

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



April 3, 2012

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OF THE  
BRAZOSPORT INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
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TEXAS ECONOMIC DEVELOPMENT ACT  
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APRIL 3, 2012

Board Findings of the Brazosport Independent School District

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

STATE OF TEXAS

§

COUNTY OF BRAZORIA

§

On the 3rd day of April, 2012, a public meeting of the Board of Trustees of the Brazosport Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of The Dow Chemical Company (Dow) for an Appraised Value Limitation on Qualified Property for its Monomer project, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Brazosport Independent School District makes the following findings with respect to the application of Dow, and the economic impact of that application:

On October 24, 2011 the Superintendent of Schools of the Brazosport Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Dow for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code for its Monomer project, which includes an ethylene cracker, a propylene dehydrogenation plant and several derivative units. A copy of the Application is attached as **Attachment A**.

The Applicant, Dow (Texas Taxpayer Id. 13812851288), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Brazosport Independent School District

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

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 Brazosport 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 March 9, 2012. 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, 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. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the Brazosport Independent School District

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 strong 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 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 project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing and energy as two of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing and energy industries.

**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 15<sup>th</sup> largest county in the state in terms of population. Population growth in Brazoria County is positive, although at a relatively modest growth rate. The state population grew by 1.8 percent between 2009 and 2010, while the population of Brazoria County increased by 1.7 percent over the same period.

Board Findings of the Brazosport Independent School District

September 2011 employment for Brazoria County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Brazoria County was 9.0 percent in September 2011, above the current state average of 8.5 percent. The Brazoria County unemployment rate increased slightly from 8.9 percent a year ago to the 9.0 percent level in September 2011.

Brazoria County continues to have a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Brazoria County's \$37,523 in 2009 ranked 54<sup>th</sup> among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

Brazoria County will benefit from economic activity like that associated with the Dow Monomer 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. This should be beneficial, given Brazoria County's unemployment rate and below-state-average per capita personal income.

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$114,483 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 regional average manufacturing wage. Dow indicates that total employment once the project begins operations will be approximately three hundred (300) new jobs, two hundred-forty (240) of which will be qualifying jobs.**

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

After construction, the project will create 300 new jobs when fully operational. 240 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 Region, where Brazoria County is located was \$51,002 in 2010. The annual average manufacturing wage for 2010 for Brazoria County is \$91,936. That same year, the county annual average wage for all industries was \$45,812. In addition to a salary of \$114,483, each

Board Findings of the Brazosport Independent School District

qualifying position will receive benefits such as medical and dental insurance, life insurance, 401k savings plan, pension plan or personal savings account, vacation and holiday pay, employee stock purchase plan, family and personal counseling services.

**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 \$12 million on the basis of the goal of two hundred-forty (240) new qualifying positions for the entire Dow project.**

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

The project's total investment is \$2.885 billion, resulting in a relative level of investment per qualifying job of \$12 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 Dow Chemical'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 20 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REM). 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 Chemical**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	390	362	752	\$21,046,399	\$20,953,601	\$42,000,000
2014	1134	1049	2183	\$62,944,460	\$68,055,540	\$131,000,000
2015	1647	1514	3161	\$94,029,312	\$108,970,688	\$203,000,000
2016	1824	1647	3471	\$106,221,621	\$135,778,379	\$242,000,000
2017	762	678	1440	\$45,232,271	\$82,767,729	\$128,000,000
2018	300	1099	1399	\$34,344,900	\$118,655,100	\$153,000,000
2019	300	1104	1404	\$35,031,900	\$122,968,100	\$158,000,000
2020	300	1150	1450	\$35,732,400	\$130,267,600	\$166,000,000
2021	300	1282	1582	\$36,447,000	\$144,553,000	\$181,000,000
2022	300	1345	1645	\$37,176,000	\$156,824,000	\$194,000,000
2023	300	1404	1704	\$37,919,400	\$169,080,600	\$207,000,000
2024	300	1446	1746	\$38,677,800	\$180,322,200	\$219,000,000
2025	300	1482	1782	\$39,451,500	\$192,548,500	\$232,000,000
2026	300	1513	1813	\$40,240,500	\$203,759,500	\$244,000,000
2027	300	1541	1841	\$41,045,400	\$216,954,600	\$258,000,000
2028	300	1577	1877	\$41,866,200	\$231,133,800	\$273,000,000
2029	300	1595	1895	\$42,703,500	\$244,296,500	\$287,000,000
2030	300	1554	1854	\$43,557,600	\$252,442,400	\$296,000,000
2031	300	1552	1852	\$44,428,800	\$263,571,200	\$308,000,000
2032	300	1554	1854	\$45,317,400	\$276,682,600	\$322,000,000

Source: CPA, REMI, Dow Chemical

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Brazosport ISD’s ad valorem tax base in 2010 was \$7.485 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Brazosport ISD’s estimated wealth per WADA was \$475,934.

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



### Board Findings of the Brazosport Independent School District

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$2.78 billion to the tax base for debt service purposes at the peak investment level for the 2018-19 school year. The Dow project remains fully taxable for debt services taxes, with Brazosport ISD currently levying a \$0.2015 per \$100 I&S rate. The value of the Dow 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 tax base. At the estimated peak value for the project, Brazosport ISD could experience a reduction in its I&S rate in excess of \$0.07 per \$100 from its current I&S tax rate.

#### **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 project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will not be a significant impact on school facilities created by the new chemical manufacturing 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 Dow Chemical'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. Dow's global manufacturing presence provides substantial flexibility in plant location. In the U.S., Dow

Board Findings of the Brazosport Independent School District

has manufacturing locations in AR, CA ,CT, GA, IL, KY, LA, MA, MI, MO, NJ, NY, NC, OH, TN, PA, TX and WV.”

**Board Finding Number 9.**

**During the past two years, eleven projects in the Houston-Galveston Area Council 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. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant is true and correct.**

**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, §§ 313.054(a).**

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2011 Preliminary Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2011 taxable value for Brazosport ISD is \$6.3 billion, with industrial property valued at \$4.7 billion. Brazosport ISD is categorized as Subchapter C, rural district. Given that the total amount of taxable industrial 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 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 Findings of the Brazosport Independent School District

**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. Revenue protection measures are in place for the duration of the Agreement.

**Board Finding Number 14.**

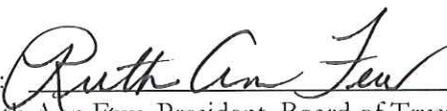
**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

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 3rd day of April 2012.

*BRAZOSPORT INDEPENDENT SCHOOL DISTRICT*

By:   
Ruth Ann Few, President, Board of Trustees

**ATTEST:**

By:   
Ron Damian, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

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March 23, 2012

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

*Re: Recommendations and Findings of the Firm Concerning Application of The DOW Chemical Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President Few 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 The DOW Chemical Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively involved 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 The DOW Chemical Company for the requested Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey". The signature is written in a cursive, flowing style.

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

Phone 512-485-7878

400 W. 15<sup>th</sup> Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

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# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

**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**

March 22, 2012

President and Members  
Board of Trustees  
Brazosport Independent School District  
P.O. Drawer Z  
Freeport, Texas 77541

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

Dear President Few 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 The 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. We have also negotiated an Agreement between the District and The Dow Chemical Company. 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.

Letter to Brazosport ISD  
March 22, 2012  
Page 2 of 2

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of The 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

Authorized School District Representative		Date application received by district October 24, 2011	
First Name <b>Karin</b>	Last Name <b>Holacka</b>		
Title <b>Superintendent</b>			
School District Name <b>Brazosport ISD</b>			
Street Address <b>301 W. Brazoswood Dr., Clute, TX 77531</b>			
Mailing Address <b>P.O. Drawer Z</b>			
City <b>Freeport</b>	State <b>TX</b>	ZIP <b>77542</b>	
Phone Number <b>979-730-7000</b>	Fax Number <b>979-266-2486</b>		
Mobile Number (optional)	E-mail Address <b>kholacka@brazosportisd.net</b>		

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

Will consultant be primary contact? . . . . .  Yes  No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name <b>Dan</b>	Last Name <b>Casey</b>
Title <b>Partner</b>	
Firm Name <b>Moak, Casey &amp; Associate</b>	
Street Address <b>400 W. 15th Street, Suite 1410</b>	
Mailing Address <b>same</b>	
City <b>Austin</b>	State <b>TX</b> ZIP <b>78701-1648</b>
Phone Number <b>512-485-7878</b>	Fax Number <b>512-485-7888</b>
Mobile Number (Optional)	E-mail Address <b>dcasey@moakcasey.com</b>

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) 	Date <b>11-10-11</b>
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Has the district determined this application complete? .....  Yes     No

If yes, date determined complete. November 1, 2011

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	✓



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.

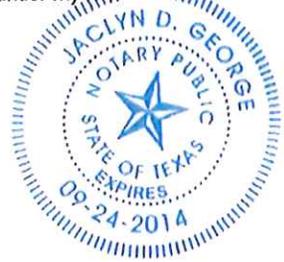
Signature (Authorized Business Representative (Applicant))

Date

Handwritten signature in blue ink.

10-24-11

GIVEN under my hand and seal of office this 24th day of October, 2011



(Notary Seal)

Handwritten signature of Jaclyn D. George, Notary Public, State of Texas

My commission expires 9-24-2014

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.



**APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

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

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	ZIP
Phone Number	Fax Number	E-mail Address
Mobile Number (optional)		

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

Will consultant be primary contact?  Yes  No



**FEES 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(l)?  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(l)?  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)

1382851288

NAICS code

325000

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 and 2010

**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.)

Limited Liability 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.)



ENTITLY UNDER TAX CODE CHAPTER 171.024

Are you an entity to which Tax Code, Chapter 171 applies?  Yes  No

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

PROJECTED TIMELINE

Begin Construction 2014, Begin Hiring New Employees 2016, Construction Complete 2018, Fully Operational 2018, Purchase Machinery & Equipment 2013-2017

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?  Yes  No

Note: Improvements made before that time may not be considered qualified property. When do you anticipate the new buildings or improvements will be placed in service? 2016-2018

**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
Texas Enterprise Fund	\$5,500,000
Texas Enterprise Zone Designation	\$2,250,000
Total	\$7,750,000

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.)

Abatement with Brazoria County, Port, Drainage District and IDAs

**THE PROPERTY**

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

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

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 (100%) [Not in City Limits]  
(Name and percent of project) (Name and percent of project)

Hospital District: N/A 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.



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 Million

What is the amount of appraised value limitation for which you are applying? 30 Million

What is your total estimated qualified investment? 365 Million

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? May 2012

What is the anticipated date of the beginning of the qualifying time period? January 2, 2017

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? \$2,885,000,000

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

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

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? 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 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? May 2012

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

Will the project be on leased land? Yes No

**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) 2011 (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 2011 (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? 5052

**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. N/A

Total number of new jobs that will have been created when fully operational 300

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? 240

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).



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 \$969.10

110% of the county average weekly wage for manufacturing jobs in the county is \$1,944.80

110% of the county average weekly wage for manufacturing jobs in the region is \$1,078.88

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? \$56,102.20

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? \$56,102.20

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 Attachment

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.

**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.

**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	N/A
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	N/A
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	To be supplemented
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	To be supplemented
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	To be supplemented

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

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)*

Enterprise Name :	Dow Chemical Company
Report Name :	CD00010000 2010 TEXAS EXT FORM 05-1641
Report Description :	2010 TEXAS EXT FORM 05-164
Date Refreshed :	10/4/2011
Time Refreshed :	12:16:17 PM
Date Printed :	10/4/2011
Time Printed :	12:18:47 PM
Case Number :	1
Tax Year :	2010
Base Calc :	TXX10
Constant :	N
Custom Calc :	
Entity :	CD00010000
Entity Group :	
Column File :	TX0003
Alternate Column File :	
Data Spec :	TXX10
Range File :	
Location Code :	TX
From Row :	1
Thru Row :	99999
Version Number :	1281
User ID :	MWK
Report Package :	tx

TEXAS FRANCHISE TAX  
EXTENSION AFFILIATE LIST

Tcode 13298

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

13812851288

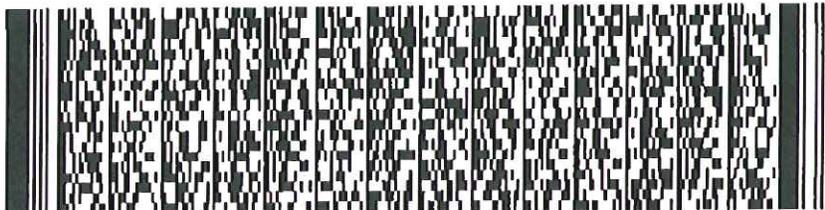
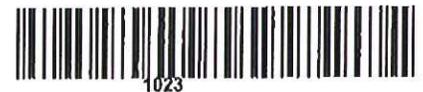
2011

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. DOW FINANCIAL SERVICES INC.	382900737	<input checked="" type="checkbox"/>
2. DOW ENVIRONMENTAL INC.	943032723	<input checked="" type="checkbox"/>
3. ESSEX CHEMICAL CORPORATION	221569963	<input checked="" type="checkbox"/>
4. DOW PIPELINE COMPANY	17417110461	<input checked="" type="checkbox"/>
5. CAYUSE PIPELINE, INC.	17419639491	<input checked="" type="checkbox"/>
6. DOW INTRASTATE GAS COMPANY	720910103	<input checked="" type="checkbox"/>
7. RAVENWORKS LTD.	382606901	<input checked="" type="checkbox"/>
8. DOW ENGINEERING, INC.	741691545	<input checked="" type="checkbox"/>
9. DOW ENGINEERING COMPANY	17416535577	<input checked="" type="checkbox"/>
10. GREAT WESTERN PIPELINE COMPANY, INC.	382490880	<input checked="" type="checkbox"/>
11. MIDLAND PIPELINE CORP.	382051442	<input checked="" type="checkbox"/>
12. DOW CHEMICAL INTER-AMERICAN LIMITED	381401714	<input checked="" type="checkbox"/>
13. DOWBRANDS INC.	382625941	<input checked="" type="checkbox"/>
14. DC PARTNERSHIP MANAGEMENT INC.	383021196	<input checked="" type="checkbox"/>
15. ROFAN SERVICES INC.	13828538556	<input checked="" type="checkbox"/>
16. LIANA LIMITED	382720200	<input checked="" type="checkbox"/>
17. DOW CREDIT CORPORATION	13827063036	<input checked="" type="checkbox"/>
18. DOW CHEMICAL INTERNATIONAL LTD.	381737993	<input checked="" type="checkbox"/>
19. DCIL - ECUADOR (0037)	000000007	<input checked="" type="checkbox"/>
20. DCIL LTD (0228)	000000008	<input checked="" type="checkbox"/>
21. DCIL - INDIA (0229)	000000009	<input checked="" type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

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1023

TEXAS FRANCHISE TAX  
EXTENSION AFFILIATE LIST

Tcode 13298

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

13812851288

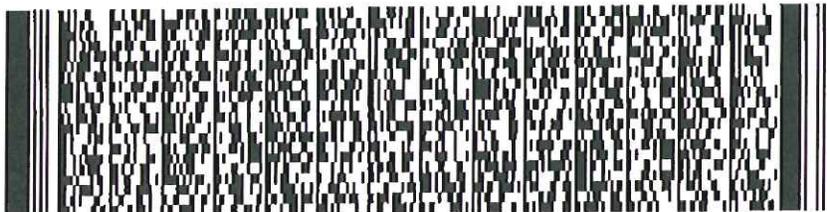
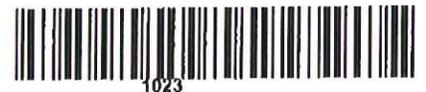
2011

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. IFCO INC.	980133746	<input checked="" type="checkbox"/>
2. DOW GLOBAL TECHNOLOGIES INC.	980133745	<input checked="" type="checkbox"/>
3. K-DOW TECHNOLOGIES LLC (old)	364642443	<input checked="" type="checkbox"/>
4. MYCOGEN PLANT SCIENCE, INC.	800050604	<input checked="" type="checkbox"/>
5. MYCOGEN CROP PROTECTION, INC.	13306687081	<input checked="" type="checkbox"/>
6. ANGUS CHEMICAL COMPANY	13631855577	<input checked="" type="checkbox"/>
7. CANSTATES HOLDINGS INC.	731103605	<input checked="" type="checkbox"/>
8. FLEXIBLE PRODUCTS COMPANY	15808075400	<input checked="" type="checkbox"/>
9. AGRIGENETICS, INC.	13305928635	<input checked="" type="checkbox"/>
10. AGRIGENETICS MOLOKAI LLC (0177)	990355550	<input checked="" type="checkbox"/>
11. RENZE SEEDS LLC	263359085	<input checked="" type="checkbox"/>
12. BRODBECK SEEDS LLC	263594839	<input checked="" type="checkbox"/>
13. PFISTER SEEDS LLC	270534228	<input checked="" type="checkbox"/>
14. MYCOGEN SEEDS-PUERTO RICO CORPORATION	311283941	<input checked="" type="checkbox"/>
15. GENERAL LATEX AND CHEMICAL CORPORATION	041360675	<input checked="" type="checkbox"/>
16. DOW INTERNATIONAL HOLDINGS COMPANY	383657644	<input checked="" type="checkbox"/>
17. DENNERCO INC. (POST 2002)	383418765	<input checked="" type="checkbox"/>
18. DOW CUSTOMS & TRADE LLC	680582252	<input checked="" type="checkbox"/>
19. DOW DEUTSCHLAND MANAGEMENT INC.	134314579	<input checked="" type="checkbox"/>
20. DML HOLDING INC.	134316190	<input checked="" type="checkbox"/>
21. GWN HOLDING, INC.	753213148	<input checked="" type="checkbox"/>

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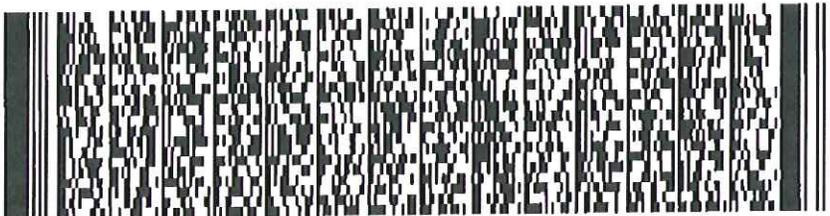
2011

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 ETHYLENE OXIDE/GLYCOL CO	30113853961	<input checked="" type="checkbox"/>
2. BENEFIT CAPITAL MANAGEMENT CORPORATION	061204181	<input checked="" type="checkbox"/>
3. CALIDRIA CORPORATION	061102281	<input checked="" type="checkbox"/>
4. CATALYSTS ADSORBENTS & PROCESS SYSTEMS	19000180828	<input checked="" type="checkbox"/>
5. GLOBAL INDUSTRIAL CORPORATION	11327985344	<input checked="" type="checkbox"/>
6. KTI CHEMICALS, INC.	11329013095	<input checked="" type="checkbox"/>
7. UC FINCO INC.	061080439	<input checked="" type="checkbox"/>
8. SOUTH CHARLESTON SEWAGE TREATMENT COMP	550462374	<input checked="" type="checkbox"/>
9. SEADRIFT PIPELINE CORPORATION	11361054973	<input type="checkbox"/>
10. UNION CARBIDE POLYOLEFINS DEVELOPMENT	30114205674	<input checked="" type="checkbox"/>
11. UNION CARBIDE SUBSIDIARY C, INC.	10610842279	<input checked="" type="checkbox"/>
12. UNION CARBIDE WIRE AND CABLE COMPANY,	132613538	<input checked="" type="checkbox"/>
13. UCAR EMULSION SYSTEMS INTERNATIONAL, I	621561414	<input checked="" type="checkbox"/>
14. UCAR INTERAM INC.	11325848742	<input type="checkbox"/>
15. UCAR LOUISIANA PIPELINE COMPANY	132815163	<input checked="" type="checkbox"/>
16. UCAR PIPELINE INCORPORATED	11326135370	<input type="checkbox"/>
17. UMETCO MINERALS CORPORATION	061102283	<input checked="" type="checkbox"/>
18. UMETCO MINERALS EXPLORATION CORPORATIO	132592312	<input checked="" type="checkbox"/>
19. UNION CARBIDE SUBSIDIARY Q INC.	061554525	<input checked="" type="checkbox"/>
20. UNION CARBIDE PAN AMERICA, INC.	132585077	<input checked="" type="checkbox"/>
21. UNISON TRANSFORMER SERVICES, INC.	15506567922	<input checked="" type="checkbox"/>

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Reporting entity taxpayer name

13812851288

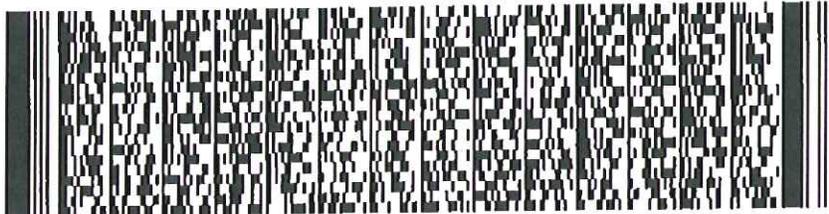
2011

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 HOLDINGS LLC	000000016	<input checked="" type="checkbox"/>
2. ROHM AND HAAS COMPANY - ASIA BRANCH	000000017	<input checked="" type="checkbox"/>
3. ROHM AND HAAS COMPANY - MEXICAN BRANCH	000000018	<input checked="" type="checkbox"/>
4. Charles Lennig and Company LLC	231615336	<input checked="" type="checkbox"/>
5. AGROFRESH INC.	364064051	<input checked="" type="checkbox"/>
6. MORTON INTERMEDIATE COMPANY	202003547	<input checked="" type="checkbox"/>
7. ROHM AND HAAS EQUITY CORPORATION	510306123	<input checked="" type="checkbox"/>
8. ROHM AND HAAS CANADA FINANCE COMPANY	000000019	<input checked="" type="checkbox"/>
9. ROHM AND HAAS DENMARK INVESTMENTS LLC	232881530	<input checked="" type="checkbox"/>
10. ROH VENTURE GMBH	980341224	<input checked="" type="checkbox"/>
11. ROHM AND HAAS GERMAN REAL ESTATE GMBH	980518639	<input checked="" type="checkbox"/>
12. ROHM AND HAAS LUXEMBOURG HOLDING S.A.R	980643275	<input checked="" type="checkbox"/>
13. ROHM AND HAAS INVESTMENT HOLDINGS INC.	232849256	<input checked="" type="checkbox"/>
14. ROH MONOMER HOLDING COMPANY	510406654	<input checked="" type="checkbox"/>
15. ROHM AND HAAS LATIN AMERICA, INC.	510240844	<input checked="" type="checkbox"/>
16. ROHM AND HAAS LATIN AMERICA INC. - ARG	510240844	<input checked="" type="checkbox"/>
17. ROHM AND HAAS CHINA, INC.	510312913	<input checked="" type="checkbox"/>
18. ROHM AND HAAS SOUTHEAST ASIA, INC.	510255710	<input checked="" type="checkbox"/>
19. ROHM AND HAAS SOUTHEAST ASIA INC. - TH	000000020	<input checked="" type="checkbox"/>
20. ROHM AND HAAS ELECTRONIC MATERIALS HOL	522046864	<input checked="" type="checkbox"/>
21. ROHM AND HAAS ASIA, INC.	231573175	<input checked="" type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Texas Comptroller Official Use Only

VE/DE  FM 

## **1. Project Description**

This project includes a world scale Ethylene Cracker, a propane dehydrogenation plant and two downstream polymer units.

1. The Ethylene Cracker will take light hydrocarbons and break them down into Ethylene. The Ethylene is used in the manufacture of polyethylene, ethylene dichloride, ethylene oxide, ethylene glycol and other chemical intermediates used in the manufacture of chemicals
2. Propane Dehydrogenation (PDH) 2 will take propane as a raw material and produce propylene. Propylene is a chemical intermediate used in the productions of polypropylene, oxo chemicals and acrylic acids.
3. The polymer 1 unit will use the ethylene produced at the cracker to produce granulated plastic pellets.
4. The polymer 2 unit will use the ethylene produced at the cracker to produce granulated plastic pellets.

The proposed improvements for this project include: site improvements, installation of pipeways and utility services, foundations and process equipment including vessels, reactors, pumps, pipes, valves, filters and electrical and instrument systems.

The land these projects will be sited on is cleared. There are no longer any improvements on these sites. For the most part, the site infrastructure exists. There will be tie-ins to existing pipelines and utilities.

Construction will start in 2013 and will be complete in 2017. There will be an anticipated 1500 construction jobs at peak. The project will create 300+ new jobs.

The Dow Chemical Company respectfully requests the appraised value limitation to apply to all of the Proposed Improvements.

## **2. Ability to Relocate**

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. Dow's global manufacturing presence provides substantial flexibility in plant location. In the U.S., Dow has manufacturing locations in AR, CA, CT, GA, IL, KY, LA, MA, MI, MO, NJ, NY, NC, OH, TN, PA, TX and WV.

## **3. Benefits**

The Dow Chemical company offers Medical and Dental Insurance, Life Insurance, 401 K savings plan, Pension Plan or Personal Savings Account, Vacation and Holiday Pay, employee Stock Purchase Plan, Family and Personal counseling services.

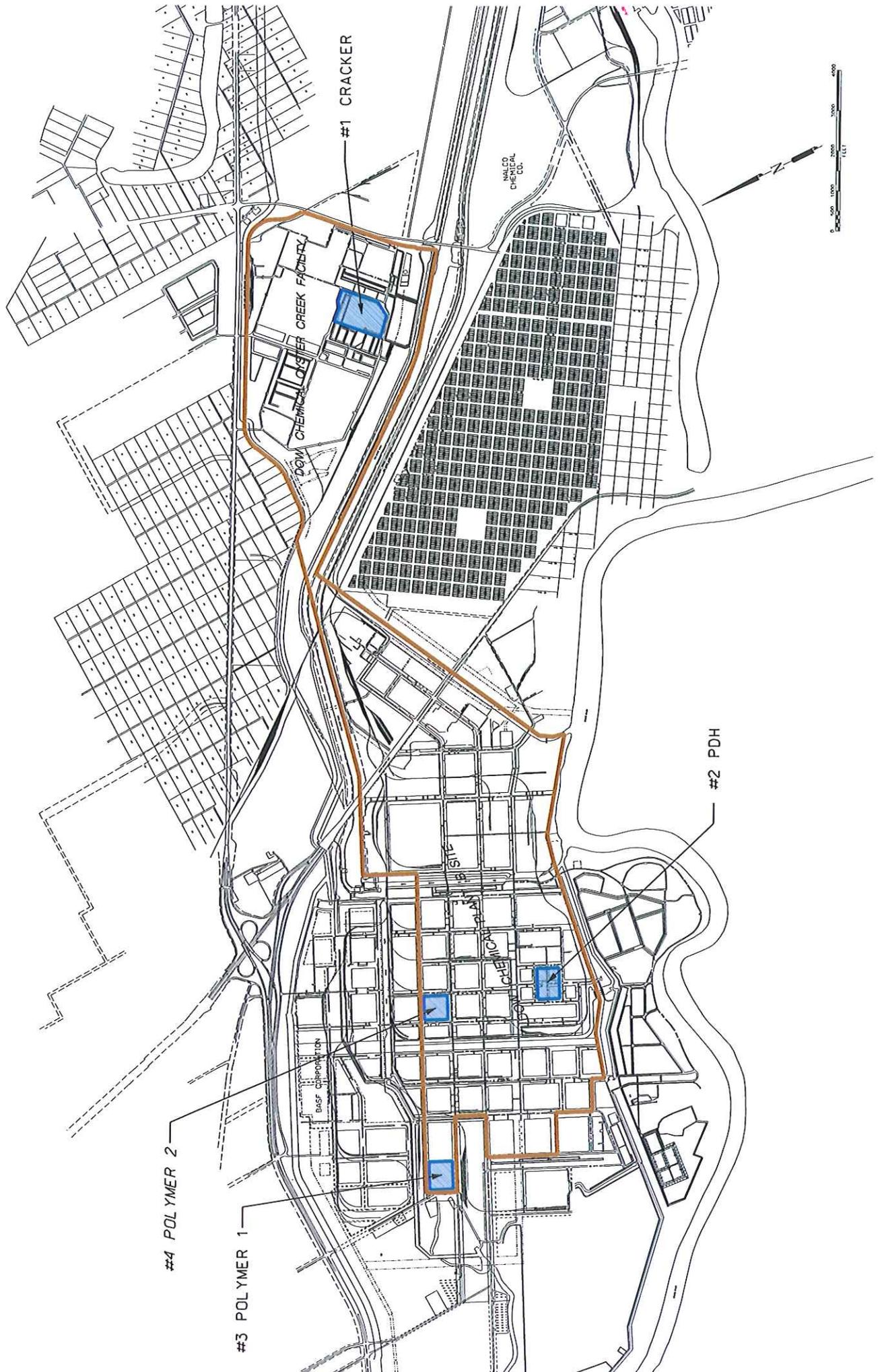
## ATTACHMENT 6/8

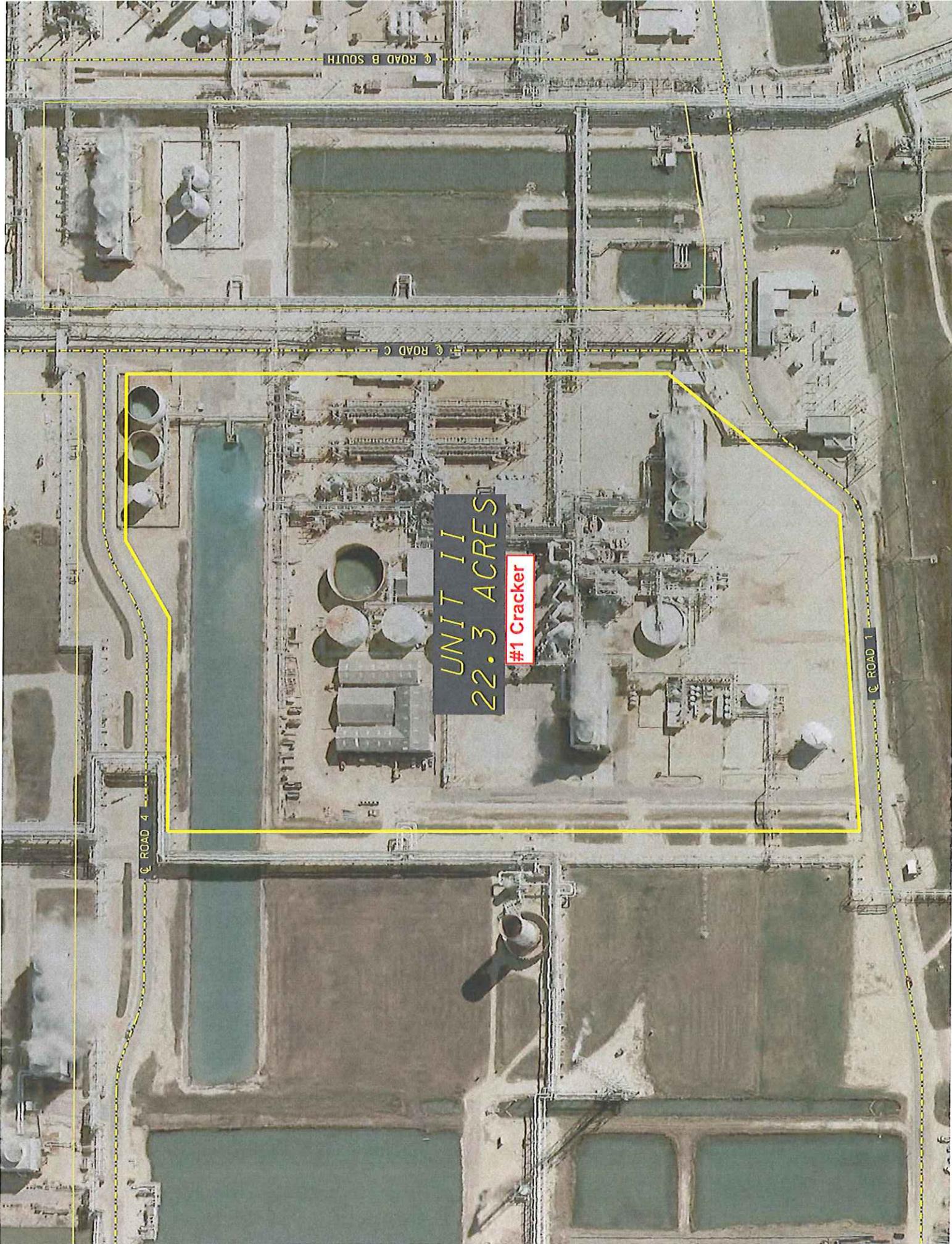
### Description of Qualified Investment and Qualified Property

This project includes a world scale Ethylene Cracker, a propylene dehydrogenation plant and several downstream derivative units.

The proposed improvements for this project include: site improvements, installation of pipeways and utility services, foundations and process equipment including vessels, reactors, pumps, pipes, valves, filters and electrical and instrument systems.

Project will also include any other necessary equipment to construct a fully functioning manufacturing plant.





© ROAD B SOUTH

© ROAD C

UNIT II  
22.3 ACRES

#1 Cracker

© ROAD 4

© ROAD 1



☉ STYRENE ROAD

B-33

☉ BUTANE ROAD

B-31 B-32  
9.7 ACRES  
#2 PDH 2

☉ ETHYL ROAD

☉ NEON ROAD

☉ COPPER ROAD

B-36

☉ MONEL ROAD

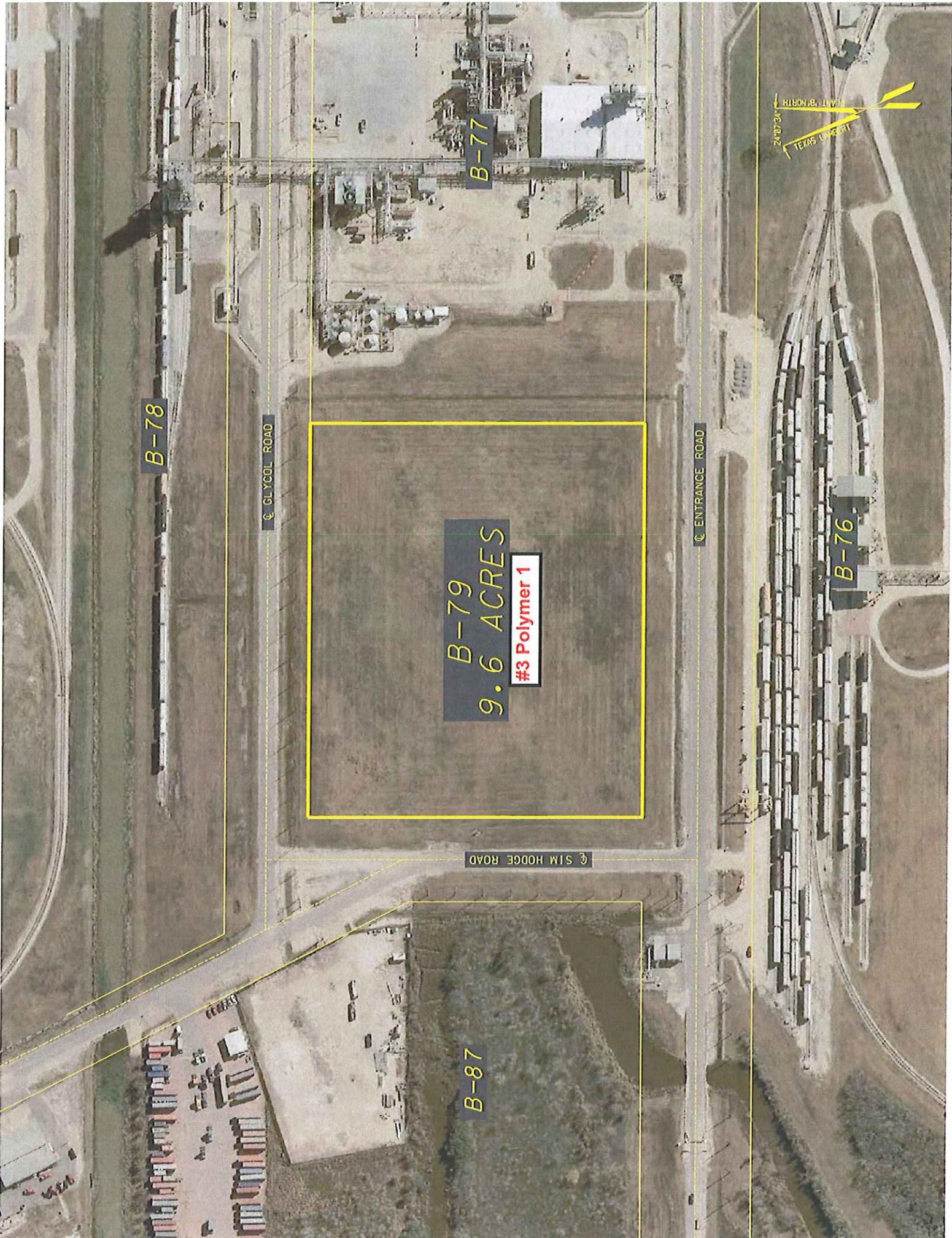
B-42

☉ GALENA ROAD

☉ ELECTRIC ROAD

☉ TOLUENE ROAD

PLANT 8 MONEL  
TEXAS LAMBERT



B-78

☉ GLYCOL ROAD

B-79  
9.6 ACRES  
#3 Polymer 1

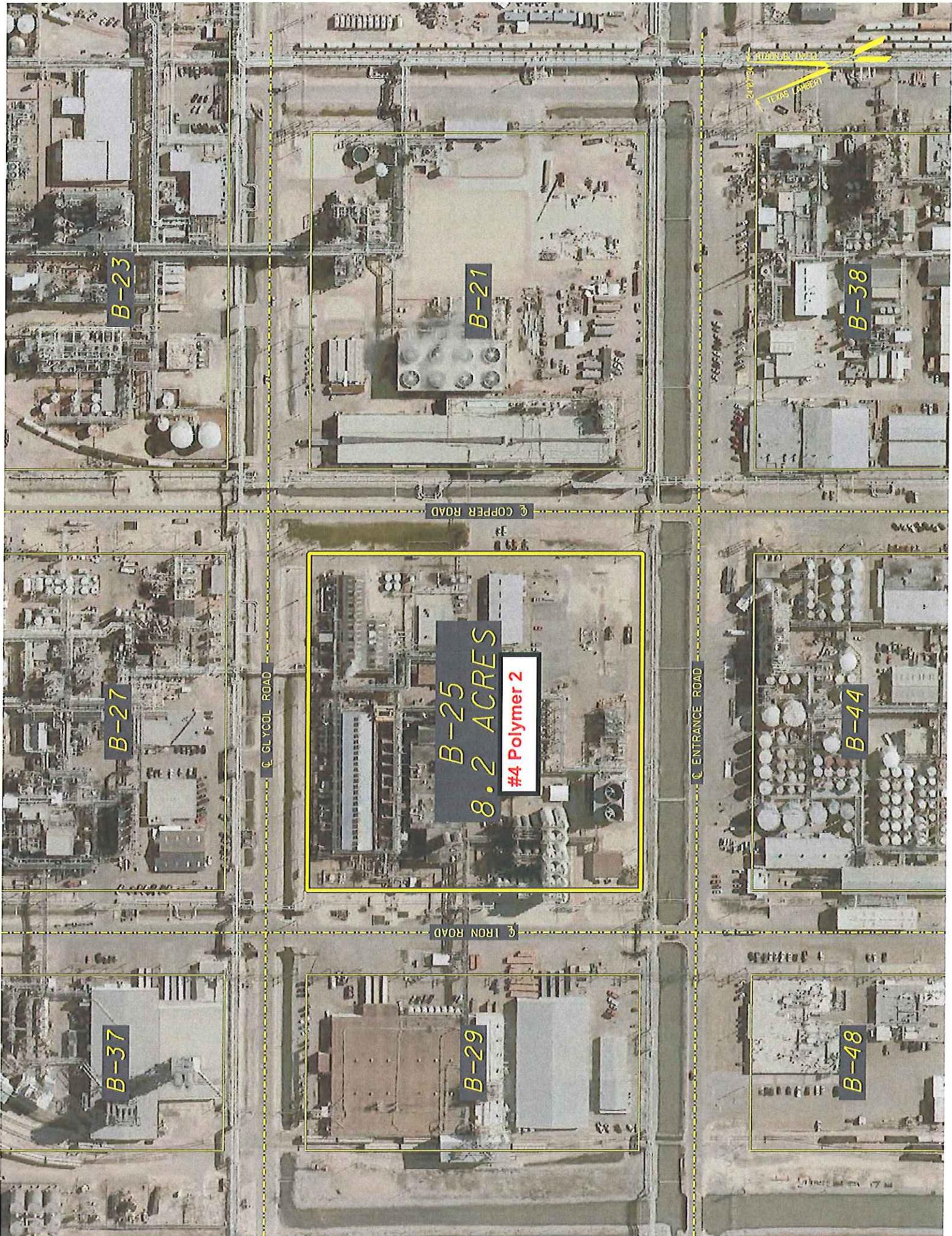
☉ SIM HODGE ROAD

☉ ENTRANCE ROAD

B-76

B-87

24° 27' 34"  
NAD 83  
TEXAS Lambert



B-23

B-21

B-38

☉ COPPER ROAD

B-27

B-25  
8.2 ACRES  
#4 Polymer 2

☉ ENTRANCE ROAD

B-44

☉ IRON ROAD

B-37

B-29

B-48

ATMOSPHERIC  
TEXAS (AMBER)

## #1 Cracker

22.3 acres of land situated in the Maurice Henry Survey, Abstract 74, Brazoria County, Texas, out of a called 993.66 acre tract conveyed to The Dow Chemical Company in Volume 334, Page 587 of the Brazoria County Deed Records and situated in the Dow Chemical Company, OCD Plant Site and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northeast corner of Lot 5 of the Brazos Coast Investment Company, Subdivision Number 13;

**Thence** South 7° 49' West, a distance of 4,556.1' feet to a point contiguous with Road 'E', said road being a private road located within the Dow Chemical OCD Plant Site, same being the **Point Of Beginning** of the herein described tract;

**Thence** North 45° 29' East, a distance of 1,236.9' feet to a point;

**Thence** South 44° 31' East, a distance of 376.9' feet to a point;

**Thence** South 74° 06' East, a distance of 159.2' feet to a point;

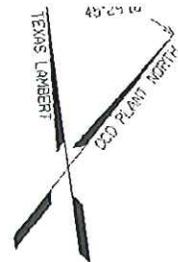
**Thence** South 44° 31' East, a distance of 294.4' feet to a point;

**Thence** South 45° 29' West, a distance of 968.2' feet to a point;

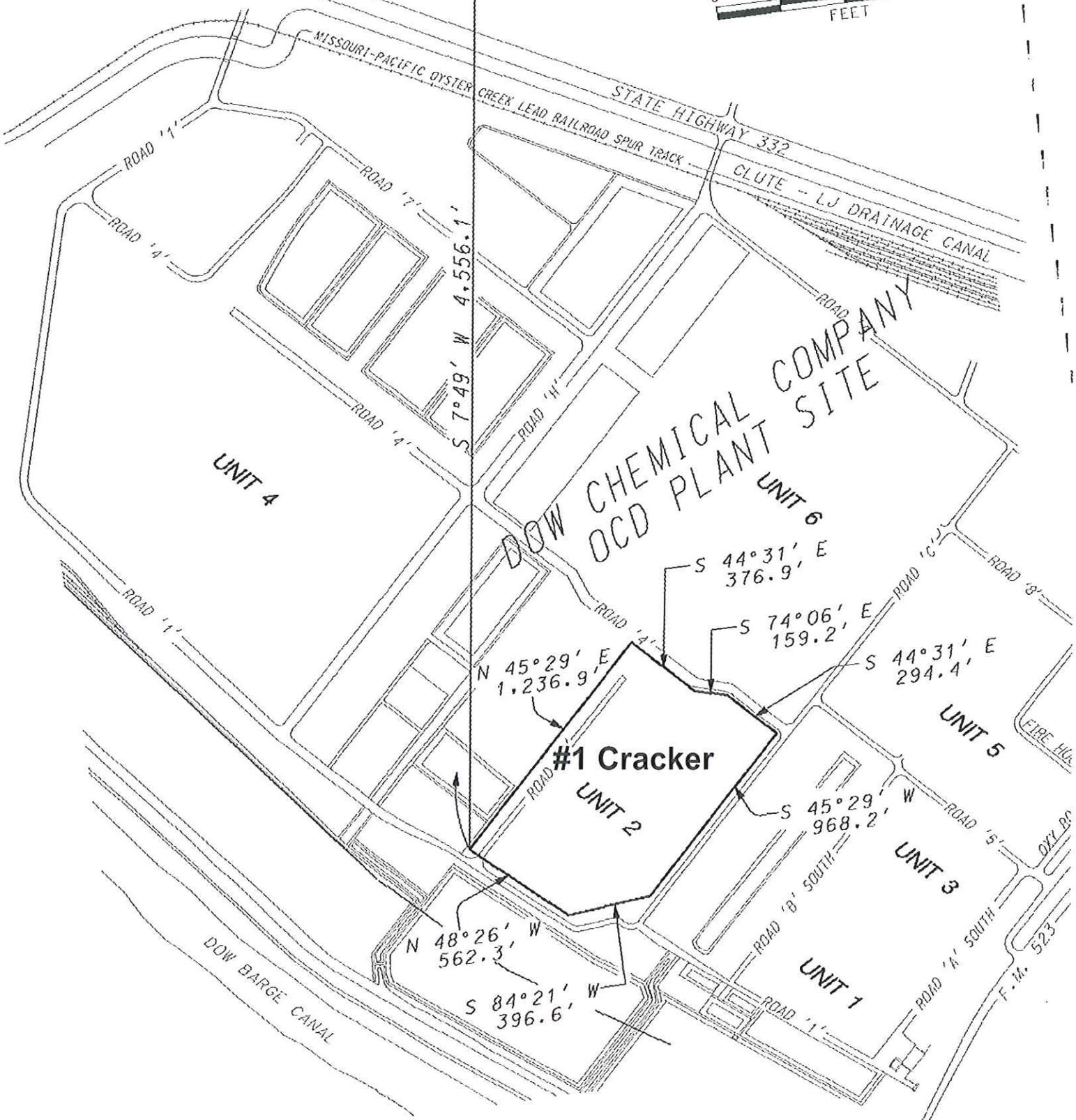
**Thence** South 84° 21' West, a distance of 396.6' feet to a point;

**Thence** North 48° 26' West, a distance of 562.3' feet to the **Point Of Beginning**, containing 22.3 acres of land, more or less.

ZORIA COUNTY  
TEXAS



LOT 5



## #2 PDH 2

9.7 acres of land being located within the Brazos Coast Investment Company, Subdivision Number 14, recorded in Volume 2, Page 148 of the Brazoria County Plat Records, being all or part of tracts 411, 412 and 413, situated in the A.R. Clark Labor 2, Abstract 54 and all or part of tracts 347, 348 and 349, situated in the J.E.A. Phelps Labor 3, Abstract 115, Brazoria County, Texas, being located in The Dow Chemical Company Plant "B" site and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northwest corner of Tract 322 of the Brazos Coast Investment Company, Subdivision Number 15;

**Thence** South 50° 12' East, a distance of 11,334.1' feet to a point contiguous with Toluene Road, said road being a private road located within the Dow Chemical Plant B Site, same being the **Point Of Beginning** of the herein described tract;

**Thence** South 65° 52' East, a distance of 769.8' feet to a point;

**Thence** South 24° 08' West, a distance of 550.0' feet to a point;

**Thence** North 65° 52' West, a distance of 769.8' feet to a point;

**Thence** North 24° 08' East, a distance of 550.0' feet to the **Point Of Beginning**, containing 9.7 acres of land, more or less.

ORIA COUNTY  
TEXAS

TRACT  
322

S 50°12' E 11,334.1'

B-44

B-38

B-50

B-46

B-40

ENTRANCE ROAD

B-42

B-31

B-32

#2 PDH 2

B-33

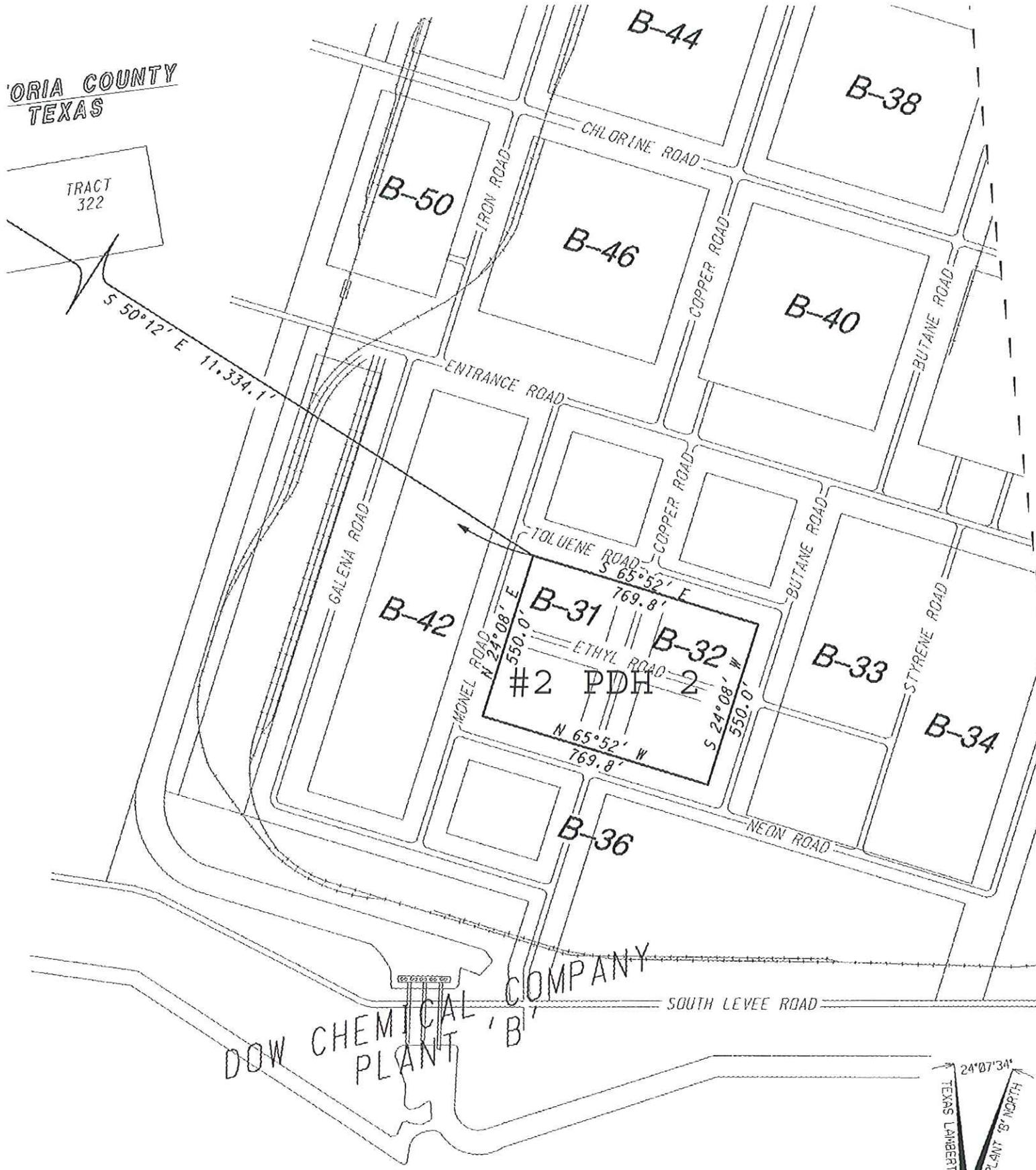
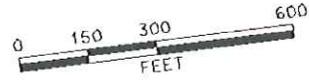
B-34

B-36

DOW CHEMICAL COMPANY  
PLANT 'B'

SOUTH LEEVE ROAD

24°07'34"  
TEXAS LAMBERT  
PLANT 'B' NORTH



## #3 Polymer 1

9.6 acres of land situated in the Stephen F. Austin 5 Leagues Grant, Abstract 19, Brazoria County, Texas, being located within the Brazos Coast Investment Company, Subdivision Number 15, recorded in Volume 2, Page 147 of the Brazoria County Plat Records, being located in The Dow Chemical Company Plant "B" site and being all or part of tracts 13, 14, 57, 59 and 83 and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northwest corner of Tract 322 of the Brazos Coast Investment Company, Subdivision Number 15;

**Thence** South  $64^{\circ} 04'$  East, a distance of 6,292.0' feet to a point contiguous with Glycol Road, said road being a private road located within the Dow Chemical Plant B Site, same being the **Point Of Beginning** of the herein described tract;

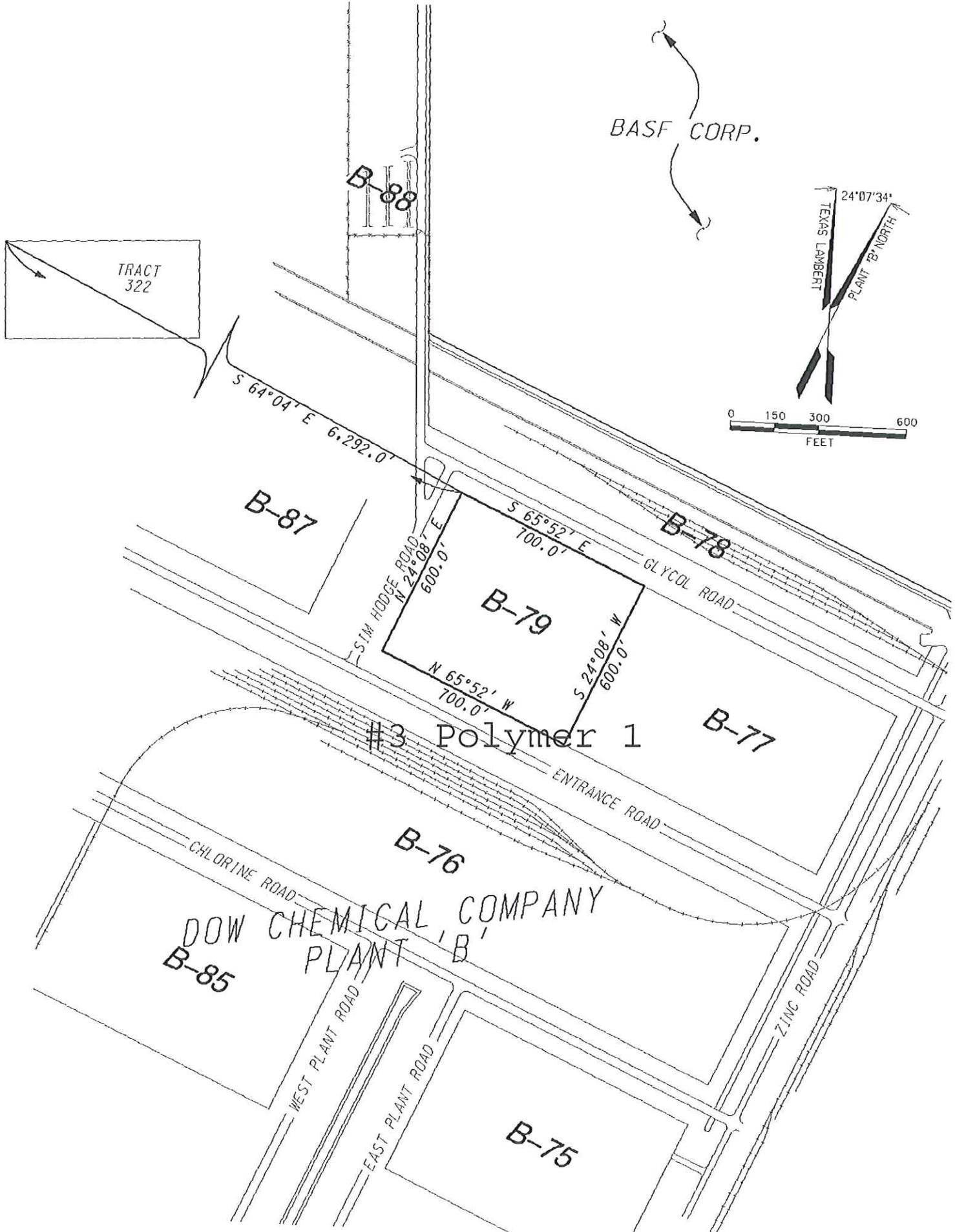
**Thence** South  $65^{\circ} 52'$  East, a distance of 700.0' feet to a point;

**Thence** South  $24^{\circ} 08'$  West, a distance of 600.0' feet to a point;

**Thence** North  $65^{\circ} 52'$  West, a distance of 700.0' feet to a point;

**Thence** North  $24^{\circ} 08'$  East, a distance of 600.0' feet to the **Point Of Beginning**, containing 9.6 acres of land, more or less.

BRAZORIA COUNTY  
TEXAS



## #4 Polymer 2

8.3 acres of land situated in the Alexander Calvit League, Abstract 49, Brazoria County, Texas, being located within the Brazos Coast Investment Company, Subdivision Number 14, recorded in Volume 2, Page 148 of the Brazoria County Plat Records, being located in The Dow Chemical Company Plant "B" site and being all or part of tracts 332, 333, 334, 355, 356 and 357 and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northwest corner of Tract 322 of the Brazos Coast Investment Company, Subdivision Number 15;

**Thence** South  $64^{\circ} 48'$  East, a distance of 10,504.8' feet to a point contiguous with Glycol Road, said road being a private road located within the Dow Chemical Plant B Site, same being the **Point Of Beginning** of the herein described tract;

**Thence** South  $65^{\circ} 52'$  East, a distance of 600.0' feet to a point;

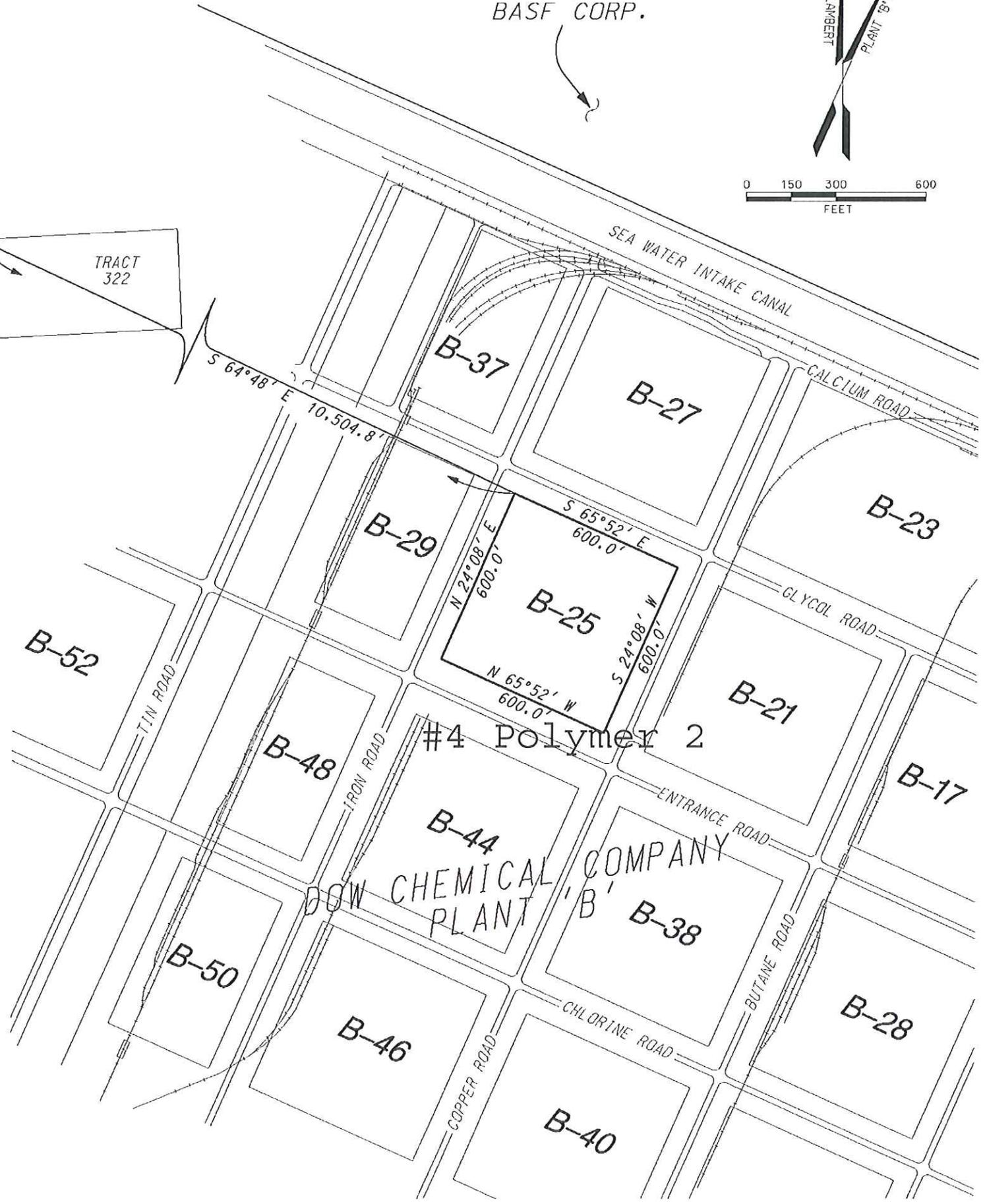
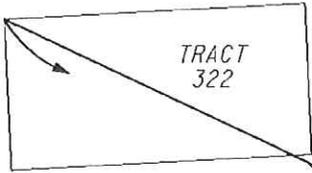
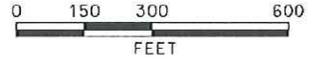
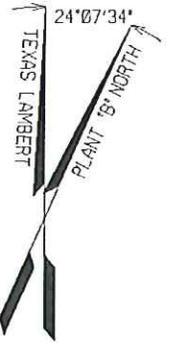
**Thence** South  $24^{\circ} 08'$  West, a distance of 600.0' feet to a point;

**Thence** North  $65^{\circ} 52'$  West, a distance of 600.0' feet to a point;

**Thence** North  $24^{\circ} 08'$  East, a distance of 600.0' feet to the **Point Of Beginning**, containing 8.3 acres of land, more or less.

BRAZORIA COUNTY  
TEXAS

BASF CORP.





### Parcel Information

Parcel #1, the Ethylene Cracker, is a 22.3 acre tract that sits on two separate, larger land accounts. 13.18 acres is on 2112-0006-000 and 9.12 acres is on 0074-0002-000. Each acre is valued at \$4,000 for a total of \$89,200 in land value. As of 1/1/2011 there was a shut down facility on this parcel which had a scrap value of \$1,301,000. The improvements were on tax account 8800-1013-000. This facility was demolished in 2011 and there were no remaining improvements when application was made.

Parcel #2, the PDH unit, is a 9.7 acre tract. Parcel #4, the Polymer 2 plant, is an 8.3 acre tract. Both tracts are located in tax account 2114-0130-110. Each acre has a value of \$4,000, for a total of \$72,000. There are no improvements on either tract.

Parcel #3, the Polymer 1 plant, is a 9.6 acre tract located in tax account 2115-0002-000. Each acre has a value of \$4,000 and is worth \$38,400. There are no improvements on this tract.

Calculations of wages information---Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

Year	Period	Wages
2010	3Q	838
2010	4Q	897
2011	1Q	920
2011	2Q	869

Average= \$881 average weekly salary  
 X 1.1 (110%)  
**\$969.10** 110% of County Average Weekly Wage for all Jobs

110% of County Average Weekly Wage for Manufacturing Jobs

Year	Period	Wages
2010	3Q	1,538
2010	4Q	1,744
2011	1Q	2,083
2011	2Q	1,707

Average= \$1,768 average weekly salary  
 X 1.1 (110%)  
**\$1,944.80** 110% of County Average Weekly Wage for all Jobs

110 % of County Average Weekly Wage for Manufacturing Jobs in Region  
 (South East Texas Regional Planning Commission)

\$24.52 per hour  
 X 40 hr per week  
 \$ 980.8 average weekly salary  
 X 1.10 (110%)  
**\$1,078.88**  
 X 52 weeks  
**\$56,101.76** 110% of County Average Weekly Wage for all Jobs in Region

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$840
2010	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$831
2010	3rd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$838
2010	4th Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$897
2011	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$920
2011	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$869
2011	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,707
2011	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,083
2010	4th Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,744
2010	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,538
2010	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,590
2010	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,799

**2010 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>		
<u>1. Panhandle Regional Planning Commission</u>	\$18.60	\$38,683
<u>2. South Plains Association of Governments</u>	\$16.21	\$33,717
<u>3. NORTEX Regional Planning Commission</u>	\$18.34	\$38,153
<u>4. North Central Texas Council of Governments</u>	\$23.45	\$48,777
<u>5. Ark-Tex Council of Governments</u>	\$15.49	\$32,224
<u>6. East Texas Council of Governments</u>	\$17.63	\$36,672
<u>7. West Central Texas Council of Governments</u>	\$17.48	\$36,352
<u>8. Rio Grande Council of Governments</u>	\$15.71	\$32,683
<u>9. Permian Basin Regional Planning Commission</u>	\$19.90	\$41,398
<u>10. Concho Valley Council of Governments</u>	\$15.33	\$31,891
<u>11. Heart of Texas Council of Governments</u>	\$17.91	\$37,257
<u>12. Capital Area Council of Governments</u>	\$25.37	\$52,778
<u>13. Brazos Valley Council of Governments</u>	\$15.24	\$31,705
<u>14. Deep East Texas Council of Governments</u>	\$15.71	\$32,682
<u>15. South East Texas Regional Planning Commission</u>	\$27.56	\$57,333
<u>16. Houston-Galveston Area Council</u>	\$24.52	\$51,002 $\times 1.10$
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.07	\$41,738
<u>18. Alamo Area Council of Governments</u>	\$17.28	\$35,952
<u>19. South Texas Development Council</u>	\$13.27	\$27,601
<u>20. Coastal Bend Council of Governments</u>	\$21.55	\$44,822
<u>21. Lower Rio Grande Valley Development Council</u>	\$14.35	\$29,846
<u>22. Tcxoma Council of Governments</u>	\$18.10	\$37,651
<u>23. Central Texas Council of Governments</u>	\$17.21	\$35,788
<u>24. Middle Rio Grande Development Council</u>	\$13.21	\$27,471

Source: Texas Occupational Employment and Wages

Data published: June 2011

Data published annually, next update will be June 2012.

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.

Schedule A (Rev. May 2010): Investment

Applicant Name: The Dow Chemical Company  
 ISD Name: Brazosport ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) (YYYY)	Column A: Tangible Personal Property (The amount of new investment (original cost placed in service during this year)	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B (Qualifying investment during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	
Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)				\$ -	\$ -	\$ -	\$ -	\$ -	
		2013-2014	2013	\$ 190,000,000	\$ 10,000,000			\$ 200,000,000	
		2014-2015	2014	\$ 525,000,000	\$ 25,000,000			\$ 575,000,000	
		2015-2016	2015	\$ 750,000,000	\$ 35,000,000		\$ 25,000,000	\$ 835,000,000	
		2015-2016	2016	\$ 850,000,000	\$ 30,000,000		\$ 50,000,000	\$ 890,000,000	
Investment made after Board action to approve application and before January 1 of the first complete tax year of qualifying time period (eligible to become qualifying investment and qualifying property)	Complete tax years of qualifying time period	2017-2018	2017	\$ 350,000,000	\$ 15,000,000	\$ 365,000,000	\$ 20,000,000	\$ 385,000,000	
		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						
		2029-2030	2029						
		2030-2031	2030						
		2031-2032	2031						
2032-2033	2032								
Tax Credit Period (with 50% cap on credit)	Value Limitation Period								
Credit Settle-Up Period	Continue to Maintain viable Presence								
Post-Settle-Up Period	Post-Settle-Up Period								

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Includes estimates of investment for "replacement" property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar 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. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Column D: Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column E: Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. 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:  DATE: 10-24-11

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

Form 50-296

Applicant Name  
ISD Name

Brazosport ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
	pre-year 2	2014-2015	2014	\$ 100,000	\$ 5,000,000	\$ 95,000,000		\$ 100,100,000	\$ 100,100,000
	pre-year 3	2015-2016	2015	\$ 100,000	\$ 17,500,000	\$ 370,000,000	\$ 12,500,000	\$ 375,100,000	\$ 375,100,000
	pre-year 4	2016-2017	2016	\$ 100,000	\$ 35,000,000	\$ 770,000,000	\$ 37,500,000	\$ 767,600,000	\$ 767,600,000
	pre-year 5	2017-2018	2017	\$ 100,000	\$ 50,000,000	\$ 1,220,000,000	\$ 62,500,000	\$ 1,207,600,000	\$ 1,207,600,000
Complete tax years of qualifying time period	1	2018-2019	2018	\$ 100,000	\$115,000,000	\$2,790,000,000	\$ 125,000,000	\$2,780,100,000	\$2,780,100,000
	2	2019-2020	2019	\$ 100,000	\$110,400,000	\$2,678,400,000	\$ 120,000,000	\$2,668,900,000	\$2,668,900,000
	3	2020-2021	2020	\$ 100,000	\$105,984,000	\$2,571,264,000	\$ 115,200,000	\$2,562,148,000	\$ 30,000,000
	4	2021-2022	2021	\$ 100,000	\$101,744,640	\$2,468,413,440	\$ 110,592,000	\$2,459,666,080	\$ 30,000,000
	5	2022-2023	2022	\$ 100,000	\$ 97,674,854	\$2,369,676,902	\$ 106,163,320	\$2,361,288,436	\$ 30,000,000
Tax Credit Period (with 50% cap on credit)	6	2023-2024	2023	\$ 100,000	\$ 93,767,860	\$2,274,889,826	\$ 101,921,587	\$2,266,836,099	\$ 30,000,000
	7	2024-2025	2024	\$ 100,000	\$ 90,017,146	\$2,183,894,233	\$ 97,844,724	\$2,176,166,655	\$ 30,000,000
	8	2025-2026	2025	\$ 100,000	\$ 86,416,460	\$2,096,538,464	\$ 93,930,935	\$2,089,123,989	\$ 30,000,000
	9	2026-2027	2026	\$ 100,000	\$ 82,959,802	\$2,012,676,925	\$ 90,173,697	\$2,005,563,030	\$ 30,000,000
	10	2027-2028	2027	\$ 100,000	\$ 79,641,410	\$1,932,169,848	\$ 86,566,749	\$1,925,344,509	\$ 30,000,000
Credit Settle-Up Period	11	2028-2029	2028	\$ 100,000	\$ 76,455,753	\$1,854,883,054	\$ 83,104,079	\$1,848,334,728	\$ 1,848,334,728
	12	2029-2030	2029	\$ 100,000	\$ 73,397,523	\$1,780,687,732	\$ 79,776,916	\$1,774,408,339	\$ 1,774,408,339
	13	2030-2031	2030	\$ 100,000	\$ 70,461,622	\$1,709,460,223	\$ 76,588,720	\$1,703,433,125	\$ 1,703,433,125
Post- Settle-Up Period	14	2031-2032	2031	\$ 100,000	\$ 67,643,157	\$1,641,081,814	\$ 73,525,171	\$1,635,299,800	\$ 1,635,299,800
	15	2032-2033	2032	\$ 100,000	\$ 64,937,431	\$1,575,438,541	\$ 70,584,164	\$1,569,891,808	\$ 1,569,891,808

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.

10-24-11

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

The Dow Chemical Company  
Brazosport ISD

Applicant Name  
ISD Name

Form 50-295

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs		
				Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of 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	2013-2014	2013	\$ 810,526	\$ 54,010					
	pre-year 2	2014-2015	2014	\$ 2,357,995	\$ 55,526					
	pre-year 3	2015-2016	2015	\$ 3,426,316	\$ 57,082					
	pre-year 4	2016-2017	2016	\$ 3,794,737	\$ 58,223					
	pre-year 5	2017-2018	2017	\$ 1,584,211	\$ 59,388					
Complete tax years of qualifying time period	1	2018-2019	2018			300	\$ 114,483	240	\$ 114,483	
	2	2019-2020	2019			300	\$ 116,773	240	\$ 116,773	
	3	2020-2021	2020			300	\$ 119,108	240	\$ 119,108	
	4	2021-2022	2021			300	\$ 121,490	240	\$ 121,490	
	5	2022-2023	2022			300	\$ 123,920	240	\$ 123,920	
Value Limitation Period	6	2023-2024	2023			300	\$ 126,398	240	\$ 126,398	
	7	2024-2025	2024			300	\$ 128,926	240	\$ 128,926	
	8	2025-2026	2025			300	\$ 131,505	240	\$ 131,505	
	9	2026-2027	2026			300	\$ 134,135	240	\$ 134,135	
	10	2027-2028	2027			300	\$ 136,818	240	\$ 136,818	
Continue to Maintain Viable Presence	11	2028-2029	2028			300	\$ 139,554	240	\$ 139,554	
	12	2029-2030	2029			300	\$ 142,345	240	\$ 142,345	
	13	2030-2031	2030			300	\$ 145,192	240	\$ 145,192	
Post-Settle-Up Period	14	2031-2032	2031			300	\$ 148,096	240	\$ 148,096	
Post-Settle-Up Period	15	2032-2033	2032			300	\$ 151,058	240	\$ 151,058	

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

10-24-11  
DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

The Dow Chemical Company

ISD Name

Brazosport ISD

Form 50-256

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	County	City (Industrial District Agreement)	Drainage	College
		2013-2014	8,600,000	191,400,000	1,453,711	0%	0%	0%	0%
Pre Year 1		2013							
Pre Year 2	2014-2015	2014	24,725,000	550,275,000	1,546,270	0%	0%	0%	0%
Pre Year 3	2015-2016	2015	35,905,000	799,095,000	1,576,837				
Pre Year 4	2016-2017	2016	36,270,000	851,730,000	5,461,912				
Pre Year 5	2017-2018	2017	15,555,000	368,445,000	(672,797)				
The year preceding the first complete tax year of the qualifying time period (assuming no tax credit period (with 50% cap on credit))	1	2018-2019			(802,168)	100%	100%	100%	100%
	2	2019-2020			(802,168)	100%	100%	100%	100%
	3	2020-2021			(802,168)	100%	100%	100%	100%
	4	2021-2022			(802,168)	100%	100%	100%	100%
	5	2022-2023			(802,168)	100%	100%	100%	100%
	6	2023-2024			(802,168)	100%	100%	100%	100%
	7	2024-2025			(802,168)	100%	100%	100%	100%
	8	2025-2026			(802,168)	100%	100%	100%	100%
	9	2026-2027			(802,168)	100%	100%	100%	100%
	10	2027-2028			(802,168)	100%	100%	100%	100%
Credit Settle-Up Period	11	2028-2029			(802,168)	0%	0%	0%	0%
	12	2029-2030			(802,168)	0%	0%	0%	0%
	13	2030-2031			(802,168)	0%	0%	0%	0%
Post-Settle-Up Period	14	2031-2032			\$ (802,168)	0%	0%	0%	0%
	15	2032-2033			\$ (802,168)	0%	0%	0%	0%

\*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 10-24-11

## PROPOSED REINVESTMENT ZONE

Approximately 1891 acres of land out of the Stephen F. Austin 5 League Grant, Abstract 19, A.B. Clark, Abstract 54, J.E.A. Phelps, Abstract 115, J.E.A. Phelps, Abstract 116, Peter Bertrand Labor 5, Abstract 42, J.F. Fields Labor 6, Abstract 62, Eli Mitchell Survey, Abstract 99, Maurice Henry ¼ League, Abstract 74 and the Alexander Calvit League, Abstract 49, all being located in Brazoria County, Texas, as follows;

Beginning at the intersection of Sim Hodge Road and Glycol Road, being more particular described as private roads located within the Dow Chemical Plant B Site, traversing in a southeasterly direction, a distance of 7,943' feet to the intersection of Glycol Road and Canal Road;

Thence in a northeasterly direction, a distance of 1,350' feet to a point at the south water's edge of the Dow Barge Canal;

Thence in southeasterly direction, along and coincident with the south water's edge of the above mentioned canal, continuing in all a distance of 8,537' feet to a point located at the intersection of the south water's edge of the Dow Barge Canal and the centerline of the Missouri-Pacific Oyster Creek Lead Railroad Spur Track;

Thence in a southeasterly direction, along and coincident with the centerline of the above mentioned railroad spur track, in all a distance of 9,654' feet to a point in the west right-of-way of F.M. Highway 523;

Thence in a southwesterly direction, along and coincident with the west right-of-way of F.M. Highway 523, in all distance of 2,778' feet to a point at the north water's edge of the Dow Barge Canal;

Thence in a northwesterly direction, along and coincident with the north water's edge of the Dow Barge Canal, continuing in all a distance of 6,076' feet to a point located at the intersection of the north water's edge of the Dow Barge Canal and the south water's edge of the Dow Waste Water Canal;

Thence in a southwesterly direction, along and coincident with the south water's edge of the Dow Waste Water Canal, continuing in all a distance of 7,549' feet to a point;

Thence in a northwesterly direction, along and coincident with the centerline of South Levee Road, said road being a private road located within the Dow Chemical Plant B Site, continuing in all a distance of 8,844' feet to the intersection of South Levee Road and Nickel Road;

Thence in a northeasterly direction, a distance of 317' feet to the intersection of Nickel Road and South Nitrogen Road;

Thence in a northwesterly direction, a distance of 803' feet to the intersection of South Nitrogen Road and Zinc Road;

Thence in a northeasterly direction, a distance of 920' feet to the intersection of Zinc Road and West Hydrogen Road;

Thence in a northwesterly direction, a distance of 1,045' feet to the intersection of West Hydrogen Road and East Plant Road;

Thence in a northeasterly direction, a distance of 1'755' feet to the intersection of East Plant Road and Chlorine Road;

Thence in a southeasterly direction, a distance of 1,045' feet to the intersection of Chlorine Road and Zinc Road;

Thence in a northeasterly direction, a distance of 775' feet to the intersection of Zinc Road and Entrance Road;

Thence in a northwesterly direction, a distance of 1,877' feet to the intersection of Entrance Road and Sim Hodge Road;

Thence in a northeasterly direction, a distance of 775' feet to the place of beginning, containing 1,891 acres of land, more or less.



**Brazosport Independent School District  
Resolution for Designation of Reinvestment Zone**

WHEREAS, Section 312.0025 of the Texas Tax Code permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of this state in which the school district is located; and,

WHEREAS, the Brazosport Independent School District (the "District") desires to encourage the development of primary employment and to attract major investment in the District that would be a benefit to property in a reinvestment zone created by the District and to the school district and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, the District has received an application for limitation on appraised value of property for school district maintenance and operations taxes (the "Application") by The Dow Chemical Company; and,

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

WHEREAS, the District published notice of a public hearing to be held on \_\_\_\_\_, 2012, regarding the designation of the area described in the attached Exhibit 1 as a reinvestment zone for the purposes of Chapter 313 of the Texas Tax Code; and

WHEREAS, the improvements set forth in the Application by The Dow Chemical Company are feasible and of benefit to the reinvestment zone after expiration of an agreement for limitation on appraised value; and

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the school district in Brazoria county as shown on the map attached as Exhibit 1; and

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

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE BRAZOSPORT COUNTY 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 County 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 1**"; and,
- (c) That the map attached hereto as "**Exhibit 2**" 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 1**; and further certifies that the property described in **Exhibit 1** is inside the boundaries shown on Exhibit 2; and,
- (d) That creation of *The Dow Chemical Company Reinvestment Zone* with boundaries as described in **Exhibit 1** and **Exhibit 2** will result in benefits to the Brazosport County 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 1** and **Exhibit 2** 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 County Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Brazosport County 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 1** and **Exhibit 2**, 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 County 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 Brazosport 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 May, 2012.

**Brazosport County Independent School District**

By: \_\_\_\_\_  
**Ruth Few**  
President  
Board of Trustees

ATTEST: \_\_\_\_\_  
**Bobby Sharp**  
Secretary  
Board of Trustees

## EXHIBIT 1

### PROPOSED REINVESTMENT ZONE

Approximately 1891 acres of land out of the Stephen F. Austin 5 League Grant, Abstract 19, A.B. Clark, Abstract 54, J.E.A. Phelps, Abstract 115, J.E.A. Phelps, Abstract 116, Peter Bertrand Labor 5, Abstract 42, J.F. Fields Labor 6, Abstract 62, Eli Mitchell Survey, Abstract 99, Maurice Henry ¼ League, Abstract 74 and the Alexander Calvit League, Abstract 49, all being located in Brazoria County, Texas, as follows;

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Thence in a southeasterly direction, along and coincident with the centerline of the above mentioned railroad spur track, in all a distance of 9,654' feet to a point in the west right-of-way of F.M. Highway 523;

Thence in a southwesterly direction, along and coincident with the west right-of-way of F.M. Highway 523, in all distance of 2,778' feet to a point at the north water's edge of the Dow Barge Canal;

Thence in a northwesterly direction, along and coincident with the north water's edge of the Dow Barge Canal, continuing in all a distance of 6,076' feet to a point located at the intersection of the north water's edge of the Dow Barge Canal and the south water's edge of the Dow Waste Water Canal;

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Thence in a northeasterly direction, a distance of 920' feet to the intersection of Zinc Road and West Hydrogen Road;

Thence in a northwesterly direction, a distance of 1,045' feet to the intersection of West Hydrogen Road and East Plant Road;

Thence in a northeasterly direction, a distance of 1'755' feet to the intersection of East Plant Road and Chlorine Road;

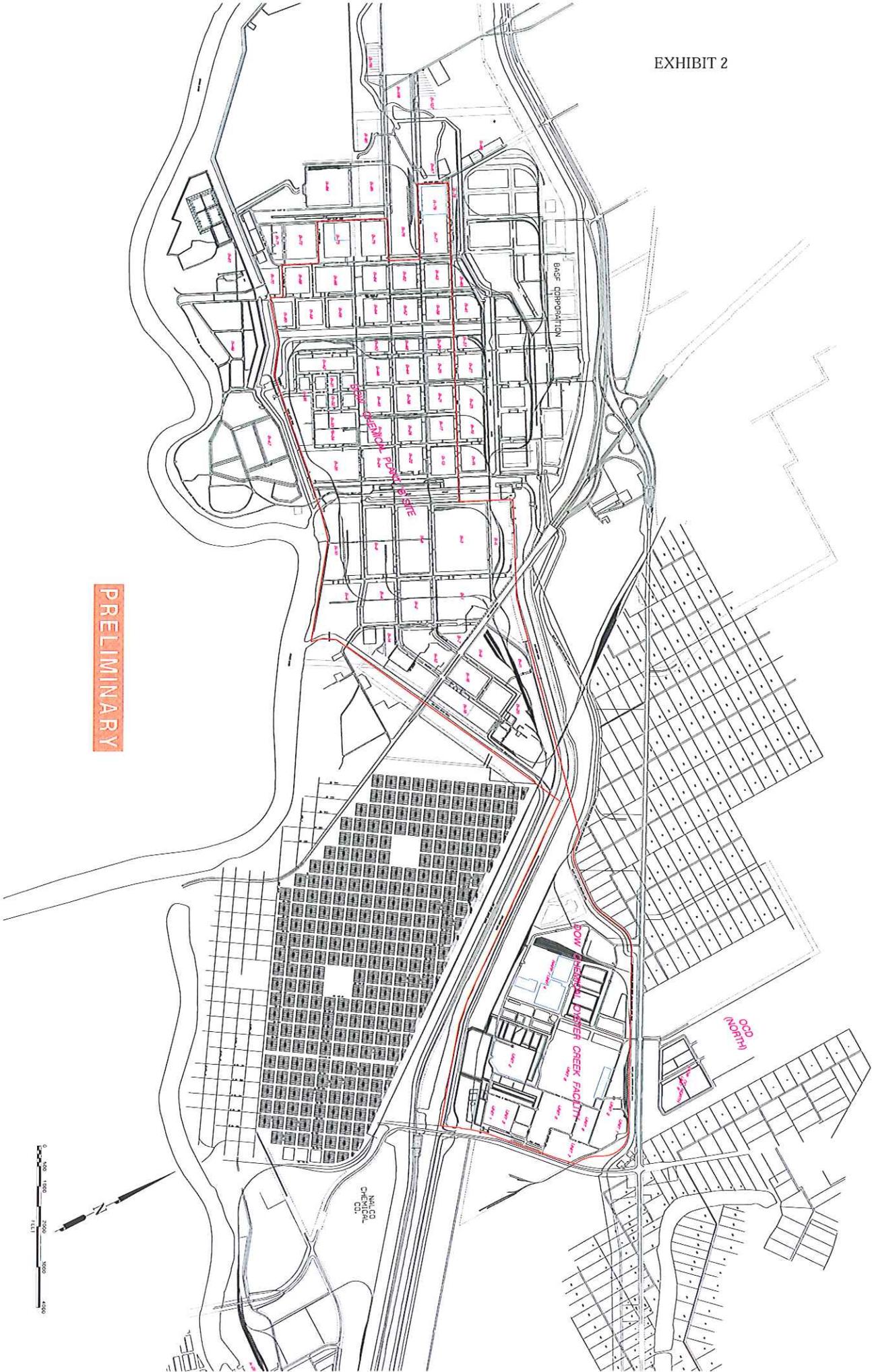
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Thence in a northeasterly direction, a distance of 775' feet to the intersection of Zinc Road and Entrance Road;

Thence in a northwesterly direction, a distance of 1,877' feet to the intersection of Entrance Road and Sim Hodge Road;

Thence in a northeasterly direction, a distance of 775' feet to the place of beginning, containing 1,891 acres of land, more or less.

PRELIMINARY



Attachment B

Certificate of Account Status



## TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

March 21, 2012

### 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 15, 2012.

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 21st day of  
March 2012 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 13812851288  
File number: 0001216206

Form 05-304 (Rev. 12-07/17)

## 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



March 9, 2012

Karin Holacka  
Superintendent  
Brazosport ISD  
P. O. Drawer Z  
Freeport, Texas 77542

Dear Superintendent Holacka:

On Feb. 28, 2012, the Comptroller received the completed application (Application # 215) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in October, 2011 to the Brazosport Independent School District (Brazosport ISD) by The DOW Chemical Company (DOW). This letter presents the results of the comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Brazosport ISD is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$365,000,000) 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 is proposing the construction of a manufacturing facility in Brazoria Counties. DOW is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by DOW, the Comptroller's recommendation is that DOW's application under Tax Code Chapter 313 be approved.

Our review of the application 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. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is

<sup>1</sup> All statutory references are to the Texas TaxCode, unless otherwise noted.

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.

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency 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 must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, 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
2009-10 Enrollment in School District	12,671
County	Brazoria
Total Investment in District	\$2,885,000,000
Qualified Investment	\$365,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	300
Number of qualifying jobs committed to by applicant	240
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,078.88
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,078.88
Minimum Annual Wage committed to by applicant for qualified jobs	\$56,102
Investment per Qualifying Job	\$12,020,833
Estimated 15 year M&O levy without any limit or credit:	\$330,995,648
Estimated gross 15 year M&O tax benefit	\$239,149,423
Estimated 15 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):	\$214,554,285
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$56,045,600
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$116,441,363
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	64.8%
Percentage of tax benefit due to the limitation	76.6%
Percentage of tax benefit due to the credit.	23.4%

This presents the Comptroller's economic impact evaluation of Dow Chemical (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 300 new jobs when fully operational. 240 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 Region, where Brazoria County is located was \$51,002 in 2010. The annual average manufacturing wage for 2010 for Brazoria County is \$91,936. That same year, the county annual average wage for all industries was \$45,812. In addition to a salary of \$114,483, each qualifying position will receive benefits such as medical and dental insurance, life insurance, 401k savings plan, pension plan or personal savings account, vacation and holiday pay, employee stock purchase plan, family and personal counseling services. The project's total investment is \$2.885 billion, resulting in a relative level of investment per qualifying job of \$12 million.

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

According to Dow Chemical'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. Dow's global manufacturing presence provides substantial flexibility in plant location. In the U.S., Dow has manufacturing locations in AR, CA, CT, GA, IL, KY, LA, MA, MI, MO, NJ, NY, NC, OH, TN, PA, TX and WV."

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

During the past two years, eleven projects in the Houston-Galveston Area Council 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 Chemical 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 Dow Chemical'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 20 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.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Dow Chemical**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	390	362	752	\$21,046,399	\$20,953,601	\$42,000,000
2014	1134	1049	2183	\$62,944,460	\$68,055,540	\$131,000,000
2015	1647	1514	3161	\$94,029,312	\$108,970,688	\$203,000,000
2016	1824	1647	3471	\$106,221,621	\$135,778,379	\$242,000,000
2017	762	678	1440	\$45,232,271	\$82,767,729	\$128,000,000
2018	300	1099	1399	\$34,344,900	\$118,655,100	\$153,000,000
2019	300	1104	1404	\$35,031,900	\$122,968,100	\$158,000,000
2020	300	1150	1450	\$35,732,400	\$130,267,600	\$166,000,000
2021	300	1282	1582	\$36,447,000	\$144,553,000	\$181,000,000
2022	300	1345	1645	\$37,176,000	\$156,824,000	\$194,000,000
2023	300	1404	1704	\$37,919,400	\$169,080,600	\$207,000,000
2024	300	1446	1746	\$38,677,800	\$180,322,200	\$219,000,000
2025	300	1482	1782	\$39,451,500	\$192,548,500	\$232,000,000
2026	300	1513	1813	\$40,240,500	\$203,759,500	\$244,000,000
2027	300	1541	1841	\$41,045,400	\$216,954,600	\$258,000,000
2028	300	1577	1877	\$41,866,200	\$231,133,800	\$273,000,000
2029	300	1595	1895	\$42,703,500	\$244,296,500	\$287,000,000
2030	300	1554	1854	\$43,557,600	\$252,442,400	\$296,000,000
2031	300	1552	1852	\$44,428,800	\$263,571,200	\$308,000,000
2032	300	1554	1854	\$45,317,400	\$276,682,600	\$322,000,000

Source: CPA, REMI, Dow Chemical

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Brazosport ISD's ad valorem tax base in 2010 was \$7.485 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Brazosport ISD's estimated wealth per WADA was \$475,934. 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, Port of Freeport, Velasco Drainage District, Brazosport College, and City of Freeport, with all property tax incentives sought being granted using estimated market value from Dow Chemical's application. Dow Chemical has applied for a value limitation under Chapter 313, Tax Code, tax abatements with the county, port, drainage district, and college, and an industrial district agreement (IDA) with the city. Table 3 illustrates the estimated tax impact of the Dow Chemical project on the region if all taxes are assessed.



Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$330,995,648. The estimated gross 15 year M&O tax benefit, or levy loss, is \$239,149,423.

Attachment 3 is an economic overview of Brazoria County.

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Belinda Dyer  
Division Manager

February 28, 2012

Mr. Robert Wood  
Director, Economic Development and Analysis  
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 (Monomer) 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 a conversation with the BISD superintendent, Dr. Karin Holacka, the TEA has found that the Dow Chemical Company (Monomer) project would not have a significant impact on the number or size of school facilities in BISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

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

Belinda Dyer  
Division Manager  
Office of School Finance

BD/bd



TEXAS EDUCATION AGENCY

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Robert Scott  
Commissioner

February 28, 2012

Mr. Robert Wood  
Director, Economic Development and Analysis  
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 (Monomer) project for the Brazosport Independent School District (BISD). Projections prepared by our Office of School Finance 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 (Monomer) project on BISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

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

Belinda Dyer  
Division Manager  
Office of School Finance

BD/bd

## Brazoria County

### Population

- Total county population in 2010 for Brazoria County: 314,407 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Brazoria County was the state's 15th largest county in population in 2010 and the 50 th fastest growing county from 2009 to 2010.
- Brazoria County's population in 2009 was 56.0 percent Anglo (above the state average of 46.7 percent), 10.9 percent African-American (below the state average of 11.3 percent) and 28.6 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 2011 total employment in Brazoria County: 137,947 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.

*(October 2011 employment data will be available November 18, 2011).*

- September 2011 Brazoria County unemployment rate: 9.0 percent, up from 8.9 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Pearland:	7.3 percent, up from 6.5 percent in September 2010.
Lake Jackson:	7.5 percent, down from 8.0 percent in September 2010.

*(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 2009: 54th with an average per capita income of \$37,523, down 1.3 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

#### Industry

- Agricultural cash values in Brazoria County averaged \$97.62 million annually from 2007 to 2010. County total agricultural values in 2010 were up 14.7 percent from 2009. Major agriculture related commodities in Brazoria County during 2010 included:

• Sorghum                      • Horses                      • Nursery                      • Rice                      • Other Beef

- 2011 oil and gas production in Brazoria County: 898,558.0 barrels of oil and 14.3 million Mcf of gas. In September 2011, there were 297 producing oil wells and 161 producing gas wells.

### Taxes

#### Sales Tax - Taxable Sales

*(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).*

*Quarterly (September 2010 through December 2010)*

- Taxable sales in Brazoria County during the fourth quarter 2010: \$670.47 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pearland:	\$288.26 million, up 5.3 percent from the same quarter in 2009.
Lake Jackson:	\$113.83 million, up 2.5 percent from the same quarter in 2009.
Alvin:	\$77.36 million, up 6.0 percent from the same quarter in 2009.
Angleton:	\$36.45 million, up 0.1 percent from the same quarter in 2009.
Freeport:	\$18.95 million, up 9.5 percent from the same quarter in 2009.
Clute:	\$25.55 million, up 14.8 percent from the same quarter in 2009.
Manvel:	\$10.76 million, up 19.8 percent from the same quarter in 2009.
West Columbia:	\$10.48 million, up 13.2 percent from the same quarter in 2009.
Sweeny:	\$2.59 million, down 73.4 percent from the same quarter in 2009.
Richwood:	\$3.81 million, up 3.2 percent from the same quarter in 2009.
Brazoria:	\$9.22 million, up 14.4 percent from the same quarter in 2009.
Jones Creek:	\$273,198.00, up 2.9 percent from the same quarter in 2009.
Brookside Village:	\$1.08 million, up 118.1 percent from the same quarter in 2009.
Danbury:	\$662,540.00, up 13.5 percent from the same quarter in 2009.

Oyster Creek:	\$2.25 million, up 12.1 percent from the same quarter in 2009.
Holiday Lakes:	\$150,524.00, down 8.5 percent from the same quarter in 2009.
Iowa Colony:	\$13.50 million, down 1.7 percent from the same quarter in 2009.
Surfside Beach:	\$818,623.00, up 16.3 percent from the same quarter in 2009.
Bailey's Prairie:	\$34,200.00, down 2.7 percent from the same quarter in 2009.
Liverpool:	\$165,407.00, up 61.6 percent from the same quarter in 2009.
Quintana:	\$7,038.00

**Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)**

- Taxable sales in Brazoria County through the fourth quarter of 2010: \$2.46 billion, up 1.4 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from the same period in 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from the same period in 2009.
Alvin:	\$289.95 million, up 0.3 percent from the same period in 2009.
Angleton:	\$145.19 million, up 0.8 percent from the same period in 2009.
Freeport:	\$74.78 million, up 10.4 percent from the same period in 2009.
Clute:	\$96.86 million, down 1.1 percent from the same period in 2009.
Manvel:	\$47.09 million, up 10.7 percent from the same period in 2009.
West Columbia:	\$39.73 million, up 14.0 percent from the same period in 2009.
Sweeny:	\$21.41 million, down 21.8 percent from the same period in 2009.
Richwood:	\$15.80 million, down 19.4 percent from the same period in 2009.
Brazoria:	\$34.75 million, down 1.6 percent from the same period in 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from the same period in 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from the same period in 2009.
Danbury:	\$2.53 million, up 26.1 percent from the same period in 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from the same period in 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from the same period in 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from the same period in 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from the same period in 2009.
Bailey's Prairie:	\$87,007.00, down 37.8 percent from the same period in 2009.
Liverpool:	\$554,661.00, up 32.8 percent from the same period in 2009.
Quintana:	\$18,815.00

**Annual (2010)**

- Taxable sales in Brazoria County during 2010: \$2.46 billion, up 1.4 percent from 2009.
- Brazoria County sent an estimated \$153.68 million (or 0.90 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from 2009.
Alvin:	\$289.95 million, up 0.3 percent from 2009.
Angleton:	\$145.19 million, up 0.8 percent from 2009.
Freeport:	\$74.78 million, up 10.4 percent from 2009.
Clute:	\$96.86 million, down 1.1 percent from 2009.
Manvel:	\$47.09 million, up 10.7 percent from 2009.
West Columbia:	\$39.73 million, up 14.0 percent from 2009.
Sweeny:	\$21.41 million, down 21.8 percent from 2009.
Richwood:	\$15.80 million, down 19.4 percent from 2009.
Brazoria:	\$34.75 million, down 1.6 percent from 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from 2009.
Danbury:	\$2.53 million, up 26.1 percent from 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from 2009.
Bailey's Prairie:	\$87,007.00, down 37.8 percent from 2009.

Liverpool: \$554,661.00, up 32.8 percent from 2009.  
 Quintana: \$18,815.00

### **Sales Tax – Local Sales Tax Allocations**

*(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)*

#### **Monthly**

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Brazoria County based on the sales activity month of August 2011: \$3.57 million, up 9.2 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

Pearland*:	\$1.62 million, up 5.1 percent from August 2010.
Lake Jackson:	\$568,665.83, up 9.2 percent from August 2010.
Alvin:	\$486,410.35, up 16.2 percent from August 2010.
Angleton:	\$249,880.72, up 9.9 percent from August 2010.
Freeport:	\$173,510.53, up 18.7 percent from August 2010.
Clute:	\$154,235.75, up 22.5 percent from August 2010.
Manvel:	\$93,103.54, up 23.3 percent from August 2010.
West Columbia:	\$63,572.59, up 26.9 percent from August 2010.
Sweeny:	\$23,337.23, down 23.8 percent from August 2010.
Richwood:	\$25,511.08, up 10.0 percent from August 2010.
Brazoria:	\$62,718.11, up 13.0 percent from August 2010.
Jones Creek:	\$3,295.75, down 3.4 percent from August 2010.
Brookside Village:	\$2,387.38, down 20.5 percent from August 2010.
Danbury:	\$6,606.86, up 48.8 percent from August 2010.
Oyster Creek:	\$13,907.07, down 21.7 percent from August 2010.
Holiday Lakes:	\$573.54, down 13.3 percent from August 2010.
Iowa Colony:	\$10,575.40, down 15.9 percent from August 2010.
Surfside Beach:	\$7,278.22, up 18.4 percent from August 2010.
Bailey's Prairie:	\$396.90, down 1.6 percent from August 2010.
Liverpool:	\$1,835.61, down 63.3 percent from August 2010.
Quintana:	\$2,563.69, up 78.1 percent from August 2010.

#### **Fiscal Year**

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months from September 2010 through August 2011: \$42.66 million, up 4.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

Pearland*:	\$19.83 million, up 2.3 percent from fiscal 2010.
Lake Jackson:	\$7.00 million, up 3.4 percent from fiscal 2010.
Alvin:	\$5.45 million, up 7.5 percent from fiscal 2010.
Angleton:	\$3.03 million, up 3.1 percent from fiscal 2010.
Freeport:	\$1.96 million, up 20.0 percent from fiscal 2010.
Clute:	\$1.82 million, up 9.9 percent from fiscal 2010.
Manvel:	\$983,543.45, up 11.2 percent from fiscal 2010.
West Columbia:	\$685,356.40, up 2.2 percent from fiscal 2010.
Sweeny:	\$302,452.77, down 0.4 percent from fiscal 2010.
Richwood:	\$274,954.27, up 10.7 percent from fiscal 2010.
Brazoria:	\$719,283.78, up 6.9 percent from fiscal 2010.
Jones Creek:	\$42,124.74, up 2.8 percent from fiscal 2010.
Brookside Village:	\$35,875.21, down 9.7 percent from fiscal 2010.
Danbury:	\$81,357.57, up 37.2 percent from fiscal 2010.
Oyster Creek:	\$158,682.12, down 2.0 percent from fiscal 2010.
Holiday Lakes:	\$7,727.20, up 5.9 percent from fiscal 2010.
Iowa Colony:	\$165,247.97, up 50.5 percent from fiscal 2010.
Surfside Beach:	\$62,657.63, up 21.0 percent from fiscal 2010.
Bailey's Prairie:	\$5,454.70, down 28.7 percent from fiscal 2010.

Liverpool:	\$25,085.09, up 17.9 percent from fiscal 2010.
Quintana:	\$20,775.61, down 36.4 percent from fiscal 2010.

*January 2011 through August 2011 (Sales Activity Year-To-Date)*

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months through August 2011: \$27.60 million, up 3.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

Pearland*:	\$12.68 million, up 0.2 percent from the same period in 2010.
Lake Jackson:	\$4.49 million, up 2.8 percent from the same period in 2010.
Alvin:	\$3.58 million, up 8.2 percent from the same period in 2010.
Angleton:	\$1.95 million, up 2.0 percent from the same period in 2010.
Freeport:	\$1.32 million, up 14.3 percent from the same period in 2010.
Clute:	\$1.20 million, up 12.0 percent from the same period in 2010.
Manvel:	\$675,446.20, up 9.0 percent from the same period in 2010.
West Columbia:	\$439,718.95, up 0.5 percent from the same period in 2010.
Sweeny:	\$197,504.78, down 2.5 percent from the same period in 2010.
Richwood:	\$184,879.84, up 8.9 percent from the same period in 2010.
Brazoria:	\$474,043.43, up 6.3 percent from the same period in 2010.
Jones Creek:	\$27,593.02, up 2.8 percent from the same period in 2010.
Brookside Village:	\$22,157.56, down 23.2 percent from the same period in 2010.
Danbury:	\$48,106.28, up 22.6 percent from the same period in 2010.
Oyster Creek:	\$101,462.63, down 10.3 percent from the same period in 2010.
Holiday Lakes:	\$5,340.78, up 10.7 percent from the same period in 2010.
Iowa Colony:	\$118,301.95, up 50.3 percent from the same period in 2010.
Surfside Beach:	\$47,156.99, up 23.1 percent from the same period in 2010.
Bailey's Prairie:	\$3,774.23, up 7.4 percent from the same period in 2010.
Liverpool:	\$18,583.44, up 25.7 percent from the same period in 2010.
Quintana:	\$16,036.10, up 29.4 percent from the same period in 2010.

*12 months ending in August 2011*

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Brazoria County based on sales activity in the 12 months ending in August 2011: \$42.66 million, up 4.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

Pearland*:	\$19.83 million, up 2.3 percent from the previous 12-month period.
Lake Jackson:	\$7.00 million, up 3.4 percent from the previous 12-month period.
Alvin:	\$5.45 million, up 7.5 percent from the previous 12-month period.
Angleton:	\$3.03 million, up 3.1 percent from the previous 12-month period.
Freeport:	\$1.96 million, up 20.0 percent from the previous 12-month period.
Clute:	\$1.82 million, up 9.9 percent from the previous 12-month period.
Manvel:	\$983,543.45, up 11.2 percent from the previous 12-month period.
West Columbia:	\$685,356.40, up 2.2 percent from the previous 12-month period.
Sweeny:	\$302,452.77, down 0.4 percent from the previous 12-month period.
Richwood:	\$274,954.27, up 10.7 percent from the previous 12-month period.
Brazoria:	\$719,283.78, up 6.9 percent from the previous 12-month period.
Jones Creek:	\$42,124.74, up 2.8 percent from the previous 12-month period.
Brookside Village:	\$35,875.21, down 9.7 percent from the previous 12-month period.
Danbury:	\$81,357.57, up 37.2 percent from the previous 12-month period.
Oyster Creek:	\$158,682.12, down 2.0 percent from the previous 12-month period.
Holiday Lakes:	\$7,727.20, up 5.9 percent from the previous 12-month period.
Iowa Colony:	\$165,247.97, up 50.5 percent from the previous 12-month period.
Surfside Beach:	\$62,657.63, up 21.0 percent from the previous 12-month period.
Bailey's Prairie:	\$5,454.70, down 28.7 percent from the previous 12-month period.
Liverpool:	\$25,085.09, up 17.9 percent from the previous 12-month period.
Quintana:	\$20,775.61, down 36.4 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

■ **Payment to the cities from January 2011 through October 2011:**

<b>Pearland*:</b>	\$16.53 million, up 1.7 percent from the same period in 2010.
<b>Lake Jackson:</b>	\$5.92 million, up 3.2 percent from the same period in 2010.
<b>Alvin:</b>	\$4.51 million, up 6.7 percent from the same period in 2010.
<b>Angleton:</b>	\$2.51 million, up 3.6 percent from the same period in 2010.
<b>Freeport:</b>	\$1.61 million, up 18.0 percent from the same period in 2010.
<b>Clute:</b>	\$1.51 million, up 12.8 percent from the same period in 2010.
<b>Manvel:</b>	\$822,290.83, up 11.4 percent from the same period in 2010.
<b>West Columbia:</b>	\$573,559.55, up 2.7 percent from the same period in 2010.
<b>Sweeny:</b>	\$249,336.88, down 0.9 percent from the same period in 2010.
<b>Richwood:</b>	\$229,245.62, up 14.6 percent from the same period in 2010.
<b>Brazoria:</b>	\$600,072.15, up 6.1 percent from the same period in 2010.
<b>Jones Creek:</b>	\$34,177.91, up 2.0 percent from the same period in 2010.
<b>Brookside Village:</b>	\$27,813.93, down 19.0 percent from the same period in 2010.
<b>Danbury:</b>	\$59,717.24, up 20.6 percent from the same period in 2010.
<b>Oyster Creek:</b>	\$129,141.24, down 5.6 percent from the same period in 2010.
<b>Holiday Lakes:</b>	\$6,525.94, up 9.2 percent from the same period in 2010.
<b>Iowa Colony:</b>	\$142,860.27, up 52.1 percent from the same period in 2010.
<b>Surfside Beach:</b>	\$53,230.26, up 21.4 percent from the same period in 2010.
<b>Bailey's Prairie:</b>	\$4,661.08, down 33.1 percent from the same period in 2010.
<b>Liverpool:</b>	\$21,746.84, up 20.5 percent from the same period in 2010.
<b>Quintana:</b>	\$18,275.03, down 42.7 percent from the same period in 2010.

*Annual (2010)*

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Brazoria County based on sales activity months in 2010: \$41.77 million, up 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

<b>Pearland*:</b>	\$19.80 million, up 2.2 percent from 2009.
<b>Lake Jackson:</b>	\$6.88 million, down 0.9 percent from 2009.
<b>Alvin:</b>	\$5.18 million, down 1.0 percent from 2009.
<b>Angleton:</b>	\$2.99 million, down 0.7 percent from 2009.
<b>Freeport:</b>	\$1.80 million, up 11.9 percent from 2009.
<b>Clute:</b>	\$1.69 million, down 3.6 percent from 2009.
<b>Manvel:</b>	\$928,016.24, up 5.5 percent from 2009.
<b>West Columbia:</b>	\$683,003.60, down 1.5 percent from 2009.
<b>Sweeny:</b>	\$307,562.66, down 5.1 percent from 2009.
<b>Richwood:</b>	\$259,772.39, down 8.8 percent from 2009.
<b>Brazoria:</b>	\$691,277.98, down 7.0 percent from 2009.
<b>Jones Creek:</b>	\$41,386.13, down 8.1 percent from 2009.
<b>Brookside Village:</b>	\$42,556.62, up 35.3 percent from 2009.
<b>Danbury:</b>	\$72,498.57, up 12.8 percent from 2009.
<b>Oyster Creek:</b>	\$170,345.11, up 5.4 percent from 2009.
<b>Holiday Lakes:</b>	\$7,212.68, down 10.7 percent from 2009.
<b>Iowa Colony:</b>	\$125,637.22, up 5.9 percent from 2009.
<b>Surfside Beach:</b>	\$53,802.40, up 10.0 percent from 2009.
<b>Bailey's Prairie:</b>	\$5,194.29, down 45.8 percent from 2009.
<b>Liverpool:</b>	\$21,280.04, up 15.2 percent from 2009.
<b>Quintana:</b>	\$17,136.83, down 54.6 percent from 2009.

\*On 1/1/2009, the city of Pearland's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

**Property Tax**

- As of January 2009, property values in Brazoria County: \$26.70 billion, down 1.7 percent from January 2008 values. The property tax base per person in Brazoria County is \$86,351, above the statewide average of \$85,809. About 2.4 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 2010: 21st. State expenditures in the county for FY2010: \$996.28 million, up 0.5 percent from FY2009.
- In Brazoria County, 19 state agencies provide a total of 2,892 jobs and \$26.88 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Department of Criminal Justice
  - Department of Family and Protective Services
  - Department of Transportation
  - Department of Public Safety

### Higher Education

- Community colleges in Brazoria County fall 2010 enrollment:
  - Brazosport College, a Public Community College, had 4,174 students.
  - Alvin Community College, a Public Community College, had 5,721 students.
- Brazoria County is in the service area of the following:
  - Alvin Community College with a fall 2010 enrollment of 5,721 . Counties in the service area include:  
Brazoria County
  - Brazosport College with a fall 2010 enrollment of 4,174 . Counties in the service area include:  
Brazoria County
- Institutions of higher education in Brazoria County fall 2010 enrollment:
  - None.

### School Districts

- Brazoria County had 8 school districts with 93 schools and 59,838 students in the 2009-10 school year.  
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
  - Alvin ISD had 16,591 students in the 2009-10 school year. The average teacher salary was \$49,031. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
  - Angleton ISD had 6,282 students in the 2009-10 school year. The average teacher salary was \$50,412. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
  - Brazosport ISD had 12,822 students in the 2009-10 school year. The average teacher salary was \$49,929. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
  - Columbia-Brazoria ISD had 3,070 students in the 2009-10 school year. The average teacher salary was \$46,937. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
  - Damon ISD had 168 students in the 2009-10 school year. The average teacher salary was \$41,023. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.
  - Danbury ISD had 773 students in the 2009-10 school year. The average teacher salary was \$47,625. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
  - Pearland ISD had 18,198 students in the 2009-10 school year. The average teacher salary was \$48,294. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
  - Sweeny ISD had 1,934 students in the 2009-10 school year. The average teacher salary was \$49,272. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

# Attachment E

## Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED THE DOW  
CHEMICAL COMPANY (MONOMER) PROJECT ON THE FINANCES  
OF THE BRAZOSPORT INDEPENDENT SCHOOL DISTRICT  
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED  
CHAPTER 313 PROPERTY VALUE LIMITATION**

**January 17, 2012**

**Final Report**

**PREPARED BY**



# Estimated Impact of the Proposed The Dow Chemical Company (Monomer) Project on the Finances of the Brazosport Independent School District Independent School District under a Requested Chapter 313 Property Value Limitation

## Introduction

The Dow Chemical Company (Dow -Monomer) has requested that the Brazosport Independent School District Independent School District (BISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to BISD on October 24, 2011, Dow-Monomer proposes to invest \$2.9 billion to construct a new ethylene cracker project in BISD.

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

Under the provisions of Chapter 313, BISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2018-19 and 2019-20 school years after the requested deferral, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2018-19 and 2019-20 school years. Beginning in 2020-21, 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 BISD currently levying a \$0.202 I&S tax rate. The full taxable value of the investment is expected to reach \$2.78 billion in 2018-19, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Dow-Monomer 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. BISD would experience a revenue loss as a result of the implementation of the value limitation in the 2020-21 school year of approximately \$21 million, with a total revenue loss approximately \$25 million over the course of the agreement.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$214.6 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

### **School Finance Mechanics**

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 its 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.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results 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 under 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.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 797 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 227 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the appropriations bill. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

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 Dow-

Monomer 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 or more of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year is maintained, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the The Dow-Monomer Chemical Company project are factored into the base model used here. The impact of the limitation value for the proposed Dow-Monomer project is isolated separately and the focus of this analysis

Student enrollment counts are held constant at 11,751 students in average daily attendance (ADA) in analyzing the effects of the Dow-Monomer project on the finances of BISD. The District's local tax base reached \$6.2 billion for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. . Previously-approved Chapter 313 projects are reflected in the underlying property values for all of the models presented here. An M&O tax rate of \$1.04 is used throughout this analysis. BISD has estimated state property wealth per weighted ADA or WADA of approximately \$436,661 for the 2011-12 school year. The enrollment and property value assumptions for all of the years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for BISD under the assumptions outlined above through the 2032-33 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that school year. 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 model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Dow-Monomer facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Dow-Monomer value but imposes the proposed property value limitation effective in the third year, which in this case is the 2020-21 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). The model results show approximately \$80 million a year in annual net General Fund revenue, after recapture (if appropriate) and other adjustments have been made, as needed.

A summary of the differences between these models is shown in Table 4. Under these assumptions, BISD would experience a revenue loss as a result of the implementation of the value limitation in the 2020-21 school year of approximately \$21 million. The revenue reduction results from the mechanics of the one year lag in the state property value study. In the 2020-21 school year, the project value of \$30 million under the limitation must be contrasted with the nearly \$2.7 billion value in place in 2019-20, which is the basis for the 2019 state property value study used to calculate state aid and recapture in the 2020-21 school year.

Smaller revenue losses are shown in several of the out-years when the value limitation is in effect. The current estimate for revenue losses under current law and the assumptions presented here indicate a total revenue loss of approximately \$25 million over the course of the agreement.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

The Comptroller's state property value study influences these calculations, as noted previously. 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. The Comptroller's Property Tax Assistance Division recently announced that beginning with the 2011 state property value study, two value determinations will be made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

### **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 \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$183.1 million over the life of the agreement. In addition, Dow-Monomer would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$56.0 million over the life of the agreement, with no unpaid tax credits anticipated. The bulk of these credits would be paid in the 11<sup>th</sup> and 12<sup>th</sup> years of the agreement. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$214.6 million over the life of the agreement. The project would

receive one of the most significant Chapter 313 projects approved to date, given the projected size of the investment.

### **Facilities Funding Impact**

The Dow-Monomer project remains fully taxable for debt services taxes, with BISD currently levying a \$0.202 I&S rate. The value of the Dow-Monomer project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth per ADA to \$868,776 in the peak year of I&S taxable project value. At its peak taxable value, the project should permit BISD to reduce its I&S tax rate by an estimated 7.6 cents.

The Dow-Monomer project is not expected to affect BISD in terms of enrollment. While the estimated 300 positions associated with the project once it begins operation provide a substantial economic benefit to the area, there are a number of other communities within driving distance to the project and the pattern of migration of new workers to the area is uncertain.

### **Conclusion**

The proposed Dow-Monomer manufacturing project enhances the tax base of BISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$214.6 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of BISD in meeting its future debt service obligations.

**Table 1 – Base District Information with The Dow-Monomer Chemical Company 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
Pre-Year 1	2017-18	11,750.79	15,549.56	\$1.0400	\$0.2015	\$6,590,769,750	\$6,590,769,750	\$6,540,038,052	\$6,540,038,052	\$420,593	\$420,593
1	2018-19	11,750.79	15,549.56	\$1.0400	\$0.1260	\$9,378,969,432	\$9,378,969,432	\$6,538,757,445	\$6,538,757,445	\$420,511	\$420,511
2	2019-20	11,750.79	15,549.56	\$1.0400	\$0.1280	\$9,264,578,226	\$9,264,578,226	\$9,326,957,126	\$9,326,957,126	\$599,821	\$599,821
3	2020-21	11,750.79	15,549.56	\$1.0400	\$0.1300	\$9,154,761,424	\$6,622,613,424	\$9,212,565,921	\$9,212,565,921	\$592,465	\$592,465
4	2021-22	11,750.79	15,549.56	\$1.0400	\$0.1320	\$9,049,335,879	\$6,619,669,799	\$9,102,749,119	\$6,570,601,119	\$585,402	\$422,559
5	2022-23	11,750.79	15,549.56	\$1.0400	\$0.1330	\$8,948,130,812	\$6,616,842,376	\$8,997,323,573	\$6,567,657,493	\$578,622	\$422,369
6	2023-24	11,750.79	15,549.56	\$1.0400	\$0.1350	\$8,850,962,516	\$6,614,126,417	\$8,896,118,506	\$6,564,830,070	\$572,114	\$422,188
7	2024-25	11,750.79	15,549.56	\$1.0400	\$0.1370	\$9,451,428,861	\$7,305,262,206	\$8,798,950,211	\$6,562,114,112	\$565,865	\$422,013
8	2025-26	11,750.79	15,549.56	\$1.0400	\$0.1390	\$9,334,468,985	\$7,275,344,996	\$9,399,416,556	\$7,253,249,901	\$604,481	\$466,460
9	2026-27	11,750.79	15,549.56	\$1.0400	\$0.1400	\$9,222,103,708	\$7,246,540,678	\$9,282,456,680	\$7,223,332,691	\$596,959	\$464,536
10	2027-28	11,750.79	15,549.56	\$1.0400	\$0.1420	\$9,114,151,756	\$7,218,807,247	\$9,170,091,403	\$7,194,528,373	\$589,733	\$462,684
11	2028-29	11,750.79	15,549.56	\$1.0400	\$0.1440	\$9,010,439,057	\$9,010,439,057	\$9,062,139,451	\$7,166,794,942	\$582,791	\$460,900
12	2029-30	11,750.79	15,549.56	\$1.0400	\$0.1450	\$8,910,801,377	\$8,910,801,377	\$8,958,426,752	\$8,958,426,752	\$576,121	\$576,121
13	2030-31	11,750.79	15,549.56	\$1.0400	\$0.1470	\$8,815,069,210	\$8,815,069,210	\$8,858,789,071	\$8,858,789,071	\$569,713	\$569,713
14	2031-32	11,750.79	15,549.56	\$1.0400	\$0.1490	\$8,723,097,431	\$8,723,097,431	\$8,763,056,905	\$8,763,056,905	\$563,557	\$563,557
15	2032-33	11,750.79	15,549.56	\$1.0400	\$0.1500	\$8,634,735,034	\$8,634,735,034	\$8,671,085,125	\$8,671,085,125	\$557,642	\$557,642

\*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
Pre-Year 1	2017-18	\$57,890,080	\$12,864,774	\$0	\$0	\$0	\$8,383,228	\$1,628,196	-\$1,086,222	\$79,880,056
1	2018-19	\$82,543,635	\$12,876,407	\$0	\$0	\$0	\$11,953,380	\$2,323,115	-\$1,552,004	\$108,144,533
2	2019-20	\$81,533,259	\$4,263,995	\$0	\$0	-\$15,683,238	\$11,807,064	\$0	-\$2,982,317	\$78,938,763
3	2020-21	\$81,253,296	\$5,086,550	\$0	\$0	-\$14,829,280	\$11,766,522	\$65,537	-\$2,929,950	\$80,412,674
4	2021-22	\$80,294,010	\$4,263,995	\$0	\$0	-\$13,867,441	\$11,627,605	\$129,523	-\$2,854,256	\$79,593,436
5	2022-23	\$79,374,215	\$5,086,550	\$0	\$0	-\$12,944,204	\$11,494,407	\$190,967	-\$2,781,626	\$80,420,309
6	2023-24	\$78,489,893	\$4,263,995	\$0	\$0	-\$12,057,625	\$11,366,346	\$249,962	-\$2,711,852	\$79,600,719
7	2024-25	\$83,754,110	\$5,086,550	\$0	\$0	-\$12,171,805	\$12,128,672	\$330,760	-\$2,854,501	\$86,273,787
8	2025-26	\$82,697,422	\$5,086,550	\$0	\$0	-\$16,425,869	\$11,975,650	\$0	-\$3,051,750	\$80,282,003
9	2026-27	\$81,683,335	\$5,086,550	\$0	\$0	-\$15,404,974	\$11,828,797	\$24,767	-\$2,971,515	\$80,246,961
10	2027-28	\$80,707,895	\$5,086,550	\$0	\$0	-\$14,423,790	\$11,687,541	\$90,088	-\$2,894,380	\$80,253,904
11	2028-29	\$79,275,135	\$5,086,550	\$0	\$0	-\$13,390,616	\$11,480,059	\$151,915	-\$2,802,631	\$79,800,413
12	2029-30	\$78,395,986	\$5,086,550	\$0	\$0	-\$12,493,084	\$11,352,747	\$211,914	-\$2,732,413	\$79,821,700
13	2030-31	\$77,550,107	\$5,086,550	\$0	\$0	-\$11,630,203	\$11,230,253	\$269,593	-\$2,664,889	\$79,841,411
14	2031-32	\$76,737,373	\$5,086,550	\$0	\$0	-\$10,800,780	\$11,112,558	\$325,051	-\$2,599,992	\$79,860,760
15	2032-33	\$75,957,590	\$5,086,550	\$0	\$0	-\$10,003,738	\$10,999,636	\$378,372	-\$2,537,660	\$79,880,749

**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
Pre-Year 1	2017-18	\$57,890,080	\$12,864,774	\$0	\$0	\$0	\$8,383,228	\$1,628,196	-\$1,086,222	\$79,680,056
1	2018-19	\$82,543,635	\$12,876,407	\$0	\$0	\$0	\$11,953,380	\$2,323,115	-\$1,552,004	\$108,144,533
2	2019-20	\$81,533,259	\$4,263,995	\$0	\$0	-\$15,683,238	\$11,807,064	\$0	-\$2,982,317	\$78,938,763
3	2020-21	\$58,250,113	\$5,086,550	\$0	\$0	-\$10,326,804	\$8,435,366	\$46,983	-\$2,095,173	\$59,397,034
4	2021-22	\$58,221,821	\$12,587,125	\$0	\$0	\$0	\$8,431,268	\$1,612,023	-\$1,108,563	\$79,743,674
5	2022-23	\$58,195,732	\$12,613,866	\$0	\$0	\$0	\$8,427,490	\$1,613,745	-\$1,106,522	\$79,744,311
6	2023-24	\$58,169,458	\$12,639,552	\$0	\$0	\$0	\$8,423,686	\$1,615,366	-\$1,104,539	\$79,743,522
7	2024-25	\$64,257,358	\$12,664,225	\$0	\$0	\$0	\$9,305,292	\$1,786,922	-\$1,219,598	\$86,794,198
8	2025-26	\$63,991,404	\$6,385,633	\$0	\$0	\$0	\$9,266,778	\$1,207,240	-\$1,575,192	\$79,275,864
9	2026-27	\$63,736,423	\$6,657,415	\$0	\$0	\$0	\$9,229,854	\$1,224,845	-\$1,554,738	\$79,293,799
10	2027-28	\$63,489,724	\$6,919,087	\$0	\$0	\$0	\$9,194,129	\$1,241,777	-\$1,535,012	\$79,309,705
11	2028-29	\$79,275,135	\$7,171,030	\$0	\$0	\$0	\$11,480,059	\$1,576,781	-\$1,903,207	\$97,599,798
12	2029-30	\$78,395,986	\$5,086,550	\$0	\$0	-\$12,493,084	\$11,352,747	\$211,914	-\$2,732,413	\$79,821,700
13	2030-31	\$77,550,107	\$5,086,550	\$0	\$0	-\$11,630,203	\$11,230,253	\$269,593	-\$2,664,889	\$79,841,411
14	2031-32	\$76,737,373	\$5,086,550	\$0	\$0	-\$10,800,780	\$11,112,558	\$325,051	-\$2,599,992	\$79,860,760
15	2032-33	\$75,957,590	\$5,086,550	\$0	\$0	-\$10,003,738	\$10,999,636	\$378,372	-\$2,537,660	\$79,880,749

**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
Pre-Year 1	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2020-21	-\$23,003,182	\$0	\$0	\$0	\$4,502,476	-\$3,331,157	-\$18,554	\$834,777	-\$21,015,640
4	2021-22	-\$22,072,190	\$8,323,130	\$0	\$0	\$13,867,441	-\$3,196,337	\$1,482,500	\$1,745,693	\$150,238
5	2022-23	-\$21,178,483	\$7,527,316	\$0	\$0	\$12,944,204	-\$3,066,917	\$1,422,778	\$1,675,104	-\$675,998
6	2023-24	-\$20,320,435	\$8,375,557	\$0	\$0	\$12,057,625	-\$2,942,660	\$1,365,404	\$1,607,313	\$142,803
7	2024-25	-\$19,496,753	\$7,577,675	\$0	\$0	\$12,171,805	-\$2,823,381	\$1,456,162	\$1,634,903	\$520,411
8	2025-26	-\$18,706,018	\$1,299,083	\$0	\$0	\$16,425,869	-\$2,708,872	\$1,207,240	\$1,476,559	-\$1,006,139
9	2026-27	-\$17,946,912	\$1,570,865	\$0	\$0	\$15,404,974	-\$2,598,944	\$1,200,078	\$1,416,778	-\$953,162
10	2027-28	-\$17,218,171	\$1,832,537	\$0	\$0	\$14,423,790	-\$2,493,413	\$1,151,689	\$1,359,368	-\$944,199
11	2028-29	\$0	\$2,084,480	\$0	\$0	\$13,390,616	\$0	\$1,424,866	\$899,424	\$17,799,386
12	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the The Dow-Monomer Chemical Company Project Property Value Limitation Request Submitted to BISD at \$1.04 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
Pre-Year 1	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2018-19	\$2,780,100,000	\$2,780,100,000	\$0	\$28,913,040	\$28,913,040	\$0	\$0	\$0	\$0	\$0
2	2019-20	\$2,668,900,000	\$2,668,900,000	\$0	\$27,756,560	\$27,756,560	\$0	\$0	\$0	\$0	\$0
3	2020-21	\$2,562,148,000	\$30,000,000	\$2,532,148,000	\$26,646,339	\$312,000	\$26,334,339	\$0	\$26,334,339	-\$21,015,640	\$5,318,699
4	2021-22	\$2,459,666,080	\$30,000,000	\$2,429,666,080	\$25,580,527	\$312,000	\$25,268,527	\$1,779,380	\$27,047,907	\$0	\$27,047,907
5	2022-23	\$2,361,288,436	\$30,000,000	\$2,331,288,436	\$24,557,400	\$312,000	\$24,245,400	\$1,726,257	\$25,971,657	-\$675,998	\$25,295,659
6	2023-24	\$2,266,836,099	\$30,000,000	\$2,236,836,099	\$23,575,095	\$312,000	\$23,263,095	\$1,686,114	\$24,949,210	\$0	\$24,949,210
7	2024-25	\$2,176,166,655	\$30,000,000	\$2,146,166,655	\$22,632,133	\$312,000	\$22,320,133	\$1,646,674	\$23,966,807	\$0	\$23,966,807
8	2025-26	\$2,089,123,989	\$30,000,000	\$2,059,123,989	\$21,726,889	\$312,000	\$21,414,889	\$1,607,941	\$23,022,831	-\$1,006,139	\$22,016,692
9	2026-27	\$2,005,563,030	\$30,000,000	\$1,975,563,030	\$20,857,856	\$312,000	\$20,545,856	\$1,559,894	\$22,105,750	-\$953,162	\$21,152,588
10	2027-28	\$1,925,344,509	\$30,000,000	\$1,895,344,509	\$20,023,583	\$312,000	\$19,711,583	\$1,522,995	\$21,234,577	-\$944,199	\$20,290,379
11	2028-29	\$1,848,334,728	\$1,848,334,728	\$0	\$19,222,681	\$19,222,681	\$0	\$21,884,283	\$21,884,283	\$0	\$21,884,283
12	2029-30	\$1,774,408,339	\$1,774,408,339	\$0	\$18,453,847	\$18,453,847	\$0	\$21,026,739	\$21,026,739	\$0	\$21,026,739
13	2030-31	\$1,703,433,125	\$1,703,433,125	\$0	\$17,715,705	\$17,715,705	\$0	\$1,605,323	\$1,605,323	\$0	\$1,605,323
14	2031-32	\$1,635,299,800	\$1,635,299,800	\$0	\$17,007,118	\$17,007,118	\$0	\$0	\$0	\$0	\$0
15	2032-33	\$1,569,891,808	\$1,569,891,808	\$0	\$16,326,875	\$16,326,875	\$0	\$0	\$0	\$0	\$0
<b>Totals:</b>					<b>\$330,995,648</b>	<b>\$147,891,825</b>	<b>\$183,103,823</b>	<b>\$56,045,600</b>	<b>\$239,149,423</b>	<b>-\$24,595,137</b>	<b>\$214,554,285</b>
<b>Tax Credit for Value Over Limit in First 2 Years</b>								<b>Year 1</b>	<b>Year 2</b>	<b>Max Credits</b>	
								\$28,601,040	\$27,444,560	\$56,045,600	
								Credits Earned		\$56,045,600	
								Credits Paid		<u>\$56,045,600</u>	
								Excess Credits Unpaid		\$0	

**\*Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

# Attachment F

## Taxable Value of Property

DATE: 01/23/2012  
 TIME: 10:37:49

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION  
 2011 ISD SUMMARY WORKSHEET  
 020/Brazoria  
 020-905/Brazosport ISD

PAGE: 001  
 REPT: PTS265  
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	2,042,998,142	N/A	2,042,998,142	2,042,998,142
B. MULTIFAMILY RESIDENCES	108,139,127	N/A	108,139,127	108,139,127
C. VACANT LOTS	82,226,940	N/A	82,226,940	82,226,940
D. RURAL REAL(TAXABLE)	47,424,074	N/A	47,424,074	47,424,074
F1. COMMERCIAL REAL	415,933,004	N/A	415,933,004	415,933,004
F2. INDUSTRIAL REAL	4,026,773,400	N/A	4,026,773,400	4,026,773,400
G. OIL,GAS,MINERALS	14,456,619	N/A	14,456,619	14,456,619
J. UTILITIES	136,336,280	N/A	136,336,280	136,336,280
L1. COMMERCIAL PERSONAL	270,430,460	N/A	270,430,460	270,430,460
L2. INDUSTRIAL PERSONAL	708,659,460	N/A	708,659,460	708,659,460
M. MOBILE HOMES	3,058,780	N/A	3,058,780	3,058,780
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	20,945,920	N/A	20,945,920	20,945,920
S. SPECIAL INVENTORY	8,631,960	N/A	8,631,960	8,631,960
SUBTOTAL	7,886,014,166		7,886,014,166	7,886,014,166
LESS TOTAL DEDUCTIONS	1,584,426,986		1,584,426,986	1,584,426,986
TOTAL TAXABLE VALUE	6,301,587,180		6,301,587,180	6,301,587,180 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	45,160,645	N/A	45,160,645
PROD VALUE QUALIFIED ACRES	2,263,429	N/A	2,263,429
TAXABLE VALUE	47,424,074		47,424,074

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

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)*

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TEXAS COMPTROLLER APPLICATION NO. 215

Dated

April 3, 2012

**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 October 24, 2011, 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 November 1, 2011 the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from The Dow Chemical Company, and on November 1, 2011 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 February 23, 2012, the Superintendent of Schools of the Brazosport Independent School District, acting as agent of 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 February 28, 2012 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 March 9, 2012, 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 3, 2017.

**WHEREAS**, on April 3, 2012, 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 April 3, 2012, 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 April 3, 2012, 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 March 26, 2012, 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 March 9, 2012 that the Application be approved: and,

*WHEREAS*, on April 3, 2012, 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: 2020, 2021, 2022, 2023, 2024, 2025, 2026 and 2027. 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, 2020, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of January 3, 2017 and ending on December 31, 2019 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, 2030. 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):

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year Commencing on date of Board approval (April 3, 2012)	January 1, 2012	2012-13	2012	Deferral Period
Pre-Year	January 1, 2013	2013-14	2013	Deferral Period
Pre-Year	January 1, 2014	2013-14	2013	Deferral Period
Pre-Year	January 1, 2015	2014-15	2014	Deferral Period
Pre-Year	January 1, 2016	2015-16	2015	Deferral Period
Partial Year (January 1, 2017 to January 2, 2017)	January 1, 2017	2016-17	2016	Deferral Period
Partial Year (Commencement Date January 3, 2017)	January 1, 2017	2017-18	2017	Start of Qualifying Time Period beginning with Commencement Date. First year for computation of Annual Limit.
1	January 1, 2018	2018-19	2018	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
2	January 1, 2019	2019-20	2019	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
3	January 1, 2020	2020-21	2020	\$ 30 million property value limitation.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
4	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2023	2023-24	2023	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
7	January 1, 2024	2024-25	2024	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
8	January 1, 2025	2025-26	2025	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
9	January 1, 2026	2026-27	2026	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
10	January 1, 2027	2027-28	2027	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
11	January 1, 2028	2028-29	2028	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2029	2029-30	2029	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
13	January 1, 2030	2030-31	2030	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 (\$1,170,608) based upon the District’s 2010-2011 Final Average Daily Attendance of 11,706.08. An annual limit shall first be computed for Tax Year 2017, 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 October 24, 2011, filed the

Original Application; and on February 23, 2012, 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 October 24, 2011, together with the supplemental Application materials filed on February 23, 2012, which have been certified by the Comptroller's office to constitute a complete final Application as of the date of February 28, 2012. 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.

"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 3, 2017. 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, 2030.

"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 3, 2017 and ends on December 31, 2019.

"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 2020, 2021, 2022, 2023, 2024, 2025, 2026, and 2027, 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 §313.052.

"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 February 28, 2012, 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 2020, 2021, 2022, 2023, 2024, 2025, 2026, and 2027, 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 of 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 2020) 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 2020) and continuing thereafter through year thirteen (Tax Year 2030), 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 2030), 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 2020 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 presiding 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 3, 2017. 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, 2016, nor later than October 4, 2016, 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:

Dr. Karin Holacka, 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, 2019.

**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 contact 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 Brazoria 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**

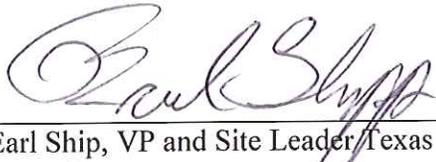
The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application 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 5<sup>th</sup> day of ~~April~~ September 2012.

**THE DOW CHEMICAL COMPANY**

**BRAZOSPORT INDEPENDENT SCHOOL DISTRICT**

By:   
 Earl Ship, VP and Site Leader/Texas Operations

By:   
**RUTH ANN FEW**  
 President  
 Board of Trustees

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

  
**RON DAMIAN**  
 Secretary  
 Board of Trustees

## EXHIBIT 1

### DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

*The Dow Chemical Company, LLC Reinvestment Zone* was originally created on April 3, 2012 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.

## EXHIBIT 1

### PROPOSED REINVESTMENT ZONE

Approximately 1891 acres of land out of the Stephen F. Austin 5 League Grant, Abstract 19, A.B. Clark, Abstract 54, J.E.A. Phelps, Abstract 115, J.E.A. Phelps, Abstract 116, Peter Bertrand Labor 5, Abstract 42, J.F. Fields Labor 6, Abstract 62, Eli Mitchell Survey, Abstract 99, Maurice Henry ¼ League, Abstract 74 and the Alexander Calvit League, Abstract 49, all being located in Brazoria County, Texas, as follows;

Beginning at the intersection of Sim Hodge Road and Glycol Road, being more particular described as private roads located within the Dow Chemical Plant B Site, traversing in a southeasterly direction, a distance of 7,943' feet to the intersection of Glycol Road and Canal Road;

Thence in a northeasterly direction, a distance of 1,350' feet to a point at the south water's edge of the Dow Barge Canal;

Thence in southeasterly direction, along and coincident with the south water's edge of the above mentioned canal, continuing in all a distance of 8,537' feet to a point located at the intersection of the south water's edge of the Dow Barge Canal and the centerline of the Missouri-Pacific Oyster Creek Lead Railroad Spur Track;

Thence in a southeasterly direction, along and coincident with the centerline of the above mentioned railroad spur track, in all a distance of 9,654' feet to a point in the west right-of-way of F.M. Highway 523;

Thence in a southwesterly direction, along and coincident with the west right-of-way of F.M. Highway 523, in all distance of 2,778' feet to a point at the north water's edge of the Dow Barge Canal;

Thence in a northwesterly direction, along and coincident with the north water's edge of the Dow Barge Canal, continuing in all a distance of 6,076' feet to a point located at the intersection of the north water's edge of the Dow Barge Canal and the south water's edge of the Dow Waste Water Canal;

Thence in a southwesterly direction, along and coincident with the south water's edge of the Dow Waste Water Canal, continuing in all a distance of 7,549' feet to a point;

Thence in a northwesterly direction, along and coincident with the centerline of South Levee Road, said road being a private road located within the Dow Chemical Plant B Site, continuing in all a distance of 8,844' feet to the intersection of South Levee Road and Nickel Road;

Thence in a northeasterly direction, a distance of 317' feet to the intersection of Nickel Road and South Nitrogen Road;

Thence in a northwesterly direction, a distance of 803' feet to the intersection of South Nitrogen Road and Zinc Road;

Thence in a northeasterly direction, a distance of 920' feet to the intersection of Zinc Road and West Hydrogen Road;

Thence in a northwesterly direction, a distance of 1,045' feet to the intersection of West Hydrogen Road and East Plant Road;

Thence in a northeasterly direction, a distance of 1'755' feet to the intersection of East Plant Road and Chlorine Road;

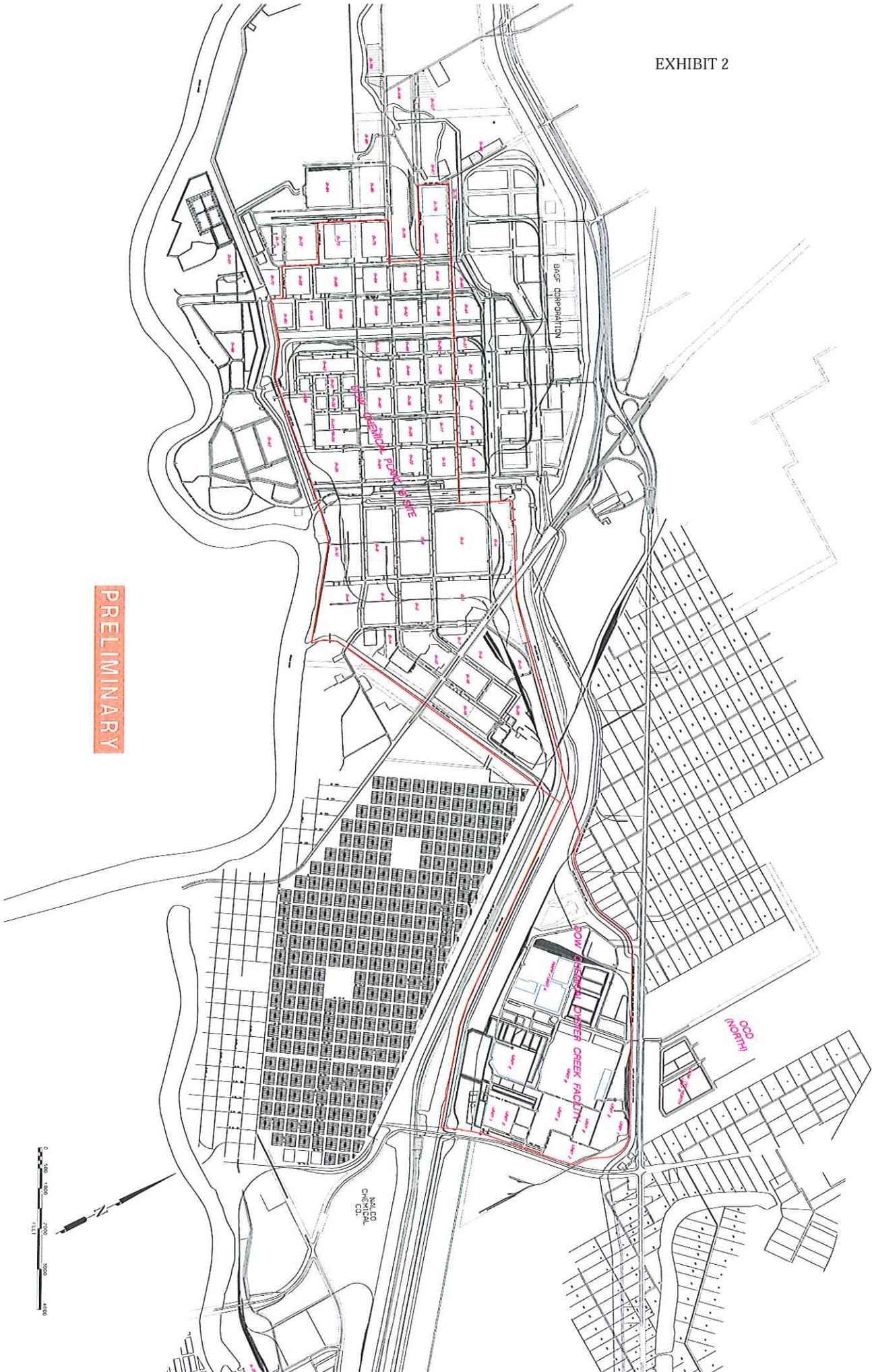
Thence in a southeasterly direction, a distance of 1,045' feet to the intersection of Chlorine Road and Zinc Road;

Thence in a northeasterly direction, a distance of 775' feet to the intersection of Zinc Road and Entrance Road;

Thence in a northwesterly direction, a distance of 1,877' feet to the intersection of Entrance Road and Sim Hodge Road;

Thence in a northeasterly direction, a distance of 775' feet to the place of beginning, containing 1,891 acres of land, more or less.

PRELIMINARY

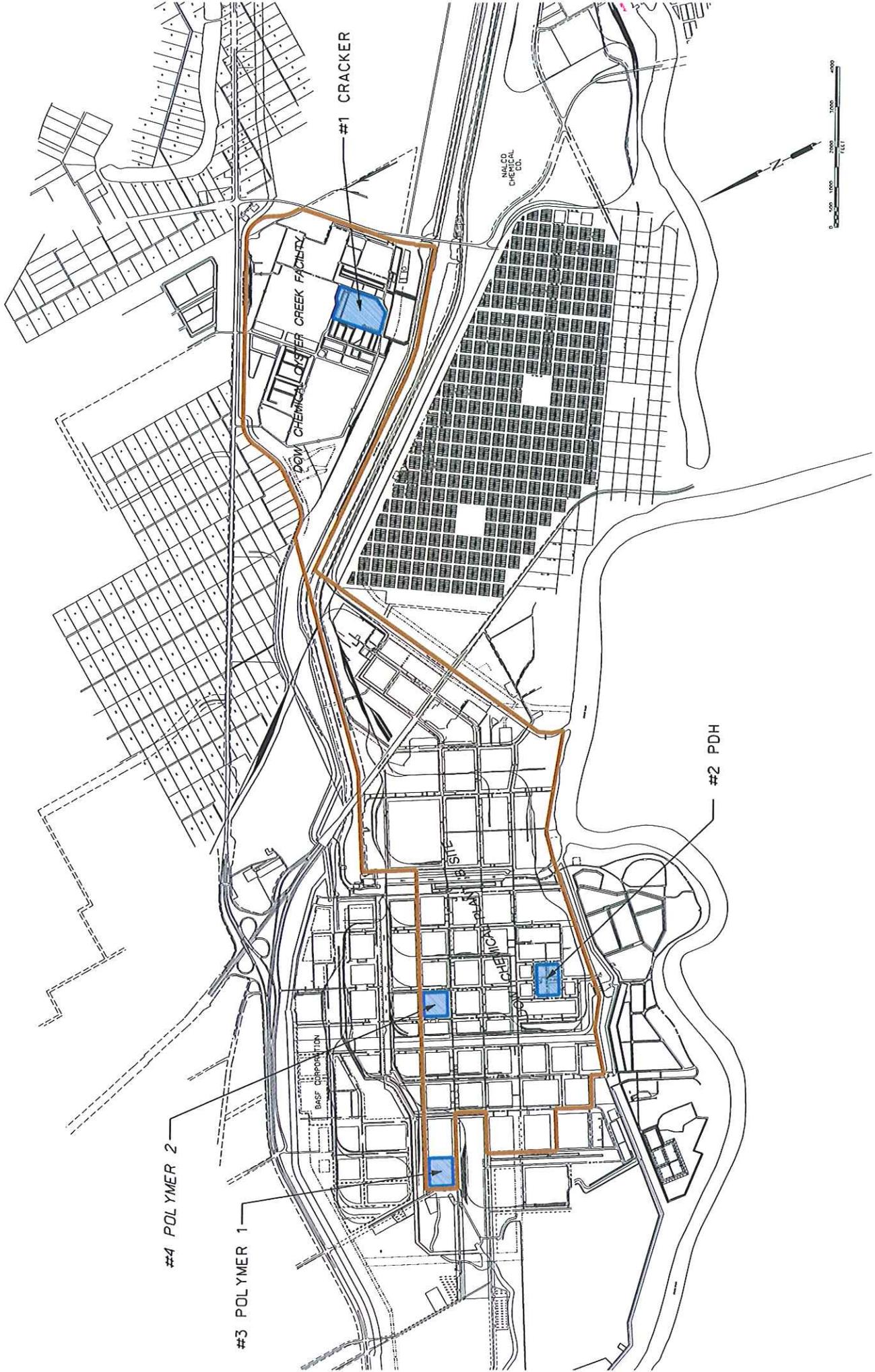


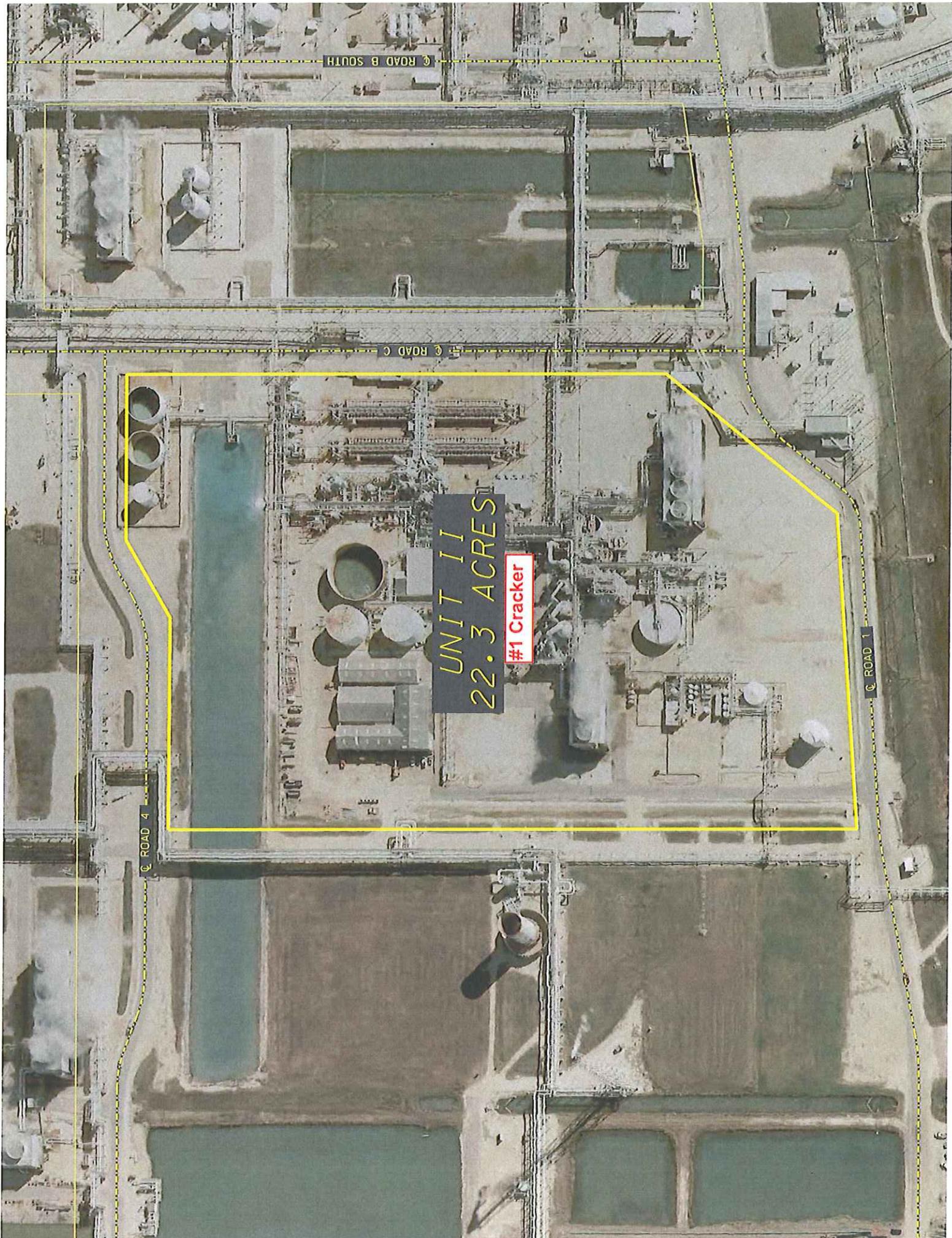
NAIJO  
CREEK CO.

## 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:





ROAD B SOUTH

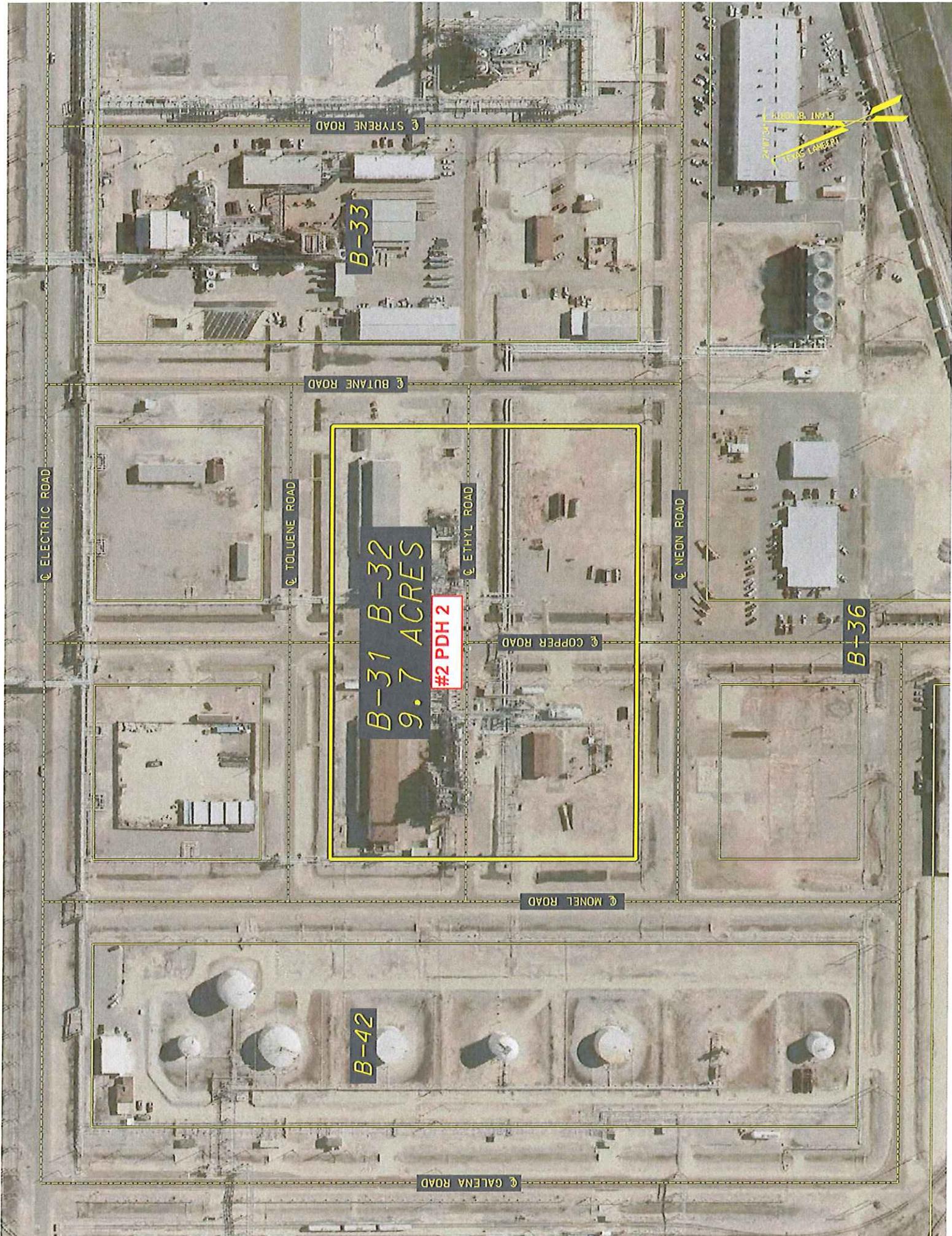
ROAD C

UNIT II  
22.3 ACRES

#1 Cracker

ROAD 4

ROAD 1



☪ STYRENE ROAD

B-33

PLANT B NORTH  
T-100 LABENT

☪ BUTANE ROAD

☪ ELECTRIC ROAD

☪ TOLUENE ROAD

B-31 B-32  
9.7 ACRES  
#2 PDH 2

☪ ETHYL ROAD

☪ NEON ROAD

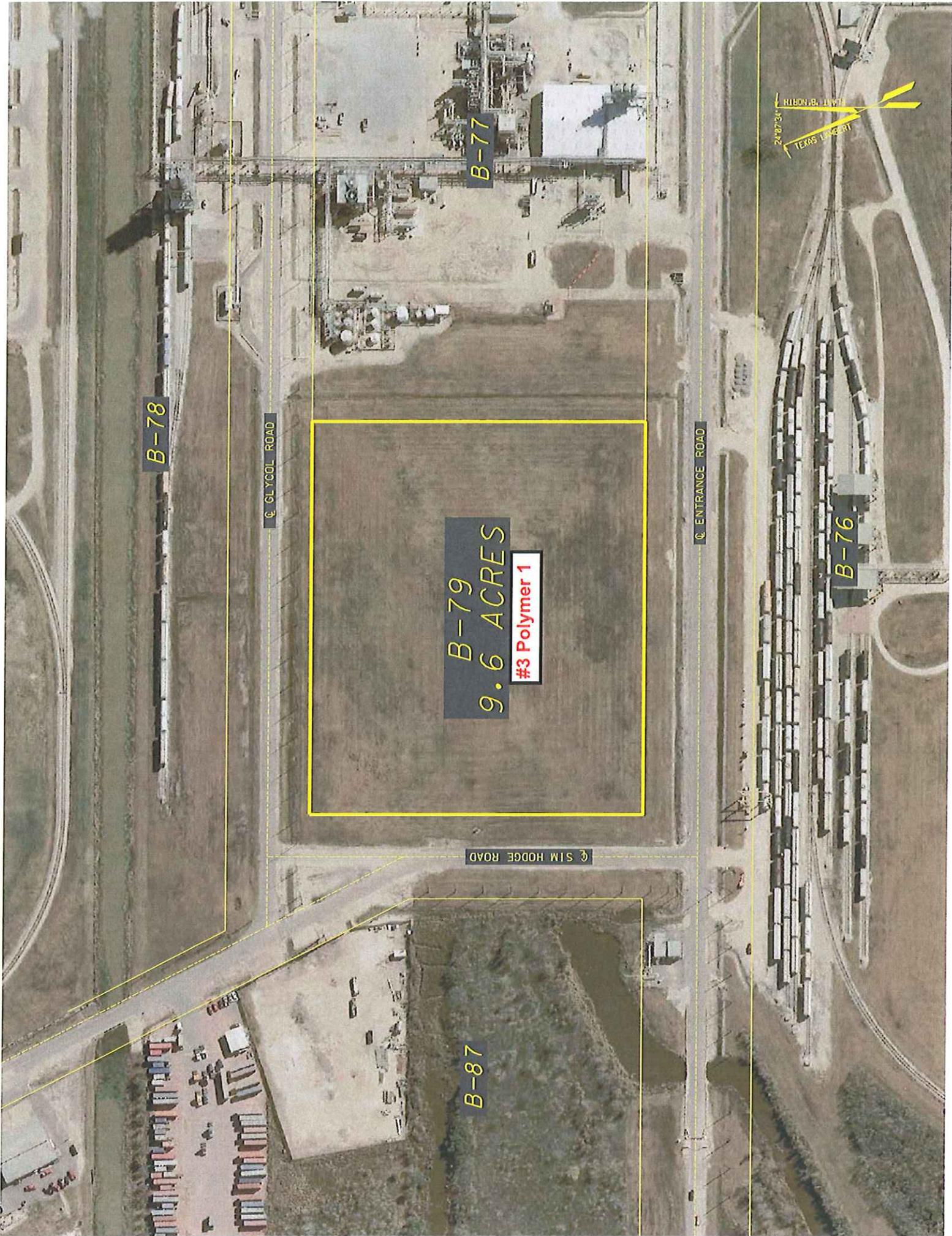
B-36

☪ COPPER ROAD

☪ MONEL ROAD

B-42

☪ GALENA ROAD



B-78

CLYCOL ROAD

B-79  
9.6 ACRES  
#3 Polymer 1

ENTRANCE ROAD

B-76

SIM HODGE ROAD

B-87





B-23

B-21

B-38

☉ COPPER ROAD

B-27

B-25  
8.2 ACRES  
#4 Polymer 2

B-44

☉ ENTRANCE ROAD

☉ IRON ROAD

B-37

B-29

B-48

▲  
NORTH  
TEXAS LAMBERT

## #1 Cracker

22.3 acres of land situated in the Maurice Henry Survey, Abstract 74, Brazoria County, Texas, out of a called 993.66 acre tract conveyed to The Dow Chemical Company in Volume 334, Page 587 of the Brazoria County Deed Records and situated in the Dow Chemical Company, OCD Plant Site and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northeast corner of Lot 5 of the Brazos Coast Investment Company, Subdivision Number 13;

**Thence** South 7° 49' West, a distance of 4,556.1' feet to a point contiguous with Road 'E', said road being a private road located within the Dow Chemical OCD Plant Site, same being the **Point Of Beginning** of the herein described tract;

**Thence** North 45° 29' East, a distance of 1,236.9' feet to a point;

**Thence** South 44° 31' East, a distance of 376.9' feet to a point;

**Thence** South 74° 06' East, a distance of 159.2' feet to a point;

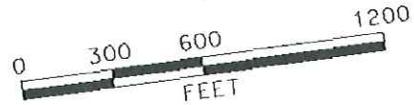
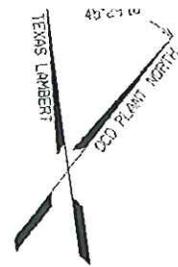
**Thence** South 44° 31' East, a distance of 294.4' feet to a point;

**Thence** South 45° 29' West, a distance of 968.2' feet to a point;

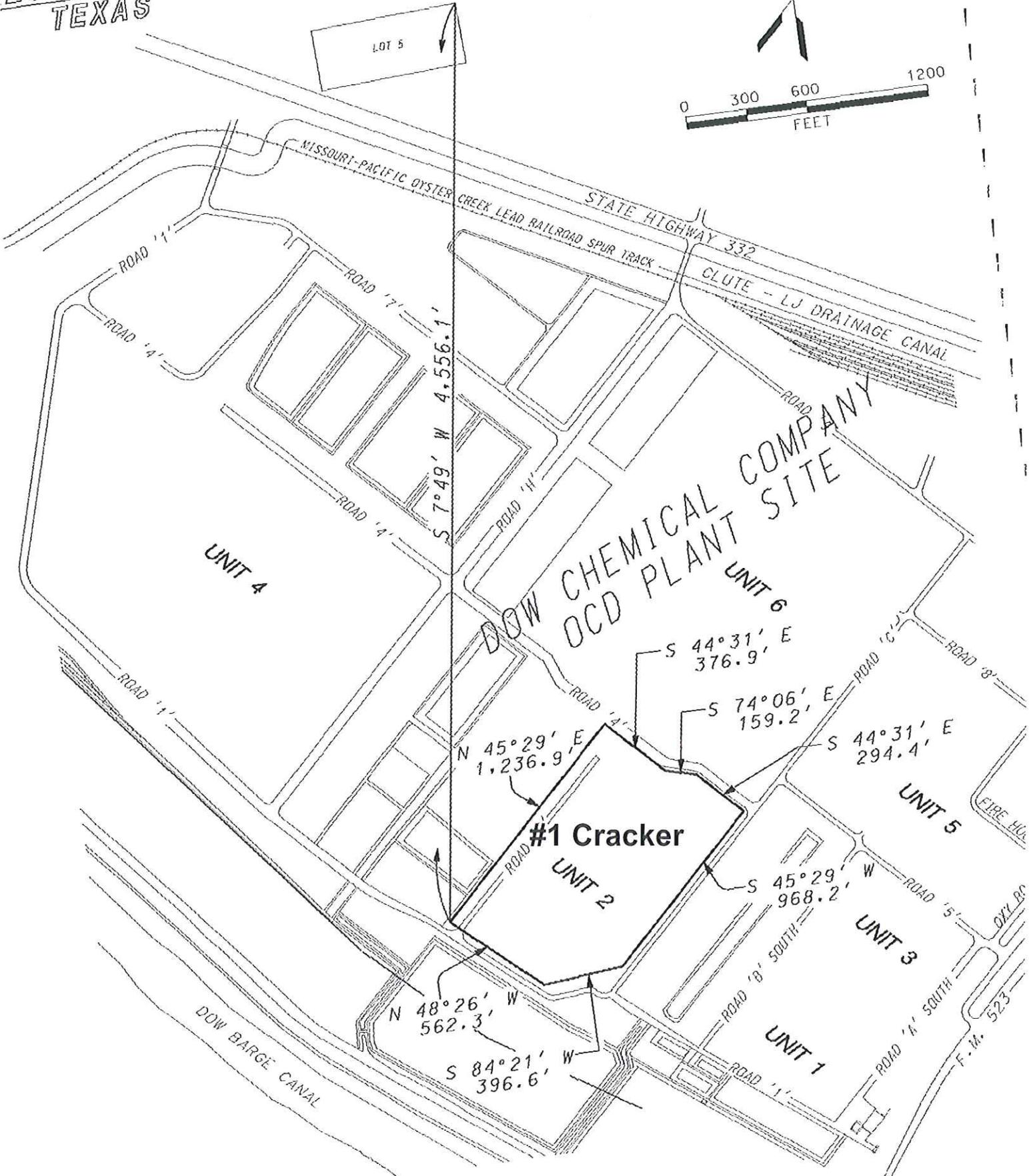
**Thence** South 84° 21' West, a distance of 396.6' feet to a point;

**Thence** North 48° 26' West, a distance of 562.3' feet to the **Point Of Beginning**, containing 22.3 acres of land, more or less.

ZORIA COUNTY  
TEXAS



LOT 5



## #2 PDH 2

9.7 acres of land being located within the Brazos Coast Investment Company, Subdivision Number 14, recorded in Volume 2, Page 148 of the Brazoria County Plat Records, being all or part of tracts 411, 412 and 413, situated in the A.R. Clark Labor 2, Abstract 54 and all or part of tracts 347, 348 and 349, situated in the J.E.A. Phelps Labor 3, Abstract 115, Brazoria County, Texas, being located in The Dow Chemical Company Plant "B" site and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northwest corner of Tract 322 of the Brazos Coast Investment Company, Subdivision Number 15;

**Thence** South 50° 12' East, a distance of 11,334.1' feet to a point contiguous with Toluene Road, said road being a private road located within the Dow Chemical Plant B Site, same being the **Point Of Beginning** of the herein described tract;

**Thence** South 65° 52' East, a distance of 769.8' feet to a point;

**Thence** South 24° 08' West, a distance of 550.0' feet to a point;

**Thence** North 65° 52' West, a distance of 769.8' feet to a point;

**Thence** North 24° 08' East, a distance of 550.0' feet to the **Point Of Beginning**, containing 9.7 acres of land, more or less.

ORIA COUNTY  
TEXAS

TRACT  
322

S 50°12' E 11,334.1'

B-44

B-38

B-50

B-46

B-40

ENTRANCE ROAD

B-42

B-31

B-32

#2 PDH 2

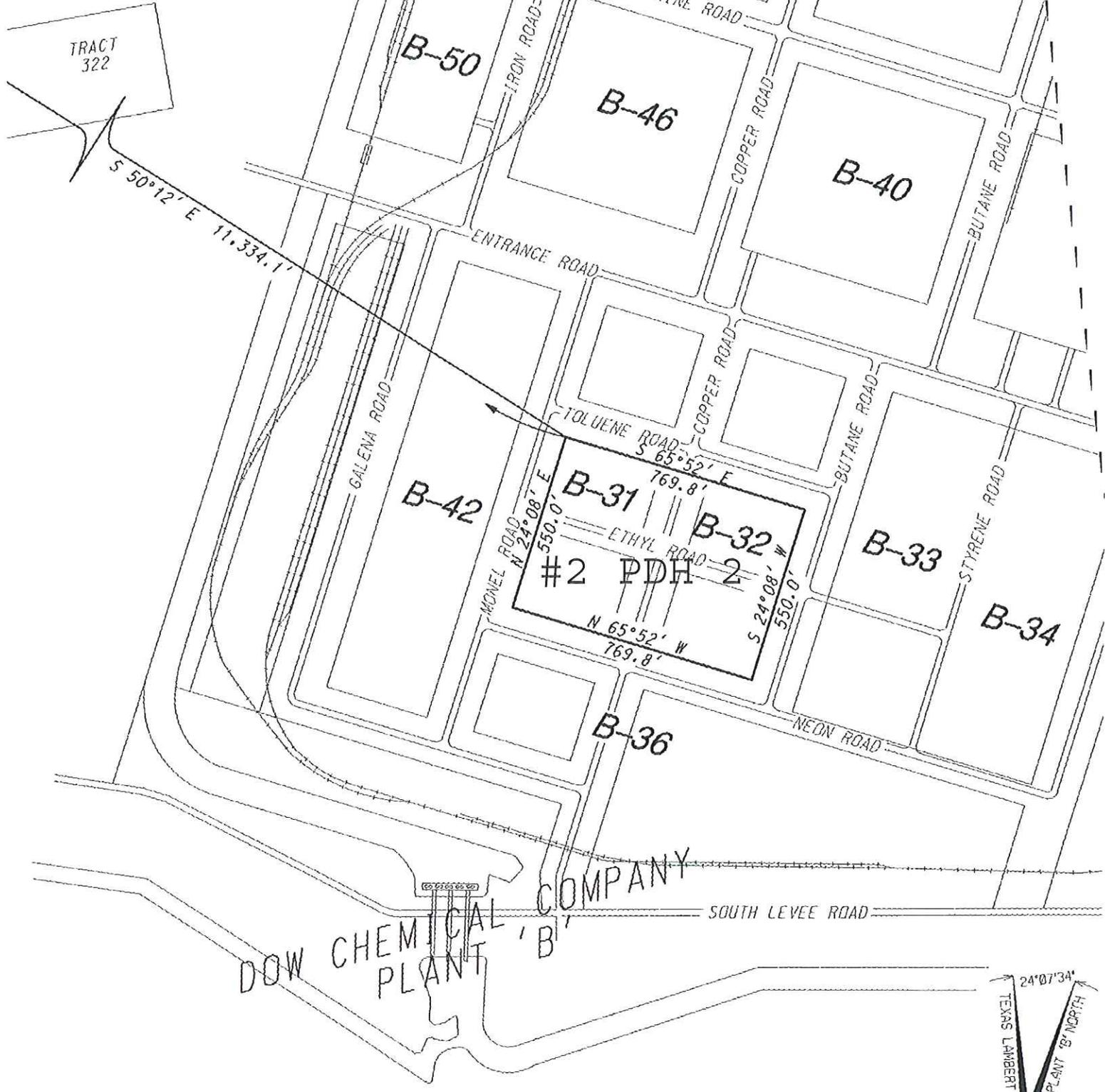
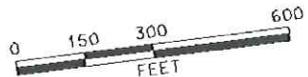
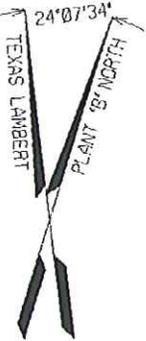
B-33

B-34

B-36

DOW CHEMICAL  
PLANT 'B' COMPANY

SOUTH LEVEE ROAD



## #3 Polymer 1

9.6 acres of land situated in the Stephen F. Austin 5 Leagues Grant, Abstract 19, Brazoria County, Texas, being located within the Brazos Coast Investment Company, Subdivision Number 15, recorded in Volume 2, Page 147 of the Brazoria County Plat Records, being located in The Dow Chemical Company Plant "B" site and being all or part of tracts 13, 14, 57, 59 and 83 and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northwest corner of Tract 322 of the Brazos Coast Investment Company, Subdivision Number 15;

**Thence** South  $64^{\circ} 04'$  East, a distance of 6,292.0' feet to a point contiguous with Glycol Road, said road being a private road located within the Dow Chemical Plant B Site, same being the **Point Of Beginning** of the herein described tract;

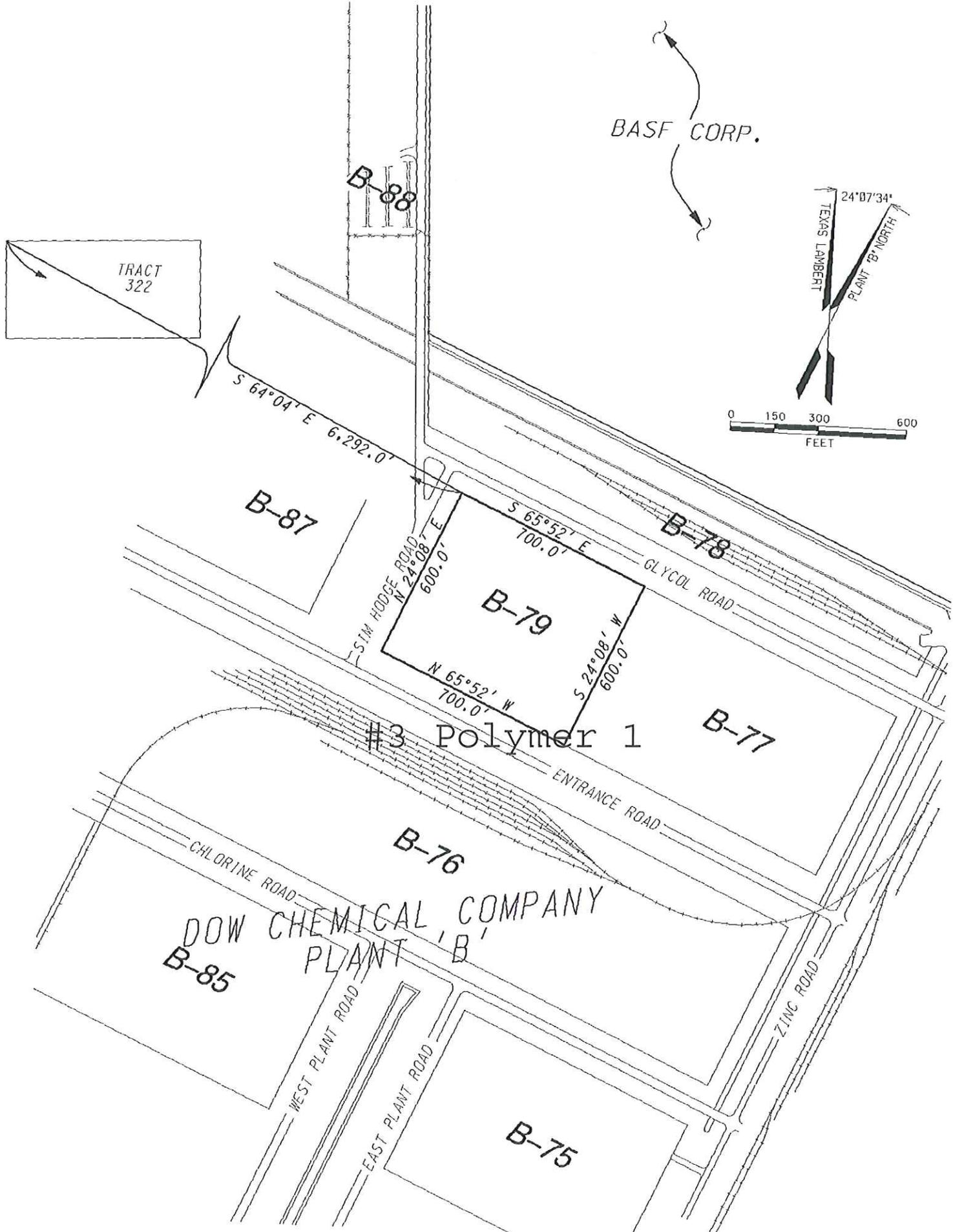
**Thence** South  $65^{\circ} 52'$  East, a distance of 700.0' feet to a point;

**Thence** South  $24^{\circ} 08'$  West, a distance of 600.0' feet to a point;

**Thence** North  $65^{\circ} 52'$  West, a distance of 700.0' feet to a point;

**Thence** North  $24^{\circ} 08'$  East, a distance of 600.0' feet to the **Point Of Beginning**, containing 9.6 acres of land, more or less.

BRAZORIA COUNTY  
TEXAS



## #4 Polymer 2

8.3 acres of land situated in the Alexander Calvit League, Abstract 49, Brazoria County, Texas, being located within the Brazos Coast Investment Company, Subdivision Number 14, recorded in Volume 2, Page 148 of the Brazoria County Plat Records, being located in The Dow Chemical Company Plant "B" site and being all or part of tracts 332, 333, 334, 355, 356 and 357 and being more particularly described as follows;

**Commencing** at a concrete monument marking the Northwest corner of Tract 322 of the Brazos Coast Investment Company, Subdivision Number 15;

**Thence** South  $64^{\circ} 48'$  East, a distance of 10,504.8' feet to a point contiguous with Glycol Road, said road being a private road located within the Dow Chemical Plant B Site, same being the **Point Of Beginning** of the herein described tract;

**Thence** South  $65^{\circ} 52'$  East, a distance of 600.0' feet to a point;

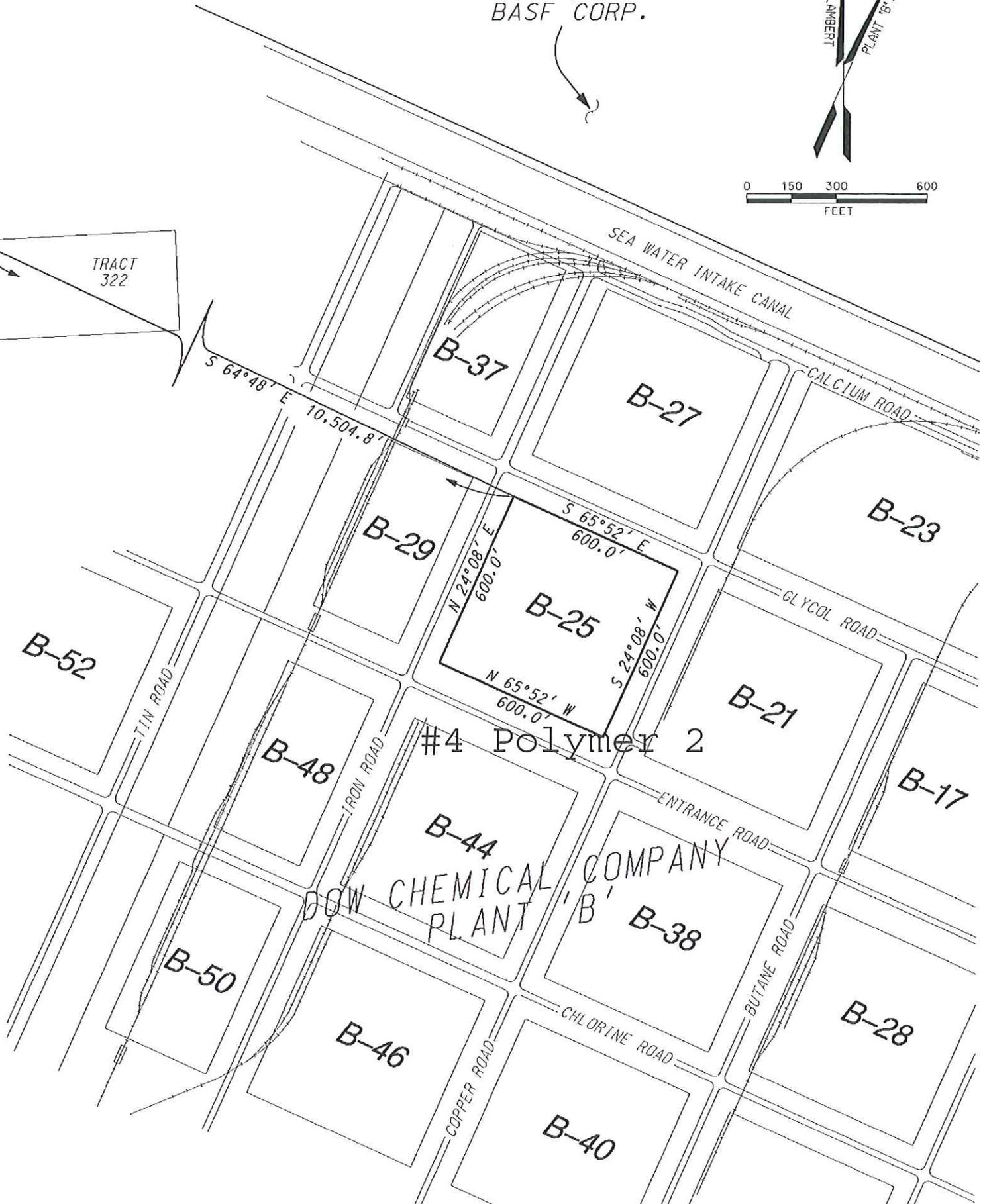
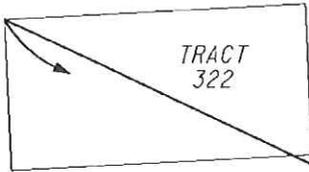
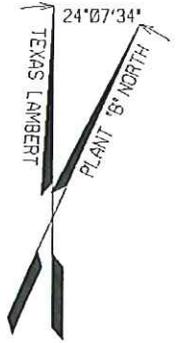
**Thence** South  $24^{\circ} 08'$  West, a distance of 600.0' feet to a point;

**Thence** North  $65^{\circ} 52'$  West, a distance of 600.0' feet to a point;

**Thence** North  $24^{\circ} 08'$  East, a distance of 600.0' feet to the **Point Of Beginning**, containing 8.3 acres of land, more or less.

BRAZORIA COUNTY  
TEXAS

BASF CORP.



### **EXHIBIT 3**

#### **DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

The proposed project will consist of a a world scale Ethylene Cracker, a propylene dehydrogenation plant, Solutions Polyethylene and Low Density Polyethylene facility. The proposed improvements for this project include: site improvements, installation of pipe ways and utility services, foundations and process equipment including vessels, reactors, pumps, pipes, valves, filters and electrical and instrument systems. Project will also include any other necessary equipment to construct a fully functioning manufacturing plant.

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.