227,233	\$746,487	\$8,372,285
2028	\$407,746,582	\$407,746,582		\$768,602	\$4,240,564	\$5,009,167	\$5,009,167	\$1,738,224	\$355,270	\$218,144	\$716,631	\$8,037,435
						Total	\$47,810,241	\$18,215,766	\$3,723,058	\$2,286,051	\$7,509,955	\$79,545,072

Assumes School Value Limitation and Tax Abatements

Source: CPA, The Dow Chemical Company

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Brazosport ISD I&S Levy	Brazosport ISD M&O Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County	Velasco Drainage District	Port of Freeport	Brazosport College	Estimated Total Property Taxes	
			0.1885	1.0400			0.4263	0.0871	0.0535	0.1758		
2012	\$182,552,450	\$182,552,450		\$344,111	\$1,898,545	\$2,242,657	\$778,221	\$159,058	\$97,666	\$320,843	\$3,598,445	
2013	\$311,052,450	\$311,052,450		\$586,334	\$3,234,945	\$3,821,279	\$1,326,017	\$271,020	\$166,413	\$546,687	\$6,131,416	
2014	\$722,052,450	\$722,052,450		\$1,361,069	\$7,509,345	\$8,870,414	\$3,078,110	\$629,124	\$386,298	\$1,269,036	\$14,232,982	
2015	\$693,172,450	\$693,172,450		\$1,306,630	\$7,208,993	\$8,515,624	\$2,954,994	\$603,961	\$370,847	\$1,218,278	\$13,663,704	
2016	\$665,447,650	\$665,447,650		\$1,254,369	\$6,920,656	\$8,175,024	\$2,836,803	\$579,805	\$356,014	\$1,169,551	\$13,117,198	
2017	\$638,831,842	\$638,831,842		\$1,204,198	\$6,643,851	\$7,848,049	\$2,723,340	\$556,614	\$341,775	\$1,122,773	\$12,592,551	
2018	\$613,280,666	\$613,280,666		\$1,156,034	\$6,378,119	\$7,534,153	\$2,614,415	\$534,351	\$328,105	\$1,077,865	\$12,088,890	
2019	\$588,751,538	\$588,751,538		\$1,109,797	\$6,123,016	\$7,232,813	\$2,509,848	\$512,979	\$314,982	\$1,034,754	\$11,605,376	
2020	\$565,203,574	\$565,203,574		\$1,065,409	\$5,878,117	\$6,943,526	\$2,409,463	\$492,462	\$302,384	\$993,368	\$11,141,202	
2021	\$542,597,529	\$542,597,529		\$1,022,796	\$5,643,014	\$6,665,811	\$2,313,093	\$472,765	\$290,290	\$953,637	\$10,695,596	
2022	\$520,895,726	\$520,895,726		\$981,888	\$5,417,316	\$6,399,204	\$2,220,578	\$453,856	\$278,679	\$915,495	\$10,267,813	
2023	\$500,061,995	\$500,061,995		\$942,617	\$5,200,645	\$6,143,262	\$2,131,764	\$435,704	\$267,533	\$878,879	\$9,857,142	
2024	\$480,061,613	\$480,061,613		\$904,916	\$4,992,641	\$5,897,557	\$2,046,503	\$418,278	\$256,833	\$843,727	\$9,462,898	
2025	\$460,861,247	\$460,861,247		\$868,723	\$4,792,957	\$5,661,680	\$1,964,651	\$401,548	\$246,561	\$809,982	\$9,084,423	
2026	\$442,428,895	\$442,428,895		\$833,978	\$4,601,261	\$5,435,239	\$1,886,074	\$385,488	\$236,699	\$777,586	\$8,721,088	
2027	\$424,733,837	\$424,733,837		\$800,623	\$4,417,232	\$5,217,855	\$1,810,640	\$370,071	\$227,233	\$746,487	\$8,372,285	
2028	\$407,746,582	\$407,746,582		\$768,602	\$4,240,564	\$5,009,167	\$1,738,224	\$355,270	\$218,144	\$716,631	\$8,037,435	
						Total	\$107,613,314	\$37,342,740	\$7,632,355	\$4,686,457	\$15,395,580	\$172,670,445

Source: CPA, The Dow Chemical Company

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$768 million to the tax base for debt service purposes at the peak investment level for the 2013-14 school year. The Dow Chemical project remains fully taxable for debt services taxes, with BISD currently levying a \$0.187 I&S rate. The additional value is expected to reduce the District's Current I&S tax rate by 1.66 cents in the 2014 school year, when the project is at its peak value.

Board Finding Number 7.

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 Dow Chemical 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 Dow Chemical project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Brazosport ISD as stated in **Attachment D**.

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 8, the economic impact evaluation states:

According to the Dow Chemical Company's application, "The Dow Chemical Company is a leading science and technology company that provides innovative chemical; plastic, and agricultural products and services to many essential consumer markets. The Company's more than 5,000 products are manufactured at 214 sites in 37 countries across the globe. Dow's global manufacturing presence

Board Findings of the Brazosport Independent School District

provides substantial flexibility in plant location. In the U.S. alone, Dow has manufacturing locations in AR, CA, CT, GA, IL, KY, LA, MA, MI, MO, NJ, NY, NC, OH, TN, PA, TX and WV. In Texas there are eight manufacturing complexes located in Brazoria, Calhoun, Galveston and Harris counties. ”

Board Finding Number 9.

During the past two years, two projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Formal notification letters of the completion of due diligence research from the firms of O’Hanlon, McCollom & Demerath and Moak, Casey & Associates have been attached to these Findings.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2009 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2009 state value for Brazosport ISD is \$5.3 billion. Brazosport ISD is categorized as a Subchapter C school district, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Given that the value of Brazosport property in Brazosport ISD exceeds \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Findings of the Brazosport Independent School District

Board Finding Number 12.

The Applicant (Taxpayer Id. 13812851288) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 13.

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.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the initial years that the value limitation is in effect without the proposed Agreement. 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. Additional revenue protection measures are also in place for the duration of the Agreement.

Board Finding Number 14.

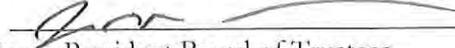
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

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 Brazosport Independent School 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 Brazosport Independent School District.

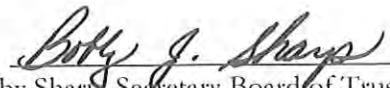
Board Findings of the Brazosport Independent School District

Dated the 4th day of January 2011.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

By: 
Jay Luce, President Board of Trustees

ATTEST:

By: 
Bobby Sharp, Secretary Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 14, 2010

President and Members
Board of Trustees
Brazosport Independent School District
P.O. Drawer Z
Freeport, Texas 77542

Re: Recommendations and Findings of the firm Concerning Application of Dow Chemical Company for 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 Brazosport Independent School District, with respect to the pending Application of Dow Chemical Company for 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.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Dow Chemical Company for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Dan Casey

www.moakcasey.com

Phone 512-485-7878

400 W. 15th Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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AUSTIN, TEXAS 78701
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KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

December 14, 2010

President and Members
Board of Trustees
Brazosport Independent School District
P.O. Drawer Z
Freeport, Texas 77542

*Re: Recommendations and Findings of the firm Concerning Application of Dow
Chemical Company for Limitation on Appraised Value of Property for School
District Maintenance and Operations Taxes*

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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.

Letter to Brazosport ISD
December 14, 2010
Page 2 of 2

5. The proposed Agreement contains adequate legal provisions so as to protect the Interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Dow Chemical Company for 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 in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment A

Application



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Form 50-296
(Revised May 2010)

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 completed application to the Comptroller in a three-ring binder with tabs 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 Web site. 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 as explained in the Confidentiality Notice below.

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. 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, make a recommendation 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 before the 151st 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 complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Date application received by district

July 28, 2010

Authorized School District Representative

First Name

Joe

Last Name

Ripple

Title

Superintendent

School District Name

Brazosport ISD

Street Address

301 W. Brazoswood Dr., Clute TX 77531

Mailing Address

P.O. Drawer Z

City

Freeport

Phone Number

979-730-7000

Mobile Number (optional)

State

TX

ZIP

77542

Fax Number

979-266-2486

E-mail Address

jripple@brazosportisd.net

I authorize the consultant to provide and obtain information related to this application... Yes No

Will consultant be primary contact? ... Yes No



Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name

Dan

Last Name

Casey

Title

Partner

Firm Name

Moak, Casey & Associates

Street Address

400 W. 15th Street, Suite 1410

Mailing Address

same

City

Austin

State

TX

ZIP

78701-1648

Phone Number

512-485-7878

Fax Number

512-485-7888

Mobile Number (Optional)

E-mail Address

dcasey@moakcasey.com

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.

Signature (Authorized School District Representative)

Joe K. Ripstein

Date

8/9/10

Has the district determined this application complete? Yes No

If yes, date determined complete. August 3, 2010

Have you completed the school finance documents required by TAC 9.1054(c)(3)? Yes No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Date application received by the ISD	1 of 16	✓
2 Certification page signed and dated by authorized school district representative	2 of 16	✓
3 Date application deemed complete by ISD	2 of 16	✓
4 Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5 Completed company checklist	12 of 16	✓
6 School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	✓

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name: Chaney
 Last Name: Moore
 Title: Sr. Tax Specialist
 Organization: The Dow Chemical Company
 Street Address: 2301 N. Brazosport Blvd.
 Mailing Address: 2301 N. Brazosport Blvd.
 City: Freeport
 State: TX
 ZIP: 77541
 Phone Number: 979.238.5576
 Fax Number: 979.238.0207
 Mobile Number (optional): 979.236.7479
 Business e-mail Address: CTMoore@Dow.com

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

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

First Name: _____
 Last Name: _____
 Title: _____
 Organization: _____
 Street Address: _____
 Mailing Address: _____
 City: _____
 State: _____
 Phone Number: _____
 Fax Number: _____
 Mobile Number (optional): _____
 E-mail Address: _____



I authorize the consultant to provide and obtain information related to this application. Yes No

Will consultant be primary contact? Yes No

FEEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "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.

Please answer only either A OR B:

A. 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 No

B. 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 No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

The Dow Chemical Company

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

13812851288

NAICS code

325000 Chemical Manufacturing

Is the applicant a party to any other Chapter 313 agreements? Yes No

If yes, please list name of school district and year of agreement.

Brazosport ISD 2002

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? Yes No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? Yes No
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? Yes No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? NA Yes No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



Application for Appraised Value Limitation on Qualified Property

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology
(7) nuclear electric power generation
(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)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

PROJECT DESCRIPTION

Provide 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. (Use attachments as necessary)

See Attached Description

Describe the ability of your company to locate or relocate in another state or another region of the state.

See Attached Description

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- New Jobs
Relocation from Out-of-State
Consolidation
Construct New Facility
Expansion
Relocation within Texas
New Business / Start-up
Expand Existing Facility
Purchase Machinery & Equipment

PROJECTED TIMELINE

Begin Construction 2011
Construction Complete 2013
Purchase Machinery & Equipment 2011-2013
Begin Hiring New Employees 2013
Fully Operational 2013

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)?

When do you anticipate the new buildings or improvements will be placed in service? 2013

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
None	
Total	

Will other incentives be offered by local units of government? Yes No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Tax Abatements with the County, Port, Drainage District, College and IDAs.

THE PROPERTY

Identify county or counties in which the proposed project will be located Brazoria County

Central Appraisal District (CAD) that will be responsible for appraising the property Brazoria County Appraisal District

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Brazoria 100% City: Industrial District Agreement 100% (not in city limits)
(Name and percent of project) (Name and percent of project)

Hospital District: _____ Water District: Velasco Drainage District 100%
(Name and percent of project) (Name and percent of project)

Other (describe): Port of Freeport 100% Other (describe): Brazosport College 100%
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No
 If not, please provide additional information on the project scope and size to assist in the economic analysis.



Application for Appraised Value Limitation on Qualified Property

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 rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30,000,000

What is the amount of appraised value limitation for which you are applying? \$30,000,000

What is your total estimated qualified investment? \$96,000,000

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? 1/2/2001

What is the anticipated date of the beginning of the qualifying time period? 1/2/2013

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$768,000,000

Describe the qualified investment. [See 313.021(1).]

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? [X] Yes [] No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

(1) in or on the new building or other new improvement for which you are applying? [X] Yes [] No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? [X] Yes [] No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? [X] Yes [] No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? [X] Yes [] No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? [X] Yes [] No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? [X] Yes [] No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or 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 [X] No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? January 2011

Will the applicant own the land by the date of agreement execution? [X] Yes [] No

Will the project be on leased land? [] Yes [X] No

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. 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(7).

110% of the county average weekly wage for all jobs (all industries) in the county is 841.50

110% of the county average weekly wage for manufacturing jobs in the county is 1558.75

110% of the county average weekly wage for manufacturing jobs in the region is 1007.54

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? 89,160.50

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? 89,160.50

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
- Will each qualifying job require at least 1,600 of work a year? Yes No
- Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
- Will any of the qualifying jobs be retained jobs? Yes No
- Will any of the qualifying jobs be created to replace a previous employee? Yes No
- Will any required qualifying jobs be filled by employees of contractors? Yes No

If yes, what percent? _____

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

See attached

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
- Is Schedule A completed and signed for all years and attached? Yes No
- Is Schedule B completed and signed for all years and attached? Yes No
- Is Schedule C (Application) completed and signed for all years and attached? Yes No
- Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

Application for Appraised Value Limitation on Qualified Property



QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous
Is the proposed project a building or new improvement to an existing facility? Yes No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. N/A (Market Value) (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? Yes No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? Yes No

WAGE AND EMPLOYMENT INFORMATION

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

The last complete calendar quarter before application review start date is the:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2010 (Year)

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 TWC?
4,749

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application.

Total number of new jobs that will have been created when fully operational 10 new jobs, 26 additional jobs will be retained [Brazoria Count is an SIA per 313.051(a)1]

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? Yes No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 8

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html>)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

CONFIDENTIALITY NOTICE**Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) It describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.



Application for Appraised Value Limitation on Qualified Property

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

*To be submitted with application or before date of final application approval by school board.



Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

Form fields for Authorized Company Consultant: First Name, Last Name, Title, Firm Name, Street Address, Mailing Address, City, State, ZIP, Phone Number, Fax Number, Business email Address.

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 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.

Signature (Authorized Business Representative (Applicant))

Handwritten signature of Belinda Z. Sanchez

Date

7/20/10

GIVEN under my hand and seal of office this 20 day of July, 2010



(Notary Seal)

Belinda Z. Sanchez
Notary Public, State of Texas

My commission expires 5-12-12

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 § 37.10.

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)*

TEXAS FRANCHISE TAX
EXTENSION REQUEST

Taxpayer number

Report year

Due date

13812651288

2010

05/17/2010

Taxpayer name THE DOW CHEMICAL COMPANY					Secretary of State file number or Comptroller file number	
Mailing address 2030 DOW CENTER TAX DEPARTMENT						
City MIDLAND	State MI	Country US	ZIP Code 48674	Plus 4	Check box if the address has changed <input type="checkbox"/>	
Check box if this is a combined report <input checked="" type="checkbox"/>						

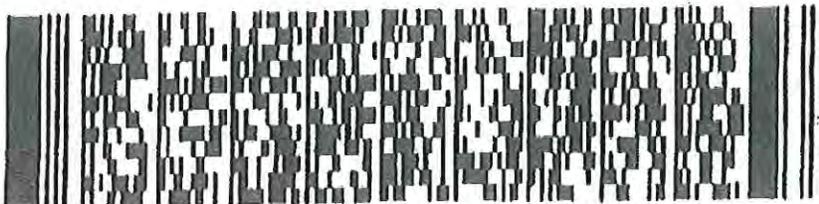
1. Check this box if you will be using your 2008 Temporary Credit for Business Loss Carryforward for the report year for which you are requesting this extension (See instructions) 1.
2. Check this box if you will begin using your 1992 Temporary Credit for the report year for which you are requesting this extension (See instructions) 2.
3. Extension payment (Dollars and cents) 3. 0.00

If this extension is for a combined group, you must also complete and submit Form 05-165.

Print or type name MARK W. KLOPFENSTEIN		Area code and phone number 909-638-6890
I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief		
Sign here <i>Mark Klopfenstein</i>	Date 4-28-10	Mail original to: COMPTROLLER OF PUBLIC ACCOUNTS P.O. Box 149348 Austin, TX 78714-9348

If you have any questions regarding franchise tax, you may contact the Texas State Comptroller's field office in your area or call (800) 252-1381, toll free nationwide. The Austin number is (512) 463-4600.
For instructions on completing the franchise tax report forms, see Form 05-393.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>
PM Date	



**TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST**

■ Reporting entity taxpayer number

13812851288

■ Report year

2010

Reporting entity taxpayer name

THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. PROJECT ALPENA		<input checked="" type="checkbox"/>
2. DOW SOUTH AFRICA HOLDINGS (0877)	38-1285127	<input checked="" type="checkbox"/>
3. WARBLER 1 LLC (1081)	38-3594985	<input checked="" type="checkbox"/>
4. DOW TRENT LIMITED (1075)		<input checked="" type="checkbox"/>
5. DOW UK LIMITED (1076)		<input checked="" type="checkbox"/>
6. BUILDSCAPE LLC (1050)	59-3681220	<input checked="" type="checkbox"/>
7. ESSEX SPECIALTY PRODUCTS LLC (POST 2	22-2425568	<input checked="" type="checkbox"/>
8. CHEMARS III LLC (RFGL 1161)	76-0732339	<input checked="" type="checkbox"/>
9. DMM FINANCIAL LLC (RFGL 1159)	52-2144735	<input checked="" type="checkbox"/>
10. DW DEXCO INVESTMENT LLC (RFGL 1170)	38-1285124	<input checked="" type="checkbox"/>
11. TEXAS LNG HOLDINGS LLC (RFGL 1193)	13-4290705	<input checked="" type="checkbox"/>
12. DOW PACIFIC HOLDINGS B.V.		<input checked="" type="checkbox"/>
13. SPHERIC DEVELOPMENT LLC (RFGL 1240)	13-4356383	<input checked="" type="checkbox"/>
14. WALSRODER PACKAGING LLC	20-5007928	<input checked="" type="checkbox"/>
15. GNS TECHNOLOGIES, LLC	27-0050101	<input checked="" type="checkbox"/>
16. DOW HOLDINGS LLC	38-3021197	<input checked="" type="checkbox"/>
17. DOW HYDROCARBONS AND RESOURCES LLC	38-3008322	<input type="checkbox"/>
18. HALTERMANN BRANCH		<input checked="" type="checkbox"/>
19. DOW CAPITAL INTERNATIONAL LLC	90-0404459	<input checked="" type="checkbox"/>
20. DOW ROOFING SYSTEMS LLC	32037816827	<input type="checkbox"/>
21. K-DOW PETROCHEMICALS US LLC	16115679215	<input checked="" type="checkbox"/>

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Texas Comptroller Official Use Only

VE/DE	<input type="checkbox"/>
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**TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST**

 Reporting entity taxpayer number

13812851288

 Report year

2010

 Reporting entity taxpayer name

THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. FILMTEC CORPORATION	13826338363	<input type="checkbox"/>
2. DOW DEUTSCHLAND INC (POST -00)	38-2750231	<input checked="" type="checkbox"/>
3. DOW FINANCIAL SERVICES INC	38-2900737	<input checked="" type="checkbox"/>
4. DOW ENVIRONMENTAL INC	94-3032723	<input checked="" type="checkbox"/>
5. ESSEX CHEMICAL CORPORATION	22-1569963	<input checked="" type="checkbox"/>
6. DOW PIPELINE COMPANY	17417110461	<input type="checkbox"/>
7. CAYUSE PIPELINE INC	17419639491	<input type="checkbox"/>
8. DOW INTRASTATE GAS COMPANY	72-0910103	<input checked="" type="checkbox"/>
9. RAVENWORKS LTD	38-2606901	<input checked="" type="checkbox"/>
10. DOW ENGINEERING INC	74-1691545	<input checked="" type="checkbox"/>
11. DOW ENGINEERING COMPANY	17416535577	<input checked="" type="checkbox"/>
12. GREAT WESTERN PIPELINE CO INC	38-2490880	<input checked="" type="checkbox"/>
13. MIDLAND PIPELINE CORPORATION	38-2051442	<input checked="" type="checkbox"/>
14. DC PARTNERSHIP MGMT INC	38-3021196	<input checked="" type="checkbox"/>
16. ROFAN SERVICES INC	13828538556	<input type="checkbox"/>
16. LIANA LIMITED	38-2720200	<input checked="" type="checkbox"/>
17. DOW CREDIT CORPORATION	13827063036	<input checked="" type="checkbox"/>
18. DOW CHEMICAL DELAWARE CORP	38-2342582	<input checked="" type="checkbox"/>
19. DOFINCO INC	38-2449438	<input checked="" type="checkbox"/>
20. DCOMCO INC	13820515461	<input type="checkbox"/>
21. DIAMOND CAPITAL MGMT INC	38-3082218	<input checked="" type="checkbox"/>

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Texas Comptroller Official Use Only

VE/DE	<input type="checkbox"/>
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**TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST**

■ Reporting entity taxpayer number
13812851288

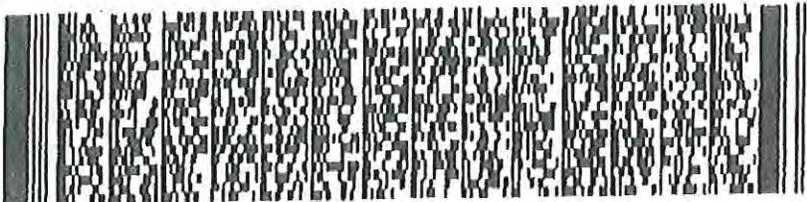
■ Report year
2010

Reporting entity taxpayer name
THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. RAVEN GROUP LTD	17604561518	<input checked="" type="checkbox"/>
2. MYCOGEN CORPORATION	95-3802654	<input checked="" type="checkbox"/>
3. WENBEN INC	38-3259830	<input checked="" type="checkbox"/>
4. CENTEN AG INC	38-3355904	<input checked="" type="checkbox"/>
5. CD POLYMERS INC	38-3381083	<input checked="" type="checkbox"/>
6. CHEMARS INC	38-3374164	<input checked="" type="checkbox"/>
7. INTARSIA CORPORATION	38-3377901	<input checked="" type="checkbox"/>
8. DSL HOLDINGS INC	93-1233800	<input checked="" type="checkbox"/>
9. TCM TECHNOLOGIES INC	38-3388082	<input checked="" type="checkbox"/>
10. SENTRACHEM US INC	04-3337631	<input checked="" type="checkbox"/>
11. HAMPSHIRE HOLDINGS INC	04-3329141	<input checked="" type="checkbox"/>
12. HAMPSHIRE CHEMICAL CORPORATION	10431657443	<input type="checkbox"/>
13. IFCO INC	98-0133746	<input checked="" type="checkbox"/>
14. DOW GLOBAL TECHNOLOGIES INC	98-0133745	<input checked="" type="checkbox"/>
15. MYCOGEN PLANT SCIENCE INC	80-0050604	<input checked="" type="checkbox"/>
16. MYCOGEN CROP PROTECTION INC	13306687081	<input checked="" type="checkbox"/>
17. ANGUS CHEMICAL COMPANY	13631855577	<input type="checkbox"/>
18. CANSTATES HOLDINGS INC	73-1103605	<input checked="" type="checkbox"/>
19. FLEXIBLE PRODUCTS COMPANY	15808075400	<input type="checkbox"/>
20. AGRIGENETICS INC	13305928635	<input type="checkbox"/>
21. AGRIGENETICS MOLOKAI LLC (0177)	99-0355550	<input checked="" type="checkbox"/>

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**TEXAS FRANCHISE TAX
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13812851288

■ Report year

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Reporting entity taxpayer name

THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. RENZE SEEDS LLC	26-3359085	<input checked="" type="checkbox"/>
2. BRODBECK SEEDS LLC	26-3594839	<input checked="" type="checkbox"/>
3. PFISTER SEEDS LLC	27-0534228	<input checked="" type="checkbox"/>
4. MYCOGEN SEEDS-PUERTO RICO CORPORATIO	31-1283941	<input checked="" type="checkbox"/>
5. GENERAL LATEX AND CHEMICAL CORPORATI	04-1360675	<input checked="" type="checkbox"/>
6. DOW INTERNATIONAL HOLDINGS COMPANY	38-3657644	<input checked="" type="checkbox"/>
7. DENNERCO INC. (POST 2002)	38-3418765	<input checked="" type="checkbox"/>
8. AVC HOLDINGS INC	83-0390646	<input checked="" type="checkbox"/>
9. DOW CUSTOMS & TRADE INC.	68-0582252	<input checked="" type="checkbox"/>
10. DOW DEUTSCHLAND MANAGEMENT, INC.	13-4314579	<input checked="" type="checkbox"/>
11. DML HOLDING INC.	13-4316190	<input checked="" type="checkbox"/>
12. GWN HOLDING, INC.	75-3213148	<input checked="" type="checkbox"/>
13. TEXAS TRIUMPH SEED CO., INC.	17511806451	<input checked="" type="checkbox"/>
14. DAIRYLAND SEED CO., INC.	13910298713	<input checked="" type="checkbox"/>
15. MONTEREY SEED COMPANY, INC.	17526639129	<input type="checkbox"/>
16. MYCOGEN FAR EAST ASIA CORPORATION	33-0614300	<input checked="" type="checkbox"/>
17. PARASITIX CORPORATION	33-0497436	<input checked="" type="checkbox"/>
18. UNION CARBIDE CORPORATION	11314217305	<input type="checkbox"/>
19. UCMG LLC (2074)	06-1557912	<input checked="" type="checkbox"/>
20. UNION CARBIDE CHEMICALS & PLASTICS T	06-1258216	<input checked="" type="checkbox"/>
21. PENUELAS TECHNOLOGY PARK LLC (2118)	66-0622283	<input checked="" type="checkbox"/>

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**TEXAS FRANCHISE TAX
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13812851288

■ Report year

2010

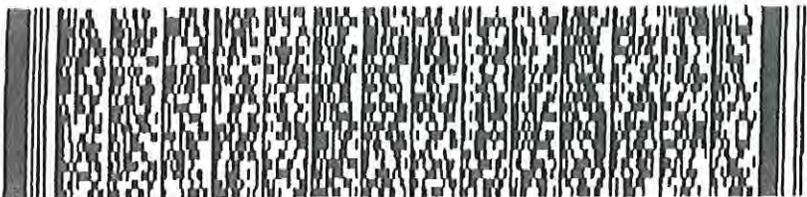
Reporting entity taxpayer name

THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. AMERCHOL CORPORATION	12221799054	<input checked="" type="checkbox"/>
2. UNION CARBIDE ETHYLENE OXIDE GLYCOLS	30113853961	<input checked="" type="checkbox"/>
3. BENEFIT CAPITAL MANAGEMENT CORPORATI	06-1204181	<input checked="" type="checkbox"/>
4. CALIDRIA CORPORATION	06-1102281	<input checked="" type="checkbox"/>
5. CATALYSTS ADSORBENTS & PROCESS SYSTE	19000180828	<input checked="" type="checkbox"/>
6. GLOBAL INDUSTRIAL CORPORATION	11327985344	<input type="checkbox"/>
7. UC FINCO INC.	06-1080439	<input checked="" type="checkbox"/>
8. SOUTH CHARLESTON SEWAGE TREATMENT	55-0462374	<input checked="" type="checkbox"/>
9. SEADRIFT PIPELINE CORPORATION	11361054973	<input type="checkbox"/>
10. UNION CARBIDE POLYOLEFINS DEVELOPMEN	30114205674	<input type="checkbox"/>
11. UNION CARBIDE SUBSIDIARY C, INC.	10610842279	<input checked="" type="checkbox"/>
12. UNION CARBIDE WIRE AND CABLE COMPANY	13-2613538	<input checked="" type="checkbox"/>
13. UCAR EMULSION SYSTEM INTERNATIONAL I	62-1561414	<input checked="" type="checkbox"/>
14. UCAR INTERAM INC	11325848742	<input type="checkbox"/>
16. UCAR LOUISIANA PIPELINE COMPANY	13-2815163	<input checked="" type="checkbox"/>
16. UCAR PIPELINE INC	11326135370	<input type="checkbox"/>
17. UMETCO MINERALS CORPORATION	06-1102283	<input checked="" type="checkbox"/>
18. UMETCO MINERALS EXPLORATION CORPORAT	13-2592312	<input checked="" type="checkbox"/>
19. UNION CARBIDE SUBSIDIARY Q INC.	06-1554525	<input checked="" type="checkbox"/>
20. UNION CARBIDE PAN AMERICA LTD	13-2585077	<input checked="" type="checkbox"/>
21. UNISON TRANSFORMER SERVICES INC	15506567922	<input checked="" type="checkbox"/>

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1023

**TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST**

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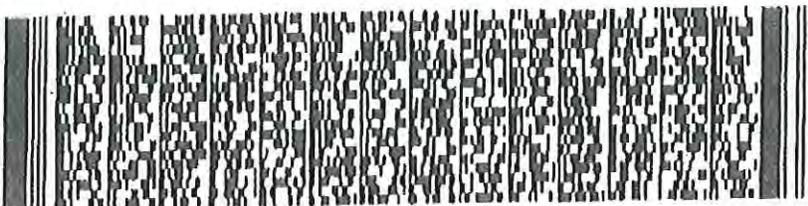
■ Report year
2010

Reporting entity taxpayer name
THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. UNION CARBIDE ASIA PACIFIC INC	06-1252149	<input checked="" type="checkbox"/>
2. UNION CARBIDE INTER AMERICA INC (DEL	13-6103754	<input checked="" type="checkbox"/>
3. CHEMICALS MARINE FLEET INC	06-1080440	<input checked="" type="checkbox"/>
4. BLUE CREEK COAL COMPANY INC	06-1102285	<input checked="" type="checkbox"/>
5. UNION CARBIDE MIDDLE EAST LTD	13-6103756	<input checked="" type="checkbox"/>
6. MORTELL COMPANY	13615054858	<input checked="" type="checkbox"/>
7. AMERICAN MORTELL CORPORATION	17413956735	<input checked="" type="checkbox"/>
8. FORBANCO INC	38-2513537	<input checked="" type="checkbox"/>
9. DOW CHEMICAL TELECOMMUNICATIONS CORP	38-2039834	<input checked="" type="checkbox"/>
10. AUSTRALIA & NEW ZEALAND EXPLOR CO	13-2675493	<input checked="" type="checkbox"/>
11. DOW INTERNATIONAL TECHNOLOGY CORPORA	32-0198434	<input checked="" type="checkbox"/>
12. POLY-CARB, INC.	34-1130940	<input checked="" type="checkbox"/>
13. U.S. LABORATORIES, INC.	17511806451	<input checked="" type="checkbox"/>
14. CHEMTECH PORTFOLIO II INC	38-6082028	<input checked="" type="checkbox"/>
15. DOWBRANOS INC	13826259411	<input checked="" type="checkbox"/>
16. DOW AGROSCIENCES INTERNATIONAL, LTD	35-1781710	<input checked="" type="checkbox"/>
17. CHEMTECH PORTFOLIO INC	15218697793	<input checked="" type="checkbox"/>
18. DOW AGROSCIENCES LLC	13517811181	<input type="checkbox"/>
19. CHEMTECH II LP	98-0134598	<input checked="" type="checkbox"/>
20. PHYTOGEN SEED COMPANY LLC	13307841430	<input type="checkbox"/>
21. DOW TECHNOLOGY INVESTMENTS LLC	26-0564994	<input checked="" type="checkbox"/>

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**TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST**

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

13812851288

2010

THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. KDP UC LLC	32038010941	<input checked="" type="checkbox"/>
2. CALVIN CAPITAL LLC	80-0259683	<input checked="" type="checkbox"/>
3. DOW NETHERLANDS HOLDING LLC	77-0708504	<input checked="" type="checkbox"/>
4. DOW INTERNATIONAL TECHNOLOGY CORPORA	32-0198434	<input checked="" type="checkbox"/>
6. MYCOSUB BH INC	33-0345918	<input checked="" type="checkbox"/>
6. MYCOSUB BA INC	33-0345919	<input checked="" type="checkbox"/>
7. ROHM AND HAAS COMPANY	23-1028370	<input checked="" type="checkbox"/>
8. AGROFRESH INC.	36-4064051	<input type="checkbox"/>
9. ROHM AND HAAS CHEMICALS LLC	75-3175238	<input type="checkbox"/>
10. ROHM AND HAAS CAPITAL CORPORATION	51-0261234	<input checked="" type="checkbox"/>
11. CVD INCORPORATED	06-1113497	<input checked="" type="checkbox"/>
12. ROHM AND HAAS INVESTMENT HOLDINGS IN	23-2849256	<input checked="" type="checkbox"/>
13. ROHM AND HAAS INTERNATIONAL HOLDINGS	20-1591794	<input checked="" type="checkbox"/>
14. ROHM AND HAAS LATIN AMERICA INC.	51-0240844	<input checked="" type="checkbox"/>
16. ROH MONOMER HOLDING COMPANY	51-0406654	<input checked="" type="checkbox"/>
16. ROHM AND HAAS ELECTRONIC MATERIALS C	51-0107908	<input checked="" type="checkbox"/>
17. ROHM AND HAAS ELECTRONIC MATERIALS C	52-2069283	<input checked="" type="checkbox"/>
18. ROHM AND HAAS SOUTHEAST ASIA INC.	51-0255710	<input checked="" type="checkbox"/>
19. ROHM AND HAAS ELECTRONIC MATERIALS L	04-3252691	<input type="checkbox"/>
20. ROHM AND HAAS ELECTRONIC MATERIALS H	52-2046864	<input checked="" type="checkbox"/>
21. SILICON VALLEY CHEMICAL LABORATORIES	77-0258051	<input checked="" type="checkbox"/>

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THE DOW CHEMICAL COMPANY

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ROHM AND HAAS TEXAS INCORPORATED	17417037615	<input checked="" type="checkbox"/>
2. MORTON INTERNATIONAL INC.	36-4140798	<input checked="" type="checkbox"/>
3. GLC TRUCKING COMPANY	95-3783831	<input checked="" type="checkbox"/>
4. MORTON INTERMEDIATE COMPANY	20-2003547	<input checked="" type="checkbox"/>
5.		<input type="checkbox"/>
6.		<input type="checkbox"/>
7.		<input type="checkbox"/>
8.		<input type="checkbox"/>
9.		<input type="checkbox"/>
10.		<input type="checkbox"/>
11.		<input type="checkbox"/>
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16.		<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

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Texas Comptroller Official Use Only

VE/DE	<input type="checkbox"/>
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Project Description

This project will build a new 1,802 B lb/yr chlorine facility utilizing membrane cell technology. The facility will be located in Block B-800 at Freeport, Tx. Ops. Membrane Cell MET is defined based on Asahi ML60NCH high current density (HCD) cells. A membrane cell module/train is defined as a set of electrolyzers with single anolyte & catholyte circulation systems. CI7 will consist of 2 trains with each train made up of 10 membrane electrolyzers. The membrane cell process utilizes a selective membrane that separates the Chlorine and Sodium ions. The membrane allows the Sodium ion to 'migrate' across the membrane while keeping the Chlorine gas and salt (brine) solution in a compartment on the other side of the membrane. The solution produced by the membrane cell process is nominally 33-35 weight %. Evaporation is utilized to raise the concentration up to the nominal 50 weight % solution suitable for shipments.

The scope of this project includes the design of the ISBL portion of a membrane plant which includes brine purification, electrolyzers and circulation systems, Chlorine Cooling, Drying, and Compression, Hydrogen, anolyte dechlorination, anolyte treatment, CI2 vent scrubber, 32% caustic evaporation, 50% caustic storage, anhydrous HCL headers, Stratton Ridge anolyte systems and utilities .

The project also includes, as an integral part, and necessary auxiliary part of the manufacturing process, surface equipment, valves, and instrumentation to control the mining of the salt cavern which is also located on the property and within the reinvestment zone.

The salt cavern operation is used to produce brine which is necessary feed stock for chlorine production for the Chlorine 7 Plant. As a part of the process, depleted brine from the production of chlorine is recycled from the Chlorine Plant to the Stratton Ridge Salt Dome site, The depleted brine will be pumped at high pressures into the salt cavern to dissolve the salt. The depleted brine dissolves the salt, and the resulting product will become raw brine. The raw brine will then be treated on the manufacturing site to remove the solids and hardness. The resulting product, treated brine will then be pumped to the main chlorine plant for final processing, completing the manufacturing process,

ATTACHMENT 5

N/A

Qualified Investment

This project will build a new 1.802 B lb/yr chlorine facility utilizing membrane cell technology. The facility will be located in Block B-800 at Freeport, Tx. Ops. Membrane Cell MET is defined based on Asahi ML60NCH high current density (HCD) cells. A membrane cell module/train is defined as a set of electrolyzers with single anolyte & catholyte circulation systems. CI7 will consist of 2 trains with each train made up of 10 membrane electrolyzers.

The scope of this project includes the design of the ISBL portion of a membrane plant which includes brine purification, electrolyzers and circulation systems, Chlorine Cooling, Drying, and Compression, Hydrogen, anolyte dechlorination, anolyte treatment, CI2 vent scrubber, 32% caustic evaporation, 50% caustic storage, anhydrous HCL headers, Stratton Ridge anolyte systems and utilities .

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Qualified Property

This project will build a new 1.802 B lb/yr chlorine facility utilizing membrane cell technology. The facility will be located in Block B-800 at Freeport, Tx. Ops. Membrane Cell MET is defined based on Asahi ML60NCH high current density (HCD) cells. A membrane cell module/train is defined as a set of electrolyzers with single anolyte & catholyte circulation systems. C17 will consist of 2 trains with each train made up of 10 membrane electrolyzers.

The scope of this project includes the design of the ISBL portion of a membrane plant which includes brine purification, electrolyzers and circulation systems, Chlorine Cooling, Drying, and Compression, Hydrogen, anolyte dechlorination, anolyte treatment, C12 vent scrubber, 32% caustic evaporation, 50% caustic storage, anhydrous HCL headers, Stratton Ridge anolyte systems and utilities .

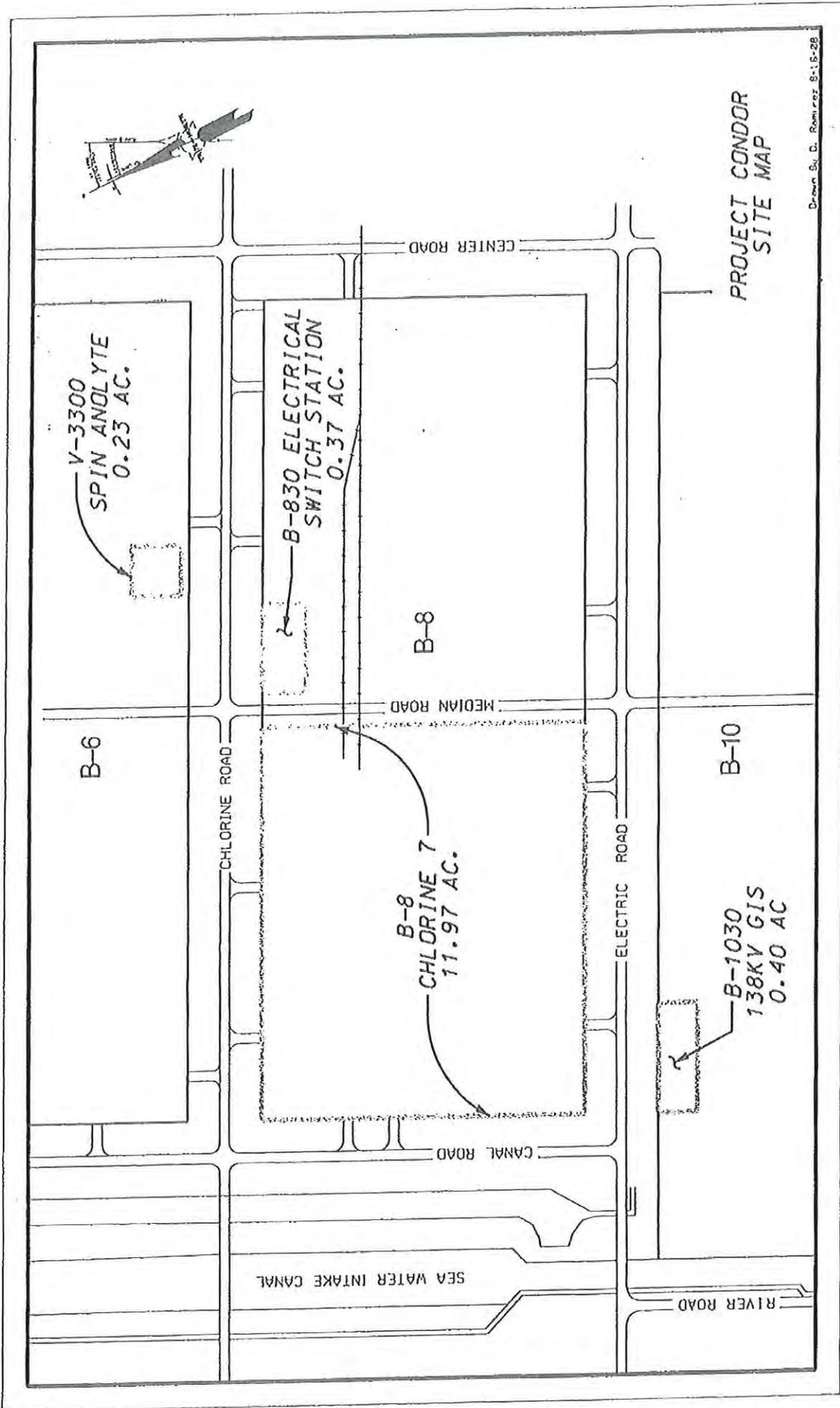
CONFIDENTIAL

EXHIBIT A

DESCRIPTION OF REINVESTMENT ZONE

The Dow Chemical Company Reinvestment Zone includes the following property. A map of The Dow Chemical Company Reinvestment Zone is also attached as the next page as **EXHIBIT B**.

- All of the land contained within the area bordered to the North by Entrance Road; bordered to the East by Park Road; bordered to the South by South Levee Road; and, bordered to the West by Station Road, all of which is wholly located within the territorial boundaries of the Brazosport Independent School District, and within the territorial boundaries of Brazoria County, Texas.



Drawn By: D. Ramirez 8-15-98

BRAZORIA COUNTY
TEXAS

STRATTON RIDGE
CHLORINE 7
1.14 AC

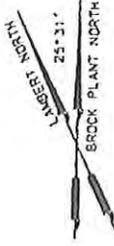
MARLIN
PONDS

MISSOURI PACIFIC RAILROAD (100' WIDE)

F.M. 523 RIGHT-OF-WAY

JARED E. GROCE 5 LEAGUES
A-66

PROJECT CONDOR
SITE MAP



Drawn By: D. Ramirez 5-16-06

ATTACHMENT 12

N/A

ATTACHMENT 13

N/A

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (10 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2009	2nd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$807
2009	3rd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$797
2009	4th Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$882
2010	1st Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$880
2010	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,801
2009	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,540
2009	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,428
2009	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,457

All Industries

\$ 3360 / 4

\$ 841.50 AWW

x 52 weeks

\$ 43,758

x 1.10

\$ 48,133.80

Manufacturing

\$ 6235 / 4

\$ 1558.75

x 52 weeks

\$ 81,055

x 1.10

\$ 89,160.50

**2009 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$21.43	\$44,583
1. Panhandle Regional Planning Commission	\$18.38	\$38,227
2. South Plains Association of Governments	\$15.67	\$32,596
3. NORTEX Regional Planning Commission	\$19.60	\$40,768
4. North Central Texas Council of Governments	\$23.44	\$48,754
5. Ark-Tex Council of Governments	\$15.14	\$31,489
6. East Texas Council of Governments	\$16.87	\$35,091
7. West Central Texas Council of Governments	\$17.27	\$35,916
8. Rio Grande Council of Governments	\$15.26	\$31,732
9. Permian Basin Regional Planning Commission	\$19.11	\$39,757
10. Concho Valley Council of Governments	\$14.80	\$30,784
11. Heart of Texas Council of Governments	\$17.41	\$36,206
12. Capital Area Council of Governments	\$25.60	\$53,244
13. Brazos Valley Council of Governments	\$15.33	\$31,893
14. Deep East Texas Council of Governments	\$15.46	\$32,151
15. South East Texas Regional Planning Commission	\$25.53	\$53,095
16. Houston-Galveston Area Council	\$22.90	\$47,629
17. Golden Crescent Regional Planning Commission	\$19.84	\$41,273
18. Alamo Area Council of Governments	\$16.82	\$34,984
19. South Texas Development Council	\$13.68	\$28,445
20. Coastal Bend Council of Governments	\$22.10	\$45,967
21. Lower Rio Grande Valley Development Council	\$13.52	\$28,114
22. Texoma Council of Governments	\$18.42	\$38,305
23. Central Texas Council of Governments	\$16.58	\$34,484
24. Middle Rio Grande Development Council	\$13.66	\$28,416

Source: Texas Occupational Employment and Wages

Data published: July 2010

Data published annually, next update will be June 2011.

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

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

$$47629 * 110\% = 52,391.90$$

$$47629 / 52 * 110\% = 1007.54$$

ATTACHMENT 15

Benefits

The Dow Chemical Company offers Medical and Dental Insurance, Life Insurance, 401K Savings Plan, Pension Plan, Vacation & Holiday Pay, Employee Stock Purchase Plan, Family & Personal Counseling Services.

ATTACHMENT 16

N/A

Schedule A (Rev. May 2010): Investment

Applicant Name: The Dow Chemical Company
 SSD Name: Brazzport ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
Column A: School Year (YYYY-YYYY)	Column B: Tax Year (Year in which you placed the property)	Column C: Tangible Personal Property (The amount of new investments placed each year)	Column D: Building or personal nonmovable component of building (annual amount only)	Column E: Qualifying investment during the qualifying time period	Column F: Direct investment that is not qualified investment but investment having economic value and initial value	Column G: Total Investment (A, D, F)	Column H: Total Investment (A, D, F)	Column I: Total Investment (A, D, F)	Column J: Total Investment (A, D, F)
2010-2011	2010	\$ 375,000,000	\$ 8,000,000	\$ 383,000,000	\$ 10,000,000	\$ 393,000,000	\$ 393,000,000	\$ 393,000,000	\$ 393,000,000
2011-2012	2011	\$ 267,000,000		\$ 267,000,000	\$ 10,000,000	\$ 277,000,000	\$ 277,000,000	\$ 277,000,000	\$ 277,000,000
2012-2013	2012								
2013-2014	2013								
2014-2015	2014								
2015-2016	2015								
2016-2017	2016								
2017-2018	2017								
2018-2019	2018								
2019-2020	2019								
2020-2021	2020								
2021-2022	2021								
2022-2023	2022								
2023-2024	2023								
2024-2025	2024								
2025-2026	2025								
2026-2027	2026								
2027-2028	2027								
2028-2029	2028								

Qualifying Time Period begins with the first board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of tangible personal property the applicant considers qualified investment, as defined in Tax Code § 513.02(1)(A)-D. For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: If or the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property that is part of original agreement but scheduled for possible replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonmovable component of buildings that the applicant considers qualified investment under Tax Code § 513.02(1)(E).

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonmovable components of buildings. Do not value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. This most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column D: Notice: For advanced clean energy projects, nuclear projects, projects with extended qualifying time periods, and projects with lengthy application review periods, attach additional review as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any year other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter these amounts for future years.

Column E: Investment made after filing complete application with district (whether qualified property nor eligible to become qualified investment).

Column F: Investment made after final board approval of application and before last of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property).

Column G: Complete tax years of qualifying time period.

Column H: Tax Credit Period (with 50% cap on credit).

Column I: Credit Set-Up Period.

Column J: Post-Set-Up Period.

Column K: Post-Sold-Up Period.

7/2/10



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
 The Dow Chemical Company
 Brazosport ISD

Form 50-296

Applicant Name ISD Name	Year	School Year (YYYY)	Tax Year (YYYY) (Fill in actual tax year)	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O - after all reductions
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other improvements	Estimated Total Market Value of tangible personal property in the new building or in on the new improvement			
	pre-year 1	2012-2013	2012	\$52,450	\$ 4,000,000	\$ 183,500,000	\$ 5,000,000	\$ 182,552,450	\$ 182,552,450
	pre-year 2	2013-2014	2013	\$52,450	\$ 4,000,000	\$ 317,000,000	\$ 10,000,000	\$ 311,052,450	\$ 311,052,450
Complete tax years of qualifying time period	1	2014-2015	2014	\$52,450	\$ 8,000,000	\$ 736,000,000	\$ 22,000,000	\$ 722,052,450	\$ 722,052,450
	2	2015-2016	2015	\$52,450	\$ 7,680,000	\$ 706,560,000	\$ 21,120,000	\$ 693,172,450	\$ 693,172,450
	3	2016-2017	2016	\$52,450	\$ 7,372,800	\$ 678,297,600	\$ 20,275,200	\$ 665,447,650	\$ 30,000,000
	4	2017-2018	2017	\$52,450	\$ 7,077,888	\$ 651,165,696	\$ 19,464,192	\$ 638,831,842	\$ 30,000,000
	5	2018-2019	2018	\$52,450	\$ 6,794,772	\$ 625,119,068	\$ 18,685,624	\$ 613,280,666	\$ 30,000,000
Tax Credit Period (with 50% cap on credit)	6	2019-2020	2019	\$52,450	\$ 6,522,982	\$ 600,114,305	\$ 17,938,199	\$ 588,751,536	\$ 30,000,000
	7	2020-2021	2020	\$52,450	\$ 6,262,062	\$ 576,109,733	\$ 17,220,671	\$ 565,203,574	\$ 30,000,000
	8	2021-2022	2021	\$52,450	\$ 6,011,580	\$ 553,065,944	\$ 16,531,845	\$ 542,597,529	\$ 30,000,000
	9	2022-2023	2022	\$52,450	\$ 5,771,117	\$ 530,942,730	\$ 15,870,571	\$ 520,895,726	\$ 30,000,000
	10	2023-2024	2023	\$52,450	\$ 5,540,272	\$ 509,705,021	\$ 15,235,748	\$ 500,061,995	\$ 30,000,000
Credit Settle-Up Period	11	2024-2025	2024	\$52,450	\$ 5,318,661	\$ 489,316,820	\$ 14,626,318	\$ 480,061,613	\$ 480,061,613
	12	2025-2026	2025	\$52,450	\$ 5,105,915	\$ 469,744,147	\$ 14,041,265	\$ 460,861,247	\$ 460,861,247
	13	2026-2027	2026	\$52,450	\$ 4,901,678	\$ 450,954,381	\$ 13,479,615	\$ 442,428,895	\$ 442,428,895
Post-Settle-Up Period	14	2027-2028	2027	\$52,450	\$ 4,705,611	\$ 432,916,206	\$ 12,940,430	\$ 424,733,837	\$ 424,733,837
	15	2028-2029	2028	\$52,450	\$ 4,517,386	\$ 415,599,556	\$ 12,422,813	\$ 407,746,562	\$ 407,746,562

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

7/2/10

DATE

Schedule C- Application: Employment Information

The Dow Chemical Company
Brazosport ISD

Applicant Name
ISD Name

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs		
				Column A: Number of Construction FTEs or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
	pre-year 1	2012-2013	2012	\$ 480,000	\$ 54,010					
	pre-year 2	2013-2014	2013	\$ 1,920,000	\$ 55,526					
Complete tax years of qualifying time period	1	2014-2015	2014	\$ 768,000	\$ 57,082	10	\$ 107,880	8	\$ 107,880	
	2	2015-2016	2015			10	\$ 107,880	8	\$ 107,880	
	3	2016-2017	2016			10	\$ 110,038	8	\$ 110,038	
	4	2017-2018	2017			10	\$ 112,238	8	\$ 112,238	
	5	2018-2019	2018			10	\$ 114,483	8	\$ 114,483	
Value Limitation Period	6	2019-2020	2019			10	\$ 116,773	8	\$ 116,773	
	7	2020-2021	2020			10	\$ 119,108	8	\$ 119,108	
	8	2021-2022	2021			10	\$ 121,490	8	\$ 121,490	
	9	2022-2023	2022			10	\$ 123,920	8	\$ 123,920	
	10	2023-2024	2023			10	\$ 126,399	8	\$ 126,399	
Credit Settle-Up Period	11	2024-2025	2024			10	\$ 128,927	8	\$ 128,927	
	12	2025-2026	2025			10	\$ 131,505	8	\$ 131,505	
	13	2026-2027	2026			10	\$ 134,195	8	\$ 134,195	
Post- Settle-Up Period	14	2027-2028	2027			10	\$ 136,818	8	\$ 136,818	
	15	2028-2029	2028			10	\$ 139,554	8	\$ 139,554	

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

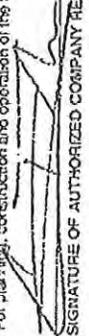
7/2/10
DATE

The Dow Chemical Company

Brazosport ISD

Applicant Name		Sales Tax Information		Franchise Tax		Other Property Tax Abatements Sought			
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures subject to state sales tax	Column G: Estimate of total annual expenditures made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant/rd	County	City (Industrial District Agreement)	Drainage	College
	2011-2012	2011	16408000	366531000	\$ -				
	2012-2013	2012	11481000	255519000	\$ 5,031,897	0%	0%	0%	0%
	2013-2014	2013	4128000	91872000	\$ 13,965,464				
The year preceding the first complete tax year of the qualifying time period (assuming no...)	1	2014-2015			\$ 15,372,795	100%	100%	100%	100%
	2	2015-2016			\$ 16,565,500	100%	100%	100%	100%
	3	2016-2017			\$ 16,930,649	100%	100%	100%	100%
	4	2017-2018			\$ 11,612,213	100%	100%	100%	100%
	5	2018-2019			\$ 12,966,453	100%	100%	100%	100%
	6	2019-2020			\$ 13,000,000	100%	100%	100%	100%
	7	2020-2021			\$ 13,000,000	100%	100%	100%	100%
	8	2021-2022			\$ 13,000,000	0%	0%	0%	0%
	9	2022-2023			\$ 13,000,000	0%	0%	0%	0%
	10	2023-2024			\$ 13,000,000	0%	0%	0%	0%
Tax Credit Period (with 50% cap on credit)	11	2024-2025			\$ 13,000,000	0%	0%	0%	0%
	12	2025-2026			\$ 13,000,000	0%	0%	0%	0%
	13	2026-2027			\$ 13,000,000	0%	0%	0%	0%
Credit Set-Up Period	14	2027-2028			\$ 13,000,000	0%	0%	0%	0%
	15	2028-2029			\$ 13,000,000	0%	0%	0%	0%

7/2/10
DATE


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*For planning, construction and operation of the facility.



STATE HIGHWAY 288

DOWN WASTE WATER CANAL

FLYING NORTH
TEXAS LAMBERT

B-7

B-12

B-14

B-1

B-2

B-4

B-4

PARK ROAD

SOUTH LEVEE ROAD

BRAZOS RIVER

CENTER ROAD

CHLORINE ROAD

ELECTRIC ROAD

B-3

ENTRANCE ROAD

B-6

MEDIAN ROAD

B-8

B-10

FACILITY

CANAL ROAD

B-13

B-22

B-24

B-35

STATION ROAD

RESOLUTION

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 313 APPRAISED VALUE LIMITATION IN THE BRAZOSPORT INDEPENDENT SCHOOL DISTRICT, IN PORTIONS OF BRAZORIA COUNTY TEXAS, TO BE KNOWN AS *THE DOW CHEMICAL COMPANY REINVESTMENT ZONE*; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Trustees of the Brazosport Independent School District desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.0025), for the purpose of authorizing an *Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*, as authorized by Chapter 313 of the Texas Tax Code; and,

WHEREAS, on _____, 2010, a hearing before the Board of Trustees of the Brazosport Independent School District was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

WHEREAS, the Board of Trustees of the Brazosport Independent School District at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE BRAZOSPORT 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 Brazosport 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 *The Dow Chemical Company*

Reinvestment Zone has been properly called, held and conducted, and that notices of such hearing have been published as required by law 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 *The Dow Chemical Company Reinvestment Zone* be and, by the adoption of this Resolution, is 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 *The Dow Chemical Company Reinvestment Zone* which is normatively 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 *The Dow Chemical Company Reinvestment Zone* with boundaries as described in **EXHIBIT A** and **EXHIBIT B** will result in benefits to the Brazosport Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) *The Dow Chemical Company 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 Brazosport Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Brazosport Independent School District, hereby creates a reinvestment zone under the provisions of Tex. 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 The Dow Chemical Company Reinvestment Zone.

SECTION 4. That *The Dow Chemical Company Reinvestment Zone* shall take effect upon adoption 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 designation.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason beheld 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 Brazosport 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 Brazoria 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 ___ day of _____, 2010.

**BRAZOSPORT INDEPENDENT SCHOOL
DISTRICT**

By: _____
JAY LUCE
President
Board of Trustees

ATTEST:

BOBBY SHARP
Secretary
Board of Trustees

EXHIBIT A

DESCRIPTION OF REINVESTMENT ZONE

The Dow Chemical Company Reinvestment Zone includes the following property. A map of The Dow Chemical Company Reinvestment Zone is also attached as the next page as **EXHIBIT B**.

- All of the land contained within the area bordered to the North by Entrance Road; bordered to the East by Park Road; bordered to the South by South Levee Road; and, bordered to the West by Station Road, all of which is wholly located within the territorial boundaries of the Brazosport Independent School District, and within the territorial boundaries of Brazoria County, Texas.



STATE HIGHWAY 288

DOWN WASTE WATER CANAL



B-7

B-12

B-14

B-1

B-2

B-4

B-4

BRAZOS RIVER

CHLORINE ROAD

ELECTRIC ROAD

☐ SOUTH LEVEE ROAD

☐ ENTRANCE ROAD

CENTER ROAD

B-3

B-6

B-8

B-10

FACILITY

MEDIAN ROAD

CANAL ROAD

☐ STATION ROAD

B-13

B-22

B-24

B-35

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

December 14, 2010

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office

THE DOW CHEMICAL COMPANY

is, as of this date, in good standing with this office having no
franchise tax reports or payments due at this time. This certificate is
valid through the date that the next franchise tax report will be due
May 16, 2011.

This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the
converted entity is subject to franchise tax as required by law. This
certificate is not valid for any other filing with the Texas Secretary
of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 14th day of
December 2010 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 13812851288
File number: 0001216206

Attachment C

State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 3, 2010

Mr. Joe Ripple
Superintendent
Brazosport Independent School District
P.O. Drawer Z
Freeport, Texas 77542

Dear Superintendent Ripple:

On November 18, 2010, the agency received the completed application for a limitation on appraised value originally submitted to the Brazosport Independent School District (Brazosport ISD) by Dow Chemical Company (Dow Chemical) in July, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Dow Chemical's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Brazosport ISD is currently classified as a rural school district in Category 1. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$96,000,000) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Dow Chemical is proposing the construction of a manufacturing facility in Brazoria County. The Dow Chemical Company is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Dow Chemical, the Comptroller's recommendation is that Dow Chemical's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Mr. Joe Ripple
December 3, 2010
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	The Dow Chemical Company
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Brazosport ISD
2008-09 Enrollment in School District	12,912
County	Brazoria
Total Investment in District	\$768,000,000
Qualified Investment	\$96,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	8
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,715
Minimum Weekly Wage Required Tax Code, 313.021(5)(A)	\$1,559
Minimum Annual Wage committed to by applicant for qualified jobs	\$89,161
Investment per Qualifying Job	\$96,000,000
Estimated 17 year M&O levy without any limit or credit:	\$91,101,218
Estimated 17 year M&O tax benefit	\$59,803,072
Estimated 17 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$58,189,141
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$14,094,339
Net Tax Paid After Limitation, Credits and Revenue Protection:	\$32,912,077
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	63.9%
Percentage of tax benefit due to the limitation	76.4%
Percentage of tax benefit due to the credit.	23.6%

This presents the Comptroller's economic impact evaluation of the Dow Chlorine 7 Plant (the project) applying to Brazosport Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create ten new jobs when fully operational. Eight of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Brazoria County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009 for Brazoria County is \$81,055. That same year, the county annual average wage for all industries was \$43,758. In addition to a salary of \$89,161, each qualifying position will receive benefits such as medical and dental insurance, life insurance, a 401(k) savings plan, pension plan, employee stock purchase plan, family and personal counseling services, and vacation and holiday pay. The project's total investment is \$768 million, resulting in a relative level of investment per qualifying job of \$96 million.

Ability of applicant to locate to another state and [313.026(9)]

According to the Dow Chemical Company's application, "The Dow Chemical Company is a leading science and technology company that provides innovative chemical; plastic, and agricultural products and services to many essential consumer markets. The Company's more than 5,000 products are manufactured at 214 sites in 37 countries across the globe. Dow's global manufacturing presence provides substantial flexibility in plant location. In the U.S. alone, Dow has manufacturing locations in AR, CA, CT, GA, IL, KY, LA, MA, MI, MO, NJ, NY, NC, OH, TN, PA, TX and WV. In Texas there are eight manufacturing complexes located in Brazoria, Calhoun, Galveston and Harris counties. "

Number of new facilities in region [313.026(12)]

During the past two years, two projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Dow Chlorine 7 project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts the Dow Chlorine 7 Plant's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 17 years of annual investment and employment levels using software from Regional Economic Models, Inc. (RBMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Dow Chlorine 7

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	250	353	603	\$13,502,500	\$27,497,500	\$41,000,000
2013	1000	1399	2399	\$55,526,000	\$117,474,000	\$173,000,000
2014	410	687	1097	\$23,911,600	\$69,088,400	\$93,000,000
2015	10	123	133	\$1,078,800	\$23,921,200	\$25,000,000
2016	10	98	108	\$1,100,380	\$19,899,620	\$21,000,000
2017	10	82	92	\$1,122,380	\$16,877,620	\$18,000,000
2018	10	78	88	\$1,144,830	\$15,855,170	\$17,000,000
2019	10	79	89	\$1,167,730	\$15,832,270	\$17,000,000
2020	10	87	97	\$1,191,080	\$15,808,920	\$17,000,000
2021	10	94	104	\$1,214,900	\$16,785,100	\$18,000,000
2022	10	101	111	\$1,239,200	\$17,760,800	\$19,000,000
2023	10	103	113	\$1,263,990	\$17,736,010	\$19,000,000
2024	10	107	117	\$1,289,270	\$19,710,730	\$21,000,000
2025	10	114	124	\$1,315,050	\$20,684,950	\$22,000,000
2026	10	96	106	\$1,341,350	\$19,658,650	\$21,000,000
2027	10	94	104	\$1,368,180	\$19,631,820	\$21,000,000
2028	10	92	102	\$1,395,540	\$20,604,460	\$22,000,000

Source: CPA, REMI, The Dow Chemical Company

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2009. Brazosport ISD's ad valorem tax base in 2009 was \$6.8 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Brazosport ISD's estimated wealth per WADA was \$470,970. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, the Velasco Drainage District, Port of Freeport, and Brazosport College, with all property tax incentives sought being granted using estimated market value from Dow Chemical Company's application. The Dow Chemical Company has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, port, drainage district, and college. The company has also sought tax abatement through an Industrial District Agreement (IDA). Table 3 illustrates the estimated tax impact of the Dow Chlorine 7 project on the region if all taxes are assessed.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

November 15, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Dow Chemical Company Chlorine 7 project on the number and size of school facilities in Brazosport Independent School District (BISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the BISD superintendent, Mr. Joe Ripple, the TEA has found that the Dow Chemical Company Chlorine 7 project would not have a significant impact on the number or size of school facilities in BISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads 'Helen Daniels'.

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

November 17, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Dow Chemical Company Chlorine 7 project for the Brazosport Independent School District (BISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid and their estimates of the impact of the Dow Chemical Company Chlorine 7 project on BISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels
Director of State Funding

HD/hd

Brazoria County

Population

Total county population in 2009 for Brazoria County: 309,208, up 2.6 percent from 2008. State population increased 2.0 percent in the same time period. Brazoria County was the state's 15th largest county in population in 2009 and the 21st fastest growing county from 2008 to 2009. Brazoria County's population in 2009 was 66.0 percent Anglo (above the state average of 46.7 percent), 10.9 percent African-American (below the state average of 11.3 percent) and 26.6 percent Hispanic (below the state average of 36.9 percent).

2009 population of the largest cities and places in Brazoria County:

Pearland:	86,341	Lake Jackson:	28,980
Alvin:	23,284	Angleton:	19,123
Freeport:	12,618	Clute:	10,915
Manvel:	6,375	West Columbia:	4,203
Sweeny:	3,663	Richwood:	3,594

Economy and Income

Employment

September 2010 total employment in Brazoria County: 135,466, up 1.0 percent from September 2009. State total employment increased 1.2 percent during the same period.

September 2010 Brazoria County unemployment rate: 8.7 percent, up from 8.6 percent in September 2009. The statewide unemployment rate for September 2010 was 8.1 percent, unchanged from 8.1 percent in September 2009.

September 2010 unemployment rate in the city of:

Pearland:	6.4 percent, up from 6.3 percent in September 2009.
Lake Jackson:	8.0 percent, up from 7.7 percent in September 2009.

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

Brazoria County's ranking in per capita personal income in 2008: 51st with an average per capita income of \$36,699, up 2.3 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Brazoria County averaged \$95.78 million annually from 2006 to 2009. County total agricultural values in 2009 were down 3.1 percent from 2008. Major agriculture related commodities in Brazoria County during 2009 included:

Sorghum	Horses	Nursery	Rice	Other Beef
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2010 oil and gas production in Brazoria County: 987,923.0 barrels of oil and 16.6 million Mcf of gas. In September 2010, there were 306 producing oil wells and 110 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January 2010 through March 2010)

Taxable sales in Brazoria County during the first quarter 2010: \$562.87 million, down 7.3 percent from the same quarter in 2009.

Taxable sales during the first quarter 2010 in the city of:

Pearland:	\$237.72 million, down 7.5 percent from the same quarter in 2009.
Lake Jackson:	\$94.55 million, down 4.1 percent from the same quarter in 2009.
Alvin:	\$67.54 million, down 7.7 percent from the same quarter in 2009.
Angleton:	\$33.43 million, down 7.0 percent from the same quarter in 2009.
Freeport:	\$16.92 million, up 2.3 percent from the same quarter in 2009.
Clute:	\$22.46 million, down 14.8 percent from the same quarter in 2009.
Manvel:	\$11.32 million, down 2.7 percent from the same quarter in 2009.
West Columbia:	\$8.97 million, up 3.8 percent from the same quarter in 2009.
Sweeny:	\$9.19 million, up 243.5 percent from the same quarter in 2009.
Richwood:	\$3.44 million, down 50.2 percent from the same quarter in 2009.
Brazoria:	\$7.89 million, down 25.0 percent from the same quarter in 2009.
Jones Creek:	\$237,997.00, down 11.2 percent from the same quarter in 2009.
Brookside Village:	\$414,621.00, down 43.3 percent from the same quarter in 2009.
Danbury:	\$603,532.00, up 48.8 percent from the same quarter in 2009.
Oyster Creek:	\$2.16 million, down 2.2 percent from the same quarter in 2009.
Holiday Lakes:	\$151,563.00, down 6.9 percent from the same quarter in 2009.
Iowa Colony:	\$10.36 million, down 30.4 percent from the same quarter in 2009.
Surfside Beach:	\$772,113.00, up 6.5 percent from the same quarter in 2009.
Balley's Prairie:	\$22,258.00, down 59.1 percent from the same quarter in 2009.
Liverpool:	\$86,929.00, down 14.7 percent from the same quarter in 2009.
Quintana:	\$0.00, na percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Brazoria County during 2009: \$2.43 billion, down 3.2 percent from 2008.

Brazoria County sent an estimated \$151.59 million (or 0.89 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

Pearland:	\$1.03 billion, unchanged 0.0 percent from 2008.
Lake Jackson:	\$403.42 million, down 2.7 percent from 2008.
Alvin:	\$289.22 million, down 5.5 percent from 2008.
Angleton:	\$143.95 million, down 5.2 percent from 2008.
Freeport:	\$67.73 million, down 15.4 percent from 2008.
Clute:	\$97.91 million, down 4.6 percent from 2008.
Manvel:	\$42.55 million, down 16.8 percent from 2008.
West Columbia:	\$34.86 million, up 4.9 percent from 2008.
Sweeny:	\$27.38 million, up 199.7 percent from 2008.
Richwood:	\$19.60 million, up 2.1 percent from 2008.
Brazoria:	\$35.33 million, down 8.1 percent from 2008.
Jones Creek:	\$1.13 million, up 0.2 percent from 2008.
Brookside Village:	\$2.13 million, down 6.9 percent from 2008.
Danbury:	\$2.00 million, up 22.0 percent from 2008.
Oyster Creek:	\$8.63 million, down 20.8 percent from 2008.
Holiday Lakes:	\$683,661.00, up 9.1 percent from 2008.
Iowa Colony:	\$63.49 million, up 4.6 percent from 2008.
Surfside Beach:	\$4.11 million, up 19.8 percent from 2008.
Balley's Prairie:	\$139,829.00, down 54.0 percent from 2008.
Liverpool:	\$417,814.00, down 5.6 percent from 2008.
Quintana:	\$0.00, na percent from 2008.

Sales Tax – Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of September 2010: \$541.48 million, up 8.1 percent from September 2009.

Payments to all cities in Brazoria County based on the sales activity month of September 2010: \$4.04 million, up 7.5 percent from September 2009. Payment based on the sales activity month of September 2010 to the city of:

Pearland*:	\$1.88 million, up 6.1 percent from September 2009.
Lake Jackson:	\$604,366.44, up 1.3 percent from September 2009.
Alvin:	\$524,154.94, up 13.6 percent from September 2009.
Angleton:	\$292,652.75, down 1.9 percent from September 2009.
Freeport:	\$216,721.10, up 56.7 percent from September 2009.
Clute:	\$185,584.22, down 3.9 percent from September 2009.
Manvel:	\$90,087.02, up 9.5 percent from September 2009.
West Columbia:	\$63,540.44, up 2.8 percent from September 2009.
Sweeny:	\$29,075.53, up 0.1 percent from September 2009.
Richwood:	\$25,625.04, up 6.5 percent from September 2009.
Brazoria:	\$64,401.17, up 11.4 percent from September 2009.
Jones Creek:	\$4,611.86, down 2.8 percent from September 2009.
Brookside Village:	\$5,140.05, up 61.6 percent from September 2009.
Danbury:	\$16,890.08, up 191.3 percent from September 2009.
Oyster Creek:	\$16,544.14, up 17.4 percent from September 2009.
Holiday Lakes:	\$587.09, down 17.2 percent from September 2009.
Iowa Colony:	\$10,189.65, up 40.2 percent from September 2009.
Surfside Beach:	\$5,752.70, up 13.7 percent from September 2009.
Balley's Prairie:	\$426.19, up 9.0 percent from September 2009.
Liverpool:	\$2,019.95, up 10.7 percent from September 2009.
Quintana:	\$964.80, na percent from September 2009.

Annual (2009)

Statewide payments based on sales activity months in 2009: \$5.59 billion, down 7.3 percent from 2008.

Payments to all cities in Brazoria County based on sales activity months in 2009: \$42.66 million, down 3.0 percent from 2008.

Payment based on sales activity months in 2009 to the city of:

Pearland*:	\$19.37 million, down 0.4 percent from 2008.
Lake Jackson:	\$6.94 million, down 1.9 percent from 2008.
Alvin:	\$5.24 million, down 6.0 percent from 2008.
Angleton:	\$3.01 million, down 1.5 percent from 2008.
Freeport:	\$1.61 million, down 15.5 percent from 2008.
Clute:	\$1.76 million, down 2.2 percent from 2008.
Manvel:	\$879,869.19, down 15.3 percent from 2008.
West Columbia:	\$693,214.31, down 3.3 percent from 2008.
Sweeny:	\$324,001.83, down 9.2 percent from 2008.
Richwood:	\$284,917.35, down 4.3 percent from 2008.
Brazoria:	\$743,451.10, down 2.1 percent from 2008.
Jones Creek:	\$45,014.16, down 13.3 percent from 2008.

Brookside Village:	\$31,450.28, down 11.8 percent from 2008.
Danbury:	\$64,289.51, up 24.8 percent from 2008.
Oyster Creek:	\$161,637.57, down 52.2 percent from 2008.
Holiday Lakes:	\$8,081.12, down 5.3 percent from 2008.
Iowa Colony:	\$118,676.04, up 47.5 percent from 2008.
Surfside Beach:	\$48,932.59, up 9.4 percent from 2008.
Bailey's Prairie:	\$9,579.36, down 20.9 percent from 2008.
Liverpool:	\$18,465.18, down 14.2 percent from 2008.
Quintana:	\$37,760.20, up 540.5 percent from 2008.

*On 1/1/2009, the city of Pearland's local sales tax rate increased by 0.000 from 1.500 percent to 1.500 percent.

Property Tax

As of January 2008, property values in Brazoria County: \$27.17 billion, up 6.5 percent from January 2007 values. The property tax base per person in Brazoria County is \$90,186, above the statewide average of \$85,992. About 2.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Brazoria County's ranking in state expenditures by county in fiscal year 2009: 22nd. State expenditures in the county for FY2009: \$906.81 million, up 36.4 percent from FY2008.

In Brazoria County, 21 state agencies provide a total of 2,978 jobs and \$26.50 million in annualized wages (as of 1st quarter 2010).

Major state agencies in the county (as of first quarter 2010):

- Department of Criminal Justice
- Department of Transportation
- Department of Family and Protective Services
- Department of Public Safety

Higher Education

Community colleges in Brazoria County fall 2009 enrollment:

- Brazosport College, a Public Community College, had 3,866 students.
- Alvin Community College, a Public Community College, had 5,189 students.

Brazoria County is in the service area of the following:

- Alvin Community College with a fall 2009 enrollment of 5,189. Counties in the service area include: Brazoria County
- Brazosport College with a fall 2009 enrollment of 3,866. Counties in the service area include: Brazoria County

Institutions of higher education in Brazoria County fall 2009 enrollment:

None.

School Districts

Brazoria County had 8 school districts with 93 schools and 58,683 students in the 2008-09 school year.

(Statewide, the average teacher salary in school year 2008-09 was \$47,158. The percentage of students, statewide, meeting the 2009 TAKS passing standard for all 2008-09 TAKS tests was 74 percent.)

Alvin ISD had 15,983 students in the 2008-09 school year. The average teacher salary was \$46,879. The percentage of students meeting the 2009 TAKS passing standard for all tests was 78 percent.

Angleton ISD had 6,249 students in the 2008-09 school year. The average teacher salary was \$49,004. The percentage of students meeting the 2009 TAKS passing standard for all tests was 86 percent.

Brazosport ISD had 12,912 students in the 2008-09 school year. The average teacher salary was \$48,878. The percentage of students meeting the 2009 TAKS passing standard for all tests was 78 percent.

Columbia-Brazoria ISD had 3,117 students in the 2008-09 school year. The average teacher salary was \$46,126. The percentage of students meeting the 2009 TAKS passing standard for all tests was 80 percent.

Damon ISD had 160 students in the 2008-09 school year. The average teacher salary was \$39,591. The percentage of students meeting the 2009 TAKS passing standard for all tests was 74 percent.

Danbury ISD had 750 students in the 2008-09 school year. The average teacher salary was \$47,756. The percentage of students meeting the 2009 TAKS passing standard for all tests was 80 percent.

Pearland ISD had 17,551 students in the 2008-09 school year. The average teacher salary was \$46,596. The percentage of students meeting the 2009 TAKS passing standard for all tests was 87 percent.

Sweeny ISD had 1,961 students in the 2008-09 school year. The average teacher salary was \$48,596. The percentage of students meeting the 2009 TAKS passing standard for all tests was 83 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
ENTERPRISE OPERATING PRODUCTS, LLC PROJECT ON THE
FINANCES OF THE BARBERS HILL INDEPENDENT SCHOOL
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY
VALUE LIMITATION**

November 5, 2010

Final Report

PREPARED BY



Estimated Impact of the Proposed Enterprise Operating Products, LLC Project on the Finances of the Barbers Hill Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Enterprise Operating Products, LLC (Enterprise) has requested that the Barbers Hill Independent School District (BHISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new natural gas liquids (NGL) fractionation manufacturing project. An application was submitted to BHISD on August 30, 2010. Enterprise proposes to invest \$235 million to construct the new NGL fractionator project in BHISD.

The Enterprise 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, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible 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.

School Finance Mechanics

Under the provisions of Chapter 313, BHISD may offer a minimum value limitation of \$30 million. Based on the application, the qualifying time period would begin with the 2011-12 school year. The full value of the investment is expected to reach \$218 million in 2013-14, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2011-12 and 2012-13 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2011-12 and 2012-13 school years. Beginning in 2013-14, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with BHISD currently levying a \$0.2698 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property

values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Enterprise indicates that no taxable value would be in place in the second year under the agreement. In year three (2013-14) of the agreement, the project is expected to go on the tax roll at \$30 million or, if applicable, a higher value limitation amount approved by the BHISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The additional six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Enterprise project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The

Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to use the District's enrollment projections but static property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts begin at 4,342 students in average daily attendance (ADA) in 2011-12 and increase to 7,028 ADA over the next decade in analyzing the effects of the Enterprise project on the finances of BHISD, assuming a 3.5 percent annual growth in enrollment. The District's local tax base totaled \$2.8 billion for the 2010 tax year. While the district's tax base has experienced modest decline in recent years, the underlying \$2.8 billion taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. BHISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$574,503 expected for the 2011-12 school year. The assumptions for 2011-12 and the forecast period are summarized in Table 1.

School Finance Impact

A baseline model was prepared for BHISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Enterprise facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Enterprise value but imposes the proposed property value limitation effective in the third year, which in this case is the 2013-14 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.06 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$38.6 million a year in net General Fund revenue at the beginning of the of limitation period, with annual increases reflective of the District's projected increases in student enrollment.

Under these assumptions, BHISD would experience a revenue loss as a result of the implementation of the value limitation in the 2013-14 school year (-\$122,658). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that smaller differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation agreement.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that only levy M&O taxes.

The consequence of the lower deduction in the value study relative to the Chapter 313 reduction in the CAD values is that a school district risks not being fully compensated under the school finance funding formulas for having granted the property value limitation. In the case of BHISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.06 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$14.2 million over the life of the agreement. The key BHISD revenue losses are associated with the additional six-cent levy not subject to recapture and expected to total approximately -\$182,343 over the course of the agreement. In total, the potential net tax benefits are estimated to total \$14.0 million over the life of the agreement.

Facilities Funding Impact

The Enterprise project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 I&S rate. The value of the Enterprise project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. The additional value is expected to help reduce the District's current I&S tax rate to \$0.2565 per \$100 in 2013-14—\$0.0133 cents of tax effort—with the rate reduction diminishing as the project value depreciates.

The Enterprise project is not expected to affect BHISD in terms of enrollment. While the construction phase is expected to employ as many as 500 workers, recent experience for similar projects suggests that a number of these workers are not likely to relocate their families while working on the project. The project is expected to result in the creation of eight full-time

positions once the project is in operation. Even if there are some additional students, BHISD is in the midst of a period of steady enrollment growth and should be able to accommodate additional students based on current enrollment trends.

Conclusion

The proposed Enterprise NGL fractionator project enhances the tax base of BHISD. It reflects continued capital investment in industrial gas manufacturing, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$14.0 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of BHISD in meeting its future debt service obligations.

Table 1 – Base District Information with Enterprise Operating Products, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2011-12	4,342.35	5,067.72	\$1.0601	\$0.2698	\$2,793,937,580	\$2,793,937,580	\$2,911,424,135	\$2,911,424,135	\$574,503	\$574,503
2	2012-13	4,494.33	5,227.23	\$1.0601	\$0.2698	\$2,793,937,580	\$2,793,937,580	\$2,966,608,175	\$2,966,608,175	\$567,529	\$567,529
3	2013-14	4,651.63	5,389.65	\$1.0601	\$0.2576	\$3,012,317,580	\$2,823,937,580	\$2,979,946,365	\$2,979,946,365	\$552,902	\$552,902
4	2014-15	4,814.44	5,557.02	\$1.0601	\$0.2585	\$3,006,187,580	\$2,823,937,580	\$3,195,851,722	\$3,044,298,532	\$575,101	\$547,829
5	2015-16	4,982.95	5,729.52	\$1.0601	\$0.2595	\$2,999,517,580	\$2,823,937,580	\$3,188,746,708	\$3,042,225,227	\$556,547	\$530,974
6	2016-17	5,157.35	5,905.00	\$1.0601	\$0.2601	\$2,995,387,580	\$2,823,937,580	\$3,181,106,093	\$3,040,053,988	\$538,714	\$514,827
7	2017-18	5,337.86	6,094.00	\$1.0601	\$0.2615	\$2,988,907,580	\$2,823,937,580	\$3,175,957,791	\$3,038,286,117	\$521,162	\$498,570
8	2018-19	5,524.68	6,307.29	\$1.0601	\$0.2625	\$2,982,427,580	\$2,823,937,580	\$3,168,534,345	\$3,036,206,336	\$502,361	\$481,381
9	2019-20	5,718.05	6,528.04	\$1.0601	\$0.2635	\$2,975,947,580	\$2,823,937,580	\$3,161,063,243	\$3,034,029,182	\$484,228	\$464,769
10	2020-21	5,918.18	6,756.53	\$1.0601	\$0.2645	\$2,969,467,580	\$2,823,937,580	\$3,153,585,344	\$3,031,837,232	\$466,747	\$448,727
11	2021-22	6,125.31	6,993.00	\$1.0601	\$0.2655	\$2,962,987,580	\$2,962,987,580	\$3,263,079,400	\$3,146,609,256	\$466,621	\$449,965
12	2022-23	6,339.70	7,237.76	\$1.0601	\$0.2666	\$2,956,697,580	\$2,956,697,580	\$3,251,427,116	\$3,251,427,116	\$449,231	\$449,231
13	2023-24	6,561.59	7,491.08	\$1.0601	\$0.2680	\$2,947,398,580	\$2,947,398,580	\$3,240,116,727	\$3,240,116,727	\$432,530	\$432,530
14	2024-25	6,791.25	7,753.27	\$1.0601	\$0.2695	\$2,937,566,580	\$2,937,566,580	\$3,225,944,772	\$3,225,944,772	\$416,075	\$416,075
15	2025-26	7,028.94	8,024.63	\$1.0601	\$0.2701	\$2,928,246,240	\$2,928,246,240	\$3,211,382,921	\$3,211,382,921	\$400,191	\$400,191

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

Table 2-- "Baseline Revenue Model"--Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$31,770,144	\$1,642,577	\$5,217,157	\$0	-\$1,992,710	\$1,907,702	\$83,598	-\$551	\$38,627,917
2	2012-13	\$31,518,291	\$1,694,949	\$6,185,840	\$0	-\$1,613,342	\$1,892,579	\$107,192	-\$535	\$39,784,973
3	2013-14	\$33,702,853	\$1,749,155	\$4,422,753	\$0	-\$919,538	\$2,023,755	\$171,149	-\$545	\$41,149,583
4	2014-15	\$33,641,501	\$2,130,872	\$6,896,938	\$0	-\$2,508,849	\$2,020,071	\$86,333	-\$598	\$42,266,270
5	2015-16	\$33,534,744	\$1,863,325	\$7,073,530	\$0	-\$1,109,072	\$2,016,063	\$156,189	-\$550	\$43,574,229
6	2016-17	\$33,533,410	\$2,272,230	\$7,311,291	\$0	-\$450,809	\$2,013,581	\$227,761	-\$528	\$44,906,936
7	2017-18	\$33,468,531	\$1,985,626	\$8,572,871	\$0	\$0	\$2,009,685	\$302,605	-\$477	\$46,338,840
8	2018-19	\$33,403,674	\$2,423,655	\$9,735,528	\$0	\$0	\$2,005,790	\$388,326	-\$448	\$47,956,525
9	2019-20	\$33,338,817	\$2,116,638	\$11,696,986	\$0	\$0	\$2,001,896	\$476,986	-\$389	\$49,630,933
10	2020-21	\$34,735,286	\$2,944,077	\$11,118,294	\$0	\$0	\$2,085,750	\$593,634	-\$374	\$51,476,666
11	2021-22	\$34,618,704	\$3,037,285	\$12,844,468	\$0	\$0	\$2,078,749	\$592,362	-\$357	\$53,171,213
12	2022-23	\$34,505,536	\$4,383,607	\$13,373,714	\$0	\$0	\$2,071,954	\$693,418	-\$322	\$55,027,907
13	2023-24	\$34,363,735	\$5,769,550	\$13,953,652	\$0	\$0	\$2,063,439	\$796,842	-\$252	\$56,946,966
14	2024-25	\$34,218,029	\$7,228,660	\$14,528,173	\$0	\$0	\$2,054,690	\$906,031	-\$214	\$58,935,370
15	2025-26	\$34,078,878	\$8,737,780	\$15,112,210	\$0	\$0	\$2,046,334	\$1,019,321	-\$156	\$60,994,367

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$31,770,144	\$1,642,577	\$5,217,157	\$0	-\$1,992,710	\$1,907,702	\$83,598	-\$551	\$38,627,917
2	2012-13	\$31,518,291	\$1,694,949	\$6,185,840	\$0	-\$1,613,342	\$1,892,579	\$107,192	-\$535	\$39,784,973
3	2013-14	\$31,818,959	\$1,749,155	\$6,235,038	\$0	-\$847,928	\$1,910,633	\$161,582	-\$514	\$41,026,925
4	2014-15	\$31,818,910	\$2,130,872	\$7,137,959	\$0	-\$927,278	\$1,910,630	\$180,757	-\$517	\$42,251,334
5	2015-16	\$31,818,856	\$1,863,325	\$7,720,346	\$0	\$0	\$1,910,627	\$247,094	-\$473	\$43,559,775
6	2016-17	\$31,818,824	\$2,272,230	\$8,575,068	\$0	\$0	\$1,910,625	\$314,718	-\$453	\$44,891,012
7	2017-18	\$31,818,749	\$1,985,626	\$10,222,653	\$0	\$0	\$1,910,620	\$387,227	-\$405	\$46,324,470
8	2018-19	\$31,818,695	\$11,711,824	\$16,149,853	\$0	\$0	\$1,910,617	\$1,208,489	\$0	\$62,799,478
9	2019-20	\$31,818,641	\$14,200,222	\$17,196,398	\$0	\$0	\$1,910,614	\$1,395,961	\$0	\$66,521,837
10	2020-21	\$33,279,914	\$14,222,143	\$15,713,205	\$0	\$0	\$1,998,359	\$1,462,570	\$0	\$66,676,190
11	2021-22	\$34,618,704	\$13,074,365	\$15,522,192	\$0	\$0	\$2,078,749	\$1,390,155	\$0	\$66,684,165
12	2022-23	\$34,505,536	\$12,026,134	\$16,683,592	\$0	\$0	\$2,071,954	\$1,274,203	-\$45	\$66,561,373
13	2023-24	\$34,363,735	\$12,139,244	\$16,712,283	\$0	\$0	\$2,063,439	\$1,280,593	-\$18	\$66,559,275
14	2024-25	\$34,218,029	\$12,280,970	\$16,716,262	\$0	\$0	\$2,054,690	\$1,289,784	-\$32	\$66,559,704
15	2025-26	\$34,078,878	\$12,426,596	\$16,709,788	\$0	\$0	\$2,046,334	\$1,299,635	-\$24	\$66,561,206

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2013-14	-\$1,883,894	\$0	\$1,812,284	\$0	\$71,610	-\$113,122	-\$9,567	\$30	-\$122,658
4	2014-15	-\$1,822,591	\$0	\$241,021	\$0	\$1,581,571	-\$109,441	\$94,425	\$80	-\$14,936
5	2015-16	-\$1,755,888	\$0	\$646,816	\$0	\$1,109,072	-\$105,436	\$90,905	\$77	-\$14,454
6	2016-17	-\$1,714,586	\$0	\$1,263,777	\$0	\$450,809	-\$102,956	\$86,957	\$75	-\$15,924
7	2017-18	-\$1,649,782	\$0	\$1,649,782	\$0	\$0	-\$99,064	\$84,622	\$72	-\$14,370
8	2018-19	-\$1,584,979	\$9,288,168	\$6,414,325	\$0	\$0	-\$95,173	\$820,163	\$448	\$14,842,953
9	2019-20	-\$1,520,176	\$12,083,584	\$5,499,412	\$0	\$0	-\$91,282	\$918,976	\$389	\$16,890,903
10	2020-21	-\$1,455,373	\$11,278,066	\$4,594,911	\$0	\$0	-\$87,391	\$868,936	\$374	\$15,199,524
11	2021-22	\$0	\$10,037,079	\$2,677,724	\$0	\$0	\$0	\$797,792	\$357	\$13,512,953
12	2022-23	\$0	\$7,642,527	\$3,309,878	\$0	\$0	\$0	\$580,785	\$277	\$11,533,467
13	2023-24	\$0	\$6,369,693	\$2,758,631	\$0	\$0	\$0	\$483,751	\$234	\$9,612,309
14	2024-25	\$0	\$5,052,310	\$2,188,089	\$0	\$0	\$0	\$383,753	\$182	\$7,624,333
15	2025-26	\$0	\$3,688,816	\$1,597,578	\$0	\$0	\$0	\$280,313	\$132	\$5,566,839

Table 5 - Estimated Financial impact of the Enterprise Operating Products, LLC Project Property Value Limitation Request Submitted to BHISD at \$1.0601 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2013-14	\$218,380,000	\$30,000,000	\$188,380,000	\$2,315,046	\$318,030	\$1,997,016	\$0	\$1,997,016	-\$122,658	\$1,874,358
4	2014-15	\$212,250,000	\$30,000,000	\$182,250,000	\$2,250,062	\$318,030	\$1,932,032	\$0	\$1,932,032	-\$14,936	\$1,917,096
5	2015-16	\$205,580,000	\$30,000,000	\$175,580,000	\$2,179,354	\$318,030	\$1,861,324	\$0	\$1,861,324	-\$14,454	\$1,846,870
6	2016-17	\$201,450,000	\$30,000,000	\$171,450,000	\$2,135,571	\$318,030	\$1,817,541	\$0	\$1,817,541	-\$15,924	\$1,801,617
7	2017-18	\$194,970,000	\$30,000,000	\$164,970,000	\$2,066,877	\$318,030	\$1,748,847	\$0	\$1,748,847	-\$14,370	\$1,734,476
8	2018-19	\$188,490,000	\$30,000,000	\$158,490,000	\$1,998,182	\$318,030	\$1,680,152	\$0	\$1,680,152	\$0	\$1,680,152
9	2019-20	\$182,010,000	\$30,000,000	\$152,010,000	\$1,929,488	\$318,030	\$1,611,458	\$0	\$1,611,458	\$0	\$1,611,458
10	2020-21	\$175,530,000	\$30,000,000	\$145,530,000	\$1,860,794	\$318,030	\$1,542,764	\$0	\$1,542,764	\$0	\$1,542,764
11	2021-22	\$169,050,000	\$169,050,000	\$0	\$1,792,099	\$1,792,099	\$0	\$0	\$0	\$0	\$0
12	2022-23	\$162,760,000	\$162,760,000	\$0	\$1,725,419	\$1,725,419	\$0	\$0	\$0	\$0	\$0
13	2023-24	\$153,461,000	\$153,461,000	\$0	\$1,626,840	\$1,626,840	\$0	\$0	\$0	\$0	\$0
14	2024-25	\$143,629,000	\$143,629,000	\$0	\$1,522,611	\$1,522,611	\$0	\$0	\$0	\$0	\$0
15	2025-26	\$134,308,660	\$134,308,660	\$0	\$1,423,806	\$1,423,806	\$0	\$0	\$0	\$0	\$0
					\$24,826,150	\$10,635,015	\$14,191,135	\$0	\$14,191,135	-\$182,343	\$14,008,792

Tax Credit for Value Over Limit in First 2 Years

Year 1	Year 2	Max Credits
\$0	\$0	\$0
Credits Earned		\$0
Credits Paid		\$0
Excess Credits Unpaid		\$0

Attachment F

Taxable Value of Property

DATE: 06/30/2010
 TIME: 10:23:43

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 ISD SUMMARY WORKSHEET
 020/Brazoria
 020-905/Brazosport ISD

PAGE: 001
 REPT: PTS265
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2009 WTD MEAN RATIO	2009 PTD VALUE ESTIMATE	2009 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	1,994,356,999	.9803	2,034,435,376	1,994,356,999
B. MULTIFAMILY RESIDENCES	121,027,627	N/A	121,027,627	121,027,627
C. VACANT LOTS	77,326,148	N/A	77,326,148	77,326,148
D. RURAL REAL(TAXABLE)	45,696,943	.9947	45,941,579	45,696,943
F1. COMMERCIAL REAL	433,347,957	1.0116	428,378,763	433,347,957
F2. INDUSTRIAL REAL	4,669,587,910	N/A	4,669,587,910	4,669,587,910
G. OIL,GAS,MINERALS	37,968,290	N/A	37,968,290	37,968,290
J. UTILITIES	136,885,100	N/A	136,885,100	136,885,100
L1. COMMERCIAL PERSONAL	287,861,140	.9903	290,680,743	287,861,140
L2. INDUSTRIAL PERSONAL	648,013,370	N/A	648,013,370	648,013,370
M. MOBILE HOMES	3,168,570	N/A	3,168,570	3,168,570
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	23,546,179	N/A	23,546,179	23,546,179
S. SPECIAL INVENTORY	9,743,200	N/A	9,743,200	9,743,200
SUBTOTAL	8,488,529,433		8,526,702,855	8,488,529,433
LESS TOTAL DEDUCTIONS	1,594,855,176		1,602,285,643	1,594,855,176
TOTAL TAXABLE VALUE	6,893,674,257		6,924,417,212	6,893,674,257 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	43,564,448	N/A	43,564,448
PROD VALUE QUALIFIED ACRES	2,132,495	.8971	2,377,131
TAXABLE VALUE	45,696,943		45,941,579

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

DATE: 06/30/2010
 TIME: 10:23:43

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 FINAL VALUES WORKSHEET
 020/Brazoria
 020-905/Brazosport ISD

PAGE: 002
 REPT: PTS:365
 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
7,025,963,321	5,853,674,257	6,946,562,983	6,614,273,519	6,899,591,799	6,820,191,451

LOSS TO
 THE ADDITIONAL
 \$10,000 HOMESTEAD
 EXEMPTION

 132,389,064

50% OF THE LOSS
 TO THE LOCAL OPTIONAL
 PERCENTAGE HOMESTEAD
 EXEMPTION

 79,400,338

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE 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
 T5 = T3 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

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

***** END OF REPORT *****

Attachment G

Participation Agreement

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

by and between

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

and

THE DOW CHEMICAL COMPANY

(Texas Taxpayer ID # 13812851288)

Dated

January 4, 2011

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

STATE OF TEXAS §

COUNTY OF BRAZORIA §

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 **BRAZOSPORT 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 **THE DOW CHEMICAL COMPANY**, Texas Taxpayer Identification Number 13812851288, 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." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on July 28, 2010, the Superintendent of Schools of the Brazosport Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on August 3, 2010 the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from The Dow Chemical Company, and on August 3, 2010 the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, on or about October 4, 2010, the Superintendent of Schools of the Brazosport Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received supplemental Application materials from the Applicant concerning the previously submitted Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on or about October 19, 2010, the Superintendent of Schools of the Brazosport Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received supplemental Application materials from the Applicant concerning the previously submitted Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Application, together with the supplemental materials, were delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, The Comptroller's Office has established November 18, 2010 as the completed Application date; and,

WHEREAS, pursuant to 34 Tex. Admin Code §9.1054, the Application was delivered for review to the Brazoria County Appraisal District established in Brazoria County, Texas (the "Brazoria County Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and on December 3, 2010 the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a public hearing held in connection with the Board's consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Tex. Tax Code § 313.026 and has carefully considered such The Comptroller's positive recommendation for the project; and,

WHEREAS, the Applicant has requested that, pursuant to the authority created by Tex. Tax Code § 313.027(h), that the date upon which the Qualifying Time Period for the project begins, *i.e.* the "Commencement Date," be deferred until January 2, 2013.

WHEREAS, on January 4, 2011, 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; and,

WHEREAS, on January 4, 2011, the Board of Trustees made factual findings pursuant to Tex. Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met; and,

WHEREAS, the Brazosport Independent School District was within an area that qualified as a strategic investment area under Texas Tax Code Chapter 171, Subchapter 0 immediately before that Subchapter expired; and because of that fact, the District qualifies as a rural school district under the provisions of Texas Tax Code § 313.051(a)(1); and,

WHEREAS, on January 4, 2010, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is

consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, on _____, 2010 the District received written notification, pursuant to 34 Tex. Admin Code § 9.1055(e)(2)(A), that the Texas Comptroller of Public Accounts reviewed this Agreement, and reaffirming the recommendation previously made on December 3, 2010 that the Application be approved: and,

WHEREAS, on January 4, 2011, 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 to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. 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 Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of January 2, 2013 and ending on December 31, 2015 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or

(ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year Commencing on date of Board approval (1/4/11)	January 1, 2011	2011-12	2011	Deferral Period
Pre-year	January 1, 2012	2012-13	2012	Deferral Period
Partial Year January 1, 2013 through January 2, 2013	January 1, 2013	2013-14	2013	Deferral Period
Partial Year (Commencing January 2, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
5	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2023	2023-24	2023	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any year of this Agreement, the cumulative total of the Annual Limit amount for the current year and all previous years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Tex. Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be One Million One Hundred Eighty Thousand Four Hundred Ninety-Four Dollars and Ninety Cents (\$1,180,494.90) based upon the District’s 2009-10 Average Daily Attendance of 11,804.949. An annual limit shall first be computed for tax year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means The Dow Chemical Company (*Texas Taxpayer ID # 13812851288*), the company listed in the Preamble of this Agreement who, on July 28, 2010, filed the Original Application; and on October 4, 2010, and on October 19, 2010 filed supplemental Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Applicable School Finance Law” means Chapters 41 and 42 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 the District, and the Constitution and general laws of the State applicable to the independent school districts of the

State, 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 also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to 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 July 28, 2010, filed the Original Application; and on October 4, 2010, and on October 19, 2010 filed supplemental Application materials, which have been certified by the Comptroller's office to constitute a complete final Application as of the date of November 18, 2010. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"Appraisal District" means the Brazoria County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Brazosport Independent School District.

"Commencement Date" means January 2, 2013. By agreement of the parties pursuant to Tex. Tax Code § 313.027(h), the Commencement Date has been deferred, at the request of Applicant, from the date upon which this Agreement was approved by the District's Board of Trustees.

"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 at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Brazoria County, Texas.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of the Agreement

"District" or "School District" means the Brazosport Independent School District, being a duly authorized and operating independent 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 December 31, 2026.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means after the development and construction of the project described in the Application and in the description of Qualified Investment/Qualified property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth in its Application by the Applicant, and the retention of the highest number of New Jobs and Qualifying Jobs set forth in its Application through the Final Termination Date of this Agreement.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"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 Texas Education Code § 45.002 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 District 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.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Tax Benefit" means, (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 Article III under this Agreement.

"New Jobs" means the total number of jobs, defined by 34 Tex. Admin. Code § 9.1051, which Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Tex. Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application, which meet the requirements of Tex. Tax Code 313.021(3).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means, after a deferral period as permitted by Tex. Tax Code §313.027(h), the period that begins on the Commencement Date of January 2, 2013 and ends on December 31, 2015.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"Tax Credit" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school district imposes in Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

"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.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is 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** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in Section 1.2, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by Applicant; 2) was first placed in service after November 18, 2010, the final Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the school district and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply;

- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**; upon a reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to the agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment 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 Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tex. Tax Code § 313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Tex. Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, such other payments as set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, 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 "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment 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 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the 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.
- (c) any other loss of District revenues which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the

Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. 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 Brazoria County Appraisal District in its annual certified tax roll submitted to the District 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 3.4. 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 Brazoria County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 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. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, 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 and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined 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 for all calculations under this Agreement, 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 tax credit 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. In no year shall the Applicant be responsible for the payment of any total expenses under this Section in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, 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 of receipt of 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 Brazosport Independent School District Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed the taxable values placed by the County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the County Appraisal District.

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

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the 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 the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a 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 the District.

ARTICLE IV

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV. Applicant shall not be responsible 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, Tex. Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the parties that any Supplemental Payments made to or on behalf of the District by Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Tex. Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) Applicant's Stipulated Supplemental Payment Amount, defined as ten percent (10%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above; or,
- (b) the Aggregate Limit, as the term is defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2016) the Stipulated Supplemental Payment amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the

Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.1;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT

For each year of, for each year of this Agreement, beginning with year three (Tax Year 2016) and continuing thereafter through year thirteen (Tax Year 2026), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit, defined in Section 1.3, above.

If, for any year of this Agreement the payment of Applicant's Stipulated Supplemental Payment amount, calculated under sections 4.2 and 4.3. above, exceeds the Aggregate Limit for that year, the difference between the Stipulated Supplemental Payment amount and the Aggregate Limit, shall be carried forward from year-to-year into subsequent years of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2026), because such payment would exceed the Aggregate Limit will be deemed to have been cancelled by operation of law.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article, including but not limited to: the calculation of the Stipulated Supplemental Payment amount; the determination of both the Annual Limit and the Aggregate Limit; the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and the carry forward and accumulation of any Stipulated Supplemental Payment amounts unpaid by Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (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 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. 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 Applicant under this Agreement, direct that Applicant's payment obligations under this Article IV 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 in conformance with the provisions of Section 6.1, below. Such designation may be rescinded by the District's Board of Trustees, by Board action, at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2016 Tax Year, in no event shall (i) 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 III and IV with respect to such Tax Year, exceed (ii) 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 calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Brazoria County Appraisal District to have access to the Applicant's

Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, 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. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) 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. 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 Brazoria County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District 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 (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. 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 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet

any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. 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 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

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 owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date 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 7.4 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 Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 MATERIAL BREACH OF AGREEMENT

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.

- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by Applicant on the project as Qualifying Jobs.
- (g) Applicant makes 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, Tex. Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Tex. Tax Code § 313.0275, for any full tax year which commences after the project has become operational, Applicant shall may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Tex. Tax Code § 313.0275(b), in accordance with the provisions of Tex. Tax Code § 313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any

payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/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 whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) 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 ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.8, 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 residing in Brazoria 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies

for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. 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 greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

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.

Section 7.12. ADDITIONAL APPLICANT OBLIGATIONS PRIOR TO END OF DEFERRAL PERIOD

As set forth in section 1.2, above, the Parties have agreed to the deferral of the Commencement Date for this Agreement until January 2, 2013. Applicant must, therefore comply with the following additional requirements in conformance with the provisions of 34 Tex. Admin. Code § 9.1054(h)(13). Not earlier than July 7, 2012, nor later than October 4, 2012, Applicant shall provide the District with an update on the project status. If there have been no material changes in the project schedule, cost projections, taxable value projections, or

employment projections made in the Application, Applicant shall notify the District and the Comptroller that no change in status has occurred. In the event that there has been any material change any data or projection submitted as a part of the Application, then Applicant shall within the time aforesaid time period deliver to the District and the Comptroller an Application amendment and/or supplement Application materials informing them of any material change in the Application materials. Additionally, prior to the Commencement Date, Applicant shall diligently comply with any written request from the District or the Comptroller to provide additional information necessary to evaluate the economic impact analysis for the conditions prior to the start of the Qualifying Time Period.

In the event that any information submitted pursuant to this Section results in the Comptroller's recommendation in favor of the project being changed to a negative recommendation by the Comptroller, then the District's Board of Trustees may, in its sole discretion immediately terminate this Agreement by giving Notice of said termination in accordance with the provisions of Section 8.1, below. After receiving such Notice, Applicant shall be entitled to invoke the Dispute resolution provisions set forth at section 7.9, above.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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 transmission, with "answer back" or other "advice 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 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.

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

Joe Keith Ripple, Superintendent
BRAZOSPORT INDEPENDENT SCHOOL DISTRICT
P.O. Drawer Z.
Freeport, Texas 77542
Fax: (979) 266-2409

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

Notices to the Applicant shall be addressed to:

John Nichols

THE DOW CHEMICAL COMPANY

Tax Dept. APB Building
2301 N. Brazosport Blvd.
Freeport, Texas 77541
Fax: 979-238-0207

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the

Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. 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 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Brazoria County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. 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 Archer County, Texas.

Section 8.8. 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 8.9. 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 to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 8.10. 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 8.11. INTERPRETATION

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Tex. Admin. Code § 9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is requires to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

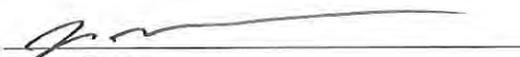
- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this ___ day of January 2011.

THE DOW CHEMICAL COMPANY

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

By: 
Gary Hockstra, VP and Site Leader
Texas Operations

By: 
JAY LUCE
President
Board of Trustees

Name: GARY L. HOCKSTRA
Title: V.P. & SITE DIRECTOR.

ATTEST:

BOBBY SHARP
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The Dow Chemical Company, LLC Reinvestment Zone was originally created on January 4, 2011 by action of the Brazosport Independent School District Board of Trustees. A map of *The Dow Chemical Company, LLC Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

As a result of the action of the Board of Trustees of the Brazosport Independent School District, *The Dow Chemical Company, LLC Reinvestment Zone* includes real property within Brazoria County, Texas, more specifically the following property and tracks.

- All of the land contained within the area bordered to the North by Entrance Road; bordered to the East by Park Road; bordered to the South by South Levee Road; and, bordered to the West by Station Road, all of which is wholly located within the territorial boundaries of the Brazosport Independent School District, and within the territorial boundaries of Brazoria County, Texas.



STATE HIGHWAY 268

DOWN WASTE WATER CANAL



B-7

B-12

B-14

PARK ROAD

B-1

B-2

B-4

B-4

CENTER ROAD

ENTRANCE ROAD

B-3

B-6

MEDIAN ROAD

B-8

B-10

CHLORINE ROAD

ELECTRIC ROAD

SOUTH LEVEE ROAD

BRAZOS RIVER

FACILITY

CANAL ROAD

B-13

B-22

B-24

B-35

STATION ROAD

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Brazosport Independent School District and *The Dow Chemical Company, LLC Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

- All of the land contained within the area bordered to the North by Entrance Road; bordered to the East by Park Road; bordered to the South by South Levee Road; and, bordered to the West by Station Road, all of which is wholly located within the territorial boundaries of the Brazosport Independent School District, and within the territorial boundaries of Brazoria County, Texas.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a new 1.802 B lb/yr chlorine facility utilizing membrane cell technology. A membrane cell module/train is defined as a set of electrolyzers with single anolyte & catholyte circulation systems. Cl7 will consist of 2 trains with each train made up of 10 membrane electrolyzers.

The property will include, but is not limited to, the following: the design of the ISBL portion of a membrane plant which includes brine purification, electrolyzers and circulation systems, Chlorine Cooling, Drying, and Compression, Hydrogen, anolyte dechlorination, anolyte treatment, Cl2 vent scrubber, 32% caustic evaporation, 50% caustic storage, anhydrous HCL headers.

All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require some amount of personal property.