

**FINDINGS OF THE PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
PRAXAIR, INC.**



September 27, 2012

FINDINGS
OF THE
PORT ARTHUR INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
PRAXAIR, INC.

AUGUST 23, 2012

Board Findings of the Port Arthur Independent School District

FINDINGS OF THE PORT ARTHUR INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
PRAXAIR, INC.

STATE OF TEXAS §

COUNTY OF JEFFERSON §

On the 23rd day of August, 2012, a public meeting of the Board of Trustees of the Port Arthur 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 Praxair, Inc. (Praxair) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. 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 Port Arthur Independent School District makes the following findings with respect to the application of Praxair, and the economic impact of that application:

On March 19, 2012, the Superintendent of Schools of the Port Arthur Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Praxair for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

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). The Texas Comptroller of Public Accounts, via letter, established May 15, 2012 as the completed Application date.

Board Findings of the Port Arthur Independent School District

The Board of Trustees has determined that as of May 14, 2012 (the day immediately prior to the day upon which Comptroller's determined there to be a completed Application), Praxair had added improvements related to the project that is the subject of its Application. Such improvements did not exist as of December 16, 2011, the filing date of the original Application, but as of May 14, 2012, said improvements consisted of drilled concrete piers and other concrete structural components (hereinafter "Pre-Existing Improvements"). The Board has determined such improvements are not eligible to be considered to be a part of the Application. The Board of Trustees has determined that as of May 14, 2012, the Fair Market Value of the Pre-Existing Improvements was One Million Thirty-Two Thousand Eight Hundred and No/100's Dollars (\$1,032,800.00), prior to any abatements and/or exemptions made available to the Applicant by the District. The Board has determined that the value of Pre-Existing Improvements shall remain segregated and distinguished and shall remain at all times fully taxable for school district Maintenance & Operations Tax purposes.

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

The Applicant, Praxair (Texas Taxpayer Id. 10612490507), 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**.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on July 30, 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 Port Arthur 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 Port Arthur Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

Board Findings of the Port Arthur Independent School District

After receipt of the Application, the District entered into negotiations with Praxair, 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**.

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.

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 Praxair, Inc. project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

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

Based on information provided by the Comptroller's Office, Jefferson County is the 20th largest in the state in terms of population. Population growth in Jefferson County is positive, but it is the state's 181st fastest growing county from 2009 to 2010. The state population grew by 1.8 percent between 2009 and 2010, while the population of Jefferson County increased by 0.2 percent over the same period.

Board Findings of the Port Arthur Independent School District

September 2011 employment for Jefferson County was up 0.6 percent from September 2010, below the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Jefferson County was 11.9 percent in September 2011, significantly higher than the state average of 8.5 percent. It is noteworthy that the Jefferson County unemployment rate increased from 10.9 percent a year ago to the 11.9 percent level in September 2011.

Jefferson County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Jefferson County's \$37,139 in 2009 ranked 59th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While some of these indicators are positive, the local economy in Jefferson County is susceptible to adverse changes because of its relatively small population base. Jefferson County will benefit from economic activity like that associated with the Praxair project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$63,057 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. Praxair indicates that total employment will be approximately six (6) new jobs, all of which will be qualifying jobs.

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

After construction, the project will create six new jobs when fully operational. All six 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 South East Texas Regional Planning Commission

Board Findings of the Port Arthur Independent School District

region, where Jefferson County is located was \$57,333 in 2010. The annual average manufacturing wage for 2011 for Jefferson County is \$86,073. That same year, the county annual average wage for all industries was \$48,321. In addition to a salary of \$63,057, each qualifying position will receive benefits such as medical program, dental program, vision eyewear program, basic life insurance plan, supplemental life insurance plan, short term disability plan, long term disability, legal services, health care and dependent care reimbursement programs, pension plan, retirement savings plan, flex hours, employee assistance program, health advocate program, educational refund program, vacation plan, and long term care plans.

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 \$36.9 million on the basis of the goal of six (6) new qualifying positions for the entire Praxair project.

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

The project's total investment is \$221.6 million, resulting in a relative level of investment per qualifying job of \$36.9 million.

Board Finding Number 5.

Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility.

Board Finding Number 6.

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 Praxair, Inc.'s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The

Board Findings of the Port Arthur Independent School District

Comptroller's office calculated the economic impact based on 16 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 Praxair, Inc.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	350	324	674	\$18,900,000	\$19,100,000	\$38,000,000
2013	106	128	234	\$5,778,398	\$10,221,602	\$16,000,000
2014	6	30	36	\$378,398	\$5,621,602	\$6,000,000
2015	6	19	25	\$378,398	\$4,621,602	\$5,000,000
2016	6	33	39	\$378,398	\$4,621,602	\$5,000,000
2017	6	36	42	\$378,398	\$4,621,602	\$5,000,000
2018	6	42	48	\$378,398	\$4,621,602	\$5,000,000
2019	6	47	53	\$378,398	\$5,621,602	\$6,000,000
2020	6	50	56	\$378,398	\$6,621,602	\$7,000,000
2021	6	57	63	\$378,398	\$6,621,602	\$7,000,000
2022	6	61	67	\$378,398	\$7,621,602	\$8,000,000
2023	6	61	67	\$378,398	\$7,621,602	\$8,000,000
2024	6	55	61	\$378,398	\$6,621,602	\$7,000,000
2025	6	49	55	\$378,398	\$7,621,602	\$8,000,000
2026	6	53	59	\$378,398	\$7,621,602	\$8,000,000
2027	6	53	59	\$378,398	\$7,621,602	\$8,000,000

Source: CPA, REMI, Praxair, Inc.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010-2011. Port Arthur ISD's ad valorem tax base in 2010-2011 was \$4.82 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Port Arthur ISD's estimated wealth per WADA was \$422,412. 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, Jefferson County, City of Port Arthur Industrial District, Sabine-Neches Navigation District, Port of Port Arthur, and Drainage District No. 7 with all property tax incentives sought being granted using estimated market value from Praxair, Inc.'s application. Praxair, Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with

Board Findings of the Port Arthur Independent School District

the county, drainage district, navigation district, industrial district, and port. Table 3 illustrates the estimated tax impact of the Praxair, Inc. project on the region if all taxes are assessed.

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Port Arthur ISD I&S Levy	Port Arthur ISD M&O Levy	Port Arthur ISD M&O and I&S Tax Levies (Before Credit Credited)	Port Arthur ISD M&O and I&S Tax Levies (After Credit Credited)	Jefferson County Tax Levy	City of Port Arthur Industrial District Tax Levy	Sabine-Neches Navigation District Tax Levy	Drainage District No. 7 Tax Levy	Port of Port Arthur Tax Levy	Estimated Total Property Taxes
			0.3276	1.0400				0.3650	0.7920	0.0273	0.1409	0.1282	
2013	\$195,000,000	\$195,000,000		\$638,820	\$2,028,000	\$2,666,820	\$2,666,820	\$711,750	\$1,235,520	\$53,256	\$274,851	\$249,893	\$5,192,090
2014	\$225,000,000	\$225,000,000		\$737,100	\$2,340,000	\$3,077,100	\$3,077,100	\$821,250	\$1,425,600	\$61,450	\$317,135	\$288,338	\$5,990,873
2015	\$210,500,000	\$30,000,000		\$689,598	\$312,000	\$1,001,598	\$1,001,598	\$0	\$1,333,728	\$0	\$0	\$0	\$2,335,326
2016	\$206,200,000	\$30,000,000		\$675,511	\$312,000	\$987,511	\$670,675	\$75,263	\$1,306,483	\$5,632	\$29,064	\$26,425	\$2,113,541
2017	\$201,900,000	\$30,000,000		\$661,424	\$312,000	\$973,424	\$658,933	\$147,387	\$1,279,238	\$11,028	\$56,915	\$51,747	\$2,205,249
2018	\$197,600,000	\$30,000,000		\$647,338	\$312,000	\$959,338	\$648,222	\$216,372	\$1,251,994	\$16,190	\$83,555	\$75,967	\$2,292,299
2019	\$193,300,000	\$30,000,000		\$633,251	\$312,000	\$945,251	\$637,510	\$282,218	\$1,224,749	\$21,117	\$108,982	\$99,086	\$2,373,661
2020	\$189,000,000	\$30,000,000		\$619,164	\$312,000	\$931,164	\$626,799	\$689,850	\$1,197,504	\$51,618	\$266,394	\$242,204	\$3,074,368
2021	\$184,700,000	\$30,000,000		\$605,077	\$312,000	\$917,077	\$616,088	\$674,155	\$1,170,259	\$50,443	\$260,333	\$236,693	\$3,007,971
2022	\$180,400,000	\$30,000,000		\$590,990	\$312,000	\$902,990	\$605,376	\$658,460	\$1,143,014	\$49,269	\$254,272	\$231,183	\$2,941,574
2023	\$176,100,000	\$176,100,000		\$576,904	\$1,831,440	\$2,408,344	\$817,496	\$642,765	\$1,115,770	\$48,095	\$248,211	\$225,672	\$3,098,009
2024	\$168,200,000	\$168,200,000		\$551,023	\$1,749,280	\$2,300,303	\$2,300,303	\$613,930	\$1,065,715	\$45,937	\$237,076	\$215,548	\$4,478,510
2025	\$167,500,000	\$167,500,000		\$548,730	\$1,742,000	\$2,290,730	\$2,290,730	\$611,375	\$1,061,280	\$45,746	\$236,090	\$214,651	\$4,459,872
2026	\$163,200,000	\$163,200,000		\$534,643	\$1,697,280	\$2,231,923	\$2,231,923	\$595,680	\$1,034,035	\$44,572	\$230,029	\$209,141	\$4,345,380
2027	\$158,900,000	\$158,900,000		\$520,556	\$1,652,560	\$2,173,116	\$2,173,116	\$579,985	\$1,006,790	\$43,397	\$223,968	\$203,630	\$4,230,887
						Total	\$21,022,690	\$7,320,440	\$17,851,680	\$547,749	\$2,826,873	\$2,570,176	\$52,139,609

Assumes School Value Limitation and Tax Abatements with the County, Industrial District, Navigation District, Drainage District, and Port.

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Port Arthur ISD I&S Levy	Port Arthur ISD M&O Levy	Port Arthur ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	City of Port Arthur Industrial District Tax Levy	Sabine-Neches Navigation District Tax Levy	Drainage District No. 7 Tax Levy	Port of Port Arthur Tax Levy	Estimated Total Property Taxes	
			0.3276	1.0400			0.3650	0.7920	0.0273	0.1409	0.1282		
2013	\$195,000,000	\$195,000,000		\$638,820	\$2,028,000	\$2,666,820	\$711,750	\$1,544,400	\$53,256	\$274,851	\$249,893	\$5,500,970	
2014	\$225,000,000	\$225,000,000		\$737,100	\$2,340,000	\$3,077,100	\$821,250	\$1,782,000	\$61,450	\$317,135	\$288,338	\$6,347,273	
2015	\$210,500,000	\$210,500,000		\$689,598	\$2,189,200	\$2,878,798	\$768,325	\$1,667,160	\$57,490	\$296,698	\$269,756	\$5,938,226	
2016	\$206,200,000	\$206,200,000		\$675,511	\$2,144,480	\$2,819,991	\$752,630	\$1,633,104	\$56,315	\$290,637	\$264,245	\$5,816,923	
2017	\$201,900,000	\$201,900,000		\$661,424	\$2,099,760	\$2,761,184	\$736,935	\$1,599,048	\$55,141	\$284,576	\$258,735	\$5,695,619	
2018	\$197,600,000	\$197,600,000		\$647,338	\$2,055,040	\$2,702,378	\$721,240	\$1,564,992	\$53,967	\$278,515	\$253,224	\$5,574,316	
2019	\$193,300,000	\$193,300,000		\$633,251	\$2,010,320	\$2,643,571	\$705,545	\$1,530,936	\$52,792	\$272,454	\$247,714	\$5,453,012	
2020	\$189,000,000	\$189,000,000		\$619,164	\$1,965,600	\$2,584,764	\$689,850	\$1,496,880	\$51,618	\$266,394	\$242,204	\$5,331,709	
2021	\$184,700,000	\$184,700,000		\$605,077	\$1,920,880	\$2,525,957	\$674,155	\$1,462,824	\$50,443	\$260,333	\$236,693	\$5,210,405	
2022	\$180,400,000	\$180,400,000		\$590,990	\$1,876,160	\$2,467,150	\$658,460	\$1,428,768	\$49,269	\$254,272	\$231,183	\$5,089,102	
2023	\$176,100,000	\$176,100,000		\$576,904	\$1,831,440	\$2,408,344	\$642,765	\$1,394,712	\$48,095	\$248,211	\$225,672	\$4,967,799	
2024	\$168,200,000	\$168,200,000		\$551,023	\$1,749,280	\$2,300,303	\$613,930	\$1,332,144	\$45,937	\$237,076	\$215,548	\$4,744,939	
2025	\$167,500,000	\$167,500,000		\$548,730	\$1,742,000	\$2,290,730	\$611,375	\$1,326,600	\$45,746	\$236,090	\$214,651	\$4,725,192	
2026	\$163,200,000	\$163,200,000		\$534,643	\$1,697,280	\$2,231,923	\$595,680	\$1,292,544	\$44,572	\$230,029	\$209,141	\$4,603,888	
2027	\$158,900,000	\$158,900,000		\$520,556	\$1,652,560	\$2,173,116	\$579,985	\$1,258,488	\$43,397	\$223,968	\$203,630	\$4,482,585	
						Total	\$38,532,130	\$10,283,875	\$22,314,600	\$769,487	\$3,971,238	\$3,610,626	\$79,481,957

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

The Praxair project remains fully taxable for debt services taxes, with PAISD currently levying a \$0.3276 I&S rate. The value of the Praxair 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 for I&S purposes by about four percent, so it should assist PAISD in meeting its debt service obligations.

Board Finding Number 8.

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

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

Board Finding Number 9.

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 Praxair, Inc.'s application, "Praxair operates industrial gas facilities worldwide and has the ability to locate in any state and area of Texas that has demand for industrial gases. Praxair's pipeline complex allows us to have options for our investment. Not only land availability but also flexibility of several States to choose that location. Many factors are considered in selecting site location, including local pool of available skilled workers, costs for natural gas and ease of doing

Board Findings of the Port Arthur Independent School District

business as it relates to permitting and incentives to reduce risk in investments. We are looking at Louisiana and Texas for our current investment options.”

Board Finding Number 10.

During the past two years, one project in the South East Texas Regional Planning Commission region applied for a value limitation agreement under Tax Code, Chapter 313.

Board Finding Number 11.

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

Board Finding Number 12.

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 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2011 industrial value for Port Arthur ISD is \$4.79 billion. Port Arthur ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Port Arthur ISD is classified as a “rural” district based on its eligibility as a district with territory located in what had previously been determined to be a strategic investment area. Given that the value of industrial property in Port Arthur ISD is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Findings of the Port Arthur Independent School District

Board Finding Number 13.

The Applicant (Taxpayer Id. 10612490507) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 14.

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 first and subsequent 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 15.

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 Port Arthur 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 Port Arthur Independent School District.

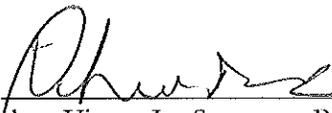
Board Findings of the Port Arthur Independent School District

Dated the 23rd day of August 2012.

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

By: 
Lloyd Marie Johnson, President, Board of Trustees

ATTEST:

By: 
Theodore Victor, Jr., Secretary, Board of Trustees

Attachment A

Application



**PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)**

SUMMARY OF ATTACHMENTS

- Attachment No. 1:** Application for Appraised Value Limitation on Qualified Property
- Attachment No. 2:** Proof of Payment of Application Fee
- Attachment No. 3(a):** Description of Proposed Project
- Attachment No. 3(b):** Praxair's Ability to Locate in another State or Region
- Attachment No. 4(a):** Description of Qualified Investment for which an Appraised Value Limitation is being Requested
- Attachment No. 4(b):** Description of New Building, Proposed Improvements, or Personal Property to be Included as Part of the Minimum Qualified Investment
- Attachment No. 4(c):** Map of Qualified Investment with Vicinity Map
- Attachment No. 5:** Map of Re-Investment Zone Boundaries and Order
- Attachment No. 6:** Evidence that New Job Creation Exceeds Industry Standards and Request for Waiver of Job Creation Requirement
- Attachment No. 7:** Chapter 313 Wage Calculations and Texas Workforce Commission Documentation
- Attachment No. 8:** Description of Benefits Offered to Qualifying Jobholders
- Attachment No. 9:** Economic Impact Analysis

Praxair, Inc. (NYSE: PX), a Fortune 300 company, is the largest industrial gases company in North and South America, and one of the largest worldwide, with 2010 sales of \$10 billion. The company produces, sells and distributes atmospheric, process and specialty gases, and high-performance surface coatings. Praxair products, services and technologies bring productivity and environmental benefits to a wide variety of industries. In 2010, Praxair was selected as a component of the Dow Jones Sustainability World Index for the eighth consecutive year, and for the third consecutive year was included in the Carbon Disclosure Leadership Index.



**PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)**

ATTACHMENT NO. 1

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
12/15/11

First Name: Johnny Last Name: Brown 

Title: Superintendent

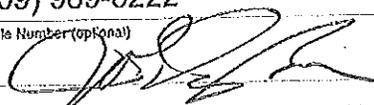
School District Name: Port Arthur Independent School District

Street Address:

Mailing Address: PO Box 1388

City: Port Arthur State: Texas ZIP: 77641-1388

Phone Number: (409) 989-6222 Fax Number:

Mobile Number (optional):  E-mail Address:

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

Will consultant be primary contact? ... Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

Form fields for Daniel Casey, Partner at Moak, Casey & Associates LLP, Austin, Texas. Includes phone, fax, and email information.

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 field with handwritten signature and date 12-16-11.

Has the district determined this application complete? [X] Yes [] No

If yes, date determined complete. December 16, 2011 amended determined complete 4.26.2012

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Table with 4 columns: Checklist, Page X of 16, Check Completed. Rows 1-6 detailing application steps and completion status.



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Gregory		Last Name Sweeney	
Title Director Economic & Business Development			
Organization Praxair, Inc.			
Street Address 39 Old Ridgebury Road			
Mailing Address 39 Old Ridgebury Road			
City Danbury	State CT	ZIP 06810	
Phone Number (203) 837-2229	Fax Number (203) 837-2540		
Mobile Number (optional)	Business e-mail Address Greg_Sweeney@Praxair.com		

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

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

First Name Don		Last Name McLean	
Title Manager, Property Tax			
Organization Praxair, Inc.			
Street Address 39 Old Ridgebury Road			
Mailing Address 39 Old Ridgebury Road			
City Danbury	State CT	ZIP 06810	
Phone Number (203) 837-2219	Fax Number (203) 837-2540		
Mobile Number (optional)	E-mail Address Greg_Sweeney@Praxair.com		

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

Will consultant be primary contact? Yes No



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)) and Date fields. Handwritten signature: Gregory B. Sweeney, Director. Date: 4/20/12.

GIVEN under my hand and seal of office this 20 day of APRIL, 2012

DAVID M. WILLIAMS
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 2014

David M. Williams
Notary Public, State of Connecticut

(Notary Seal)

My commission expires Aug 31, 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.

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(i)? Yes No

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

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Praxair, Inc.

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

10612490507

NAICS code

325120

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.

Port Arthur ISD - 2003

APPLICANT BUSINESS STRUCTURE

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

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

Corporation

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

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

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

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



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

See attachment No. 3(a)

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

See attachment No. 3(b)

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 4th Quarter 2011, Begin Hiring New Employees 1st Quarter 2013, Construction Complete 1st Quarter 2013, Fully Operational 2nd Quarter 2013, Purchase Machinery & Equipment 2011 to 2013

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?

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? 2nd Quarter 2013



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Not applicable	
Total	

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

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

Praxair has applied for tax abatements from the following taxing districts: Jefferson County; Jefferson County Navigation District; City of Port Arthur Industrial District; Drainage District No. 7; and Port of Port Arthur.

THE PROPERTY

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

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

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: Jefferson County (100%) City: City of Port Arthur Industrial District (100%)
(Name and percent of project)

Hospital District: N/A Water District: Navigation District (100%)
(Name and percent of project)

Other (describe): Drainage District No. 7 (100%) Other (describe): Port of Port Arthur (100%)
(Name and percent of project)

Is the project located entirely within this ISD? Yes No

If not, please provide additional information on the project scope and size to assist in the economic analysis.



Application for Appraised Value Limitation on Qualified Property

INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

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

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

What is your total estimated qualified investment? 221,610,000

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

What is the anticipated date of application approval? July 2012

What is the anticipated date of the beginning of the qualifying time period? July 2012

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? 221,610,000

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

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

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

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

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

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? [] Yes [X] No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? July 2012

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

Will the project be on leased land? [X] 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) (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?
826

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

Total number of new jobs that will have been created when fully operational 6

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? 6

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 \$ 1,022.18
110% of the county average weekly wage for manufacturing jobs in the county is \$ 1,820.78
110% of the county average weekly wage for manufacturing jobs in the region is \$ 1,212.64

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? \$ 63,057.28

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? \$ 63,057.28

- 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 No. 8

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	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	✓
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	✓
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

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

Schedule A (Rev. May 2010): Investment

Applicant Name: Praxair
 Port Arthur, SD

PROPERTY INVESTMENT AMOUNTS

Form 50-296

The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	Tax Year (Fill in actual tax year below) YYYY-YYYY	Column A: Tangible Personal Property (The amount of new investment (original cost) placed in service during this year)					Column E: Total Investment (A+B+D)
				Column B: Building or equipment independent 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 A: Tangible Personal Property	Column B: Building or equipment independent component of building (annual amount only)	
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)		2012-13						
	Complete tax years of qualifying time period		1 2013-14		\$ 195,910,000	\$ 185,910,000		\$ 195,910,000	
			2 2014-15		\$ 35,700,000	\$ 35,700,000		\$ 35,700,000	
			3 2015-16						
			4 2016-17						
			5 2017-18						
			6 2018-19						
			7 2019-20						
			8 2020-21						
			9 2021-22						
			10 2022-23						
			11 2023-24						
			12 2024-25						
			13 2025-26						
			14 2026-27						
			15 2027-28						

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 §31.3.02(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. Include estimates of investment for "replacement" property-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 §31.3.02(1)(E).

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or 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.

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: Gregory B. Sweeney, Director
 DATE: April 26, 2012
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Applicant Name
ISD Name

Port Arthur ISD

Form 50-296

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Praxair

				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 L&S - after all reductions	Final taxable value for M&O - after all reductions
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY						
	pre-year 1	2012-13	2012				\$ -		
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2013-14	2013	\$ -	\$ 195,000,000	\$ -	\$ 195,000,000	\$ 195,000,000
		2	2014-15	2014	\$ -	\$ 225,000,000	\$ -	\$ 225,000,000	\$ 225,000,000
		3	2015-16	2015	\$ -	\$ 220,500,000	\$ 10,000,000	\$ 210,500,000	\$ 30,000,000
		4	2016-17	2016	\$ -	\$ 216,000,000	\$ 9,800,000	\$ 206,200,000	\$ 30,000,000
		5	2017-18	2017	\$ -	\$ 211,500,000	\$ 9,600,000	\$ 201,900,000	\$ 30,000,000
		6	2018-19	2018	\$ -	\$ 207,000,000	\$ 9,400,000	\$ 197,600,000	\$ 30,000,000
		7	2019-20	2019	\$ -	\$ 202,500,000	\$ 9,200,000	\$ 193,300,000	\$ 30,000,000
		8	2020-21	2020	\$ -	\$ 198,000,000	\$ 9,000,000	\$ 189,000,000	\$ 30,000,000
		9	2021-22	2021	\$ -	\$ 193,500,000	\$ 8,800,000	\$ 184,700,000	\$ 30,000,000
		10	2022-23	2022	\$ -	\$ 189,000,000	\$ 8,600,000	\$ 180,400,000	\$ 30,000,000
		11	2023-24	2023	\$ -	\$ 184,500,000	\$ 8,400,000	\$ 176,100,000	\$ 176,100,000
		12	2024-25	2024	\$ -	\$ 176,400,000	\$ 8,200,000	\$ 168,200,000	\$ 168,200,000
		13	2025-26	2025	\$ -	\$ 175,500,000	\$ 8,000,000	\$ 167,500,000	\$ 167,500,000
		14	2026-27	2026	\$ -	\$ 171,000,000	\$ 7,800,000	\$ 163,200,000	\$ 163,200,000
		15	2027-28	2027	\$ -	\$ 166,500,000	\$ 7,600,000	\$ 158,900,000	\$ 158,900,000

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

Signature of Authorized Company Representative: *Anthony B. Swenney, Director*

DATE: *April 26, 2012*

Applicant Name Praxair
 ISD Name Port Arthur ISD

Schedule C- Application: Employment Information

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTEs or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2012-13	2012	350 FTE	\$ 54,000	6	63,066.30	6	63,066.30
	1	2013-14	2013	100 FTE	\$ 54,000	6	63,066.30	6	63,066.30
	2	2014-15	2014			6	63,066.30	6	63,066.30
	3	2015-16	2015			6	63,066.30	6	63,066.30
	4	2016-17	2016			6	63,066.30	6	63,066.30
	5	2017-18	2017			6	63,066.30	6	63,066.30
	6	2018-19	2018			6	63,066.30	6	63,066.30
	7	2019-20	2019			6	63,066.30	6	63,066.30
	8	2020-21	2020			6	63,066.30	6	63,066.30
	9	2021-22	2021			6	63,066.30	6	63,066.30
	10	2022-23	2022			6	63,066.30	6	63,066.30
	11	2023-24	2023			6	63,066.30	6	63,066.30
	12	2024-25	2024			6	63,066.30	6	63,066.30
	13	2025-26	2025			6	63,066.30	6	63,066.30
	14	2026-27	2026			6	63,066.30	6	63,066.30
	15	2027-28	2027			6	63,066.30	6	63,066.30

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.

Angela P. Sweetney
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE *April 26, 2012*

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

Applicant Name: Praxair
 Form 50-296
 Post Arthur ISD
 Other Property Tax Abatements Sought

The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Complete tax years of qualifying time period	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	Port Arthur ISD Other Property Tax Abatements Sought					
					Sales Taxable Expenditures	Franchise Tax		County	City	Hospital	Other		
			2012-13	2012	\$ 120,000	\$ 193,800,000	\$ -						
	1	2013-14	2013	2013	\$ 200,000	\$ 28,800,000	\$ -		20%				
	2	2014-15	2014	2014	\$ 958,500	\$ 958,500	\$ -		20%				
	3	2015-16	2015	2015	\$ 1,786,000	\$ 1,756,000	\$ -	100%	20%				100%
	4	2016-17	2016	2016	\$ 1,801,500	\$ 1,801,500	\$ 24,000	90%	20%				90%
	5	2017-18	2017	2017	\$ 2,145,000	\$ 2,145,000	\$ 21,600	80%	20%				80%
	6	2018-19	2018	2018	\$ 4,023,000	\$ 40,203,000	\$ 46,500	70%	20%				70%
	7	2019-20	2019	2019	\$ 2,532,500	\$ 2,532,500	\$ 76,250	60%	20%				60%
	8	2020-21	2020	2020	\$ 1,647,500	\$ 1,647,500	\$ 76,250		20%				
	9	2021-22	2021	2021	\$ 2,446,500	\$ 2,446,500	\$ 76,250		20%				
	10	2022-23	2022	2022	\$ 4,023,000	\$ 4,023,000	\$ 76,250		20%				
	11	2023-24	2023	2023	\$ 2,532,500	\$ 2,532,500	\$ 76,250		20%				
	12	2024-25	2024	2024	\$ 1,647,500	\$ 1,647,500	\$ 76,250		20%				
	13	2025-26	2025	2025	\$ 2,446,500	\$ 2,446,500	\$ 76,250		20%				
	14	2026-27	2026	2026	\$ 4,023,000	\$ 4,023,000	\$ 76,250		20%				
	15	2027-28	2027	2027	\$ 4,023,000	\$ 4,023,000	\$ 76,250		20%				

For planning, construction and operation of the facility.

Gregory B. Sweeney, Director
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

April 26, 2012
 DATE



**PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)**

ATTACHMENT NO. 2

PROOF OF PAYMENT OF APPLICATION FEE

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)*



PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)

ATTACHMENT NO. 3(A) – (B)

3(A) DESCRIPTION OF PROPOSED PROJECT

PROCESS DESCRIPTION AND OPERATION

In summary, the Praxair design will consist of an SMR unit capable of producing 135 MMSCFD of hydrogen at 650 PSIG on natural gas feed. The SMR unit will be designed to produce 210 KLBS/H of superheated export steam at 650 PSIG and 755 degrees F. The unit is designed to produce 450 KLBS/H with Auxiliary Boiler firing at full load.

The following sections detail hydrogen production process.

Hydrogen plant is made up of the general process steps listed below:

- Feed Hydrotreating and Desulfurization
- Reforming
- High Temperature Shift Conversion
- Process Cooling
- Hydrogen Purification
- Heat Recovery and Steam Generation

Process Description

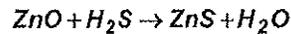
Feed Gas Compression and Pretreatment

Natural gas supplied at the Praxair battery limits will be sent through Feed Gas Separator to remove any liquids that may have condensed due to low ambient temperature. After the separator, the natural gas is used as fuel gas for the burners in the radiant section of the reformer. A small amount of compressed recycle hydrogen is mixed with the natural gas upstream of the natural gas steam preheater to provide the necessary hydrogen for the hydrotreater.

The natural gas and hydrogen are then heated in two convective bank coils to the target Hydrotreater inlet temperature. The heated gas enters the Hydrotreater, to convert any organic sulfur compounds to H₂S and hydrogenate any olefinic compounds into paraffins. The small amount of oxygen and olefins possible in the natural gas streams will react with hydrogen in the hydrotreater, producing an exotherm.

Sulfur compounds in the natural gas act as poisons to the reformer catalyst and must be removed. The removal of hydrogen sulfide is done by reaction with an absorbent in a two-bed system configured in a lead/lag arrangement. The desulfurizer reactors contain porous ZnO to absorb H₂S. Reaction of hydrogen sulfide with ZnO produces zinc sulfide and

reduces the level of hydrogen sulfide in the exit gas to less than 0.02 ppmv. Zinc oxide is consumed during the process and is not regenerable. The bed must be discharged and replaced when it is exhausted. The lead/lag arrangement allows this to be done while the plant is in operation since the lag bed has sufficient capacity to allow the lead bed to be removed from service while the absorbent is replaced. The renewed bed is then recommissioned in the lag position. The desulfurizers remove H₂S from the natural gas according to the following chemisorption reaction:

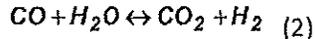
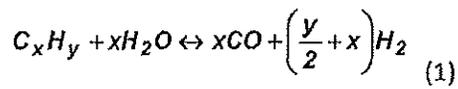


The desulfurizers are designed to be essentially sulfur free, with an H₂S content <0.1 ppm.

Steam Methane Reforming

From the Desulfurizers, the sulfur-free feed gas is mixed with process steam and heated in the Mixed Feed Superheaters located in the reformer's convection section. The temperature is controlled by means of interstage quenching.

The heated feed enters the top end of the tubes located within the Reformer. The reformer contains catalyst tubes filled with nickel reforming catalyst. It is here that the majority of the hydrogen is produced via the following reactions:

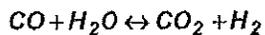


Reaction 1 is reforming and Reaction 2 is shift conversion. Both are equilibrium limited based on the outlet temperature and pressure. The overall reaction is endothermic, requiring heat supplied by the burners supplied by natural gas which is adjusted to control the reformer tube exit temperature.

The selection and design for this particular plant provides a modern, highly efficient approach for hydrogen production. Hot reformed gas leaves the lower end of the tubes at an outlet controlled at temperature and pressure and is collected into a manifold. The gas is then cooled in the Reformed Gas Boiler where steam is generated.

Shift Conversion

The reformer effluent process gas is next cooled in the Reformed Gas Boiler, while generating steam. The outlet temperature will have to be increased to maintain activity as the shift catalyst ages. After exiting, reformed gas passes through the Shift Reactor. The shift reactor contains chromium promoted iron oxide catalyst. Additional hydrogen is produced by shifting most of the carbon monoxide in the process gas to carbon dioxide and hydrogen by the following reaction:



The reaction is exothermic and is favored by low temperature.

Process Gas Cooling

Part of the heat from the shift effluent stream is recovered in the Process Condensate Evaporator. The gas is then used to preheat boiler feed water in the BFW Preheater II. Excess water in the process gas begins to condense out in the BFW Preheater II. The condensed water is separated from the process gas in the Hot Condensate Separator I. The process gas continues to be cooled while exchanging heat with the LP Steam Evaporator, Process Condensate Preheater II, and BFW Preheater I before entering the second Hot Condensate Separator II where the process gas and condensate are separated. Final cooling of the remaining process gas leaving Hot Condensate Separator II is accomplished by an air cooler and a process trim cooler. The process gas then enters the cold condensate separator where the process gas and cold process condensate are separated.

PSA Hydrogen Purification

The process gas is next sent to the Pressure Swing Adsorber (PSA) unit, where final purification of the hydrogen product takes place.

The PSA process is based on physical adsorption phenomena. Highly volatile compounds with low polarity (such as hydrogen or helium) are practically non-adsorbable compared to H₂O, N₂, CO, CO₂, NH₃, CH₄, sulfur compounds, and hydrocarbons. Hence, most impurities in a hydrogen-containing stream can be selectively adsorbed resulting in a high purity hydrogen product.

The pressure swing adsorption process works between two pressure levels. Adsorption of impurities is carried out at high pressure to increase the partial pressure and, therefore, the loading of the impurities on the adsorbent material. Desorption of impurities and regeneration takes place at low pressure. This reduces the residual loading of the impurities on the adsorbent material to as low a level as possible.

Feed gas flows up through the adsorbers. Impurities such as water, heavy hydrocarbons, light hydrocarbons, carbon dioxide and nitrogen, are selectively adsorbed. High purity hydrogen flows out the adsorber vessels into the product piping.

After the adsorption operation is completed, the adsorber is regenerated with equalization and purging steps. Higher recovery is achieved through multiple equalization steps.

The PSA tail gas from the regeneration step is collected in the Surge Tank and is used as primary fuel in the reformer. The Surge Tank is designed to minimize variations in the tail gas pressure and composition.

Convection Section

Heat of combustion, produced by the ignition of air and fuel in the burners located in the radiant section of the reformer, is partly transferred to the reformer tubes. A portion of the remaining heat is recovered in the tube banks of the Mixed Feed Superheaters, in the Steam Superheaters, in the Process Condensate Steam Generator, Feed Preheaters and in the Air Preheaters. An Induced Draft Fan is provided to draw the combustion products out of the reformer firebox and through the convection section, prior to discharging to the atmosphere. Environmental regulations make it necessary to reduce NO_x emissions to

atmosphere. To reduce NOx emissions, a Selective Catalytic Reduction reactor is provided in the convective section of the reformer after the Auxiliary Boiler Steam Superheater. The SCR is a bed of catalyst that promotes the reaction between ammonia and NOx to form nitrogen and water. Nitrogen and water pose no environmental concerns and may be discharged to the atmosphere without additional abatement.

The plant design also includes the addition of an Auxiliary boiler that is placed in the convection bank between HP Steam Superheater I and Combustion Air Preheater II. This will provide the plant the flexibility of producing additional export steam by generating additional heat of combustion produced by the ignition of air and natural gas.

Steam System

Polished water is pumped to the reformer by booster pumps. The purified makeup water is heated in a demineralized water preheater and steam-stripped of any dissolved gases in the deaerator. The deaerated boiler feed water is pumped by the Boiler Feed Water Pumps and cooled down in the demineralized water preheater and ready to be used for generating HP steam, LP steam, Process Steam and to serve as a temperature regulator via Spray Atomizers.

A brief description of the three different steam systems is included below.

HP Steam System:

The BFW is preheated in BFW preheater I and II by process gas before entering the HP steam drum. The saturated HP steam leaves the drum and is superheated in the convection bank via Steam Superheater I and II. Most of the steam is used as export steam and a portion of the superheated steam is used to supplement the process steam in order to achieve the target steam to carbon ratio.

An additional way to generate HP steam is via the Auxiliary Boiler. BFW can also be routed to the Auxiliary Boiler steam drum where saturated HP steam is generated. The saturated HP steam leaving the auxiliary boiler steam drum is superheated via Auxiliary Steam Superheater I and II in the convection bank. All of the steam is used as export steam.

Process Steam System:

The process condensate is collected in Hot Condensate Separator I, Hot Condensate Separator II and the Cold Condensate Separator. The process condensate is then pumped using process condensate pumps and initially heated through the Process Condensate Preheater II where the flow is then split and further heated in Process Condensate Preheater I. A portion of the process condensate is sent to the PC steam drum to generate steam via PC steam generator in the convection coil. The other portion of process condensate exiting PC Preheater II is fed to the PC Evaporator where it generates additional process steam. The saturated steam from the PC steam drum and PC Evaporator are routed to the Feed/Steam mixing tee. All steam produced from process condensate is used exclusively as process steam.

LP Steam System:

LP steam is generated by the LP steam evaporator in the process gas cooling train and by flashing blowdowns from the HP Reformer and Auxiliary Boiler steam drums in the HP steam blowdown drum. In the case of a LP steam shortage the HP export steam can be depressurized and cooled down by spray attemperators to LP steam conditions. The LP steam is used for natural gas feed preheating, stripping steam in the deaerator and combustion air preheating in the Calorifier.

Blowdown System:

The plant is equipped with two separate blowdown systems. One system collects blowdown from the HP and Auxiliary Boiler steam drums where it is flashed in the HP steam blowdown drum. The flash steam is used as LP steam and the hot blowdown water is cooled in a HP steam blowdown cooler and routed to battery limits via a lift station.

The process condensate is routed to a standpipe where the flash steam is vented to atmosphere and the hot blowdown water is cooled in the PC blowdown cooler and routed to battery limits via a lift station. This system is also used for handling process condensate collection during start up and abnormal (high level) cold condensate separator events.

Water Treatment/Storage

Praxair will receive a blend of demineralized water and refinery condensate at battery limits as boiler make up water. Due to the stringent process water specifications (Na, Cu, SiO₂, Fe, Conductivity) a RO polishing unit is required to achieve the specified targets. The two areas in the process driving these targets are the high flux process gas boiler design and the extensive use of spray attemperators in their design.

The RO polishing system will utilize ion exchange resins to reduce the dissolved solid levels of the make up water. The polished water will be sent to a break tank prior to being pumped to the reformer area to be heated and sent to the deaerator for degasification.

Cooling Water System

The cooling water system consists of a new cooling tower, cooling water pumps, and distribution network to supply cooling water to the new reformer facility and compressors.

3(B) PRAXAIR'S ABILITY TO RELOCATE IN ANOTHER STATE OR REGION

Praxair operates industrial gas facilities worldwide and has the ability to locate in any state and any area of Texas that has a demand for industrial gases.

Praxair's pipeline complex allows us to have options for our investment. Not only land availability but also the flexibility of several States to choose that location. Many factors are considered in selecting site location, including local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are looking at Louisiana and Texas for our current investment options.



**PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)**

ATTACHMENT NO. 4(A) – (D)

**(A) DESCRIPTION OF QUALIFIED INVESTMENT FOR WHICH AN
APPRAISED VALUE LIMITATION IS BEING REQUESTED**

**(B) DESCRIPTION OF NEW BUILDING, PROPOSED IMPROVEMENTS, OR
PERSONAL PROPERTY TO BE INCLUDED AS PART OF THE MINIMUM
QUALIFIED INVESTMENT**

(C) MAP OF QUALIFIED INVESTMENT WITH VICINITY MAP

(D) DESCRIPTION OF EXISTING PROPERTY

ATTACHMENT NO. 4(B): DESCRIPTION OF QUALIFIED INVESTMENT

Praxair plans to build and operate a steam methane reformer ("SMR") unit capable of producing 135MMSCFD of hydrogen at 650 PSIG on natural gas feed. The project will install property and equipment including, but not limited to the following:

Buildings	Improvements	Machinery & Equipment	Machinery & Equipment (Continued)
Control Building	Steam Reformer Steel Structure	Feed Gas Separator	Steam Reformer
Maintenance Building	Aux Boiler Steel Structure	NG Liquid Collection Tank	Feed / Steam Inlet Manifold
Analytical Enclosure	Area Paving	Natural Gas Steam Preheater	Fuel Gas Manifold
Electrical Enclosure	Pipe Rack structures	RG Coalescer / Filter	Steam Reformer – Combustion Air Ducting
Variable Speed Drive Enclosure	Process Equipment Structure	Hydrotreater	Reformer Tubes
Remote Instrument Enclosure		Desulfurizer	Outlet Manifold system
BFW Treatment /Water Analyzer Enclosure		Mixed Feed Superheater I	Steam Reformer – refractory lining
Cooling Tower Water Treatment Eclosure		Mixed Feed Superheater II	Reformer Burners
CEMS Enclosure		Feed Preheater I	Convection Bank
Oil Storage Shed		Feed Preheater II	Spray Attemperators (6)
		HP Steam Superheater I	
		HP Steam Superheater II	

Buildings	Improvements	Machinery & Equipment	Machinery & Equipment (Continued)
		Aux Steam Superheater I	Reformer Steam Drum
		Aux Steam Superheater II	HP Steam Blowdown Drum
		Combustion Air Preheater I	Steam Silencer
		Combustion Air Preheater II	PC Steam Drum
		PC Preheater I	PC Blowdown Drum
		PC Steam Generator	Process Gas Cooler
		Auxiliary Boiler	HP Steam Blowdown Cooler
		Aux Boiler Burners	Calorifier
		Aux Boiler Refractory Lining	PC Blowdown Drum
		Auxiliary Boiler Steam Drum	Steam Ejector
		Calorifier Condensate Lifter	Forced Draft Fan
		Flue Gas Stack	Induced Draft Fan

Buildings	Improvements	Machinery & Equipment	Machinery & Equipment (Continued)
		Process Condensate Evaporator	Pressure Swing Adsorption (PSA) Unit
		BFW Preheater I	Nitrogen Recycle Compressor
		Process Condensate Preheater II	Nitrogen Recycle Compressor Cooler
		Process Gas Air Cooler	Flare
		Process Gas Trim Cooler	SCR DeNOx Unit
		BFW Preheater II	Aqueous NH3 Vaporizer
		LP Steam Evaporator	Deaerator
		Hot Condensate Separator I	Demin Water Preheater
		Hot Condensate Separator II	BFW Pumps
		Cold Condensate Separator	Hydrogen Product Compressors (3)
		Process Condensate Pump	BFW Treatment Unit
		HT Shift Converter	Dosing Station

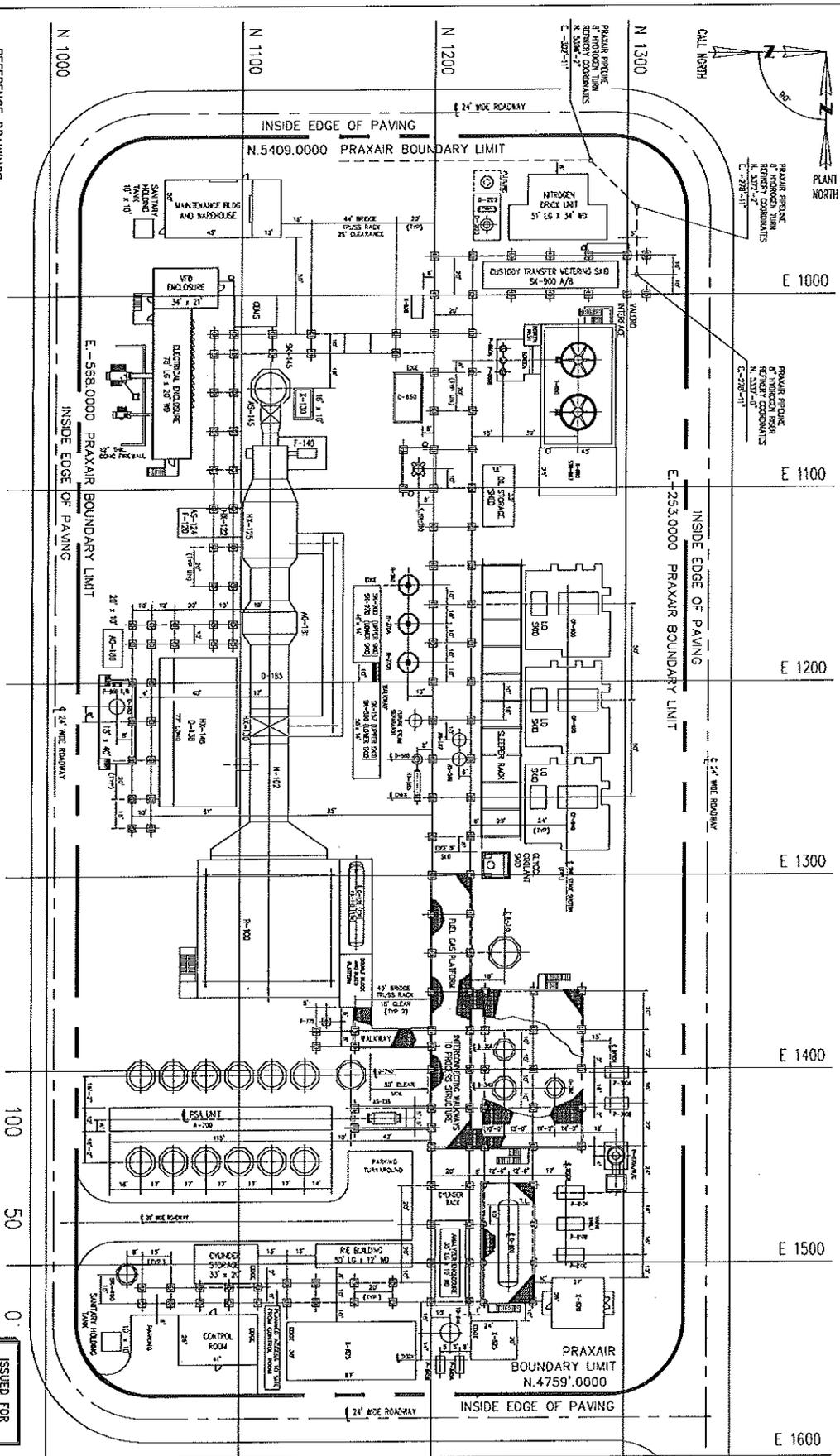
Buildings	Improvements	Machinery & Equipment	Machinery & Equipment (Continued)
		Cooling Tower	Instrument Air Dryer Package
		Cooling Water Pumps	Steam Mixing Station Skid
		Cooling Water Treatment System	NG/Steam Temperature Control Skid
		Cooling Water Side Stream Filter	Desulphurization Lead/Lag Skid
		Hydrogen Product Dust Filter	Oily Water Lift Station Pumps
		Liquid Nitrogen Driox (Storage and Vaporizers)	RO Water Polishing system
		Multiple Analyzers	RO Polishing Booster Pumps
		Electrical Transformers, Switchgear, Breakers, Resistors, switches	DCS (control system)
		Area Lighting	Burner Management System
		Various Instruments (flow, level, temperature elements, gauges, transmitters, regulators, control valves)	Various catalysts and absorbants

Praxair Hydrogen Facility
Port Arthur, TX

Major Equipment List

Plot Ref. #	Equipment System
T-850	Cooling Tower
P-860A/B	Cooling Water Pumps
X-880	Cooling Water Treatment System
X-867	Cooling Water Side Stream Filter Skid
C-650	Nitrogen Recycle Compressor
CP-900,920,940	Hydrogen Product Compressors
D-800	Deaerator
X-820	Boiler Feedwater Treatment
P-810A/B/C	Boiler Feedwater Pumps
X-825	Dosing Station
X-875	Water Polisher System
R-100	Reformer
H-102	Convection Bank
HX-146	Auxiliary Boiler
HX-125/130	Combustion Air Preheaters
SK-145	Flue Gas Stack
A-700	PSA
SK-490	Flare Stack

4-C MAP OF QUALIFIED INVESTMENT



REFERENCE DRAWINGS:

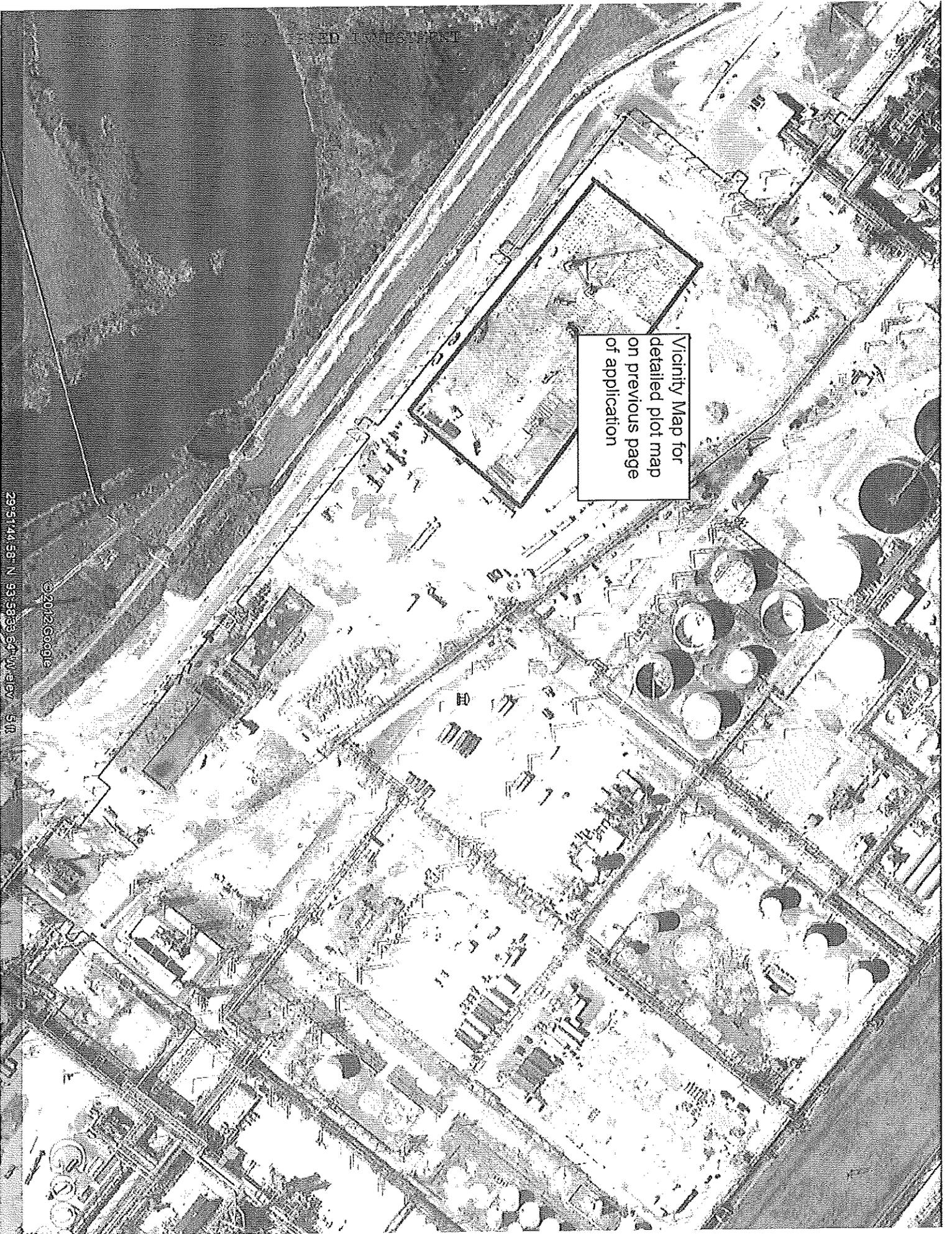
NO.	DATE	DESCRIPTION	BY	CHKD	APP'D
H	08/12/11	ISSUED FOR DESIGN	RKS	TP	
H	08/17/11	ISSUED FOR DESIGN	RKH	LAG	
G	08/17/11	ISSUED FOR DESIGN	RKH	LAG	
F	07/09/11	ISSUED FOR DESIGN	RKS	LAG	
D	06/16/11	ISSUED FOR DESIGN	RKS	LAG	
C	06/16/11	ISSUED FOR DESIGN	RKS	LAG	
B	06/10/11	ISSUED FOR DESIGN	RKS	LAG	
A	06/06/11	ISSUED FOR DESIGN	RKS	LAG	

GRAPHIC SCALE

ISSUED FOR DESIGN PURPOSES
DATE: 08/12/11

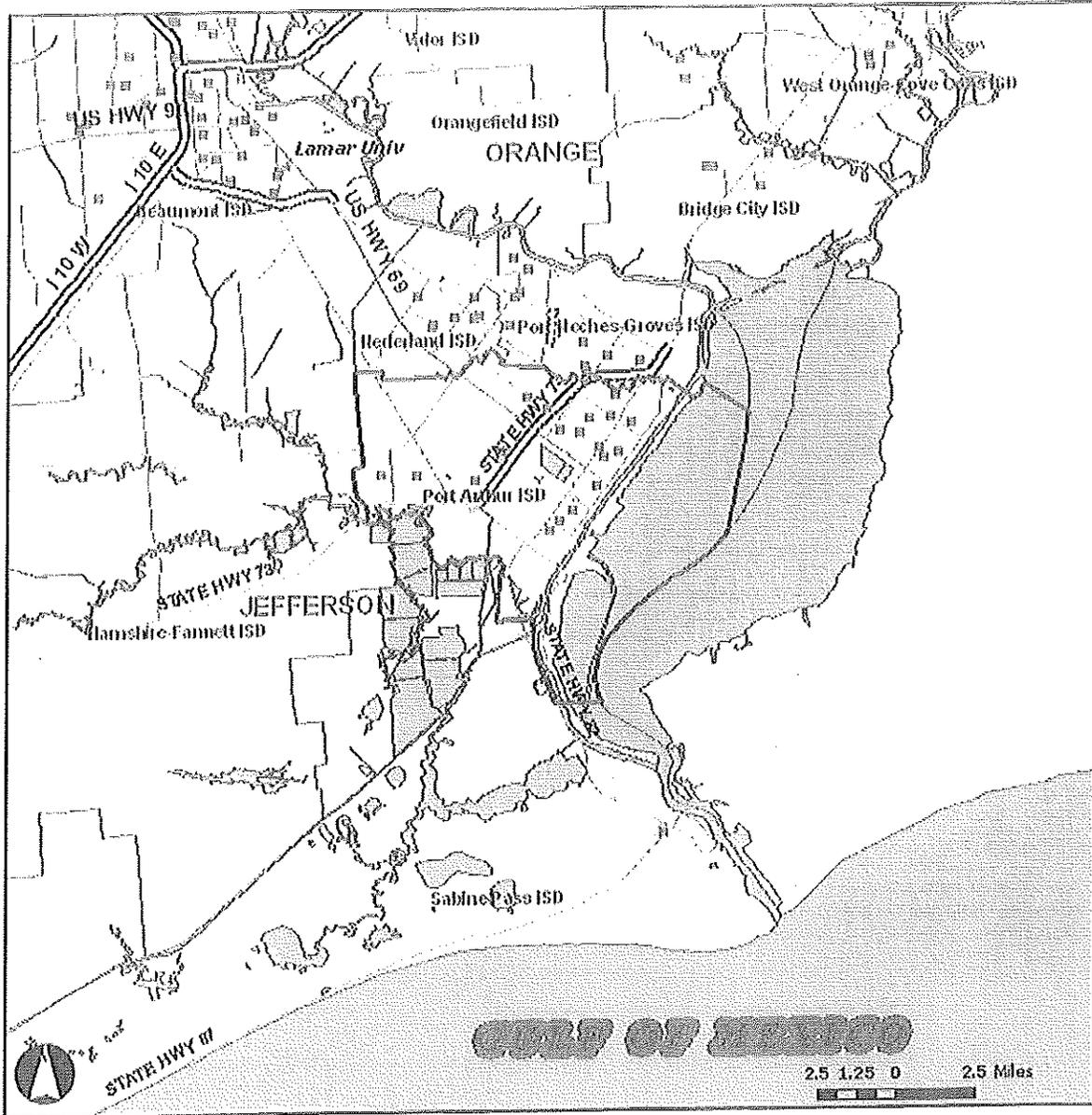
PRAXAIR BUSINESS CONFIDENTIAL
 135MM SCFD H2 SMR
 VALERO REFINERY - PORT ARTHUR, TEXAS
 PRAXAIR HYDROGEN FACILITY
 EQUIPMENT FLOOR PLAN

Vicinity Map for
detailed plot map
on previous page
of application



VICINITY MAP

Map



- Schools4
 - ▣ Schools
- HigherEd
 - ▣ Universities
- Hwys2
 - Other
 - ▬ A11
 - ▬ A15
 - ▬ A17
 - A21
 - A22

- Hwys2 (continued)
 - A25
 - A27
 - A60
- Gulf
 - ▣
- Counties1
 - ▣ Counties
- Counties3
 - ▣
- Hydrology

- Districts2
 - ▣
- School Districts
 - ▣ School Districts
- Districts
- Texas
 - ▣
- Gulf
 - ▣
- Texas

Attachment 4(D)-Existing Property

As indicated on the application, construction has begun at the Praxair site, including the placement of pilings, pouring of foundations and minimal placement of structural steel. However, no qualified property has been placed in service prior to the filing of an application determined to be complete by the latter of the school district or the Office of the Texas Comptroller. The investment expended for this construction has been indicated on Schedule A.



PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)

ATTACHMENT NO. 5

MAP OF RE-INVESTMENT ZONE BOUNDARIES AND ORDER

**Port Arthur 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 Port Arthur 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 Praxair, Inc.; 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 A** 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 Praxair, Inc. 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 Jefferson county as shown on the map attached as **Exhibit B**; 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 PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT:**

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

SECTION 2. That the Board of Trustees of the Port Arthur 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 *Praxair, Inc. 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 *Praxair, Inc. Reinvestment Zone* be and, by the adoption of this Resolution, is declared and certified to be, the area as described in the description attached hereto as "**Exhibit A**"; and,
- (c) That the map attached hereto as "**Exhibit B**" is declared to be and, by the adoption of this Resolution is certified to accurately depict and show the boundaries of *Praxair, Inc. Reinvestment Zone* which is normatively described in **Exhibit A**; and further certifies that the property described in **Exhibit A** is inside the boundaries shown on **Exhibit B**; and,
- (d) That creation of *Praxair, Inc. Reinvestment Zone* with boundaries as described in **Exhibit A** and **Exhibit B** will result in benefits to the Port Arthur County Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) *Praxair, Inc. Reinvestment Zone* described in **Exhibit A** and **Exhibit B** meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Port Arthur County Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Port Arthur 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 A** and **Exhibit B**, and such

reinvestment zone is hereby designated and shall hereafter be referred to as *Praxair, Inc. Reinvestment Zone*.

SECTION 4. That *Praxair, Inc. 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 be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Port Arthur 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 Port Arthur 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 June, 2012.

Port Arthur County Independent School District

By: _____
Kenneth Marks
President
Board of Trustees

ATTEST: _____
Willie Mae Elmore
Secretary
Board of Trustees

EXHIBIT "A"

Legal Description: 4.7004 Acre Tract or Parcel of Land
B.C. Arthur Survey, Abstract No. 61
Jefferson County, Texas

BEING a 4.7004 acre tract or parcel of land situated in the B.C. Arthur Survey, Abstract No. 61, Jefferson County, Texas and being out of and part of that certain called 371.719 acre tract, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas, said 4.7004 acre tract being more particularly described as follows:

NOTE: All bearings are referenced to the commencing call of that certain called 371.719 acre tract of land, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas as NORTH 01°15'31" WEST. All coordinates are referenced to the existing Valero Plant Monument System.

COMMENCING at a Gulf concrete monument found for the Southwest corner of that certain called 0.034 acre tract of land as described in a deed from Port Canal and Dock Co. to Gulf Refining Company as recorded in Volume 219, Page 76, Deed Records, Jefferson County, Texas, and said corner also being the point of beginning in the description of that certain called 103.224 acre tract, identified as TRACT 5, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas and said corner being in the Northwesterly line of that certain called 259.02 acre tract, identified as "Parcel C", as described in a "Special Warranty Deed" from J.S. Hollyfield, Trustee, to Rice-Carden Corporation as recorded in Volume 1729, Page 345, Deed Records, Jefferson County, Texas;

THENCE NORTH 30°40'46" WEST for a distance of 8540.12 feet to the most Easterly corner and the **POINT OF BEGINNING** of the tract herein described, said point having coordinates of N 4759.00, E - 253.00;

THENCE SOUTH 41°18'00" WEST, over and across the said TRACT 6, for a distance of 315.00 feet to a point for corner, said point having coordinates of N 4759.00, E -568.0;

THENCE NORTH 48°42'00" WEST, continuing over and across the said TRACT 6, for a distance of 650.00 feet to a point for corner, said point having coordinates of N 5409.00, E -568.00;

THENCE NORTH 41°18'00" EAST, continuing over and across the said TRACT 6, for a distance of 315.00 feet to a point for corner, said point having coordinates of N 5409.00, E -253.00;

THENCE SOUTH 48°42'00" EAST, continuing over and across the said TRACT 6, for a distance of 650.00 feet to the **POINT OF BEGINNING** and containing 4.7004 Acres, more or less.

Surveyed on June 13, 2011. This legal description is being submitted along with a plat based on this survey.

Thomas S. Rowe, RPLS No. 5728

W:2011\11-274\11-274Pravair M&B.doc

EXHIBIT "A"

MARK W. WHITELEY AND ASSOCIATES, INC.

TO THE OWNERS OF THE PREMISES SURVEYED AS OF THE DATE OF THE SURVEY:

I, THOMAS S. ROBE DO HEREBY CERTIFY THAT THIS SURVEY WAS THIS DAY MADE ON THE SURFACE OF THE GROUND OF THE PROPERTY LEGALLY DESCRIBED HEREON AND CORRECTLY REPRESENTS THE FACTS FOUND AT THE TIME OF THE SURVEY.

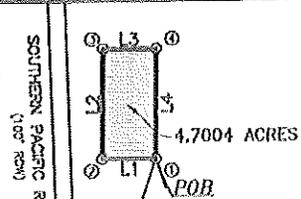
DATE SURVEYED: JUNE 13, 2011

PRELIMINARY

THOMAS S. ROBE - REGISTERED PROFESSIONAL LAND SURVEYOR No. 6728

LINE	BEARING	DISTANCE
L1	S41°18'00"W	315.00'
L2	N46°42'00"W	650.00'
L3	N41°18'00"E	315.00'
L4	S45°42'00"E	650.00'

PLANT COORDINATE		
No.	NORTHING	EASTING
①	4759.00	-253.00
②	4759.00	-569.00
③	5409.00	-569.00
④	5409.00	-253.00



TEXACO DOWNSTREAM PROPERTIES, INC.
CURRENT JEFFERSON COUNTY
ASSESSOR PARCEL NUMBER
49162-024-081270-0000-0
CF. NO. 2507011535
OPRAC

REMINDER OF CALLED 371.719 ACRES
TRACT 6
CLARK REFINING & MARKETING, INC.
CF. NO. 95-2505598
OPRAC

CALLED 0.781 ACRES
TRACT 10
CLARK REFINING & MARKETING, INC.
CF. NO. 95-2505598
OPRAC

END 5/8" 1 ROD W/ C/P
STAMPED W/ RPLS 3836

T. & N. O. RAILROAD (100' R/W)
STATE HIGHWAY 67
HIGHWAY ROW LINE
WITH USAGE AGREEMENT
(0-15-24) 9-18-85
U-3575

B.C. ARTHUR SURVEY
ABSTRACT NO. 61

CALLED 551.993 ACRES
TRACT 4
CLARK REFINING & MARKETING, INC.
CF. NO. 95-2505598
OPRAC

(CALL 100°15'37"W 8630.65')
TRACT 9
REFERENCE BEARING PER TRACT 6
CF. NO. 95-2505598, OPRAC

EXHIBIT "B"
REFER TO EXHIBIT "A"
FOR LEGAL DESCRIPTION

NOTE:
1. NOTHING IN THIS SURVEY IS INTENDED TO EXPRESS AN OPINION REGARDING OWNERSHIP OR TITLE.
2. THE WORD CERTIFY IS UNDERSTOOD TO BE AN EXPRESSION OF PROFESSIONAL JUDGMENT BY THE SURVEYOR, WHICH IS BASED ON HIS BEST KNOWLEDGE, INFORMATION AND BELIEF, FORGED BY THE COURSE OF HIS PERFORMING THE SURVEY IN COMPLIANCE WITH THE STANDARDS OF PRACTICE REQUIRED AND PROMULGATED BY THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYORS AND THE TEXAS SOCIETY OF PROFESSIONAL SURVEYORS. AS SUCH, IT CONSTITUTES NEITHER A GUARANTEE NOR A WARRANTY, EXPRESSED OR IMPLIED.
3. COORDINATES SHOWN ARE REFERENCED TO VALERO REFINERY PLANT COORDINATE SYSTEM.

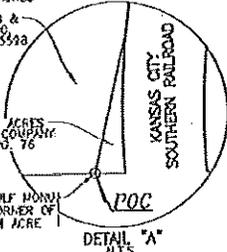
CALLED 103.224 ACRES
TRACT 6
CLARK REFINING & MARKETING, INC.
CF. NO. 95-2505598
OPRAC

CALLED 40.802 ACRES
TRACT 4
CLARK REFINING & MARKETING, INC.
CF. NO. 95-2505598
OPRAC

CALLED 103.224 ACRES
TRACT 6
CLARK REFINING & MARKETING, INC.
CF. NO. 95-2505598
OPRAC

CALLED 0.034 ACRES
GULF REFINING COMPANY
VOL. 219, PG. 76
OPRAC

P.O. GULF POINT
S.W. CORNER OF
0.034 ACRE



CALLED 259.02 ACRES
PARCEL 18
RICE-CARROLL CORPORATION
VOL. 1729, PG. 315
OPRAC

VALERO PORT ARTHUR REFINERY

DR BY: CDO	SCALE: 1"=1000'	SHEET No. 1
DATE: 02/01/2011	FILE: W\2011\11-274	1 of 1
JOB NO. 11-274	11-274\SM1.DWG	REV. 0

MARK W. WHITELEY AND ASSOCIATES INCORPORATED
CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS

P. O. BOX 5412
FOUNTAIN, TEXAS 77726-5412
409-572-0411

3750 EASTERN PKWY.
HOUSTON, TEXAS 77058
(713) 401-5312-1343

SURVEY SHOWING A 4.7004 ACRE TRACT OR PARCEL OF LAND B.C. ARTHUR SURVEY ABSTRACT NO. 61 JEFFERSON COUNTY, TEXAS



**PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)**

ATTACHMENT NO. 6

**SUPPLEMENTAL REQUEST FOR WAIVER OF JOB CREATION REQUIREMENT
DETAILED INFORMATION ABOUT PROJECTS OF COMPARABLE SIZE**

Pursuant to § 313.025 (f-1) of the Texas Tax Code, the governing body of a school district may waive the new jobs creation requirement in § 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if the governing body makes a finding that the jobs creation requirement exceeds industry standard for the number of employees reasonably necessary for the operation of the facility that is described in the application.

The operational demands of Praxair's new proposed project will require the creation of a total of 6 "qualifying jobs". The jobs are for operators, technicians, and maintenance staff. The 6 "qualifying jobs" exceed the industry standard for the number of employees reasonably necessary for the operation of the proposed facility.

The foregoing standard has been established by our research of staffing levels of similar sized units. A competitor's facility located on the same property where Praxair's investment will be located currently operates two steam methane reformer units with 8 operators and 1 additional technician for a total of 9 jobs. Praxair's proposed investment is a single steam methane reformer unit that will be supported by 6 jobs as indicated above. The 3 steam methane reformer units that will be located at the site (2 operated by a competitor and 1 operated by Praxair) are all of similar size and technology. Praxair's proposed job creation will, therefore, exceed industry standard for a single methane reformer unit. The reason for Praxair's additional employment level at this site will be to better guarantee system reliability and consistency of service.

Praxair's project cannot sustain the minimum job requirement for the School District in which it is located. Praxair, therefore, respectfully requests that Port Arthur ISD find that the District's jobs creation requirement exceeds the industry standard and waive its requirement that Praxair's project create a minimum number of jobs in the District, in accordance with Chapter 313 of the Texas Tax Code.



**PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)**

ATTACHMENT NO. 7

WAGE CALCULATIONS AND TEXAS WORKFORCE COMMISSION DOCUMENTATION

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

110% of County Average Weekly Wage for all Jobs

Year	Period	Wages
------	--------	-------

2011	1Q	928
2011	2Q	880
2011	3Q	925
2011	4Q	984

Average= \$929.25 average weekly salary
X 1.1 (110%)
\$1022.18 110% of County Average Weekly Wage for all Jobs

110% of County Average Weekly Wage for Manufacturing Jobs

Year	Period	Wages
------	--------	-------

2011	1Q	1,901
2011	2Q	1,520
2011	3Q	1,587
2011	4Q	1,613

Average= \$1,655.25 average weekly salary
X 1.1 (110%)
\$1,820.78 110% 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)**

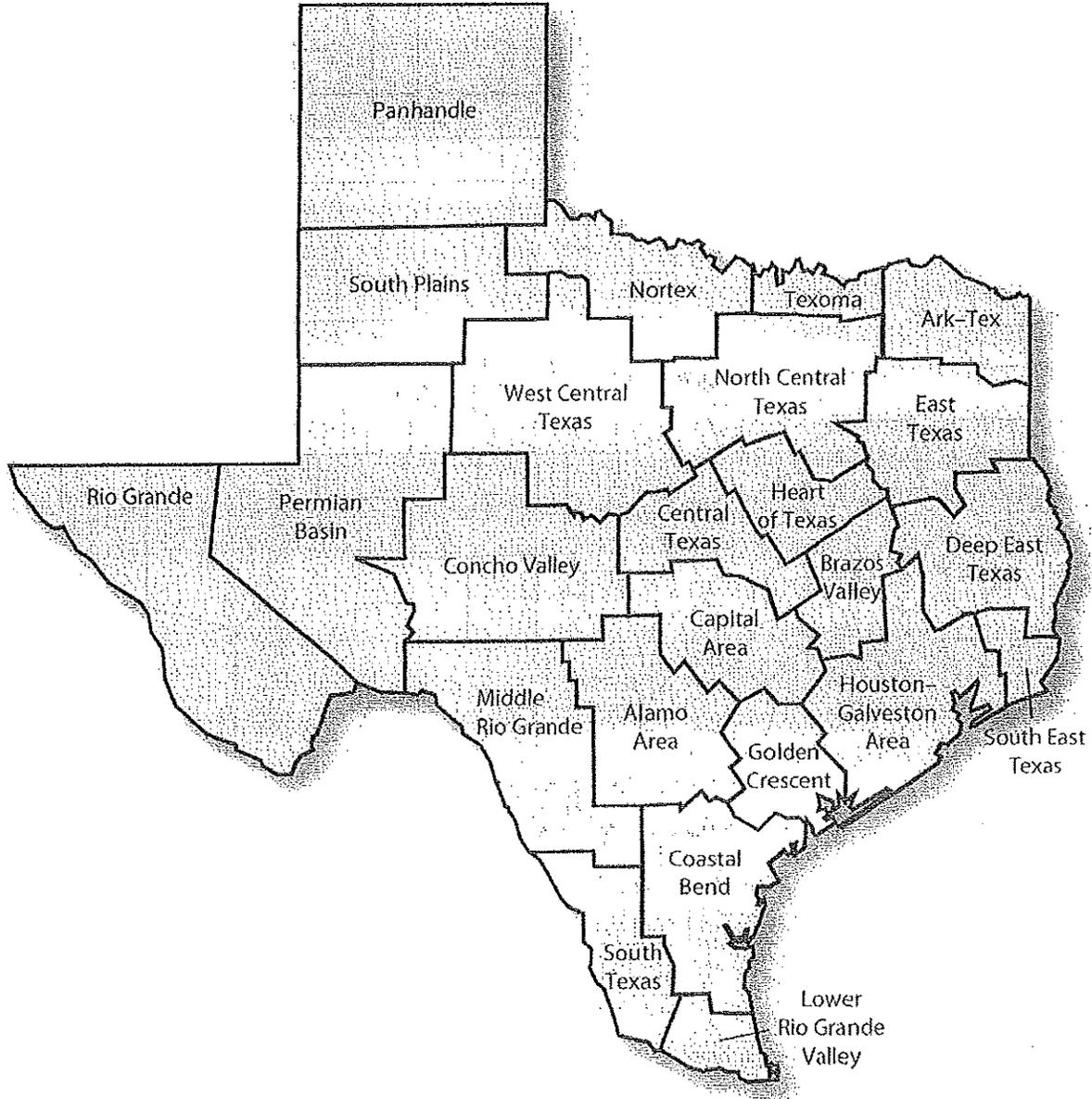
\$27.56 per hour
X 40 hr per week
 \$ 1,102.40 average weekly salary
X 1.10 (110%)
\$1,212.64
X 52 weeks
\$63,057.28 110% of County Average Weekly Wage for all Jobs in Region

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$928
2011	2nd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$880
2011	3rd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$925
2011	4th Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$984
2011	4th Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,613
2011	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,587
2011	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,520
2011	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,901

Council of Governments Regions



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

COG	Wages	
	Hourly	Annual
Texas		
<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
<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. Texoma 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.



PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)

ATTACHMENT NO. 8

DESCRIPTION OF BENEFITS OFFERED TO QUALIFIED JOBHOLDERS

Praxair offers the following benefits to qualified jobholders:

- Medical Program
- Dental Program
- Vision Eyewear Program
- Basic Life Insurance Plan
- Supplemental Life Insurance Plan
- Short Term Disability Plan
- Long Term Disability Plan
- Legal Services
- Health Care and Dependent Care Reimbursement Programs
- Pension Plan
- Retirement Savings Plan
- Flex Hours
- Employee Assistance Program
- Health Advocate Program
- Educational Refund Program
- Vacation Plan
- Long Term Care Plans



PRAXAIR'S APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
(Tax Code, Chapter 313, Subchapter B or C)

ATTACHMENT NO. 9

ECONOMIC IMPACT ANALYSIS

A Report of the Economic Impact over 25 Years from Praxair Steam Methane Reformer at the Valero (Premcor) Port Arthur, TX Refinery

July 31, 2011

Prepared for:

Praxair, Inc.
1801 South Gulfway Drive
Port Arthur, TX 77640

Prepared by:

Impact DataSource
4709 Cap Rock Drive
Austin, Texas 78735
(512) 892-0205
Fax (512) 892-2569
www.impactdatasource.com

ImpactDataSource

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Executive Summary

The Project

Praxair, Inc. is evaluating expansion of its existing hydrogen complex in Port Arthur. The proposed \$231 million project would include modernizing the pipeline system and expansion of hydrogen and steam production. Construction could begin in 2011 and would continue in phases until completed by end of 2013.

The company expects annual revenues of the expanded facility of \$148 million.

The expansion will create 6 to 8 permanent jobs at the facility with average annual salaries of \$65,000.

The taxing districts in which the facility is located include Jefferson County, Port Arthur ISD, Port of Port Arthur, Sabine - Neches Navigation District, and Drainage District # 7. In addition, the facility is located in the City of Port Arthur's extraterritorial jurisdiction (ETJ).

Tax Abatement Requested from the County and Other Taxing Districts

The firm will request property taxes on its qualified property from Jefferson County and from the port, navigation and drainage districts.

The firm requests that property taxes be abated for nine years on the qualified property that this project will add to local tax rolls at the following percentage:

Percentage of Taxes Requested for Abatement on the Firm's Qualified Property	
Tax abatement year 1	90%
Tax abatement year 2	90%
Tax abatement year 3	90%
Tax abatement year 4	90%
Tax abatement year 5	90%
Tax abatement year 6	90%
Tax abatement year 7	90%
Tax abatement year 8	90%
Tax abatement year 9	90%
Tax abatement year 10	90%

It is expected that the base year for tax abatement will be when the expansion projects at the facility are completed and on local tax rolls.

In addition, Port Arthur ISD may be asked for appraised value limitations and tax credits for the facility under the Texas Tax Code chapter 313. This request will begin in 2012 when property at the facility generated by this project is placed on school district tax rolls.

Economic Impact of the Facility During Construction to Expand the Facility

During construction, the facility is expected to have a large economic impact on the Jefferson County area. Some of the estimated economic impacts during construction to expand the plant are shown below.

Estimated Economic Impact of the Project During Construction to Expand the plant	
Economic activity which may be generated during construction to expand the plant, including spending on the project and spin-off revenues in area businesses	\$455,652,143
Number of direct construction jobs and indirect jobs that may be created and supported during the construction period	1,491
Estimated direct construction workers and indirect workers' salaries	\$278,375,996
Estimated taxable worker spending in Jefferson County	\$55,118,447

Economic Impact of the Project During Operations

Over the first 25 years of the project, the operations of the Praxair's facility is expected to have a huge economic impact on the Jefferson County area. Some of these estimated economic impacts are shown below.

Estimated Economic Impact of the Operations of the Facility During its First 25 Years	
Estimated number of permanent direct and indirect jobs created	40
Direct and indirect worker salaries	\$56,876,452
Estimated taxable worker spending in the county	\$11,261,538
Appraised market value of property added to county tax rolls:	
Real and personal property at the facility	\$193,010,892
New residential property constructed for workers	\$649,080

Costs and Benefits for Jefferson County During the First 25 Years of the Project, During Construction and Operations

Over the first 25 years of the project -- during the construction to expand the facility and its operations -- the project will generate the following net benefits for Jefferson County, as shown below.

Estimated Costs and Benefits for Jefferson County Over the First 25 Years of the Project	
Sales tax collections on workers' spending over the first 25 years:	
During construction to expand the plant	\$275,592
Over the first 25 years of the project	\$56,308
Total sales tax collections	\$331,900
Property taxes that may be abated on the facility's real property over the first ten years after property is first added to tax rolls	\$6,023,561
Property tax collections:	
On the facility after any possible abatements	\$7,290,041
On new residential property	\$79,047
Total property tax collections	\$7,369,088
Total sales and property tax collections	\$7,700,988
Less additional costs for Jefferson County to provide services to the households of new workers	(\$82,630)
Net benefits for the county during construction and over the first 25 years of the project	\$7,618,358

Costs and Benefits for the City of Port Arthur During the First 25 Years of the Project, During Construction and Operations

Over the first 25 years of the project -- during the construction to expand the facility and its operations -- the project will generate the following net benefits for the City of Port Arthur, as shown below.

Estimated Costs and Benefits for the City of Port Arthur Over the First 25 Years of the Project	
Sales tax collections on workers' spending of construction workers during construction and by plant workers once the	\$348,495
Possible payments in lieu of taxes	\$10,678,857
Property tax collections on new residential property	\$60,033
Total sales and property tax collections	\$11,087,384
Less additional costs for the City to provide services the households of new workers who move to the city	(\$110,174)
Net benefits for the city during construction and over the first 25 years of the project	\$10,977,211

Total Revenues for Jefferson County and Other Taxing Districts from the Facility Over the First 25 Years of the Project, During Construction and Operations

Over the first 25 years of the project, during construction and operations, Praxair's facility is expected to generate substantial revenues for Jefferson County and cities, school districts and special taxing districts in the county. These estimated revenues are shown below.

Estimated Revenues for Jefferson County and Other Local Taxing Districts Over the First 25 Years of the Project				
	Property Taxes	Sales Taxes on Workers Spending	Payments in Lieu of Taxes	Total
Taxing districts in which the facility is located:				
Jefferson County	\$7,369,088	\$331,900		\$7,700,988
City of Port Arthur	\$60,033	\$348,495	\$10,678,857	\$11,087,384
Port Arthur ISD	\$37,967,628			\$37,967,628
Port of Port Arthur	\$2,531,750			\$2,531,750
Sabine-Neches Navigation District	\$541,279			\$541,279
Drainage District # 7	\$2,745,650			\$2,745,650
Other taxing districts in which some workers live:				
Other cities	\$90,092	\$995,700		\$1,085,792
Other school districts	\$192,150			\$192,150
Other special taxing districts	\$33,841			\$33,841
Total	\$51,531,511	\$1,676,095	\$10,678,857	\$63,886,462

Property tax collections shown for the City of Port Arthur will be on new residential property built for some direct and indirect workers who may live in the city.

Details of this economic impact analysis are shown on the following pages.

The Full Report

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic research firm. The purpose of this analysis was to estimate the impact that the expansion and operations of Praxair's hydrogen plant in Port Arthur, Texas will have on the economy of Jefferson County over the first 25 years of the project, during construction to expand the plant and its operations. In addition, costs and benefits for the county were estimated along with revenues for cities, school districts and special taxing districts in the county over the same period.

Projections of this Study are Estimates

Projections, targets, and expectations in this report are estimates. Actual results, including project scope, timing, costs, jobs, expansion plans, potential tax and other payments and any other forecasted economic benefits may be different.

Study of Impacts Over Twenty-Five Years

This study projects the economic impact over a 25 year period -- during construction to expand the plant and operations of the plant. The projected and productive life of the project is longer than ten years of productive life required for eligible property under the Jefferson County Uniform Tax-Abatement Policy.

Property Taxes and Estimated Property Tax Abatement Calculated

Praxair's hydrogen plant located near Port Arthur, Texas is in the city's ETJ. The facility is also in Jefferson County, Port Arthur ISD, the Port of Port Arthur, Sabine-Neches Navigation District and Drainage District # 7.

This analysis calculates property taxes that will be paid and may be abated by Jefferson County and along with similar possible abatements that may be requested from the port, navigation and drainage districts.

The firm is requesting tax abatement on its real property improvements – its qualified property at the following percentage:

Percentage of Taxes Requested for Abatement on the Firm's Qualified Real Property	
	Percent of Tax Abatement Requested
Tax abatement year 1	90%
Tax abatement year 2	90%
Tax abatement year 3	90%
Tax abatement year 4	90%
Tax abatement year 5	90%
Tax abatement year 6	90%
Tax abatement year 7	90%
Tax abatement year 8	90%
Tax abatement year 9	90%
Tax abatement year 10	90%

It is expected that the base year for tax abatement will begin when the property is placed on local tax rolls

Further, this analysis estimates property taxes that will be collected by Port Arthur ISD after tax credits and exemptions under Texas Tax Code Chapter 313 over a ten year period.

In addition, this analysis assumes that only real property improvements to be made at the facility will be considered for property tax abatement.

Since the facility will be located in City of Port Arthur's ETJ, the project will make payments in lieu of taxes to the city at the rate of 80% under an existing industrial district agreement with the city.

Sales Taxes Estimated on Workers' Spending

Construction workers and permanent employees of the facility along with workers in indirect jobs will spend part of their salaries in Jefferson County and its cities. This analysis calculates sales taxes that will be collected by the county and cities on this spending.

Property Taxes on New Residential Property

Some of the new plant workers and workers in indirect jobs created in the area may buy or build new

residential property. This analysis calculates additional property taxes that may be collected by the county and other local taxing districts on this new residential property.

Description of the Project

Praxair, Inc. is evaluating expansion of its existing hydrogen complex in Port Arthur. The proposed \$231 million project would include modernizing the pipeline system and expansion of hydrogen and steam production. Construction could begin in 2011 and would continue in phases until completed by end of 2013.

The company expects annual revenues of the expanded facility of \$148 million.

The expansion will create 6 to 8 permanent jobs at the facility with average annual salaries of \$65,000.

Types of Economic Impacts that the Project May Provide

Jefferson County can expect substantial economic benefits from project.

Economic benefits were projected in this analysis from the following activities:

- Expanding of the facility,
- The operations of the facility,
- Additional investments in machinery and equipment in four years, and
- Spending by the facility's workers and workers in spin-off jobs created in the area.

The economic impacts that may be expected from the project include the following:

- Spending by the facility and revenues for area businesses,
- New jobs,
- Additional worker salaries or personal income,
- New homes to be constructed
- Additional taxable sales in area businesses, and
- Property at the facility that may be added to local tax rolls.

These economic impacts may be characterized as direct, indirect and induced.

The direct economic impact will be from the construction and operations of the facility and its employees. From the spending by the facility and its employees, indirect and induced benefits or spin-off benefits will be created. Indirect sales, jobs and salaries will be created in new or existing local businesses and organizations, such as construction companies, parts and equipment suppliers, motels, and other businesses that supply goods and services to the facility during construction and during the facility's operations.

In addition, induced sales, jobs and salaries will be created in new or existing area businesses or organizations, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, convenience stores, service companies, etc. that supply goods and services to employees of the facility and their families and, in turn, to workers in indirect jobs and their families.

To estimate the indirect and induced economic impact of the facility and its employees on the Jefferson County area, regional economic multipliers were used. Regional economic multipliers for Texas and areas of the state are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis:

- Output multiplier and
- Employment multiplier and
- Earnings multiplier.

An output multiplier was used to estimate indirect and induced revenues created in the state as a result of construction and operation of the facility -- revenues for other businesses in the state supported by the project -- for every dollar of construction costs or spending for operations.

An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in state for each construction or operations job at the facility. Similarly, an earnings multiplier was used to estimate the amount of salaries to be paid to the workers in these new indirect and induced jobs for every dollar paid to a direct construction or operations worker at the facility. Indirect and induced multipliers used in this analysis are shown below.

Indirect Multipliers Used in the Analysis		
	During Construction	During Operations
Output	1.3145	1.3811
Employment	1.8011	4.0000
Earnings	1.3567	2.0000

How the project may impact economy of Jefferson County during construction is discussed next.

Economic Impact During Construction of the Project

Construction to expand the plant in Jefferson County, with an approximate cost of \$231 million, will be over 24 months. During this period, an estimated average of 570 direct construction workers will be employed on the project. The estimated local construction payroll will be \$118 million.

This construction activity and direct construction jobs and salaries may, in turn, create and support revenues

in other businesses in the area and indirect jobs and salaries during the time that the facility is being constructed.

In total, the facility may support an estimated \$455 million in gross area product or economic activity in area (representing direct and indirect activities) during its construction, an average of 1,491 total direct and indirect jobs each year during the construction period and total direct and indirect salaries estimated to be \$278 million, as shown below.

Estimated Area Economic Impact During Construction of the Project						
	Year 1	Year 2	Year 3	Year 4	Average	Total
Revenues for area businesses:						
Direct	\$51,340,000	\$115,183,500	\$30,345,000	\$0	\$65,622,833	\$196,868,500
Indirect	\$67,486,430	\$151,408,711	\$39,888,503	\$0	\$86,261,214	\$258,783,643
Total	\$118,826,430	\$266,592,211	\$70,233,503	\$0	\$151,884,048	\$455,652,143
Jobs:						
Direct	570	813	214	-	532	532
Indirect	1,027	1,464	385	-	959	959
Total	1,597	2,277	599	-	1,491	1,491
Salaries:						
Direct	\$30,804,000	\$69,110,100	\$18,207,000	\$0	\$39,373,700	\$118,121,100
Indirect	\$41,791,787	\$93,761,673	\$24,701,437	\$0	\$53,418,299	\$160,254,896
Total	\$72,595,787	\$162,871,773	\$42,908,437	\$0	\$92,791,999	\$278,375,996

In addition, estimated spending by workers in Jefferson County during construction to expand the plant on which sales taxes may be collected is shown below:

Estimated Taxable Worker Spending During Construction of the Project	
In Jefferson County	\$55,118,447

Schedules showing the economic impact during construction to expand the plant are on Appendix A.

Economic Impact of the Operations of the Facility

The facility is expected to be expanded and begin operations by the end of 2013

An estimated 6 to 8 additional workers will be employed when the begins full operations. The average annual salaries of these workers will be \$65,000

Over the first 25 years of its operations, the facility is expected to generate \$21.4 billion in estimated revenues at the plant and for area businesses including the facility, 40 estimated direct and indirect jobs and estimated salaries of \$56.8 million. In addition, the facility is expected to add real property with a value of \$193 million to local tax rolls. Further, an estimated \$649,080 in new residential property is expected be added to tax rolls by new direct and indirect workers.

Plus, workers in these new jobs are expected to generate estimated taxable sales of \$11.2 million in the county. This estimated economic impact over the first 25 years the project is shown below.

Estimated Economic Impact of the Facility During Operations Over the Next 25 Years	
Additional revenues to be generated by the facility and revenues for area businesses:	
Direct (facility's revenues)	\$9,012,207,744
Indirect (revenues for local businesses)	\$12,446,760,116
Total	\$21,458,967,860
Jobs:	
Direct	8
Indirect	32
Total	40
Salaries:	
Direct	\$18,958,817
Indirect	\$37,917,635
Total	\$56,876,452
The estimated appraised market value of the project once completed	\$193,010,892
New residential property added to county tax rolls	\$649,080
Taxable worker spending in Jefferson County	\$11,261,538

Schedules showing details of the economic impact of the project over the first 25 years is shown on Appendix B.

Costs and Benefits for Jefferson County Over the First 25 Years During Construction and Operations of the Facility

Over the first 25 years -- during construction to expand the plant and operations of the facility -- Jefferson County may receive estimated revenues from the project and incur additional costs of providing county services to the households of new workers who move to the county, as shown below.

Estimated Costs and Benefits for Jefferson County Over the First 25 Years of the Project, During Construction and Operations	
Sales tax collections on workers' spending over the first 25 years:	
During to construction expand the plant	\$275,592
During the operations of the facility	\$56,308
Total sales tax collections on workers' spending	\$331,900
Property taxes that may be <u>abated</u> on the facility's real property over the first ten years after property is first added to tax rolls	\$6,023,561
Property taxes to be <u>collected</u> from the facility, after any abatements that may be granted by the County, and on new residential property that may be built by workers:	
On the facility	\$7,290,041
On new residential property	\$79,047
Total property tax collections	\$7,369,088
Total sales and property tax collections	\$7,700,988
Less estimated additional costs for Jefferson County to provide services to the households of new workers	(\$82,630)
Estimated net benefits for the county over the first 25 years of the project, during construction and operations	\$7,618,358

Schedules showing details of the estimated costs and benefits for Jefferson County are shown on Appendix C.

Costs and Benefits for the City of Port Arthur

Payments in Lieu of Taxes

Praxair's facility is located in the City of Port Arthur's ETJ and the facility may make payments in lieu of property taxes to the City. These payments will be equivalent to 80% of the years of the city's property taxes on the plant's real property. These payments in lieu of taxes were calculated for ten years in this analysis, assuming that the firm may negotiate another industrial district agreement with the city.

These total estimated payments, which will be over the first ten years, are shown below.

Estimated Payments in Lieu of Taxes That May be Made to the City of Port Arthur Over the First 6 Years of the Project	
Payments in lieu of taxes that may be made by the facility	\$10,678,857

Sales and Property Taxes Collected from Workers

In addition, the City will receive sales taxes on workers' spending and property taxes on new residential property that may be built in the City. These tax collections from workers are shown below.

Sales Tax Collections on Workers' Spending and Property Taxes on New Residential Property Over 25 Years	
Sales tax collections on workers' spending over the first 25 years	\$348,495
Property taxes to be collected on new residential property new residential property that may be built by workers	\$60,033
Total sales and property tax collections from workers	\$408,528

Costs of Municipal Service for New Workers Who Move to the City

The city may incur some additional costs for new workers who move to the community. This additional cost over the first 25 years is shown below.

City of Port Arthur's Additional Costs of Services for New Workers that May Move to the City	
Additional city costs to provide services to the households of new workers who move to the city	\$110,174

Costs and Benefits for the City of Port Arthur

In total, over the first 25 years of the project the City have the following costs and benefits from the facility and direct and indirect workers:

Costs and Benefits for the City Over 25 Years	
Payments in lieu of taxes to be received from the facility	\$10,678,857
Sales tax collections on workers' spending over the first 25 years	\$348,495
Property taxes to be collected on new residential property that may be built by workers	\$60,033
Total revenues for the City	\$11,087,384
Additional costs for the city to provide services to the households of new workers who move to the city	(\$110,174)
Net benefits for the City	\$10,977,211

Schedules showing details of estimated payments in lieu of taxes to be made to the City of Port Arthur are shown on Appendix D.

Revenues for Port Arthur ISD

The facility is located in Port Arthur ISD.

Port Arthur ISD may be asked for appraised value limitations and tax credits for the facility under the Texas Tax Code Chapter 313. This request will begin when property at the facility generated by this project is placed on school district tax rolls.

Over the first 25 years of the project, the school district may receive the following property taxes from the facility and on new residential property:

Estimated Property Taxes that May be Collected by Port Arthur ISD Over the First 25 Years of the Project	
Property taxes to be collected from the facility after credits and exemptions	\$37,863,783
Property taxes to be collected on new residential property that may be built in the district	\$103,844
Total property tax collections	\$37,967,628

Schedules showing details of the estimated revenues for the school district are shown on Appendix E.

This analysis does not estimate payments in lieu of taxes that may be made to the school district, nor appraised value limitations and tax credits that may be requested on machinery and equipment that may be purchased at the facility in about four years.

Revenues for the Port of Port Arthur

The facility is located in the Port of Port Arthur taxing district. Over the first 25 years of the project, the port may receive the following estimated property taxes from the facility:

Estimated Property Taxes that May be Made to the Port of Port Arthur Over the First 25 Years of the Project	
Property taxes that may be abated	\$2,114,848
Property taxes to be collected from the facility, after any abatements that may be granted by the district	\$2,531,750

Schedules showing details of the estimated revenues for the port are shown on Appendix F.

Revenues for Sabine - Neches Navigation District

The facility is located in the Sabine - Neches Navigation District. Over the first 25 years of the project, the navigation district may receive the following estimated property taxes from the facility:

Estimated Property Taxes that May be Made to Sabine - Neches Navigation District Over the First 25 Years of the Project	
Property taxes that may be abated	\$452,147
Property taxes to be collected from the facility, after any abatements that may be granted by the district	\$541,279

Schedules showing details of the estimated revenues for the navigation district are shown on Appendix G.

Revenues for Drainage District # 7

The facility is located in Drainage District # 7. Over the first 25 years of the project, the district may receive the following estimated property taxes from the facility:

Estimated Property Taxes that May be Made to Drainage District # 7 Over the First 25 Years of the Project	
Property taxes that may be abated	\$2,293,525
Property taxes to be collected from the facility, after any abatements that may be granted by the district	\$2,745,650

Schedules showing details of the estimated revenues for the drainage district are shown on Appendix H.

Sales Tax Collections by Cities on Workers' Spending

In addition to sales taxes being generated for Jefferson County, workers may spend money in cities in Jefferson while facility is being constructed and once the facility begins operations.

Estimated sales taxes that may be collected from workers' spending are shown below.

Estimated Sales Tax Collections by Cities on Workers' Spending	
During construction	\$826,777
Over the first 25 years of the project	\$168,923
Total estimated sales tax collections by cities in the county	\$995,700

Schedules showing details of the estimated sales tax revenues for cities in the county are shown on Appendix I.

Property Taxes Collected by Other Cities, School Districts and Other Special Taxing Districts in the County from New Residential Property

New homes which may be built for some new workers will be added to tax rolls of other cities, school districts,

and special taxing districts throughout the county. Estimated property taxes that may be collected by other cities, school districts and special taxing districts from new residential property are shown below.

Estimated Property Taxes to Be Collected by Other Cities, School Districts, and Special Taxing Districts from New Residential Property			
	Cities	School Districts	Special Taxing Districts
On new residential property	\$90,092	\$192,150	\$33,841

Schedules showing details of estimated property tax collections for other cities, school districts and special taxing districts in the county are shown on Appendix J.

Summary of Total Estimated Revenues for Jefferson County and Other Taxing Districts from Praxair's Plant Over the First 25 Years of the Project

Over the first 25 years of the project, the facility is expected to generate the following estimated total revenues for Jefferson County and other taxing districts in the county:

Estimated Revenues for Jefferson County and Other Local Taxing Districts Over the First 25 Years of the Facility				
	Property Taxes	Sales Taxes on Workers Spending	Payments in Lieu of Taxes	Total
Taxing districts in which the facility is located:				
Jefferson County	\$7,369,088	\$331,900		\$7,700,988
City of Port Arthur	\$60,033	\$348,495	\$10,678,857	\$11,087,384
Port Arthur ISD	\$37,967,628			\$37,967,628
Port of Port Arthur	\$2,531,750			\$2,531,750
Jefferson County Navigation District	\$541,279			\$541,279
Drainage District # 7	\$2,745,650			\$2,745,650
Other taxing districts in which some workers live:				
Other cities	\$90,092	\$995,700		\$1,085,792
Other school districts	\$192,150			\$192,150
Other special taxing districts	\$33,841			\$33,841
Total	\$51,531,511	\$1,676,095	\$10,678,857	\$63,886,462

Property tax collections shown for the City of Port Arthur will be on new residential property built for some direct and indirect workers who may live in the city.

Conduct of the Analysis

This analysis was conducted by Impact DataSource using data supplied by the company and the results of Impact DataSource research. Impact DataSource also used certain estimates and assumptions.

Using this data, the economic impact from the facility over the first 25 years -- during construction and operations of the project were estimated. In addition, costs and benefits for Jefferson County were estimated during this period, along with estimated revenues for other local taxing districts.

About Impact DataSource

Impact DataSource is a seventeen-year-old Austin, Texas economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects Texas and 25 other states. In addition, the firm has also developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Schedules showing the results of calculations used in this analysis are on the following pages.

Appendix A
Economic Impacts During Construction to Expand the Plant

Estimated project cost each year:

	Total Project Cost	Estimated Costs to be Added to Local Tax Rolls (87% of Cost)	Cumulative Amounts on Local Tax Rolls
Year 1	\$60,400,000		
Year 2	\$135,510,000	\$52,548,000	\$52,548,000
Year 3	\$35,700,000	\$117,893,700	\$170,441,700
Year 4	\$0	\$31,059,000	\$201,500,700
Year 5	\$0	\$0	\$201,500,700
Total	\$231,610,000	\$201,500,700	

The project will be constructed over 24 months during all or parts of three calendar years. The estimated construction spending for the proposed project is below.

	Construction Costs	Cumulative
Year 1	\$60,400,000	\$60,400,000
Year 2	\$135,510,000	\$195,910,000
Year 3	\$35,700,000	\$231,610,000
Year 4	\$0	\$231,610,000
Total	\$231,610,000	

Local economic impacts (about 85% of construction costs):

Year 1	\$51,340,000
Year 2	\$115,183,500
Year 3	\$30,345,000
Year 4	\$0
Local economic impacts	\$196,868,500

Estimated construction salaries as a percent of total construction costs

60%

Estimated construction workers and salaries:

Year	Number of Months	Estimated Average Number of Workers	Estimated Labor Costs
Year 1	6	570	\$30,804,000
Year 2	12	813	\$69,110,100
Year 3	6	214	\$18,207,000
Year 4	0	-	\$0
Total	24		\$118,121,100

Indirect jobs multiplier 1.80

Indirect salaries multiplier 1.36

Direct and indirect workers and salaries during construction:

Year	Direct		Indirect		Total	
	Jobs	Salaries	Jobs	Salaries	Jobs	Salaries
Year 1	570	\$30,804,000	1,027	\$41,791,787	1,597	\$72,595,787
Year 2	813	\$69,110,100	1,464	\$93,761,673	2,277	\$162,871,773
Year 3	214	\$18,207,000	385	\$24,701,437	599	\$42,908,437
Year 4	-	\$0	-	\$0	-	\$0
Total		\$118,121,100		\$160,254,896		\$278,375,996

Total taxable spending by these workers, estimated to be 30% of total salaries:

Year	Total Salaries	Taxable Spending
Year 1	\$72,595,787	\$21,778,736
Year 2	\$162,871,773	\$48,861,532
Year 3	\$42,908,437	\$12,872,531
Year 4	\$0	\$0
Total	\$278,375,996	\$83,512,799

Percent of workers' total taxable spending in:

Jefferson County 66%

Sales tax rate:

Jefferson County 0.50%

Most cities in the county, including Port Arthur 1.50%

Workers spending subject to sales tax:

	Year 1	Year 2	Year 3	Year 4	Total
In Jefferson County	\$14,373,966	\$32,248,611	\$8,495,871	\$0	\$55,118,447
<i>(percent of total taxable spending)</i>	66%	66%	66%	66%	

Sales taxes to be collected on direct and indirect construction worker spending:

	Year 1	Year 2	Year 3	Year 4	Total
Collections by Jefferson County	\$71,870	\$161,243	\$42,479	\$0	\$275,592
Collections by cities	\$215,609	\$483,729	\$127,438	\$0	\$826,777
Total sales tax collections during construction	\$287,479	\$644,972	\$169,917	\$0	\$1,102,369

Appendix B
Economic Impacts During Operations of the Facility

Estimated revenues of the plant:

Average annual increases after the year one of operations

8.0%

Year 1	\$0
Year 2	\$0
Year 3	\$148,000,000
Year 4	\$159,840,000
Year 5	\$172,627,200
Year 6	\$186,437,376
Year 7	\$201,352,366
Year 8	\$217,460,555
Year 9	\$234,857,400
Year 10	\$253,645,992
Year 11	\$273,937,671
Year 12	\$295,852,685
Year 13	\$319,520,900
Year 14	\$345,082,572
Year 15	\$372,689,177
Year 16	\$402,504,311
Year 17	\$434,704,656
Year 18	\$469,481,029
Year 19	\$507,039,511
Year 20	\$547,602,672
Year 21	\$591,410,886
Year 22	\$638,723,757
Year 23	\$689,821,657
Year 24	\$745,007,390
Year 25	\$804,607,981

Total \$9,012,207,744

Indirect output multiplier 1.3811

Indirect output or sales of other businesses in the state:

Year 1	\$0
Year 2	\$0
Year 3	\$204,402,800
Year 4	\$220,755,024
Year 5	\$238,415,426
Year 6	\$257,488,660
Year 7	\$278,087,753
Year 8	\$300,334,773
Year 9	\$324,361,555
Year 10	\$350,310,479
Year 11	\$378,335,318
Year 12	\$408,602,143
Year 13	\$441,290,314
Year 14	\$476,593,540
Year 15	\$514,721,023
Year 16	\$555,898,705
Year 17	\$600,370,601
Year 18	\$648,400,249
Year 19	\$700,272,269
Year 20	\$756,294,050
Year 21	\$816,797,574
Year 22	\$882,141,380
Year 23	\$952,712,691
Year 24	\$1,028,929,706
Year 25	\$1,111,244,083
Total	\$12,446,760,116

Direct and indirect jobs:

The facility will have hire the following number of new permanent plant workers and contract workers:

	Plant Workers	Cumulative Number of Workers
Year 1	8	8
Year 2	0	8
Year 3	0	8
Year 4	0	8

Indirect jobs multiplier 4
 Indirect salaries multiplier 2

Total direct and indirect jobs to be created:

	Direct Jobs	Indirect Jobs	Total Jobs	Cumulative Jobs
Year 1	8	32	40	40
Year 2	0	0	0	40
Year 3	0	0	0	40
Year 4	0	0	0	40
Total	8	32	40	

Average annual salaries when workers are first hired:

Year 1	\$65,000
Year 2	\$66,950
Year 3	\$68,959
Year 4	\$71,027

Annual salary increase of plant workers after first hired 3%

Direct and indirect salaries:

	Direct Salaries	Indirect Salaries	Total
Year 1	\$520,000	\$1,040,000	\$1,560,000
Year 2	\$535,600	\$1,071,200	\$1,606,800
Year 3	\$551,668	\$1,103,336	\$1,655,004
Year 4	\$568,218	\$1,136,436	\$1,704,654
Year 5	\$585,265	\$1,170,529	\$1,755,794
Year 6	\$602,823	\$1,205,645	\$1,808,468
Year 7	\$620,907	\$1,241,814	\$1,862,722
Year 8	\$639,534	\$1,279,069	\$1,918,603
Year 9	\$658,720	\$1,317,441	\$1,976,161
Year 10	\$678,482	\$1,356,964	\$2,035,446
Year 11	\$698,837	\$1,397,673	\$2,096,510
Year 12	\$719,802	\$1,439,603	\$2,159,405
Year 13	\$741,396	\$1,482,791	\$2,224,187
Year 14	\$763,638	\$1,527,275	\$2,290,913
Year 15	\$786,547	\$1,573,093	\$2,359,640
Year 16	\$810,143	\$1,620,286	\$2,430,429
Year 17	\$834,447	\$1,668,895	\$2,503,342
Year 18	\$859,481	\$1,718,962	\$2,578,442
Year 19	\$885,265	\$1,770,530	\$2,655,796
Year 20	\$911,823	\$1,823,646	\$2,735,469
Year 21	\$939,178	\$1,878,356	\$2,817,534
Year 22	\$967,353	\$1,934,706	\$2,902,060
Year 23	\$996,374	\$1,992,748	\$2,989,121
Year 24	\$1,026,265	\$2,052,530	\$3,078,795
Year 25	\$1,057,053	\$2,114,106	\$3,171,159
Total	\$18,958,817	\$37,917,635	\$56,876,452

Total taxable spending by these workers, estimated to be 30% of total salaries:

	Taxable Worker Spending
Year 1	\$468,000
Year 2	\$482,040
Year 3	\$496,501
Year 4	\$511,396
Year 5	\$526,738
Year 6	\$542,540
Year 7	\$558,816
Year 8	\$575,581
Year 9	\$592,848
Year 10	\$610,634
Year 11	\$628,953
Year 12	\$647,821
Year 13	\$667,256
Year 14	\$687,274
Year 15	\$707,892
Year 16	\$729,129
Year 17	\$751,003
Year 18	\$773,533
Year 19	\$796,739
Year 20	\$820,641
Year 21	\$845,260
Year 22	\$870,618
Year 23	\$896,736
Year 24	\$923,638
Year 25	\$951,348

Percent of workers' total taxable spending in:

Jefferson County	66%
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Sales tax rate:

Jefferson County	0.50%
In most cities in the county	1.50%

Workers spending subject to sales taxes in Jefferson County:

Year 1	\$308,880
Year 2	\$318,146
Year 3	\$327,691
Year 4	\$337,522
Year 5	\$347,647
Year 6	\$358,077
Year 7	\$368,819
Year 8	\$379,883
Year 9	\$391,280
Year 10	\$403,018
Year 11	\$415,109
Year 12	\$427,562
Year 13	\$440,389
Year 14	\$453,601
Year 15	\$467,209
Year 16	\$481,225
Year 17	\$495,662
Year 18	\$510,532
Year 19	\$525,848
Year 20	\$541,623
Year 21	\$557,872
Year 22	\$574,608
Year 23	\$591,846
Year 24	\$609,601
Year 25	\$627,889
Total	\$11,261,538

Sales taxes that may be collected in Jefferson County and Cities in the County on workers' spending:

	Jefferson County	Cities in the County
Year 1	\$1,544	\$4,633
Year 2	\$1,591	\$4,772
Year 3	\$1,638	\$4,915
Year 4	\$1,688	\$5,063
Year 5	\$1,738	\$5,215
Year 6	\$1,790	\$5,371
Year 7	\$1,844	\$5,532
Year 8	\$1,899	\$5,698
Year 9	\$1,956	\$5,869
Year 10	\$2,015	\$6,045
Year 11	\$2,076	\$6,227
Year 12	\$2,138	\$6,413
Year 13	\$2,202	\$6,606
Year 14	\$2,268	\$6,804
Year 15	\$2,336	\$7,008
Year 16	\$2,406	\$7,218
Year 17	\$2,478	\$7,435
Year 18	\$2,553	\$7,658
Year 19	\$2,629	\$7,888
Year 20	\$2,708	\$8,124
Year 21	\$2,789	\$8,368
Year 22	\$2,873	\$8,619
Year 23	\$2,959	\$8,878
Year 24	\$3,048	\$9,144
Year 25	\$3,139	\$9,418
Total	\$56,308	\$168,923

Estimated new homes that may be constructed and added to tax rolls in the county:

Number of new direct and indirect jobs to be created by the project's operations each year:

Year 1	40
Year 2	0
Year 3	0
Year 4	0

Percent of these workers that may live in Jefferson County 66%

Percent that may build new residential property or require that new residential property by built for them with earnings from their new job 15%

Number of new residential properties to be added to county tax rolls:

	Number of Direct and Indirect Workers Hired	Number of New Residential Units to be Built	Cumulative Number of New Residential Units
Year 1	40	4	4
Year 2	0	0	4
Year 3	0	0	4
Year 4	0	0	4
Total	40	4	

Average taxable value of new residential property \$150,000

Average annual increase in the taxable value of residential properties on tax rolls 3%

Value of new residential property on county tax rolls:

Year 1	\$594,000
Year 2	\$611,820
Year 3	\$630,175
Year 4	\$649,080
Year 5	\$668,552
Year 6	\$688,609
Year 7	\$709,267
Year 8	\$730,545
Year 9	\$752,461
Year 10	\$775,035
Year 11	\$798,286
Year 12	\$822,235
Year 13	\$846,902
Year 14	\$872,309
Year 15	\$898,478
Year 16	\$925,433
Year 17	\$953,196
Year 18	\$981,791
Year 19	\$1,011,245
Year 20	\$1,041,583
Year 21	\$1,072,830
Year 22	\$1,105,015
Year 23	\$1,138,165
Year 24	\$1,172,310
Year 25	\$1,207,480

Real property at the facility added to tax rolls with 2% annual decrease beginning in Year 3:

	Cumulative Value of Property Added In:				Added Each Year	Cumulative Real Property on Tax Rolls
	Year 2	Year 3	Year 4	Year 5		
Year 1					\$0	\$0
Year 2	\$52,548,000				\$52,548,000	\$52,548,000
Year 3	\$51,497,040	\$117,893,700			\$117,893,700	\$169,390,740
Year 4	\$50,446,080	\$115,535,826	\$31,059,000		\$31,059,000	\$197,040,906
Year 5	\$49,395,120	\$113,177,952	\$30,437,820	\$0	\$0	\$193,010,892
Year 6	\$48,344,160	\$110,820,078	\$29,816,640	\$0		\$188,980,878
Year 7	\$47,293,200	\$108,462,204	\$29,195,460	\$0		\$184,950,864
Year 8	\$46,242,240	\$106,104,330	\$28,574,280	\$0		\$180,920,850
Year 9	\$45,191,280	\$103,746,456	\$27,953,100	\$0		\$176,890,836
Year 10	\$44,140,320	\$101,388,582	\$27,331,920	\$0		\$172,860,822
Year 11	\$43,089,360	\$99,030,708	\$26,710,740	\$0		\$168,830,808
Year 12	\$42,038,400	\$96,672,834	\$26,089,560	\$0		\$164,800,794
Year 13	\$40,987,440	\$94,314,960	\$25,468,380	\$0		\$160,770,780
Year 14	\$39,936,480	\$91,957,086	\$24,847,200	\$0		\$156,740,766
Year 15	\$38,885,520	\$89,599,212	\$24,226,020	\$0		\$152,710,752
Year 16	\$37,834,560	\$87,241,338	\$23,604,840	\$0		\$148,680,738
Year 17	\$36,783,600	\$84,883,464	\$22,983,660	\$0		\$144,650,724
Year 18	\$35,732,640	\$82,525,590	\$22,362,480	\$0		\$140,620,710
Year 19	\$34,681,680	\$80,167,716	\$21,741,300	\$0		\$136,590,696
Year 20	\$33,630,720	\$77,809,842	\$21,120,120	\$0		\$132,560,682
Year 21	\$32,579,760	\$75,451,968	\$20,498,940	\$0		\$128,530,668
Year 22	\$31,528,800	\$73,094,094	\$19,877,760	\$0		\$124,500,654
Year 23	\$30,477,840	\$70,736,220	\$19,256,580	\$0		\$120,470,640
Year 24	\$29,426,880	\$68,378,346	\$18,635,400	\$0		\$116,440,626
Year 25	\$28,375,920	\$66,020,472	\$18,014,220	\$0		\$112,410,612

Business personal property including machinery and equipment and inventories at the facility added to tax rolls

Average annual increase in the value and volume of taxable inventories

2%

	Machinery and Equipment		Inventories		Business Personal Property on Tax Rolls
	Added Each Year	Value on Tax Rolls	Added Each Year	Value on Tax Rolls	
Year 1		\$0			\$0
Year 2		\$0	\$0	\$0	\$0
Year 3		\$0	\$0	\$0	\$0
Year 4		\$0		\$0	\$0
Year 5		\$0		\$0	\$0
Year 6		\$0		\$0	\$0
Year 7		\$0		\$0	\$0
Year 8		\$0		\$0	\$0
Year 9		\$0		\$0	\$0
Year 10		\$0		\$0	\$0
Year 11		\$0		\$0	\$0
Year 12		\$0		\$0	\$0
Year 13		\$0		\$0	\$0
Year 14		\$0		\$0	\$0
Year 15		\$0		\$0	\$0
Year 16		\$0		\$0	\$0
Year 17		\$0		\$0	\$0
Year 18		\$0		\$0	\$0
Year 19		\$0		\$0	\$0
Year 20		\$0		\$0	\$0
Year 21		\$0		\$0	\$0
Year 22		\$0		\$0	\$0
Year 23		\$0		\$0	\$0
Year 24		\$0		\$0	\$0
Year 25		\$0		\$0	\$0

Appendix C
Costs and Benefits for Jefferson County

During Construction of the Project

Taxable spending in the county by construction workers during construction and sales taxes that may be collected on this spending:

	Taxable Construction Worker Spending in the County	Sales Taxes to be Collected on this Construction Worker Spending
Year 1	\$14,373,966	\$71,870
Year 2	\$32,248,611	\$161,243
Year 3	\$8,495,871	\$42,479
Year 4	\$0	\$0
Total	\$55,118,447	\$275,592

During Operations of the Facility:

Taxable spending in the county by workers at the facility and sales taxes to be collected on this spending:

	Taxable Spending by Direct and Indirect Workers in the County	Sales Taxes to be Collected Direct and Indirect Worker Spending
Year 1	\$308,880	\$1,544
Year 2	\$318,146	\$1,591
Year 3	\$327,691	\$1,638
Year 4	\$337,522	\$1,688
Year 5	\$347,647	\$1,738
Year 6	\$358,077	\$1,790
Year 7	\$368,819	\$1,844
Year 8	\$379,883	\$1,899
Year 9	\$391,280	\$1,956
Year 10	\$403,018	\$2,015
Year 11	\$415,109	\$2,076
Year 12	\$427,562	\$2,138
Year 13	\$440,389	\$2,202
Year 14	\$453,601	\$2,268
Year 15	\$467,209	\$2,336
Year 16	\$481,225	\$2,406
Year 17	\$495,662	\$2,478
Year 18	\$510,532	\$2,553
Year 19	\$525,848	\$2,629
Year 20	\$541,623	\$2,708
Year 21	\$557,872	\$2,789
Year 22	\$574,608	\$2,873
Year 23	\$591,846	\$2,959
Year 24	\$609,601	\$3,048
Year 25	\$627,889	\$3,139
	\$11,261,538	\$56,308

Costs of services to workers at the facility and workers in spin-off jobs created in the county:

Number of new direct and indirect jobs to be created by the project's operations

40

Percent of workers who may live in Jefferson County	66%
Percent of total worker who may move to Jefferson County	20%
Number of new worker households in Jefferson County	8
Estimated annual costs for the county to provide services to a typical new worker household in the county	\$300
Estimated annual costs for the county to provides services to the households of new direct and direct workers who move to the county	\$2,400
Average annual increase in the county's annual cost of providing services	3%

Jefferson County's costs to provide services to the households of direct and indirect workers who move to the county:

Year 1	\$2,400
Year 2	\$2,472
Year 3	\$2,546
Year 4	\$2,623
Year 5	\$2,701
Year 6	\$2,782
Year 7	\$2,866
Year 8	\$2,952
Year 9	\$3,040
Year 10	\$3,131
Year 11	\$3,225
Year 12	\$3,322
Year 13	\$3,422
Year 14	\$3,524
Year 15	\$3,630
Year 16	\$3,739
Year 17	\$3,851
Year 18	\$3,967
Year 19	\$4,086
Year 20	\$4,208
Year 21	\$4,335
Year 22	\$4,465
Year 23	\$4,599
Year 24	\$4,737
Year 25	\$4,879
Total	\$82,630

Property taxes collected on new residential property:

	Taxable Value of New Residential Property on Local Tax Rolls	Property Taxes (\$.365 per \$100 of Valuation)
Year 1	\$594,000	\$2,168
Year 2	\$611,820	\$2,233
Year 3	\$630,175	\$2,300
Year 4	\$649,080	\$2,369
Year 5	\$668,552	\$2,440
Year 6	\$688,609	\$2,513
Year 7	\$709,267	\$2,589
Year 8	\$730,545	\$2,666
Year 9	\$752,461	\$2,746
Year 10	\$775,035	\$2,829
Year 11	\$798,286	\$2,914
Year 12	\$822,235	\$3,001
Year 13	\$846,902	\$3,091
Year 14	\$872,309	\$3,184
Year 15	\$898,478	\$3,279
Year 16	\$925,433	\$3,378
Year 17	\$953,196	\$3,479
Year 18	\$981,791	\$3,584
Year 19	\$1,011,245	\$3,691
Year 20	\$1,041,583	\$3,802
Year 21	\$1,072,830	\$3,916
Year 22	\$1,105,015	\$4,033
Year 23	\$1,138,165	\$4,154
Year 24	\$1,172,310	\$4,279
Year 25	\$1,207,480	\$4,407
Total		\$79,047

Taxable value and property taxes paid on the facility's real property:

	Value of the Facility's Real Property on Tax Rolls	County Taxes (\$.365 per \$100 of Valuation)
Year 1	\$0	\$0
Year 2	\$52,548,000	\$191,800
Year 3	\$169,390,740	\$618,276
Year 4	\$197,040,906	\$719,199
Year 5	\$193,010,892	\$704,490
Year 6	\$188,980,878	\$689,780
Year 7	\$184,950,864	\$675,071
Year 8	\$180,920,850	\$660,361
Year 9	\$176,890,836	\$645,652
Year 10	\$172,860,822	\$630,942
Year 11	\$168,830,808	\$616,232
Year 12	\$164,800,794	\$601,523
Year 13	\$160,770,780	\$586,813
Year 14	\$156,740,766	\$572,104
Year 15	\$152,710,752	\$557,394
Year 16	\$148,680,738	\$542,685
Year 17	\$144,650,724	\$527,975
Year 18	\$140,620,710	\$513,266
Year 19	\$136,590,696	\$498,556
Year 20	\$132,560,682	\$483,846
Year 21	\$128,530,668	\$469,137
Year 22	\$124,500,654	\$454,427
Year 23	\$120,470,640	\$439,718
Year 24	\$116,440,626	\$425,008
Year 25	\$112,410,612	\$410,299
Total		\$13,234,555

Estimated property taxes to be abated:

	Taxes Abated on Value of Property Added In:				Abatement Percentage Beginning in First Year Placed on Tax Rolls	Total Taxes to be Abated
	Year 2	Year 3	Year 4	Year 5		
Year 1						\$0
Year 2	\$172,620				90%	\$172,620
Year 3	\$169,168	\$387,281			90%	\$556,449
Year 4	\$165,715	\$379,535	\$102,029		90%	\$647,279
Year 5	\$162,263	\$371,790	\$99,988	\$0	90%	\$634,041
Year 6	\$158,811	\$364,044	\$97,948	\$0	90%	\$620,802
Year 7	\$155,358	\$356,298	\$95,907	\$0	90%	\$607,564
Year 8	\$151,906	\$348,553	\$93,867	\$0	90%	\$594,325
Year 9	\$148,453	\$340,807	\$91,826	\$0	90%	\$581,086
Year 10	\$145,001	\$333,061	\$89,785	\$0	90%	\$567,848
Year 11	\$141,549	\$325,316	\$87,745	\$0	90%	\$554,609
Year 12	\$0	\$317,570	\$85,704	\$0		\$403,274
Year 13	\$0	\$0	\$83,664	\$0		\$83,664
Year 14	\$0	\$0	\$0	\$0		\$0
Year 15	\$0	\$0	\$0	\$0		\$0
Year 16	\$0	\$0	\$0	\$0		\$0
Year 17	\$0	\$0	\$0	\$0		\$0
Year 18	\$0	\$0	\$0	\$0		\$0
Year 19	\$0	\$0	\$0	\$0		\$0
Year 20	\$0	\$0	\$0	\$0		\$0
Year 21	\$0	\$0	\$0	\$0		\$0
Year 22	\$0	\$0	\$0	\$0		\$0
Year 23	\$0	\$0	\$0	\$0		\$0
Year 24	\$0	\$0	\$0	\$0		\$0
Year 25	\$0	\$0	\$0	\$0		\$0
Total taxes to be abated						\$6,023,561

Property taxes paid on the firm's real property after abatement:

	Taxes Levied	Taxes Abated	Tax Collections After Abatement
Year 1	\$0	\$0	\$0
Year 2	\$191,800	\$172,620	\$19,180
Year 3	\$618,276	\$556,449	\$61,828
Year 4	\$719,199	\$647,279	\$71,920
Year 5	\$704,490	\$634,041	\$70,449
Year 6	\$689,780	\$620,802	\$68,978
Year 7	\$675,071	\$607,564	\$67,507
Year 8	\$660,361	\$594,325	\$66,036
Year 9	\$645,652	\$581,086	\$64,565
Year 10	\$630,942	\$567,848	\$63,094
Year 11	\$616,232	\$554,609	\$61,623
Year 12	\$601,523	\$403,274	\$198,248
Year 13	\$586,813	\$83,664	\$503,150
Year 14	\$572,104	\$0	\$572,104
Year 15	\$557,394	\$0	\$557,394
Year 16	\$542,685	\$0	\$542,685
Year 17	\$527,975	\$0	\$527,975
Year 18	\$513,266	\$0	\$513,266
Year 19	\$498,556	\$0	\$498,556
Year 20	\$483,846	\$0	\$483,846
Year 21	\$469,137	\$0	\$469,137
Year 22	\$454,427	\$0	\$454,427
Year 23	\$439,718	\$0	\$439,718
Year 24	\$425,008	\$0	\$425,008
Year 25	\$410,299	\$0	\$410,299
Total	\$13,234,555	\$6,023,561	\$7,210,994

Taxable value and property taxes paid on personal property at the facility including inventories:

	Machinery and Equipment	Taxable Inventories	Total Taxable Personal Property	County Taxes \$.365 per \$100 (of Valuation)
Year 1	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Year 11	\$0	\$0	\$0	\$0
Year 12	\$0	\$0	\$0	\$0
Year 13	\$0	\$0	\$0	\$0
Year 14	\$0	\$0	\$0	\$0
Year 15	\$0	\$0	\$0	\$0
Year 16	\$0	\$0	\$0	\$0
Year 17	\$0	\$0	\$0	\$0
Year 18	\$0	\$0	\$0	\$0
Year 19	\$0	\$0	\$0	\$0
Year 20	\$0	\$0	\$0	\$0
Year 21	\$0	\$0	\$0	\$0
Year 22	\$0	\$0	\$0	\$0
Year 23	\$0	\$0	\$0	\$0
Year 24	\$0	\$0	\$0	\$0
Year 25	\$0	\$0	\$0	\$0
Total				\$0

Summary of property taxes to be paid to the county on residential property and the firm's property, after any abatement on the facility's real property:

	Paid by the Facility				Total County Property Taxes
	New Residential Property	Business Personal Property	Real Property After Abatement	Total Tax Collections from the Facility	
Year 1	\$2,168	\$0	\$0	\$0	\$2,168
Year 2	\$2,233	\$0	\$19,180	\$19,180	\$21,413
Year 3	\$2,300	\$0	\$61,828	\$61,828	\$64,128
Year 4	\$2,369	\$0	\$71,920	\$71,920	\$74,289
Year 5	\$2,440	\$0	\$70,449	\$70,449	\$72,889
Year 6	\$2,513	\$0	\$68,978	\$68,978	\$71,491
Year 7	\$2,589	\$0	\$67,507	\$67,507	\$70,096
Year 8	\$2,666	\$0	\$66,036	\$66,036	\$68,703
Year 9	\$2,746	\$0	\$64,565	\$64,565	\$67,312
Year 10	\$2,829	\$0	\$63,094	\$63,094	\$65,923
Year 11	\$2,914	\$0	\$61,623	\$61,623	\$64,537
Year 12	\$3,001	\$0	\$198,248	\$198,248	\$201,250
Year 13	\$3,091	\$0	\$503,150	\$503,150	\$506,241
Year 14	\$3,184	\$0	\$572,104	\$572,104	\$575,288
Year 15	\$3,279	\$0	\$557,394	\$557,394	\$560,674
Year 16	\$3,378	\$0	\$542,685	\$542,685	\$546,063
Year 17	\$3,479	\$0	\$527,975	\$527,975	\$531,454
Year 18	\$3,584	\$0	\$513,266	\$513,266	\$516,849
Year 19	\$3,691	\$0	\$498,556	\$498,556	\$502,247
Year 20	\$3,802	\$0	\$483,846	\$483,846	\$487,648
Year 21	\$3,916	\$0	\$469,137	\$469,137	\$473,053
Year 22	\$4,033	\$0	\$454,427	\$454,427	\$458,461
Year 23	\$4,154	\$0	\$439,718	\$439,718	\$443,872
Year 24	\$4,279	\$0	\$425,008	\$425,008	\$429,287
Year 25	\$4,407	\$0	\$410,299	\$410,299	\$414,706
Total	\$79,047	\$0	\$7,210,994	\$7,210,994	\$7,290,041

Appendix D
Additional Revenues for the City of Port Arthur

Payments in lieu of taxes to be paid to the City of Port Arthur

(Although the facility will be located outside of the City of Port Arthur corporate limits, it is in their ETJ and the facility may make payments in lieu of taxes to the city for ten years under an industrial district agreement.)

Payments in lieu of taxes percentage:

Year 1	80%
Year 2	80%
Year 3	80%
Year 4	80%
Year 5	80%
Year 6-10	80%

The Facility's Property On Tax Rolls				City Taxes (\$.792 per \$100 of Valuation)	Payments in Lieu of Taxes to the City
Real Property	Business Personal Property	Total			
Year 1	\$0	\$0	\$0	\$0	\$0
Year 2	\$52,548,000	\$0	\$52,548,000	\$416,180	\$332,944
Year 3	\$169,390,740	\$0	\$169,390,740	\$1,341,575	\$1,073,260
Year 4	\$197,040,906	\$0	\$197,040,906	\$1,560,564	\$1,248,451
Year 5	\$193,010,892	\$0	\$193,010,892	\$1,528,646	\$1,222,917
Year 6	\$188,980,878	\$0	\$188,980,878	\$1,496,729	\$1,197,383
Year 7	\$184,950,864	\$0	\$184,950,864	\$1,464,811	\$1,171,849
Year 8	\$180,920,850	\$0	\$180,920,850	\$1,432,893	\$1,146,315
Year 9	\$176,890,836	\$0	\$176,890,836	\$1,400,975	\$1,120,780
Year 10	\$172,860,822	\$0	\$172,860,822	\$1,369,058	\$1,095,246
Year 11	\$168,830,808	\$0	\$168,830,808	\$1,337,140	\$1,069,712
Year 12	\$164,800,794	\$0	\$164,800,794	\$1,305,222	\$0
Year 13	\$160,770,780	\$0	\$160,770,780	\$1,273,305	\$0
Year 14	\$156,740,766	\$0	\$156,740,766	\$1,241,387	\$0
Year 15	\$152,710,752	\$0	\$152,710,752	\$1,209,469	\$0
Year 16	\$148,680,738	\$0	\$148,680,738	\$1,177,551	\$0
Year 17	\$144,650,724	\$0	\$144,650,724	\$1,145,634	\$0
Year 18	\$140,620,710	\$0	\$140,620,710	\$1,113,716	\$0
Year 19	\$136,590,696	\$0	\$136,590,696	\$1,081,798	\$0
Year 20	\$132,560,682	\$0	\$132,560,682	\$1,049,881	\$0
Year 21	\$128,530,668	\$0	\$128,530,668	\$1,017,963	\$0
Year 22	\$124,500,654	\$0	\$124,500,654	\$986,045	\$0
Year 23	\$120,470,640	\$0	\$120,470,640	\$954,127	\$0
Year 24	\$116,440,626	\$0	\$116,440,626	\$922,210	\$0
Year 25	\$112,410,612	\$0	\$112,410,612	\$890,292	\$0
Total					\$10,678,857

Property taxes that may be collected on new residential property built in the city by some direct and indirect workers who move to the are:

	Value of New Residential Property to Be Built in the County	Value of Residential Property to be Built in the City of Port Arthur (About 35% of Total Value)	City Taxes (\$.792 per \$100 of Valuation)
Year 1	\$594,000	\$207,900	\$1,647
Year 2	\$611,820	\$214,137	\$1,696
Year 3	\$630,175	\$220,561	\$1,747
Year 4	\$649,080	\$227,178	\$1,799
Year 5	\$668,552	\$233,993	\$1,853
Year 6	\$688,609	\$241,013	\$1,909
Year 7	\$709,267	\$248,243	\$1,966
Year 8	\$730,545	\$255,691	\$2,025
Year 9	\$752,461	\$263,361	\$2,086
Year 10	\$775,035	\$271,262	\$2,148
Year 11	\$798,286	\$279,400	\$2,213
Year 12	\$822,235	\$287,782	\$2,279
Year 13	\$846,902	\$296,416	\$2,348
Year 14	\$872,309	\$305,308	\$2,418
Year 15	\$898,478	\$314,467	\$2,491
Year 16	\$925,433	\$323,901	\$2,565
Year 17	\$953,196	\$333,618	\$2,642
Year 18	\$981,791	\$343,627	\$2,722
Year 19	\$1,011,245	\$353,936	\$2,803
Year 20	\$1,041,583	\$364,554	\$2,887
Year 21	\$1,072,830	\$375,491	\$2,974
Year 22	\$1,105,015	\$386,755	\$3,063
Year 23	\$1,138,165	\$398,358	\$3,155
Year 24	\$1,172,310	\$410,309	\$3,250
Year 25	\$1,207,480	\$422,618	\$3,347
Total		\$7,579,881	\$60,033

Sales taxes that will be collected from workers' spending during construction to expand the plant and after the facility begins operations:

	Total Construction Worker Taxable Spending In the County	Total Taxable Spending by Direct and Indirect Workers in the County Once the Facility Begins Operations	Total Taxable Spending by Workers in Jefferson County	Total Taxable Spending by Workers in Port Arthur <i>(About 35% of Total)</i>	City of Port Arthur Sales Tax Collections on Workers' Spending <i>(1.5% of Taxable Spending)</i>
Year 1	\$14,373,966	\$308,880	\$14,682,846	\$5,138,996	\$77,085
Year 2	\$32,248,611	\$318,146	\$32,566,757	\$11,398,365	\$170,975
Year 3	\$8,495,871	\$327,691	\$8,823,561	\$3,088,246	\$46,324
Year 4	\$0	\$337,522	\$337,522	\$118,133	\$1,772
Year 5		\$347,647	\$347,647	\$121,677	\$1,825
Year 6		\$358,077	\$358,077	\$125,327	\$1,880
Year 7		\$368,819	\$368,819	\$129,087	\$1,936
Year 8		\$379,883	\$379,883	\$132,959	\$1,994
Year 9		\$391,280	\$391,280	\$136,948	\$2,054
Year 10		\$403,018	\$403,018	\$141,056	\$2,116
Year 11		\$415,109	\$415,109	\$145,288	\$2,179
Year 12		\$427,562	\$427,562	\$149,647	\$2,245
Year 13		\$440,389	\$440,389	\$154,136	\$2,312
Year 14		\$453,601	\$453,601	\$158,760	\$2,381
Year 15		\$467,209	\$467,209	\$163,523	\$2,453
Year 16		\$481,225	\$481,225	\$168,429	\$2,526
Year 17		\$495,662	\$495,662	\$173,482	\$2,602
Year 18		\$510,532	\$510,532	\$178,686	\$2,680
Year 19		\$525,848	\$525,848	\$184,047	\$2,761
Year 20		\$541,623	\$541,623	\$189,568	\$2,844
Year 21		\$557,872	\$557,872	\$195,255	\$2,929
Year 22		\$574,608	\$574,608	\$201,113	\$3,017
Year 23		\$591,846	\$591,846	\$207,146	\$3,107
Year 24		\$609,601	\$609,601	\$213,360	\$3,200
Year 25		\$627,889	\$627,889	\$219,761	\$3,296
Total		\$11,261,538	\$66,379,985	\$23,232,995	\$348,495

Total revenues for the City of Port Arthur over the first 25 years of the project:

	Payments in Lieu of Taxes	Property Taxes on New Residential Property	Sales Taxes Collected on Workers' Spending	Total Revenues
Year 1	\$0	\$1,647	\$77,085	\$78,732
Year 2	\$332,944	\$1,696	\$170,975	\$505,616
Year 3	\$1,073,260	\$1,747	\$46,324	\$1,121,330
Year 4	\$1,248,451	\$1,799	\$1,772	\$1,252,022
Year 5	\$1,222,917	\$1,853	\$1,825	\$1,226,595
Year 6	\$1,197,383	\$1,909	\$1,880	\$1,201,172
Year 7	\$1,171,849	\$1,966	\$1,936	\$1,175,751
Year 8	\$1,146,315	\$2,025	\$1,994	\$1,150,334
Year 9	\$1,120,780	\$2,086	\$2,054	\$1,124,920
Year 10	\$1,095,246	\$2,148	\$2,116	\$1,099,510
Year 11	\$1,069,712	\$2,213	\$2,179	\$1,074,104
Year 12	\$0	\$2,279	\$2,245	\$4,524
Year 13	\$0	\$2,348	\$2,312	\$4,660
Year 14	\$0	\$2,418	\$2,381	\$4,799
Year 15	\$0	\$2,491	\$2,453	\$4,943
Year 16	\$0	\$2,565	\$2,526	\$5,092
Year 17	\$0	\$2,642	\$2,602	\$5,244
Year 18	\$0	\$2,722	\$2,680	\$5,402
Year 19	\$0	\$2,803	\$2,761	\$5,564
Year 20	\$0	\$2,887	\$2,844	\$5,731
Year 21	\$0	\$2,974	\$2,929	\$5,903
Year 22	\$0	\$3,063	\$3,017	\$6,080
Year 23	\$0	\$3,155	\$3,107	\$6,262
Year 24	\$0	\$3,250	\$3,200	\$6,450
Year 25	\$0	\$3,347	\$3,296	\$6,644
Total	\$10,678,857	\$60,033	\$348,495	\$11,087,384

Costs of services to new workers at the facility and workers in spin-off jobs created in the county who may move to the City:

Number of new direct and indirect jobs to be created by the project's operations	40
Percent of workers who may live in Jefferson County	66%
Percent of total worker who may move to Jefferson County	20%

Number of new worker households in Jefferson County	8
Estimated percent of these workers who will move to the City of Port Arthur	35%
Number of workers who may move to the City of Port Arthur	3
Estimated annual costs for the city to provide services to a typical new worker household in the city	\$400
Estimated annual costs for the city to provides services to the households of new direct and direct workers who move to the city	\$3,200
Average annual increase in the city's annual cost of providing services	3%

City of Port Arthur's costs to provide services to the households of direct and indirect workers who move to the city:

Year 1	\$3,200
Year 2	\$3,296
Year 3	\$3,395
Year 4	\$3,497
Year 5	\$3,602
Year 6	\$3,710
Year 7	\$3,821
Year 8	\$3,936
Year 9	\$4,054
Year 10	\$4,175
Year 11	\$4,301
Year 12	\$4,430
Year 13	\$4,562
Year 14	\$4,699
Year 15	\$4,840
Year 16	\$4,985
Year 17	\$5,135
Year 18	\$5,289
Year 19	\$5,448
Year 20	\$5,611
Year 21	\$5,780
Year 22	\$5,953
Year 23	\$6,132
Year 24	\$6,315
Year 25	\$6,505
Total	\$110,174

Appendix E
Revenues for Port Arthur ISD

Property tax collections on business personal property:

	<u>Taxable Value of Business Personal Property</u>			School
	Machinery and Equipment	Taxable Inventories	Total Taxable Personal Property	District Taxes \$1.37 per \$100 of Valuation)
Year 1	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Year 11	\$0	\$0	\$0	\$0
Year 12	\$0	\$0	\$0	\$0
Year 13	\$0	\$0	\$0	\$0
Year 14	\$0	\$0	\$0	\$0
Year 15	\$0	\$0	\$0	\$0
Year 16	\$0	\$0	\$0	\$0
Year 17	\$0	\$0	\$0	\$0
Year 18	\$0	\$0	\$0	\$0
Year 19	\$0	\$0	\$0	\$0
Year 20	\$0	\$0	\$0	\$0
Year 21	\$0	\$0	\$0	\$0
Year 22	\$0	\$0	\$0	\$0
Year 23	\$0	\$0	\$0	\$0
Year 24	\$0	\$0	\$0	\$0
Year 25	\$0	\$0	\$0	\$0
Total				\$0

Possible School District Tax Abatement Under Texas Tax Code Chapter 313

Port Arthur ISD may be asked for tax abatement or credits for the facility under the Texas Economic Development Act. This abatement will begin when the facility is fully placed on school district tax rolls.

In 2001, the 77th Texas Legislature enacted House Bill 1200 creating Tax Code Chapter 313, Texas Economic Development Act. This Act allows school districts to attract new taxable property by offering a tax credit and an eight-year limitation on the appraised value of a property for the maintenance and operations portion of the school district property tax. The most recent adopted rules by the Texas Comptroller of Public Accounts and forms for Chapter 313 were published in Texas Register June 18, 2010.

Qualification under the Act in Port Arthur ISD would require the firm have an estimated minimum qualified investment of \$30 million. The firm's plans to invest \$231 million in the facility -- more than the minimum qualified investment.

The tax limitation applies to property used in connection with manufacturing, research and development, and renewable energy electric generation. The company's property qualifies for the tax limit since the firm produces methanol.

The Act provides for a tax credit and appraised value limitation.

Tax Credit:

For the first two years after the finalization of an agreement, the company will pay school property tax on its full-appraised value.

However, the company may receive a credit for the property taxes paid on the portion of value exceeding the investment limitation in the first two years. The credit would be granted by the school district in seven annual installments beginning in the year following the approval of the application by the school district or in the fourth year. The credit for any year could not exceed 50% of the year's property taxes imposed on the qualified property.

Appraised Value Limitation:

In addition, beginning in the third year, and for a total of seven years, the appraised value of the property for maintenance and operations property taxes will be capped at the lower of the investment limitation, as determined by the total property wealth of the school district, or its market value.

Based on the requirements of Chapter 313, Port Arthur ISD will collect taxes from the firm during the first two years but the firm will receive a credit for these taxes collected on the firm's investment value exceeding \$30 million.

Calculation of tax credit:

During the first two years of the qualifying period, the firm will pay the following property taxes to the school district that will be subject to tax credit:

	Estimated Assessed Market Value of the Facility	Total Appraised Value of Qualified Property	Property Taxes (\$1.37 per \$100 of Valuation)
Year 1	\$0	\$0	\$0
Year 2	\$52,548,000	\$52,548,000	\$719,908
Year 3	\$169,390,740	\$169,390,740	\$2,320,653
Year 4	\$197,040,906		
Year 5	\$193,010,892		
Year 6	\$188,980,878		
Year 7	\$184,950,864		
Year 8	\$180,920,850		
Year 9	\$176,890,836		
Year 10	\$172,860,822		
Year 11	\$168,830,808		

Credit for taxes paid on the appraised value of qualified property exceeding \$30 million not to exceed 50% of the total amount of school property taxes imposed on the qualified property in the tax year:

	Property Taxes Paid on Qualified Property (\$1.37 per \$100 of Valuation)	Possible Tax Credits	Amount of Tax On \$30 Million Appraised Value Limitation (\$1.37 per \$100 of Valuation)	Maximum Eligible Credit (Not to Exceed 50% Taxes on Eligible Property)	Tax Credit Taken
	\$0				
1	\$719,908				
2	\$2,320,653				
3			\$411,000	\$205,500	\$205,500
4		\$434,366	\$411,000	\$205,500	\$205,500
5		\$434,366	\$411,000	\$205,500	\$205,500
6		\$434,366	\$411,000	\$205,500	\$205,500
7		\$434,366	\$411,000	\$205,500	\$205,500
8		\$434,366	\$411,000	\$205,500	\$205,500
9		\$434,366	\$411,000	\$205,500	\$205,500
10		\$434,366	\$411,000	\$205,500	\$205,500
Total	\$3,040,561	\$3,040,561	\$3,288,000	\$1,644,000	\$1,644,000

Calculation of property taxes based on appraised value limitation:

In years 3 through 10, the value of property subject to the portion of the school district's property taxes for maintenance and operations (\$1.04 per \$100 of valuation), will be on only \$30 million. Therefore, the school district will collect the following taxes and the following taxes will not be collected on the firm's qualified property over and above property valued at \$30 million:

	M&O Property Taxes Paid on \$30 Million (\$1.04 per \$100 of Valuation)	Total Qualified Property	I&S Property Taxes on Total Qualified Property (\$.27 per \$100 of Valuation)	Total Taxes to be Paid on Qualified Property
		\$0		
1		\$52,548,000		
2		\$169,390,740		
3	\$312,000	\$197,040,906	\$532,010	\$844,010
4	\$312,000	\$193,010,892	\$521,129	\$833,129
5	\$312,000	\$188,980,878	\$510,248	\$822,248
6	\$312,000	\$184,950,864	\$499,367	\$811,367
7	\$312,000	\$180,920,850	\$488,486	\$800,486
8	\$312,000	\$176,890,836	\$477,605	\$789,605
9	\$312,000	\$172,860,822	\$466,724	\$778,724
10	\$312,000	\$168,830,808	\$455,843	\$767,843
Total	\$2,496,000		\$3,951,415	\$5,679,571

Property tax payments to the school district over the first 25 years on qualified real property improvements:

	Full Taxes in the First Two Years	Less Tax Credits	M&O Taxes on \$30 Million in Qualified Property	I&S Taxes on \$30 Million in Qualified Property	Value of the Property on Tax Rolls	Property Taxes on All Property After 10 Years
Year 1	\$0					\$0
Year 2	\$719,908					\$719,908
Year 3	\$2,320,653					\$2,320,653
Year 4		(\$205,500)	\$312,000	\$532,010		\$638,510
Year 5		(\$205,500)	\$312,000	\$521,129		\$627,629
Year 6		(\$205,500)	\$312,000	\$510,248		\$616,748
Year 7		(\$205,500)	\$312,000	\$499,367		\$605,867
Year 8		(\$205,500)	\$312,000	\$488,486		\$594,986
Year 9		(\$205,500)	\$312,000	\$477,605		\$584,105
Year 10		(\$205,500)	\$312,000	\$466,724		\$573,224
Year 11		(\$205,500)	\$312,000	\$455,843		\$562,343
Year 12					\$164,800,794	\$2,668,125
Year 13					\$160,770,780	\$2,602,879
Year 14					\$156,740,766	\$2,537,633
Year 15					\$152,710,752	\$2,472,387
Year 16					\$148,680,738	\$2,407,141
Year 17					\$144,650,724	\$2,341,895
Year 18					\$140,620,710	\$2,276,649
Year 19					\$136,590,696	\$2,211,403
Year 20					\$132,560,682	\$2,146,157
Year 21					\$128,530,668	\$2,080,912
Year 22					\$124,500,654	\$2,015,666
Year 23					\$120,470,640	\$1,950,420
Year 24					\$116,440,626	\$1,885,174
Year 25					\$112,410,612	\$1,819,928

Summary of property taxes to be paid by the facility to the school district after credits and appraised value limitations on real property improvements and on business personal property:

	Property Taxes on Business Personal Property	Real Property Improvements			Total Taxes Paid by the Firm
		Property Taxes Paid	Tax Credit Settle -Up in Year 11	Net Taxes Paid	
Year 1	\$0	\$0		\$0	\$0
Year 2	\$0	\$719,908		\$719,908	\$719,908
Year 3	\$0	\$2,320,653		\$2,320,653	\$2,320,653
Year 4	\$0	\$638,510		\$638,510	\$638,510
Year 5	\$0	\$627,629		\$627,629	\$627,629
Year 6	\$0	\$616,748		\$616,748	\$616,748
Year 7	\$0	\$605,867		\$605,867	\$605,867
Year 8	\$0	\$594,986		\$594,986	\$594,986
Year 9	\$0	\$584,105		\$584,105	\$584,105
Year 10	\$0	\$573,224		\$573,224	\$573,224
Year 11	\$0	\$562,343		\$562,343	\$562,343
Year 12	\$0	\$2,668,125	\$1,396,561	\$1,271,564	\$1,271,564
Year 13	\$0	\$2,602,879		\$2,602,879	\$2,602,879
Year 14	\$0	\$2,537,633		\$2,537,633	\$2,537,633
Year 15	\$0	\$2,472,387		\$2,472,387	\$2,472,387
Year 16	\$0	\$2,407,141		\$2,407,141	\$2,407,141
Year 17	\$0	\$2,341,895		\$2,341,895	\$2,341,895
Year 18	\$0	\$2,276,649		\$2,276,649	\$2,276,649
Year 19	\$0	\$2,211,403		\$2,211,403	\$2,211,403
Year 20	\$0	\$2,146,157		\$2,146,157	\$2,146,157
Year 21	\$0	\$2,080,912		\$2,080,912	\$2,080,912
Year 22	\$0	\$2,015,666		\$2,015,666	\$2,015,666
Year 23	\$0	\$1,950,420		\$1,950,420	\$1,950,420
Year 24	\$0	\$1,885,174		\$1,885,174	\$1,885,174
Year 25	\$0	\$1,819,928		\$1,819,928	\$1,819,928
Total	\$0	\$39,260,344	\$1,396,561	\$37,863,783	\$37,863,783

Property taxes that may be collected on new residential property built in the city by some direct and indirect workers:

	Value of New Residential Property to Be Built in the District	Value of Residential Property to be Built in Port Arthur ISD <i>(About 35% of Total Value)</i>	School District Taxes <i>(\$1.37 per \$100 of Valuation)</i>
Year 1	\$594,000	\$207,900	\$2,848
Year 2	\$611,820	\$214,137	\$2,934
Year 3	\$630,175	\$220,561	\$3,022
Year 4	\$649,080	\$227,178	\$3,112
Year 5	\$668,552	\$233,993	\$3,206
Year 6	\$688,609	\$241,013	\$3,302
Year 7	\$709,267	\$248,243	\$3,401
Year 8	\$730,545	\$255,691	\$3,503
Year 9	\$752,461	\$263,361	\$3,608
Year 10	\$775,035	\$271,262	\$3,716
Year 11	\$798,286	\$279,400	\$3,828
Year 12	\$822,235	\$287,782	\$3,943
Year 13	\$846,902	\$296,416	\$4,061
Year 14	\$872,309	\$305,308	\$4,183
Year 15	\$898,478	\$314,467	\$4,308
Year 16	\$925,433	\$323,901	\$4,437
Year 17	\$953,196	\$333,618	\$4,571
Year 18	\$981,791	\$343,627	\$4,708
Year 19	\$1,011,245	\$353,936	\$4,849
Year 20	\$1,041,583	\$364,554	\$4,994
Year 21	\$1,072,830	\$375,491	\$5,144
Year 22	\$1,105,015	\$386,755	\$5,299
Year 23	\$1,138,165	\$398,358	\$5,458
Year 24	\$1,172,310	\$410,309	\$5,621
Year 25	\$1,207,480	\$422,618	\$5,790
Total		\$7,579,881	\$103,844

Total property taxes to be collected by the school district from the facility and on new residential property to be built in the district for some direct and indirect workers:

	Property to be Collected		
	From the Facility	On New Residential Property	Total Collections
Year 1	\$0	\$2,848	\$2,848
Year 2	\$719,908	\$2,934	\$722,841
Year 3	\$2,320,653	\$3,022	\$2,323,675
Year 4	\$638,510	\$3,112	\$641,623
Year 5	\$627,629	\$3,206	\$630,835
Year 6	\$616,748	\$3,302	\$620,050
Year 7	\$605,867	\$3,401	\$609,268
Year 8	\$594,986	\$3,503	\$598,489
Year 9	\$584,105	\$3,608	\$587,713
Year 10	\$573,224	\$3,716	\$576,941
Year 11	\$562,343	\$3,828	\$566,171
Year 12	\$1,271,564	\$3,943	\$1,275,507
Year 13	\$2,602,879	\$4,061	\$2,606,940
Year 14	\$2,537,633	\$4,183	\$2,541,816
Year 15	\$2,472,387	\$4,308	\$2,476,695
Year 16	\$2,407,141	\$4,437	\$2,411,579
Year 17	\$2,341,895	\$4,571	\$2,346,466
Year 18	\$2,276,649	\$4,708	\$2,281,357
Year 19	\$2,211,403	\$4,849	\$2,216,252
Year 20	\$2,146,157	\$4,994	\$2,151,152
Year 21	\$2,080,912	\$5,144	\$2,086,056
Year 22	\$2,015,666	\$5,299	\$2,020,964
Year 23	\$1,950,420	\$5,458	\$1,955,877
Year 24	\$1,885,174	\$5,621	\$1,890,795
Year 25	\$1,819,928	\$5,790	\$1,825,718
Total	\$37,863,783	\$103,844	\$37,967,628

Appendix F
Revenues for the Port of Port Arthur

Property tax collections on business personal property:

	Taxable Value of Business Personal Property		Total Taxable Personal Property	Total Taxes \$.128 per \$100 of Valuation)
	Machinery and Equipment	Taxable Inventories		
Year 1	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Year 11	\$0	\$0	\$0	\$0
Year 12	\$0	\$0	\$0	\$0
Year 13	\$0	\$0	\$0	\$0
Year 14	\$0	\$0	\$0	\$0
Year 15	\$0	\$0	\$0	\$0
Year 16	\$0	\$0	\$0	\$0
Year 17	\$0	\$0	\$0	\$0
Year 18	\$0	\$0	\$0	\$0
Year 19	\$0	\$0	\$0	\$0
Year 20	\$0	\$0	\$0	\$0
Year 21	\$0	\$0	\$0	\$0
Year 22	\$0	\$0	\$0	\$0
Year 23	\$0	\$0	\$0	\$0
Year 24	\$0	\$0	\$0	\$0
Year 25	\$0	\$0	\$0	\$0
Total				\$0

Taxable value and property taxes paid on the facility's real property:

	Value of the Facility's Real Property	Port Taxes (<i>\$.128 per \$100 of Valuation</i>)
Year 1	\$0	\$0
Year 2	\$52,548,000	\$67,340
Year 3	\$169,390,740	\$217,074
Year 4	\$197,040,906	\$252,508
Year 5	\$193,010,892	\$247,343
Year 6	\$188,980,878	\$242,179
Year 7	\$184,950,864	\$237,015
Year 8	\$180,920,850	\$231,850
Year 9	\$176,890,836	\$226,686
Year 10	\$172,860,822	\$221,521
Year 11	\$168,830,808	\$216,357
Year 12	\$164,800,794	\$211,192
Year 13	\$160,770,780	\$206,028
Year 14	\$156,740,766	\$200,863
Year 15	\$152,710,752	\$195,699
Year 16	\$148,680,738	\$190,534
Year 17	\$144,650,724	\$185,370
Year 18	\$140,620,710	\$180,205
Year 19	\$136,590,696	\$175,041
Year 20	\$132,560,682	\$169,877
Year 21	\$128,530,668	\$164,712
Year 22	\$124,500,654	\$159,548
Year 23	\$120,470,640	\$154,383
Year 24	\$116,440,626	\$149,219
Year 25	\$112,410,612	\$144,054
Total		\$4,646,598

Estimated property taxes to be abated:

	Taxes Abated on Value of Property Added In:				Abatement Percentage Beginning in First Year Placed on Tax Rolls	Total Taxes to be Abated
	Year 2	Year 3	Year 4	Year 5		
Year 1					90%	\$0
Year 2	\$60,606				90%	\$60,606
Year 3	\$59,394	\$135,973			90%	\$195,367
Year 4	\$58,182	\$133,253	\$35,822		90%	\$227,257
Year 5	\$56,970	\$130,534	\$35,105	\$0	90%	\$222,609
Year 6	\$55,758	\$127,814	\$34,389	\$0	90%	\$217,961
Year 7	\$54,546	\$125,095	\$33,673	\$0	90%	\$213,313
Year 8	\$53,333	\$122,375	\$32,956	\$0	90%	\$208,665
Year 9	\$52,121	\$119,656	\$32,240	\$0	90%	\$204,017
Year 10	\$50,909	\$116,937	\$31,523	\$0	90%	\$199,369
Year 11	\$49,697	\$114,217	\$30,807	\$0		\$194,721
Year 12	\$0	\$111,498	\$30,090	\$0		\$141,588
Year 13	\$0	\$0	\$29,374	\$0		\$29,374
Year 14	\$0	\$0	\$0	\$0		\$0
Year 15	\$0	\$0	\$0	\$0		\$0
Year 16	\$0	\$0	\$0	\$0		\$0
Year 17	\$0	\$0	\$0	\$0		\$0
Year 18	\$0	\$0	\$0	\$0		\$0
Year 19	\$0	\$0	\$0	\$0		\$0
Year 20	\$0	\$0	\$0	\$0		\$0
Year 21	\$0	\$0	\$0	\$0		\$0
Year 22	\$0	\$0	\$0	\$0		\$0
Year 23	\$0	\$0	\$0	\$0		\$0
Year 24	\$0	\$0	\$0	\$0		\$0
Year 25	\$0	\$0	\$0	\$0		\$0
Total taxes to be abated						\$2,114,848

Property taxes paid on the firm's real property after abatement:

	Taxes Levied	Taxes Abated	Tax Collections After Abatement
Year 1	\$0	\$0	\$0
Year 2	\$67,340	\$60,606	\$6,734
Year 3	\$217,074	\$195,367	\$21,707
Year 4	\$252,508	\$227,257	\$25,251
Year 5	\$247,343	\$222,609	\$24,734
Year 6	\$242,179	\$217,961	\$24,218
Year 7	\$237,015	\$213,313	\$23,701
Year 8	\$231,850	\$208,665	\$23,185
Year 9	\$226,686	\$204,017	\$22,669
Year 10	\$221,521	\$199,369	\$22,152
Year 11	\$216,357	\$194,721	\$21,636
Year 12	\$211,192	\$141,588	\$69,604
Year 13	\$206,028	\$29,374	\$176,654
Year 14	\$200,863	\$0	\$200,863
Year 15	\$195,699	\$0	\$195,699
Year 16	\$190,534	\$0	\$190,534
Year 17	\$185,370	\$0	\$185,370
Year 18	\$180,205	\$0	\$180,205
Year 19	\$175,041	\$0	\$175,041
Year 20	\$169,877	\$0	\$169,877
Year 21	\$164,712	\$0	\$164,712
Year 22	\$159,548	\$0	\$159,548
Year 23	\$154,383	\$0	\$154,383
Year 24	\$149,219	\$0	\$149,219
Year 25	\$144,054	\$0	\$144,054
Total	\$4,646,598	\$2,114,848	\$2,531,750

Summary of property taxes to be paid to the port on business personal property and on real property improvements, after abatement on the facility's real property:

	On Facility's Business Personal Property	On Facility's Real Property	Total Port Property Taxes
Year 1	\$0	\$0	\$0
Year 2	\$0	\$6,734	\$6,734
Year 3	\$0	\$21,707	\$21,707
Year 4	\$0	\$25,251	\$25,251
Year 5	\$0	\$24,734	\$24,734
Year 6	\$0	\$24,218	\$24,218
Year 7	\$0	\$23,701	\$23,701
Year 8	\$0	\$23,185	\$23,185
Year 9	\$0	\$22,669	\$22,669
Year 10	\$0	\$22,152	\$22,152
Year 11	\$0	\$21,636	\$21,636
Year 12	\$0	\$69,604	\$69,604
Year 13	\$0	\$176,654	\$176,654
Year 14	\$0	\$200,863	\$200,863
Year 15	\$0	\$195,699	\$195,699
Year 16	\$0	\$190,534	\$190,534
Year 17	\$0	\$185,370	\$185,370
Year 18	\$0	\$180,205	\$180,205
Year 19	\$0	\$175,041	\$175,041
Year 20	\$0	\$169,877	\$169,877
Year 21	\$0	\$164,712	\$164,712
Year 22	\$0	\$159,548	\$159,548
Year 23	\$0	\$154,383	\$154,383
Year 24	\$0	\$149,219	\$149,219
Year 25	\$0	\$144,054	\$144,054
Total		\$2,531,750	\$2,531,750

Appendix G
Revenues for Sabine - Neches Navigation District

Property tax collections on business personal property:

	Taxable Value of Business Personal Property		Total Taxable Personal Property	Total Taxes \$.027 per \$100 of Valuation)
	Machinery and Equipment	Taxable Inventories		
Year 1	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Year 11	\$0	\$0	\$0	\$0
Year 12	\$0	\$0	\$0	\$0
Year 13	\$0	\$0	\$0	\$0
Year 14	\$0	\$0	\$0	\$0
Year 15	\$0	\$0	\$0	\$0
Year 16	\$0	\$0	\$0	\$0
Year 17	\$0	\$0	\$0	\$0
Year 18	\$0	\$0	\$0	\$0
Year 19	\$0	\$0	\$0	\$0
Year 20	\$0	\$0	\$0	\$0
Year 21	\$0	\$0	\$0	\$0
Year 22	\$0	\$0	\$0	\$0
Year 23	\$0	\$0	\$0	\$0
Year 24	\$0	\$0	\$0	\$0
Year 25	\$0	\$0	\$0	\$0
Total				\$0

Taxable value and property taxes paid on the facility's real property:

	Value of the Facility's Real Property	Taxes (\$.027398 per \$100 of Valuation)
Year 1	\$0	\$0
Year 2	\$52,548,000	\$14,397
Year 3	\$169,390,740	\$46,410
Year 4	\$197,040,906	\$53,985
Year 5	\$193,010,892	\$52,881
Year 6	\$188,980,878	\$51,777
Year 7	\$184,950,864	\$50,673
Year 8	\$180,920,850	\$49,569
Year 9	\$176,890,836	\$48,465
Year 10	\$172,860,822	\$47,360
Year 11	\$168,830,808	\$46,256
Year 12	\$164,800,794	\$45,152
Year 13	\$160,770,780	\$44,048
Year 14	\$156,740,766	\$42,944
Year 15	\$152,710,752	\$41,840
Year 16	\$148,680,738	\$40,736
Year 17	\$144,650,724	\$39,631
Year 18	\$140,620,710	\$38,527
Year 19	\$136,590,696	\$37,423
Year 20	\$132,560,682	\$36,319
Year 21	\$128,530,668	\$35,215
Year 22	\$124,500,654	\$34,111
Year 23	\$120,470,640	\$33,007
Year 24	\$116,440,626	\$31,902
Year 25	\$112,410,612	\$30,798
Total		\$993,426

Estimated property taxes to be abated:

	Taxes Abated on Value of Property Added In:				Abatement Percentage Beginning in First Year Placed on Tax Rolls	Total Taxes to be Abated
	Year 2	Year 3	Year 4	Year 5		
Year 1					90%	\$0
Year 2	\$12,957				90%	\$12,957
Year 3	\$12,698	\$29,070			90%	\$41,769
Year 4	\$12,439	\$28,489	\$7,659		90%	\$48,587
Year 5	\$12,180	\$27,908	\$7,505	\$0	90%	\$47,593
Year 6	\$11,921	\$27,326	\$7,352	\$0	90%	\$46,599
Year 7	\$11,662	\$26,745	\$7,199	\$0	90%	\$45,606
Year 8	\$11,403	\$26,163	\$7,046	\$0	90%	\$44,612
Year 9	\$11,143	\$25,582	\$6,893	\$0	90%	\$43,618
Year 10	\$10,884	\$25,001	\$6,740	\$0	90%	\$42,624
Year 11	\$10,625	\$24,419	\$6,586	\$0		\$41,631
Year 12	\$0	\$23,838	\$6,433	\$0		\$30,271
Year 13	\$0	\$0	\$6,280	\$0		\$6,280
Year 14	\$0	\$0	\$0	\$0		\$0
Year 15	\$0	\$0	\$0	\$0		\$0
Year 16	\$0	\$0	\$0	\$0		\$0
Year 17	\$0	\$0	\$0	\$0		\$0
Year 18	\$0	\$0	\$0	\$0		\$0
Year 19	\$0	\$0	\$0	\$0		\$0
Year 20	\$0	\$0	\$0	\$0		\$0
Year 21	\$0	\$0	\$0	\$0		\$0
Year 22	\$0	\$0	\$0	\$0		\$0
Year 23	\$0	\$0	\$0	\$0		\$0
Year 24	\$0	\$0	\$0	\$0		\$0
Year 25	\$0	\$0	\$0	\$0		\$0
Total taxes to be abated						\$452,147

Property taxes paid on the firm's real property after abatement:

	Taxes Levied	Taxes Abated	Tax Collections After Abatement
Year 1	\$0	\$0	\$0
Year 2	\$14,397	\$12,957	\$1,440
Year 3	\$46,410	\$41,769	\$4,641
Year 4	\$53,985	\$48,587	\$5,399
Year 5	\$52,881	\$47,593	\$5,288
Year 6	\$51,777	\$46,599	\$5,178
Year 7	\$50,673	\$45,606	\$5,067
Year 8	\$49,569	\$44,612	\$4,957
Year 9	\$48,465	\$43,618	\$4,846
Year 10	\$47,360	\$42,624	\$4,736
Year 11	\$46,256	\$41,631	\$4,626
Year 12	\$45,152	\$30,271	\$14,881
Year 13	\$44,048	\$6,280	\$37,768
Year 14	\$42,944	\$0	\$42,944
Year 15	\$41,840	\$0	\$41,840
Year 16	\$40,736	\$0	\$40,736
Year 17	\$39,631	\$0	\$39,631
Year 18	\$38,527	\$0	\$38,527
Year 19	\$37,423	\$0	\$37,423
Year 20	\$36,319	\$0	\$36,319
Year 21	\$35,215	\$0	\$35,215
Year 22	\$34,111	\$0	\$34,111
Year 23	\$33,007	\$0	\$33,007
Year 24	\$31,902	\$0	\$31,902
Year 25	\$30,798	\$0	\$30,798
Total	\$993,426	\$452,147	\$541,279

Summary of property taxes to be paid to the navigation district on business personal property and on real property after abatement on the facility's real property:

	Facility's Business Personal Property	Facility's Real Property	Total Property Taxes
Year 1	\$0	\$0	\$0
Year 2	\$0	\$1,440	\$1,440
Year 3	\$0	\$4,641	\$4,641
Year 4	\$0	\$5,399	\$5,399
Year 5	\$0	\$5,288	\$5,288
Year 6	\$0	\$5,178	\$5,178
Year 7	\$0	\$5,067	\$5,067
Year 8	\$0	\$4,957	\$4,957
Year 9	\$0	\$4,846	\$4,846
Year 10	\$0	\$4,736	\$4,736
Year 11	\$0	\$4,626	\$4,626
Year 12	\$0	\$14,881	\$14,881
Year 13	\$0	\$37,768	\$37,768
Year 14	\$0	\$42,944	\$42,944
Year 15	\$0	\$41,840	\$41,840
Year 16	\$0	\$40,736	\$40,736
Year 17	\$0	\$39,631	\$39,631
Year 18	\$0	\$38,527	\$38,527
Year 19	\$0	\$37,423	\$37,423
Year 20	\$0	\$36,319	\$36,319
Year 21	\$0	\$35,215	\$35,215
Year 22	\$0	\$34,111	\$34,111
Year 23	\$0	\$33,007	\$33,007
Year 24	\$0	\$31,902	\$31,902
Year 25	\$0	\$30,798	\$30,798
Total	\$0	\$541,279	\$541,279

Appendix H
Revenues for Drainage District # 7

Property tax collections on business personal property:

	Taxable Value of Business Personal Property			Total Taxes \$.138 per \$100 of Valuation)
	Machinery and Equipment	Taxable Inventories	Total Taxable Personal Property	
Year 1	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Year 11	\$0	\$0	\$0	\$0
Year 12	\$0	\$0	\$0	\$0
Year 13	\$0	\$0	\$0	\$0
Year 14	\$0	\$0	\$0	\$0
Year 15	\$0	\$0	\$0	\$0
Year 16	\$0	\$0	\$0	\$0
Year 17	\$0	\$0	\$0	\$0
Year 18	\$0	\$0	\$0	\$0
Year 19	\$0	\$0	\$0	\$0
Year 20	\$0	\$0	\$0	\$0
Year 21	\$0	\$0	\$0	\$0
Year 22	\$0	\$0	\$0	\$0
Year 23	\$0	\$0	\$0	\$0
Year 24	\$0	\$0	\$0	\$0
Year 25	\$0	\$0	\$0	\$0
Total				\$0

Taxable value and property taxes paid on the facility's real property:

	Value of the Facility's Real Property	Taxes (\$.138977 per \$100 of Valuation)
Year 1	\$0	\$0
Year 2	\$52,548,000	\$73,030
Year 3	\$169,390,740	\$235,414
Year 4	\$197,040,906	\$273,842
Year 5	\$193,010,892	\$268,241
Year 6	\$188,980,878	\$262,640
Year 7	\$184,950,864	\$257,039
Year 8	\$180,920,850	\$251,438
Year 9	\$176,890,836	\$245,838
Year 10	\$172,860,822	\$240,237
Year 11	\$168,830,808	\$234,636
Year 12	\$164,800,794	\$229,035
Year 13	\$160,770,780	\$223,434
Year 14	\$156,740,766	\$217,834
Year 15	\$152,710,752	\$212,233
Year 16	\$148,680,738	\$206,632
Year 17	\$144,650,724	\$201,031
Year 18	\$140,620,710	\$195,430
Year 19	\$136,590,696	\$189,830
Year 20	\$132,560,682	\$184,229
Year 21	\$128,530,668	\$178,628
Year 22	\$124,500,654	\$173,027
Year 23	\$120,470,640	\$167,426
Year 24	\$116,440,626	\$161,826
Year 25	\$112,410,612	\$156,225
Total		\$5,039,175

Estimated property taxes to be abated:

	Taxes Abated on Value of Property Added In:				Abatement Percentage Beginning in First Year Placed on Tax Rolls	Total Taxes to be Abated
	Year 2	Year 3	Year 4	Year 5		
Year 1					90%	\$0
Year 2	\$65,727				90%	\$65,727
Year 3	\$64,412	\$147,461			90%	\$211,873
Year 4	\$63,098	\$144,511	\$38,848		90%	\$246,457
Year 5	\$61,783	\$141,562	\$38,071	\$0	90%	\$241,417
Year 6	\$60,469	\$138,613	\$37,294	\$0	90%	\$236,376
Year 7	\$59,154	\$135,664	\$36,517	\$0	90%	\$231,335
Year 8	\$57,839	\$132,715	\$35,741	\$0	90%	\$226,295
Year 9	\$56,525	\$129,765	\$34,964	\$0	90%	\$221,254
Year 10	\$55,210	\$126,816	\$34,187	\$0	90%	\$216,213
Year 11	\$53,896	\$123,867	\$33,410	\$0		\$211,172
Year 12	\$0	\$120,918	\$32,633	\$0		\$153,550
Year 13	\$0	\$0	\$31,856	\$0		\$31,856
Year 14	\$0	\$0	\$0	\$0		\$0
Year 15	\$0	\$0	\$0	\$0		\$0
Year 16	\$0	\$0	\$0	\$0		\$0
Year 17	\$0	\$0	\$0	\$0		\$0
Year 18	\$0	\$0	\$0	\$0		\$0
Year 19	\$0	\$0	\$0	\$0		\$0
Year 20	\$0	\$0	\$0	\$0		\$0
Year 21	\$0	\$0	\$0	\$0		\$0
Year 22	\$0	\$0	\$0	\$0		\$0
Year 23	\$0	\$0	\$0	\$0		\$0
Year 24	\$0	\$0	\$0	\$0		\$0
Year 25	\$0	\$0	\$0	\$0		\$0
Total taxes to be abated						\$2,293,525

Property taxes paid on the firm's real property after abatement:

	Taxes Levied	Taxes Abated	Tax Collections After Abatement
Year 1	\$0	\$0	\$0
Year 2	\$73,030	\$65,727	\$7,303
Year 3	\$235,414	\$211,873	\$23,541
Year 4	\$273,842	\$246,457	\$27,384
Year 5	\$268,241	\$241,417	\$26,824
Year 6	\$262,640	\$236,376	\$26,264
Year 7	\$257,039	\$231,335	\$25,704
Year 8	\$251,438	\$226,295	\$25,144
Year 9	\$245,838	\$221,254	\$24,584
Year 10	\$240,237	\$216,213	\$24,024
Year 11	\$234,636	\$211,172	\$23,464
Year 12	\$229,035	\$153,550	\$75,485
Year 13	\$223,434	\$31,856	\$191,579
Year 14	\$217,834	\$0	\$217,834
Year 15	\$212,233	\$0	\$212,233
Year 16	\$206,632	\$0	\$206,632
Year 17	\$201,031	\$0	\$201,031
Year 18	\$195,430	\$0	\$195,430
Year 19	\$189,830	\$0	\$189,830
Year 20	\$184,229	\$0	\$184,229
Year 21	\$178,628	\$0	\$178,628
Year 22	\$173,027	\$0	\$173,027
Year 23	\$167,426	\$0	\$167,426
Year 24	\$161,826	\$0	\$161,826
Year 25	\$156,225	\$0	\$156,225
Total	\$5,039,175	\$2,293,525	\$2,745,650

Summary of property taxes to be paid to the drainage district on business personal property and on real property improvements after abatement on the facility's real property:

	Facility's Business Personal Property	Facility's Real Property	Total Property Taxes
Year 1	\$0	\$0	\$0
Year 2	\$0	\$7,303	\$7,303
Year 3	\$0	\$23,541	\$23,541
Year 4	\$0	\$27,384	\$27,384
Year 5	\$0	\$26,824	\$26,824
Year 6	\$0	\$26,264	\$26,264
Year 7	\$0	\$25,704	\$25,704
Year 8	\$0	\$25,144	\$25,144
Year 9	\$0	\$24,584	\$24,584
Year 10	\$0	\$24,024	\$24,024
Year 11	\$0	\$23,464	\$23,464
Year 12	\$0	\$75,485	\$75,485
Year 13	\$0	\$191,579	\$191,579
Year 14	\$0	\$217,834	\$217,834
Year 15	\$0	\$212,233	\$212,233
Year 16	\$0	\$206,632	\$206,632
Year 17	\$0	\$201,031	\$201,031
Year 18	\$0	\$195,430	\$195,430
Year 19	\$0	\$189,830	\$189,830
Year 20	\$0	\$184,229	\$184,229
Year 21	\$0	\$178,628	\$178,628
Year 22	\$0	\$173,027	\$173,027
Year 23	\$0	\$167,426	\$167,426
Year 24	\$0	\$161,826	\$161,826
Year 25	\$0	\$156,225	\$156,225
Total	\$0	\$2,745,650	\$2,745,650

Appendix I
Sales Tax Collections by Other Cities in Jefferson County on
Workers Spending

Sales taxes to be collected by other cities in the county during construction to expand the plant and over the first 25 years of the project:

	Sales Taxes to be Collected on Construction Worker Spending	Sales Taxes to be Collected on Worker Spending Once the Facility is Operational	Total Sales Tax Collections in Cities	Less Sales Tax Collections in Port Arthur	Sales Tax Collections in Other Cities
Year 1	\$215,609	\$4,633	\$220,243	\$77,085	\$143,158
Year 2	\$483,729	\$4,772	\$488,501	\$170,975	\$317,526
Year 3	\$127,438	\$4,915	\$132,353	\$46,324	\$86,030
Year 4	\$0	\$5,063	\$5,063	\$1,772	\$3,291
Year 5		\$5,215	\$5,215	\$1,825	\$3,390
Year 6		\$5,371	\$5,371	\$1,880	\$3,491
Year 7		\$5,532	\$5,532	\$1,936	\$3,596
Year 8		\$5,698	\$5,698	\$1,994	\$3,704
Year 9		\$5,869	\$5,869	\$2,054	\$3,815
Year 10		\$6,045	\$6,045	\$2,116	\$3,929
Year 11		\$6,227	\$6,227	\$2,179	\$4,047
Year 12		\$6,413	\$6,413	\$2,245	\$4,169
Year 13		\$6,606	\$6,606	\$2,312	\$4,294
Year 14		\$6,804	\$6,804	\$2,381	\$4,423
Year 15		\$7,008	\$7,008	\$2,453	\$4,555
Year 16		\$7,218	\$7,218	\$2,526	\$4,692
Year 17		\$7,435	\$7,435	\$2,602	\$4,833
Year 18		\$7,658	\$7,658	\$2,680	\$4,978
Year 19		\$7,888	\$7,888	\$2,761	\$5,127
Year 20		\$8,124	\$8,124	\$2,844	\$5,281
Year 21		\$8,368	\$8,368	\$2,929	\$5,439
Year 22		\$8,619	\$8,619	\$3,017	\$5,602
Year 23		\$8,878	\$8,878	\$3,107	\$5,770
Year 24		\$9,144	\$9,144	\$3,200	\$5,944
Year 25		\$9,418	\$9,418	\$3,296	\$6,122
	\$826,777	\$168,923	\$995,700	\$348,495	\$647,205

Appendix J

Property Taxes to be Collected by Other Cities, School Districts
and Special Taxing Districts on the Residential Property Built for
Some Direct and Indirect Workers

Estimated total property tax rate for a city, school district, and special taxing district	
City, excluding the City of Port Arthur	\$0.64
School district, excluding Port Arthur ISD	\$1.365
Special taxing districts, excluding the Navigation District which is countywide and estimated on previous pages	\$0.24
Total	\$2.25

Percent to total new residential property in other cities, school districts and special taxing districts in the county 65%

Value of new residential property and property taxes to be collected on this property:

	Property Tax Collections				Total
	Value of New Residential Property	Other Cities	Other School Districts	Other Special Taxing Districts	
	<i>65% of Property & \$.64 per \$100 of Valuation)</i>	<i>65% of Property \$1.365 per \$101 of Valuation)</i>	<i>65% of Property \$1.365 per \$101 of Valuation)</i>	<i>15% of Property (\$.24 per \$102 of Valuation)</i>	
Year 1	\$594,000	\$2,471	\$5,270	\$928	\$8,669
Year 2	\$611,820	\$2,545	\$5,428	\$956	\$8,930
Year 3	\$630,175	\$2,622	\$5,591	\$985	\$9,197
Year 4	\$649,080	\$2,700	\$5,759	\$1,014	\$9,473
Year 5	\$668,552	\$2,781	\$5,932	\$1,045	\$9,758
Year 6	\$688,609	\$2,865	\$6,110	\$1,076	\$10,050
Year 7	\$709,267	\$2,951	\$6,293	\$1,108	\$10,352
Year 8	\$730,545	\$3,039	\$6,482	\$1,142	\$10,662
Year 9	\$752,461	\$3,130	\$6,676	\$1,176	\$10,982
Year 10	\$775,035	\$3,224	\$6,877	\$1,211	\$11,312
Year 11	\$798,286	\$3,321	\$7,083	\$1,247	\$11,651
Year 12	\$822,235	\$3,420	\$7,295	\$1,285	\$12,001
Year 13	\$846,902	\$3,523	\$7,514	\$1,323	\$12,361
Year 14	\$872,309	\$3,629	\$7,740	\$1,363	\$12,731
Year 15	\$898,478	\$3,738	\$7,972	\$1,404	\$13,113
Year 16	\$925,433	\$3,850	\$8,211	\$1,446	\$13,507
Year 17	\$953,196	\$3,965	\$8,457	\$1,489	\$13,912
Year 18	\$981,791	\$4,084	\$8,711	\$1,534	\$14,329
Year 19	\$1,011,245	\$4,207	\$8,972	\$1,580	\$14,759
Year 20	\$1,041,583	\$4,333	\$9,241	\$1,628	\$15,202
Year 21	\$1,072,830	\$4,463	\$9,519	\$1,676	\$15,658
Year 22	\$1,105,015	\$4,597	\$9,804	\$1,727	\$16,128
Year 23	\$1,138,165	\$4,735	\$10,098	\$1,778	\$16,612
Year 24	\$1,172,310	\$4,877	\$10,401	\$1,832	\$17,110
Year 25	\$1,207,480	\$5,023	\$10,713	\$1,887	\$17,623
Total		\$90,092	\$192,150	\$33,841	\$316,083

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

August 15, 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

PRAXAIR, INC.

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 November 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 15th day of
August 2012 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs
Texas Comptroller

Taxpayer number: 10612490507
File number: 0007853006

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



July 30, 2012

Johnny Brown
Superintendent
Port Arthur Independent School District
P. O. Box 1388
Port Arthur, Texas 77641-1388

Dear Superintendent Brown:

On May 15, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in December 15, 2011 to the Port Arthur Independent School District (Port Arthur ISD) by Praxair, Inc. 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.

Port Arthur ISD is currently classified as a rural school district in Category I 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 (\$221.6 million) 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. Praxair, Inc. is proposing the construction of a manufacturing facility in Jefferson County. Praxair, Inc. 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 Praxair, Inc., the Comptroller's recommendation is that Praxair, Inc.'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 true and correct, the applicant is eligible for a limitation and that granting the application is in the best

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date of May 15, 2012, or any tangible personal property placed in service prior to that date may not be considered "Qualified Property" as defined by 313.021(2).

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 limitation agreement must contain a provision that requires the applicant to provide sufficient information to the Central Appraisal District to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified, the district to confirm with the CAD that the applicant has provided such information, and that this office is provided with the CAD approved information not later than the first annual reporting period following the execution of the agreement;
3. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
4. 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
5. 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 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	Praxair, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Arthur ISD
2010-11 Enrollment in School District	8,898
County	Jefferson
Total Investment in District	\$221,610,000
Qualified Investment	\$221,610,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	6*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,212
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,102
Minimum Annual Wage committed to by applicant for qualified jobs	\$63,057
Investment per Qualifying Job	\$36,935,000
Estimated 15 year M&O levy without any limit or credit:	\$29,302,000
Estimated gross 15 year M&O tax benefit	\$17,509,440
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$15,570,714
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$3,744,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$13,731,286
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	53.1%
Percentage of tax benefit due to the limitation	78.6%
Percentage of tax benefit due to the credit.	21.4%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Praxair, Inc. (the project) applying to Port Arthur 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 six new jobs when fully operational. All six 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 South East Texas Regional Planning Commission region, where Jefferson County is located was \$57,333 in 2010. The annual average manufacturing wage for 2011 for Jefferson County is \$86,073. That same year, the county annual average wage for all industries was \$48,321. In addition to a salary of \$63,057, each qualifying position will receive benefits such as medical program, dental program, vision eyewear program, basic life insurance plan, supplemental life insurance plan, short term disability plan, long term disability, legal services, health care and dependent care reimbursement programs, pension plan, retirement savings plan, flex hours, employee assistance program, health advocate program, educational refund program, vacation plan, and long term care plans. The project's total investment is \$221.6 million, resulting in a relative level of investment per qualifying job of \$36.9 million.

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

According to Praxair, Inc.'s application, "Praxair operates industrial gas facilities worldwide and has the ability to locate in any state and area of Texas that has demand for industrial gases. Praxair's pipeline complex allows us to have options for our investment. Not only land availability but also flexibility of several States to choose that location. Many factors are considered in selecting site location, including local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are looking at Louisiana and Texas for our current investment options."

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

During the past two years, one project in the South East Texas Regional Planning Commission 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 Praxair, Inc. 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 Praxair, Inc.'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 16 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 Praxair, Inc.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	350	324	674	\$18,900,000	\$19,100,000	\$38,000,000
2013	106	128	234	\$5,778,398	\$10,221,602	\$16,000,000
2014	6	30	36	\$378,398	\$5,621,602	\$6,000,000
2015	6	19	25	\$378,398	\$4,621,602	\$5,000,000
2016	6	33	39	\$378,398	\$4,621,602	\$5,000,000
2017	6	36	42	\$378,398	\$4,621,602	\$5,000,000
2018	6	42	48	\$378,398	\$4,621,602	\$5,000,000
2019	6	47	53	\$378,398	\$5,621,602	\$6,000,000
2020	6	50	56	\$378,398	\$6,621,602	\$7,000,000
2021	6	57	63	\$378,398	\$6,621,602	\$7,000,000
2022	6	61	67	\$378,398	\$7,621,602	\$8,000,000
2023	6	61	67	\$378,398	\$7,621,602	\$8,000,000
2024	6	55	61	\$378,398	\$6,621,602	\$7,000,000
2025	6	49	55	\$378,398	\$7,621,602	\$8,000,000
2026	6	53	59	\$378,398	\$7,621,602	\$8,000,000
2027	6	53	59	\$378,398	\$7,621,602	\$8,000,000

Source: CPA, REMI, Praxair, Inc.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010-2011. Port Arthur ISD's ad valorem tax base in 2010-2011 was \$4.82 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Port Arthur ISD's estimated wealth per WADA was \$422,412. 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, Jefferson County, City of Port Arthur Industrial District, Sabine-Neches Navigation District, Port of Port Arthur, and Drainage District No. 7 with all property tax incentives sought being granted using estimated market value from Praxair, Inc.'s application. Praxair, Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, drainage district, navigation district, industrial district, and port. Table 3 illustrates the estimated tax impact of the Praxair, Inc. project on the region if all taxes are assessed.

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Port Arthur ISD I&S Levy	Port Arthur ISD M&O Levy	Port Arthur ISD M&O and I&S Tax Levies (Before Credit Credited)	Port Arthur ISD M&O and I&S Tax Levies (After Credit Credited)	Jefferson County Tax Levy	City of Port Arthur Industrial District Tax Levy	Sabine-Neches Navigation District Tax Levy	Drainage District No. 7 Tax Levy	Port of Port Arthur Tax Levy	Estimated Total Property Taxes
				0.3276	1.0400			0.3650	0.7920	0.0273	0.1409	0.1282	
2013	\$195,000,000	\$195,000,000		\$638,820	\$2,028,000	\$2,666,820	\$2,666,820	\$711,750	\$1,235,520	\$53,256	\$274,851	\$249,893	\$5,192,090
2014	\$225,000,000	\$225,000,000		\$737,100	\$2,340,000	\$3,077,100	\$3,077,100	\$821,250	\$1,425,600	\$61,450	\$317,135	\$288,338	\$5,990,873
2015	\$210,500,000	\$30,000,000		\$689,598	\$312,000	\$1,001,598	\$1,001,598	\$0	\$1,333,728	\$0	\$0	\$0	\$2,335,326
2016	\$206,200,000	\$30,000,000		\$675,511	\$312,000	\$987,511	\$670,675	\$75,263	\$1,306,483	\$5,632	\$29,064	\$26,425	\$2,113,541
2017	\$201,900,000	\$30,000,000		\$661,424	\$312,000	\$973,424	\$658,933	\$147,387	\$1,279,238	\$11,028	\$56,915	\$51,747	\$2,205,249
2018	\$197,600,000	\$30,000,000		\$647,338	\$312,000	\$959,338	\$648,222	\$216,372	\$1,251,994	\$16,190	\$83,555	\$75,967	\$2,292,299
2019	\$193,300,000	\$30,000,000		\$633,251	\$312,000	\$945,251	\$637,510	\$282,218	\$1,224,749	\$21,117	\$108,982	\$99,086	\$2,373,661
2020	\$189,000,000	\$30,000,000		\$619,164	\$312,000	\$931,164	\$626,799	\$689,850	\$1,197,504	\$51,618	\$266,394	\$242,204	\$3,074,368
2021	\$184,700,000	\$30,000,000		\$605,077	\$312,000	\$917,077	\$616,088	\$674,155	\$1,170,259	\$50,443	\$266,333	\$236,693	\$3,007,971
2022	\$180,400,000	\$30,000,000		\$590,990	\$312,000	\$902,990	\$605,376	\$658,460	\$1,143,014	\$49,269	\$254,272	\$231,183	\$2,941,574
2023	\$176,100,000	\$176,100,000		\$576,904	\$1,831,440	\$2,408,344	\$817,496	\$642,765	\$1,115,770	\$48,095	\$248,211	\$225,672	\$3,098,009
2024	\$168,200,000	\$168,200,000		\$551,023	\$1,749,280	\$2,300,303	\$2,300,303	\$613,930	\$1,065,715	\$45,937	\$237,076	\$215,548	\$4,478,510
2025	\$167,500,000	\$167,500,000		\$548,730	\$1,742,000	\$2,290,730	\$2,290,730	\$611,375	\$1,061,280	\$45,746	\$236,090	\$214,651	\$4,459,872
2026	\$163,200,000	\$163,200,000		\$534,643	\$1,697,280	\$2,231,923	\$2,231,923	\$595,680	\$1,034,035	\$44,572	\$230,029	\$209,141	\$4,345,380
2027	\$158,900,000	\$158,900,000		\$520,556	\$1,652,560	\$2,173,116	\$2,173,116	\$579,985	\$1,006,790	\$43,397	\$223,968	\$203,630	\$4,230,887
						Total	\$21,022,690	\$7,320,440	\$17,851,680	\$547,749	\$2,826,873	\$2,570,176	\$52,139,609

Assumes School Value Limitation and Tax Abatements with the County, Industrial District, Navigation District, Drainage District, and Port.

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Port Arthur ISD I&S Levy	Port Arthur ISD M&O Levy	Port Arthur ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	City of Port Arthur Industrial District Tax Levy	Sabine-Neches Navigation District Tax Levy	Drainage District No. 7 Tax Levy	Port of Port Arthur Tax Levy	Estimated Total Property Taxes	
				0.3276	1.0400		0.3650	0.7920	0.0273	0.1409	0.1282		
2013	\$195,000,000	\$195,000,000		\$638,820	\$2,028,000	\$2,666,820	\$711,750	\$1,544,400	\$53,256	\$274,851	\$249,893	\$5,500,970	
2014	\$225,000,000	\$225,000,000		\$737,100	\$2,340,000	\$3,077,100	\$821,250	\$1,782,000	\$61,450	\$317,135	\$288,338	\$6,347,273	
2015	\$210,500,000	\$210,500,000		\$689,598	\$2,189,200	\$2,878,798	\$768,325	\$1,667,160	\$57,490	\$296,698	\$269,756	\$5,938,226	
2016	\$206,200,000	\$206,200,000		\$675,511	\$2,144,480	\$2,819,991	\$752,630	\$1,633,104	\$56,315	\$290,637	\$264,245	\$5,816,923	
2017	\$201,900,000	\$201,900,000		\$661,424	\$2,099,760	\$2,761,184	\$736,935	\$1,599,048	\$55,141	\$284,576	\$258,735	\$5,695,619	
2018	\$197,600,000	\$197,600,000		\$647,338	\$2,055,040	\$2,702,378	\$721,240	\$1,564,992	\$53,967	\$278,515	\$253,224	\$5,574,316	
2019	\$193,300,000	\$193,300,000		\$633,251	\$2,010,320	\$2,643,571	\$705,545	\$1,530,936	\$52,792	\$272,454	\$247,714	\$5,453,012	
2020	\$189,000,000	\$189,000,000		\$619,164	\$1,965,600	\$2,584,764	\$689,850	\$1,496,880	\$51,618	\$266,394	\$242,204	\$5,331,709	
2021	\$184,700,000	\$184,700,000		\$605,077	\$1,920,880	\$2,525,957	\$674,155	\$1,462,824	\$50,443	\$260,333	\$236,693	\$5,210,405	
2022	\$180,400,000	\$180,400,000		\$590,990	\$1,876,160	\$2,467,150	\$658,460	\$1,428,768	\$49,269	\$254,272	\$231,183	\$5,089,102	
2023	\$176,100,000	\$176,100,000		\$576,904	\$1,831,440	\$2,408,344	\$642,765	\$1,394,712	\$48,095	\$248,211	\$225,672	\$4,967,799	
2024	\$168,200,000	\$168,200,000		\$551,023	\$1,749,280	\$2,300,303	\$613,930	\$1,332,144	\$45,937	\$237,076	\$215,548	\$4,744,939	
2025	\$167,500,000	\$167,500,000		\$548,730	\$1,742,000	\$2,290,730	\$611,375	\$1,326,600	\$45,746	\$236,090	\$214,651	\$4,725,193	
2026	\$163,200,000	\$163,200,000		\$534,643	\$1,697,280	\$2,231,923	\$595,680	\$1,292,544	\$44,572	\$230,029	\$209,141	\$4,603,888	
2027	\$158,900,000	\$158,900,000		\$520,556	\$1,652,560	\$2,173,116	\$579,985	\$1,258,488	\$43,397	\$223,968	\$203,630	\$4,482,585	
						Total	\$38,532,130	\$10,283,875	\$22,314,600	\$769,487	\$3,971,238	\$3,610,626	\$79,481,957

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

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 \$29,302,000. The estimated gross 15 year M&O tax benefit, or levy loss, is \$17,509,440.

Attachment 3 is an economic overview of Jefferson 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

Robert Scott
Commissioner

July 2, 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 Praxair project for the Port Arthur Independent School District (PAISD). 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 Praxair project on PAISD 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 if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Belinda Dyer".

Belinda Dyer
Division Manager
Office of School Finance

BD/bd



TEXAS EDUCATION AGENCY

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

Robert Scott
Comptroller

July 24, 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 Praxair project on the number and size of school facilities in Port Arthur Independent School District (PAISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the PAISD superintendent, Dr. Johnny E. Brown, the TEA has found that the Praxair project would not have a significant impact on the number or size of school facilities in PAISD.

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 if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Belinda Dyer".

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

Jefferson County

Population

- Total county population in 2010 for Jefferson County: 243,933 , up 0.2 percent from 2009. State population increased 1.8 percent in the same time period.
- Jefferson County was the state's 20st largest county in population in 2010 and the 181st fastest growing county from 2009 to 2010.
- Jefferson County's population in 2009 was 46.6 percent Anglo (below the state average of 46.7 percent), 34.1 percent African-American (above the state average of 11.3 percent) and 15.2 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Jefferson County:

Beaumont:	110,110	Port Arthur:	56,694
Nederland:	16,053	Groves:	14,299
Port Neches:	12,525	Bevil Oaks:	1,204
China:	1,023	Nome:	477
Taylor Landing:	211		

Economy and Income

Employment

- September 2011 total employment in Jefferson County: 105,661 , up 0.6 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 Jefferson County unemployment rate: 11.9 percent, up from 10.9 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:

Beaumont:	11.1 percent, up from 9.6 percent in September 2010.
Port Arthur:	14.9 percent, up from 14.4 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

- Jefferson County's ranking in per capita personal income in 2009: 59th with an average per capita income of \$37,139, up 0.1 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 Jefferson County averaged \$44.36 million annually from 2007 to 2010. County total agricultural values in 2010 were up 16.0 percent from 2009. Major agriculture related commodities in Jefferson County during 2010 included:
 - Aquaculture - Nursery - Hay - Rice - Other Beef
- 2011 oil and gas production in Jefferson County: 568,759.0 barrels of oil and 38.6 million Mcf of gas. In September 2011, there were 175 producing oil wells and 145 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 Jefferson County during the fourth quarter 2010: \$840.90 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Beaumont:	\$561.42 million, up 6.5 percent from the same quarter in 2009.
Port Arthur:	\$161.68 million, up 6.1 percent from the same quarter in 2009.
Nederland:	\$36.71 million, down 9.8 percent from the same quarter in 2009.
Groves:	\$18.33 million, up 3.2 percent from the same quarter in 2009.
Port Neches:	\$10.90 million, up 7.2 percent from the same quarter in 2009.
Bevil Oaks:	\$328,690.00, up 28.6 percent from the same quarter in 2009.
China:	\$476,378.00, up 11.0 percent from the same quarter in 2009.
Nome:	\$589,066.00, down 41.1 percent from the same quarter in 2009.

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

- Taxable sales in Jefferson County through the fourth quarter of 2010: \$3.07 billion, down 3.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Beaumont:	\$2.05 billion, down 3.0 percent from the same period in 2009.
Port Arthur:	\$576.60 million, down 4.2 percent from the same period in 2009.

Nederland:	\$151.56 million, down 8.1 percent from the same period in 2009.
Groves:	\$73.47 million, down 2.4 percent from the same period in 2009.
Port Neches:	\$42.85 million, down 2.4 percent from the same period in 2009.
Bevil Oaks:	\$982,394.00, up 10.1 percent from the same period in 2009.
China:	\$1.63 million, up 0.1 percent from the same period in 2009.
Nome:	\$2.40 million, down 31.3 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Jefferson County during 2010: \$3.07 billion, down 3.6 percent from 2009.
- Jefferson County sent an estimated \$191.61 million (or 1.12 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Beaumont:	\$2.05 billion, down 3.0 percent from 2009.
Port Arthur:	\$576.60 million, down 4.2 percent from 2009.
Nederland:	\$151.56 million, down 8.1 percent from 2009.
Groves:	\$73.47 million, down 2.4 percent from 2009.
Port Neches:	\$42.85 million, down 2.4 percent from 2009.
Bevil Oaks:	\$982,394.00, up 10.1 percent from 2009.
China:	\$1.63 million, up 0.1 percent from 2009.
Nome:	\$2.40 million, down 31.3 percent from 2009.

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 Jefferson County based on the sales activity month of August 2011: \$4.92 million, up 28.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Beaumont:	\$2.86 million, up 14.7 percent from August 2010.
Port Arthur:	\$1.52 million, up 75.1 percent from August 2010.
Nederland:	\$328,832.49, up 25.1 percent from August 2010.
Groves:	\$120,684.08, up 6.6 percent from August 2010.
Port Neches:	\$85,567.84, up 3.5 percent from August 2010.
Bevil Oaks:	\$1,447.39, down 20.4 percent from August 2010.
China:	\$3,609.75, down 4.3 percent from August 2010.
Nome:	\$4,512.68, down 4.5 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 Jefferson County based on sales activity months from September 2010 through August 2011: \$53.88 million, up 4.8 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Beaumont:	\$34.13 million, up 3.7 percent from fiscal 2010.
Port Arthur:	\$13.08 million, up 8.4 percent from fiscal 2010.
Nederland:	\$3.62 million, up 3.9 percent from fiscal 2010.
Groves:	\$1.66 million, up 1.3 percent from fiscal 2010.
Port Neches:	\$1.25 million, up 6.6 percent from fiscal 2010.
Bevil Oaks:	\$21,324.67, up 29.3 percent from fiscal 2010.
China:	\$59,742.82, down 12.9 percent from fiscal 2010.
Nome:	\$53,336.94, down 3.9 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 Jefferson County based on sales activity months through August 2011: \$34.25 million, up 3.4 percent from the same period in 2010.

- Payments based on sales activity months through August 2011 to the city of:
 - Beaumont: \$21.39 million, down 0.5 percent from the same period in 2010.
 - Port Arthur: \$8.55 million, up 13.4 percent from the same period in 2010.
 - Nederland: \$2.40 million, up 7.2 percent from the same period in 2010.
 - Groves: \$1.05 million, unchanged 0.0 percent from the same period in 2010.
 - Port Neches: \$777,953.02, up 6.8 percent from the same period in 2010.
 - Bevil Oaks: \$13,829.51, up 28.9 percent from the same period in 2010.
 - China: \$36,072.52, down 15.9 percent from the same period in 2010.
 - None: \$34,192.72, down 5.8 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 Jefferson County based on sales activity in the 12 months ending in August 2011: \$53.88 million, up 4.8 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Beaumont: \$34.13 million, up 3.7 percent from the previous 12-month period.
 - Port Arthur: \$13.08 million, up 8.4 percent from the previous 12-month period.
 - Nederland: \$3.62 million, up 3.9 percent from the previous 12-month period.
 - Groves: \$1.66 million, up 1.3 percent from the previous 12-month period.
 - Port Neches: \$1.25 million, up 6.6 percent from the previous 12-month period.
 - Bevil Oaks: \$21,324.67, up 29.3 percent from the previous 12-month period.
 - China: \$59,742.82, down 12.9 percent from the previous 12-month period.
 - None: \$53,336.94, down 3.9 percent from the previous 12-month period.

City Calendar Year-To-Date (RJ 2011)

- Payment to the cities from January 2011 through October 2011:
 - Beaumont: \$28.00 million, up 2.7 percent from the same period in 2010.
 - Port Arthur: \$10.95 million, up 11.8 percent from the same period in 2010.
 - Nederland: \$3.01 million, up 5.2 percent from the same period in 2010.
 - Groves: \$1.35 million, down 0.4 percent from the same period in 2010.
 - Port Neches: \$1.00 million, up 4.9 percent from the same period in 2010.
 - Bevil Oaks: \$17,539.35, up 24.4 percent from the same period in 2010.
 - China: \$49,163.51, down 12.1 percent from the same period in 2010.
 - None: \$43,857.48, down 8.6 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 Jefferson County based on sales activity months in 2010: \$52.76 million, down 5.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Beaumont: \$34.24 million, down 4.0 percent from 2009.
 - Port Arthur: \$12.06 million, down 11.1 percent from 2009.
 - Nederland: \$3.46 million, down 5.1 percent from 2009.
 - Groves: \$1.66 million, down 5.1 percent from 2009.
 - Port Neches: \$1.20 million, down 3.8 percent from 2009.
 - Bevil Oaks: \$18,225.09, up 24.3 percent from 2009.
 - China: \$66,583.42, down 18.2 percent from 2009.
 - None: \$55,457.98, up 10.2 percent from 2009.

Property Tax

- As of January 2009, property values in Jefferson County: \$25.13 billion, down 3.8 percent from January 2008 values. The property tax base per person in Jefferson County is \$103,315, above the statewide average of \$85,809. About 2.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Jefferson County's ranking in state expenditures by county in fiscal year 2010: 17th. State expenditures in the county for FY2010: \$1.14 billion, up 0.3 percent from FY2009.

■ In Jefferson County, 31 state agencies provide a total of 4,852 jobs and \$52.56 million in annualized wages (as of 1st quarter 2011).

■ Major state agencies in the county (as of first quarter 2011):

- Lamar University
- Lamar Institute of Technology
- Lamar University
- Department of Criminal Justice
- Texas Youth Commission

Higher Education

■ Community colleges in Jefferson County fall 2010 enrollment:

- None.

■ Jefferson County is in the service area of the following:

- Galveston College with a fall 2010 enrollment of 2,318 . Counties in the service area include:
Chambers County
Galveston County
Jefferson County

■ Institutions of higher education in Jefferson County fall 2010 enrollment:

- Lamar University, a Public University (part of Texas State University System), had 13,969 students.
- Lamar State College-Port Arthur, a Public State College (part of Texas State University System), had 2,374 students.
- Lamar Institute of Technology, a Public State College (part of Texas State University System), had 3,243 students.

School Districts

■ Jefferson County had 6 school districts with 69 schools and 40,216 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.)

- Beaumont ISD had 19,505 students in the 2009-10 school year. The average teacher salary was \$47,118. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.
- Hamshire-Fannett ISD had 1,752 students in the 2009-10 school year. The average teacher salary was \$41,481. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
- Nederland ISD had 5,022 students in the 2009-10 school year. The average teacher salary was \$47,598. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Port Arthur ISD had 9,047 students in the 2009-10 school year. The average teacher salary was \$45,029. The percentage of students meeting the 2010 TAKS passing standard for all tests was 58 percent.
- Port Neches-Groves ISD had 4,586 students in the 2009-10 school year. The average teacher salary was \$47,318. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Sabine Pass ISD had 303 students in the 2009-10 school year. The average teacher salary was \$47,538. The percentage of students meeting the 2010 TAKS passing standard for all tests was 90 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED PRAXAIR
PROJECT ON THE FINANCES OF THE PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

May 7, 2012

Final Report

PREPARED BY



Estimated Impact of the Proposed Praxair Project on the Finances of the Port Arthur Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Praxair (Praxair) has requested that the Port Arthur Independent School District (PAISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to PAISD on December 16, 2011, Praxair proposes to invest \$231 million to construct a new hydrogen gas manufacturing project in PAISD.

The Praxair 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, PAISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 school years, 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 2013-14 and 2014-15 school years. Beginning in 2015-16, 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 (M&O) 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 PAISD currently levying a \$0.3276 per \$100 I&S tax rate. The full value of the investment is expected to reach \$225 million in 2015-16, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Praxair 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. PAISD would experience a \$1.9 million revenue loss as a result of the implementation of the value limitation in the 2015-16 school year.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$15.6 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 786 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 241 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. IN this case, our statewide estimates indicate 403 target-revenue districts and 624 formula districts.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. 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.

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 Praxair project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect

in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The 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 prior to the 2017-18 school year, although these estimates indicate that PAISD will not receive ASATR funding under any of these scenarios. The projected taxable values of the Praxair project are factored into the base model used here. Previously-approved Chapter 313 value limitations are factored into the base for all the models presented here. The impact of the limitation value for the proposed Praxair project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 8,010 students in average daily attendance (ADA) in analyzing the effects of the Praxair project on the finances of PAISD. The District's local tax base reached \$3.9 billion for the 2011 tax year for M&O purposes and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. PAISD has estimated state property wealth per weighted ADA or WADA of approximately \$333,991 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for PAISD under the assumptions outlined above through the 2027-28 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th 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 Praxair 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 Praxair value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 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).

A summary of the differences between these models is shown in Table 4. The model results show approximately \$60 million a year in annual net General Fund revenue.

Under these assumptions, PAISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$1,923,660). The revenue reduction results from the mechanics of the state aid system and the fact there is no state aid offset in the 2015-16 school year, where these estimates have PAISD classified as a “formula” district. By the 2016-17 school year, the Comptroller’s property value study reflects the \$30 million limitation and there is little in the way of revenue loss expected for the remainder of the eight-year limitation period.

The Comptroller’s state property value study clearly influences these calculations. The Comptroller’s Property Tax Assistance Division makes two value determinations 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 \$13.8 million over the life of the agreement. In addition, Praxair 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 \$3.7 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key PAISD revenue losses are expected to total approximately -\$1.9 million over the course of the agreement, largely eliminating the tax benefit in the first year that the \$30 million value limitation takes effect. The potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$15.6 million over the life of the agreement. Despite the 2015-16 school year impact, a substantial tax benefit to Praxair remains under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Praxair project remains fully taxable for debt services taxes, with PAISD currently levying a \$0.3276 I&S rate. The value of the Praxair 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 for I&S purposes by about four percent, so it should assist PAISD in meeting its debt service obligations.

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

Conclusion

The proposed Praxair manufacturing project enhances the tax base of PAISD. 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 \$15.6 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of PAISD in meeting its future debt service obligations.

Table 1 – Base District Information with Praxair 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	2012-13	8,010.00	10,625.83	\$1.0400	\$0.1700	\$4,127,587,800	\$4,127,587,800	\$3,548,933,889	\$3,548,933,889	\$333,991	\$333,991
1	2013-14	8,010.00	10,625.83	\$1.0400	\$0.1540	\$4,368,025,562	\$4,368,025,562	\$3,548,933,889	\$3,548,933,889	\$333,991	\$333,991
2	2014-15	8,010.00	10,625.83	\$1.0400	\$0.1540	\$4,454,040,868	\$4,454,040,868	\$3,789,371,651	\$3,789,371,651	\$356,619	\$356,619
3	2015-16	8,010.00	10,625.83	\$1.0400	\$0.1550	\$4,690,288,240	\$4,509,786,240	\$3,875,386,957	\$3,875,386,957	\$364,714	\$364,714
4	2016-17	8,010.00	10,625.83	\$1.0400	\$0.1560	\$4,722,045,329	\$4,545,845,329	\$4,111,632,328	\$3,931,132,328	\$386,947	\$369,960
5	2017-18	8,010.00	10,781.77	\$1.0400	\$0.1570	\$4,764,959,458	\$4,593,059,458	\$4,143,391,418	\$3,967,191,418	\$384,296	\$367,954
6	2018-19	8,010.00	10,781.77	\$1.0400	\$0.1570	\$7,486,413,113	\$7,318,813,113	\$4,186,305,546	\$4,014,405,546	\$388,276	\$372,333
7	2019-20	8,010.00	10,781.77	\$1.0400	\$0.1570	\$7,488,148,469	\$7,324,848,469	\$6,907,759,201	\$6,740,159,201	\$640,689	\$625,144
8	2020-21	8,010.00	10,781.77	\$1.0400	\$0.1570	\$7,516,363,164	\$7,357,363,164	\$6,909,494,557	\$6,746,194,557	\$640,850	\$625,704
9	2021-22	8,010.00	10,781.77	\$1.0400	\$0.1570	\$7,578,162,266	\$7,423,462,266	\$6,937,709,253	\$6,778,709,253	\$643,467	\$628,720
10	2022-23	8,010.00	10,781.77	\$1.0400	\$0.1570	\$7,682,777,414	\$7,532,377,414	\$6,999,508,354	\$6,844,808,354	\$649,198	\$634,850
11	2023-24	8,010.00	10,781.77	\$1.0400	\$0.1570	\$7,842,196,052	\$7,842,196,052	\$7,104,123,503	\$6,953,723,503	\$658,901	\$644,952
12	2024-25	8,010.00	10,781.77	\$1.0400	\$0.1570	\$8,068,377,041	\$8,068,377,041	\$7,263,542,140	\$7,263,542,140	\$673,687	\$673,687
13	2025-26	8,010.00	10,781.77	\$1.0400	\$0.1570	\$8,392,307,886	\$8,392,307,886	\$7,489,723,129	\$7,489,723,129	\$694,665	\$694,665
14	2026-27	8,010.00	10,781.77	\$1.0400	\$0.1570	\$8,829,375,120	\$8,829,375,120	\$7,813,653,974	\$7,813,653,974	\$724,710	\$724,710
15	2027-28	8,010.00	10,781.77	\$1.0400	\$0.1570	\$9,417,140,617	\$9,417,140,617	\$8,250,721,209	\$8,250,721,209	\$765,247	\$765,247

*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	2012-13	\$38,425,327	\$18,379,729	\$0	\$0	\$0	\$1,535,015	\$1,221,190	\$0	\$59,561,261
1	2013-14	\$40,703,988	\$18,379,729	\$0	\$0	\$0	\$1,626,043	\$1,293,608	\$0	\$62,003,368
2	2014-15	\$41,516,873	\$15,975,231	\$0	\$0	\$0	\$1,658,516	\$1,130,489	\$0	\$60,281,109
3	2015-16	\$43,848,378	\$15,115,035	\$0	\$0	\$0	\$1,751,655	\$1,128,596	\$0	\$61,843,664
4	2016-17	\$44,145,747	\$12,752,463	\$0	\$0	\$0	\$1,763,534	\$969,634	\$0	\$59,631,379
5	2017-18	\$44,548,536	\$13,213,131	\$0	\$0	\$0	\$1,779,625	\$997,508	\$0	\$60,538,799
6	2018-19	\$70,265,194	\$12,783,968	\$0	\$0	\$0	\$2,806,954	\$1,528,439	\$0	\$87,384,555
7	2019-20	\$70,279,229	\$2,800,088	\$0	\$0	-\$17,453,116	\$2,807,515	\$0	\$0	\$58,433,715
8	2020-21	\$70,543,505	\$3,360,788	\$0	\$0	-\$17,534,019	\$2,818,072	\$0	\$0	\$59,188,346
9	2021-22	\$71,125,171	\$2,800,088	\$0	\$0	-\$17,898,265	\$2,841,308	\$0	\$0	\$58,868,301
10	2022-23	\$72,111,469	\$3,360,788	\$0	\$0	-\$18,625,662	\$2,880,709	\$0	\$0	\$59,727,303
11	2023-24	\$73,535,326	\$2,800,088	\$0	\$0	-\$19,799,247	\$2,937,589	\$0	\$0	\$59,473,755
12	2024-25	\$75,672,843	\$3,360,788	\$0	\$0	-\$21,592,052	\$3,022,979	\$0	\$0	\$60,464,557
13	2025-26	\$78,734,142	\$3,360,788	\$0	\$0	-\$24,169,827	\$3,145,272	\$0	\$0	\$61,070,375
14	2026-27	\$82,864,634	\$3,360,788	\$0	\$0	-\$27,823,472	\$3,310,277	\$0	\$0	\$61,712,226
15	2027-28	\$88,419,296	\$3,360,788	\$0	\$0	-\$32,805,574	\$3,532,174	\$0	\$0	\$62,506,683

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	2012-13	\$38,425,327	\$18,379,729	\$0	\$0	\$0	\$1,535,015	\$1,221,190	\$0	\$59,561,261
1	2013-14	\$40,703,988	\$18,379,729	\$0	\$0	\$0	\$1,626,043	\$1,293,608	\$0	\$62,003,368
2	2014-15	\$41,516,873	\$15,975,231	\$0	\$0	\$0	\$1,658,516	\$1,130,489	\$0	\$60,281,109
3	2015-16	\$42,043,288	\$15,115,035	\$0	\$0	\$0	\$1,679,545	\$1,082,135	\$0	\$59,920,003
4	2016-17	\$42,383,658	\$14,557,553	\$0	\$0	\$0	\$1,693,142	\$1,051,417	\$0	\$59,685,771
5	2017-18	\$42,829,450	\$14,975,219	\$0	\$0	\$0	\$1,710,951	\$1,077,599	\$0	\$60,593,219
6	2018-19	\$68,589,110	\$14,503,054	\$0	\$0	\$0	\$2,739,998	\$1,673,197	\$0	\$87,505,358
7	2019-20	\$68,646,147	\$2,800,088	\$0	\$0	-\$15,765,099	\$2,742,276	\$0	\$0	\$58,423,412
8	2020-21	\$68,953,426	\$3,360,788	\$0	\$0	-\$15,885,182	\$2,754,552	\$0	\$0	\$59,183,583
9	2021-22	\$69,578,094	\$2,800,088	\$0	\$0	-\$16,288,294	\$2,779,506	\$0	\$0	\$58,869,393
10	2022-23	\$70,607,393	\$3,360,788	\$0	\$0	-\$17,054,260	\$2,820,624	\$0	\$0	\$59,734,545
11	2023-24	\$73,535,326	\$2,800,088	\$0	\$0	-\$18,649,059	\$2,937,589	\$0	\$0	\$60,623,943
12	2024-25	\$75,672,843	\$3,360,788	\$0	\$0	-\$21,592,052	\$3,022,979	\$0	\$0	\$60,464,557
13	2025-26	\$78,734,142	\$3,360,788	\$0	\$0	-\$24,169,827	\$3,145,272	\$0	\$0	\$61,070,375
14	2026-27	\$82,864,634	\$3,360,788	\$0	\$0	-\$27,823,472	\$3,310,277	\$0	\$0	\$61,712,226
15	2027-28	\$88,419,296	\$3,360,788	\$0	\$0	-\$32,805,574	\$3,532,174	\$0	\$0	\$62,506,683

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	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2015-16	-\$1,805,090	\$0	\$0	\$0	\$0	-\$72,110	-\$46,460	\$0	-\$1,923,660
4	2016-17	-\$1,762,089	\$1,805,090	\$0	\$0	\$0	-\$70,392	\$81,783	\$0	\$54,392
5	2017-18	-\$1,719,086	\$1,762,088	\$0	\$0	\$0	-\$68,674	\$80,092	\$0	\$54,420
6	2018-19	-\$1,676,085	\$1,719,086	\$0	\$0	\$0	-\$66,956	\$144,758	\$0	\$120,803
7	2019-20	-\$1,633,082	\$0	\$0	\$0	\$1,688,018	-\$65,238	\$0	\$0	-\$10,303
8	2020-21	-\$1,590,080	\$0	\$0	\$0	\$1,648,837	-\$63,521	\$0	\$0	-\$4,763
9	2021-22	-\$1,547,077	\$0	\$0	\$0	\$1,609,971	-\$61,803	\$0	\$0	\$1,092
10	2022-23	-\$1,504,075	\$0	\$0	\$0	\$1,571,402	-\$60,085	\$0	\$0	\$7,241
11	2023-24	\$0	\$0	\$0	\$0	\$1,150,188	\$0	\$0	\$0	\$1,150,188
12	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Praxair Project Property Value Limitation Request Submitted to PAISD 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	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$195,000,000	\$195,000,000	\$0	\$2,028,000	\$2,028,000	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$225,000,000	\$225,000,000	\$0	\$2,340,000	\$2,340,000	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$210,500,000	\$30,000,000	\$180,500,000	\$2,189,200	\$312,000	\$1,877,200	\$0	\$1,877,200	-\$1,923,660	-\$46,460
4	2016-17	\$206,200,000	\$30,000,000	\$176,200,000	\$2,144,480	\$312,000	\$1,832,480	\$316,836	\$2,149,316	\$0	\$2,149,316
5	2017-18	\$201,900,000	\$30,000,000	\$171,900,000	\$2,099,760	\$312,000	\$1,787,760	\$314,492	\$2,102,252	\$0	\$2,102,252
6	2018-19	\$197,600,000	\$30,000,000	\$167,600,000	\$2,055,040	\$312,000	\$1,743,040	\$311,116	\$2,054,156	\$0	\$2,054,156
7	2019-20	\$193,300,000	\$30,000,000	\$163,300,000	\$2,010,320	\$312,000	\$1,698,320	\$307,741	\$2,006,061	-\$10,303	\$1,995,758
8	2020-21	\$189,000,000	\$30,000,000	\$159,000,000	\$1,965,600	\$312,000	\$1,653,600	\$304,365	\$1,957,965	-\$4,763	\$1,953,202
9	2021-22	\$184,700,000	\$30,000,000	\$154,700,000	\$1,920,880	\$312,000	\$1,608,880	\$300,990	\$1,909,870	\$0	\$1,909,870
10	2022-23	\$180,400,000	\$30,000,000	\$150,400,000	\$1,876,160	\$312,000	\$1,564,160	\$297,614	\$1,861,774	\$0	\$1,861,774
11	2023-24	\$176,100,000	\$176,100,000	\$0	\$1,831,440	\$1,831,440	\$0	\$1,590,848	\$1,590,848	\$0	\$1,590,848
12	2024-25	\$168,200,000	\$168,200,000	\$0	\$1,749,280	\$1,749,280	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$167,500,000	\$167,500,000	\$0	\$1,742,000	\$1,742,000	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$163,200,000	\$163,200,000	\$0	\$1,697,280	\$1,697,280	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$158,900,000	\$158,900,000	\$0	\$1,652,560	\$1,652,560	\$0	\$0	\$0	\$0	\$0
					\$29,302,000	\$15,536,560	\$13,765,440	\$3,744,000	\$17,509,440	-\$1,938,726	\$15,570,714
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits	
								\$1,716,000	\$2,028,000	\$3,744,000	
								Credits Earned		\$3,744,000	
								Credits Paid		<u>\$3,744,000</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, although it does not appear to be a factor for PAISD under this analysis. 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: 06/26/2012
 TIME: 10:29:51

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2011 ISD SUMMARY WORKSHEET
 123/Jefferson
 123-907/Port Arthur ISD

PAGE: 001
 RPT: PTS265
 VRSN: F

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	905,429,840	N/A	905,429,840	905,429,840
B. MULTIFAMILY RESIDENCES	101,533,910	N/A	101,533,910	101,533,910
C. VACANT LOTS	39,757,730	N/A	39,757,730	39,757,730
D. RURAL REAL (TAXABLE)	36,015,500	N/A	36,015,500	36,015,500
F1. COMMERCIAL REAL	445,256,570	N/A	445,256,570	445,256,570
F2. INDUSTRIAL REAL	4,368,866,730	N/A	4,368,866,730	4,368,866,730
G. OIL, GAS, MINERALS	18,206,230	N/A	18,206,230	18,206,230
J. UTILITIES	121,153,750	N/A	121,153,750	121,153,750
L1. COMMERCIAL PERSONAL	241,819,720	N/A	241,819,720	241,819,720
L2. INDUSTRIAL PERSONAL	421,920,280	N/A	421,920,280	421,920,280
M. MOBILE HOMES	408,740	N/A	408,740	408,740
N. INTANGIBLE PERS./UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	4,050,900	N/A	4,050,900	4,050,900
S. SPECIAL INVENTORY	0	N/A	0	0
SUBTOTAL	6,704,419,900		6,704,419,900	6,704,419,900
LESS TOTAL DEDUCTIONS	2,815,514,550		2,815,514,550	2,815,514,550
TOTAL TAXABLE VALUE	3,888,905,350		3,888,905,350	3,888,905,350 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	35,695,290	N/A	35,695,290
PROD VALUE QUALIFIED ACRES	320,210	N/A	320,210
TAXABLE VALUE	36,015,500		36,015,500

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

GOVERNMENT CODE SUBSECTIONS 403.302 (1) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND OPERATIONS (M&O) TAX PURPOSES AND FOR INTEREST AND SINKING FUND (I&S) TAX PURPOSES. FOR DISTRICTS THAT HAVE NOT ENTERED INTO VALUE LIMITATION AGREEMENTS, T1 THROUGH T6 WILL BE THE SAME AS T7 THROUGH T12.

VALUE TAXABLE FOR M&O PURPOSES

T1	T2	T3	T4	T5	T6
4,003,267,180	3,888,905,350	4,003,267,180	3,888,905,350	3,895,420,413	3,895,420,413

LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION	114,361,830	50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION	0
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T1 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE FOR M&O PURPOSES AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T3 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

VALUE TAXABLE FOR I&S PURPOSES

T7	T8	T9	T10	T11	T12
6,247,752,090	6,133,390,260	6,247,752,090	6,133,390,260	6,139,905,323	6,139,905,323

T7 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T8 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 AND THE TAX CEILING REDUCTION
 T9 = T7 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T10 = T8 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T11 = T9 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T12 = T11 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

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

**** END OF REPORT ****

Attachment G

Participation Agreement

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

by and between

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

and

PRAXAIR, INC.
(Texas Taxpayer ID # 10612490507)

Dated

August 23, 2012

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

STATE OF TEXAS §

COUNTY OF JEFFERSON §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **PORT ARTHUR INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **PRAXAIR, INC.**, (*Texas Taxpayer ID #10612490507*), 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 December 15, 2011, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Port Arthur 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 December 15, 2011, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Praxair, Inc., and on December 16, 2011, the Superintendent determined the Application complete and 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 March 30, 2012, April 26, 2012, and May 1, 2012, the Superintendent received from the Applicant amended application materials, and the Superintendent re-determined the Application complete as of May 1, 2012; and,

WHEREAS, the Application and amended application materials were delivered to the office of the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller, via letter, has established May 15, 2012 as the completed Application date; and,

WHEREAS, the Board of Trustees has determined that as of May 14, 2012 (the day immediately prior to the day upon which Comptroller's determined there to be a completed Application) Applicant had caused improvements related to the project to be located within the

Praxair, Inc. Reinvestment Zone. Such improvements did not exist as of December 16, 2011, the filing date of the original Application, but as of May 14, 2012, said improvements consisted of drilled concrete piers and other concrete structural components (hereinafter "Pre-Existing Improvements"). Such improvements are not eligible to be considered to be a part of the Application; and,

WHEREAS, the Board of Trustees has determined that as of May 14, 2012 (the day immediately prior to the day upon which Comptroller's determined there to be a completed Application) the Fair Market Value of the Pre-Existing Improvements was One Million Thirty-Two Thousand Eight Hundred and No/100's Dollars (\$1,032,800.00), prior to any abatements and/or exemptions made available to the Applicant by the District; and,

WHEREAS, Applicant has accepted the Board's determination of the value of Pre-Existing Improvements and has agreed to terms in this Agreement (contained in **EXHIBIT 3**) which will ensure that the Pre-Existing Improvement taxable values will remain segregated and distinguished and shall remain at all times fully taxable for school district Maintenance & Operations Tax purposes; and,

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

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on July 30, 2012 the Comptroller, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller 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 of Trustees' consideration of the Application; and,

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

WHEREAS, on August 17, 2012, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on July 30, 2012 that the Application be approved; and,

WHEREAS, on August 23, 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, September 27, 2012, the Board of Trustees made factual findings pursuant to Texas 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 referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on September 27, 2012 the Board of Trustees determined that the Tax Limitation Amount requested by the 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 for the effective date of this Agreement; and,

WHEREAS, on September 27, 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 President and Secretary of the Board of Trustees 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 the 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: 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022. 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, 2015, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of August 23, 2012 and ending on December 31, 2014 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, 2022. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any

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

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

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year Commencing on date of Board approval (8/23/12)	January 1, 2012	2012-13	2012	Start of Qualifying Time Period beginning with Commencement Date (8/23/12). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
2	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
3	January 1, 2015	2015-16	2015	\$ 30 million property value limitation.
4	January 1, 2016	2016-17	2016	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.

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

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" of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition "control" when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the 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 Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the course of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV.

"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 8.3.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code §42.005, by multiplying the District's 2011-12 average daily attendance of 8,037.014, times \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2012, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Praxair, Inc., *Texas Taxpayer Identification Number 10612490507*, the company listed in the Preamble of this Agreement who, on December 15, 2012, filed the Original Application, and on March 30, 2012, April 26, 2012, and May 1, 2012 filed amended application materials with the District seeking 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 December 16, 2012, together with the application materials submitted on March 30, 2012, April 26, 2012, and May 1, 2012, which have been certified by the Comptroller's office to constitute a complete final Application as of the date of May 15, 2012. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

"Appraisal District" means the Jefferson County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Port Arthur Independent School District.

"Commencement Date" means August 23, 2012, the date upon which this Agreement was approved by the District's Board of Trustees.

"Completed Application Date" means May 15, 2012, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Texas Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

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

"County" means Jefferson County, Texas.

"Determination of Breach and Notice of Contract Termination" shall have the meaning assigned to such term in Section 6.8 of the Agreement.

"District" or "School District" means the Port Arthur 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, 2025. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"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 the Applicant's Qualified Investment and 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 maintenance of at least ten (10) New Jobs, from the time they are created until the Final Termination Date and (iii) the maintenance of at least eight (8) Qualifying Jobs as set forth in the Application from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of this 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 an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; minus, (ii) an amount equal to 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 during the term of this Agreement, plus (B) any and all payments due to the District under Article III of this Agreement.

"New Jobs" means 10 (ten) "new jobs," defined by 34 Texas Administrative Code §9.1051(14)(C), which the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below. In accordance with the requirements of Texas Tax Code §313.024(d), eighty percent (80%), of all New Jobs 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, and 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 six (6) New Jobs which meet the requirements of Texas Tax Code 313.021(3). At least eighty percent (80%) of all New Jobs must be Qualifying Jobs.

"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 Texas Tax Code §313.027(h), the period that begins on the Commencement Date of August 23, 2012 and ends on December 31, 2014.

"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 Texas 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 the 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 Texas Tax Code, §313.103.

"Tax Credit" means the Tax Credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant's 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 the Applicant complies with the requirements imposed on the Applicant under such provisions, including the timely filing of a completed application under Texas Tax Code §313.103 and the duly adopted administrative rules relating thereto.

"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 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, 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).

The 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 Texas Tax Code, §313.022(b) or §313.052, as applicable.

"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 (including, but not limited to, § 61.1019), 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 Qualified Property upon which the Applicant's Qualified Investment will be located (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as EXHIBIT 2 and is incorporated herein by reference for all purposes ("Land"). 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 (the "Applicant's Qualified Investment"). The Applicant's 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. The Applicant's Qualified Property shall be all eligible property, described in EXHIBIT 3, including, but not limited to the Applicant's Qualified Investment, which (1) is owned by the Applicant; (2) is first placed in service after May 15, 2012, the Completed 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 the Applicant's 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 the Applicant which is not described on EXHIBIT 3 may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the

additional property to which the Applicant requests that the Tax Limitation Amount 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 that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Notwithstanding the foregoing, any replacement property shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

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

At the end of the Qualifying Time Period; at any other time when there is a material change in the Applicant's Qualified Property located on the Land described in EXHIBIT 2; or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a reasonably specific and detailed description of the material tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount 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 this Agreement.

Section 2.5. QUALIFYING USE

The Parties agree that the Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(5) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount of 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 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, 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 Texas Tax Code, §§313.022(b) or §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 Texas Tax Code, §§313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely 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 the 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 Applicant's Qualified Property and/or Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax at the District-adopted tax rate for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

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 relating to the definition of "New M&O Revenue" 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. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

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 the Applicant, any applicable Tax Credit to which the 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 Education 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 Applicant's Qualified Investment 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 Applicant's Qualified Investment.

- (c) any other loss of the District's revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf of any third party beneficiary of this Agreement.

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 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 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, Article IV, and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, subject to the limit of Section 3.7. 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 the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 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 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. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds 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 following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) 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 District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, at law or in equity.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Investment, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 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 reasonably determines that it 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, the 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 actual 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. Such payment shall be made no later than thirty (30) days following notice from the District of such determination.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

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, (the "Supplemental Payments"). The 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, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is 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 this 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 the Applicant under this Article IV shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

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 fifty percent (50%) 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 during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2015) the Applicant's 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 0.5;

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 Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

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

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2015) and continuing thereafter through Tax Year thirteen (Tax Year 2025), 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.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 Tax Laws, higher or lower payments that first became due prior to the effective date of any statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of year thirteen (Tax Year 2025) because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, including but not limited to: the calculation of the Applicant's 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 of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the 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 IV 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 Board of Trustees may, in its sole discretion, direct that the Applicant's payment under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

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

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

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 2015 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 Sections 3.4 and 3.6, 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 Article IV 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. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, 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 the Comptroller's 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 the Comptroller's 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 its obligations under Subchapter D of the Act and the Comptroller's Rules,

including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either the Comptroller's Rules 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. 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 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 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 or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation as a result of this Agreement, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Form 50-772 and 50-773 respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

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 this Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2015 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event of a Material Breach (hereinafter defined), except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, then the District shall be entitled, as its sole and exclusive remedy, 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. The 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

this 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 maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax 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, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

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

The Applicant shall be in Material Breach of this Agreement (herein so called) 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 material representations of fact in the 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 it committed to create and maintain as set forth on Schedule C, Column C of its Application.
- (e.) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column E of its Application.
- (f.) Applicant fails to create and maintain at least Eighty Percent (80%) of all such New Jobs 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, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or in consideration for this Agreement are not barred by this provision.
- (h.) Applicant fails to materially comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7. LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full Tax Year which commences after the project has become operational, the Applicant may cure any Material Breaches of this Agreement described 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 any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for any such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in 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, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material 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 Material Breach has occurred and, if so, whether such Material 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 has occurred, the date such Material Breach occurred, if any, and whether or not any such Material Breach has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a Material Breach has occurred and has not been cured, it shall also terminate this 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 Material 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 and Notice of Contract Termination 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 Jefferson County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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 reasonable 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 the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

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 7.9, 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, the District's damages for any 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.

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 as follows:

Dr. Johnny Brown, Superintendent
PORT ARTHUR INDEPENDENT SCHOOL DISTRICT
P.O. Box 1388
Port Arthur, Texas 77641
Fax: (409) 989-6268

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:

Brenda Johnston
PRAXAIR, INC.
Finance Director, US Hydrogen
1585 Sawdust Road, Suite 300
The Woodlands, TX 77380

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 Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the 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, 2014.

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 or Qualified Investment 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 or replacement

property. Any amendment of this Agreement adding additional or replacement Qualified Property or Qualified Investment pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas 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, the 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 Texas 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 Texas 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 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 Jefferson 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 a mutually 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, (i) 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. The Applicant warrants that to the best of Applicant's knowledge all material representations, information, and facts contained in the Application 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, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative 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 Texas Tax Code §313.103, as follows:

- a. Within seven (7) days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this ____ day of _____ 2012.

PRAXAIR, INC.

**PORT ARTHUR INDEPENDENT SCHOOL
DISTRICT**

BY: 
MIKE JORDAN
Vice President
HYCO & CO

BY: 
LLOYD MARIE JOHNSON
President
Board of Trustees

BY: 
THEODORE VICTOR
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Praxair, Inc. Reinvestment Zone* was originally created on August 23, 2012 by action of the Port Arthur Independent School District. As a result, all of the following real property within Jefferson County, Texas is located within the boundaries of the *Praxair, Inc. Reinvestment Zone*. A map of the *Praxair, Inc. Reinvestment Zone* is attached as the last page of this EXHIBIT 1. The legal description of the zone is as follows:

EXHIBIT "A"

Legal Description: 4.7004 Acre Tract or Parcel of Land
B.C. Arthur Survey, Abstract No. 61
Jefferson County, Texas

BEING a 4.7004 acre tract or parcel of land situated in the B.C. Arthur Survey, Abstract No. 61, Jefferson County, Texas and being out of and part of that certain called 371.719 acre tract, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas, said 4.7004 acre tract being more particularly described as follows:

NOTE: All bearings are referenced to the commencing call of that certain called 371.719 acre tract of land, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas as NORTH 01°15'31" WEST. All coordinates are referenced to the existing Valero Plant Monument System.

COMMENCING at a Gulf concrete monument found for the Southwest corner of that certain called 0.034 acre tract of land as described in a deed from Port Canal and Dock Co. to Gulf Refining Company as recorded in Volume 219, Page 76, Deed Records, Jefferson County, Texas, and said corner also being the point of beginning in the description of that certain called 103.224 acre tract, identified as TRACT 5, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas and said corner being in the Northwesterly line of that certain called 259.02 acre tract, identified as "Parcel C", as described in a "Special Warranty Deed" from J.S. Hollyfield, Trustee, to Rice-Carden Corporation as recorded in Volume 1729, Page 345, Deed Records, Jefferson County, Texas;

THENCE NORTH 30°40'46" WEST for a distance of 8540.12 feet to the most Easterly corner and the **POINT OF BEGINNING** of the tract herein described, said point having coordinates of N 4759.00, E -253.00;

THENCE SOUTH 41°18'00" WEST, over and across the said TRACT 6, for a distance of 315.00 feet to a point for corner, said point having coordinates of N 4759.00, E -568.0;

THENCE NORTH 48°42'00" WEST, continuing over and across the said TRACT 6, for a distance of 650.00 feet to a point for corner, said point having coordinates of N 5409.00, E -568.00;

THENCE NORTH 41°18'00" EAST, continuing over and across the said TRACT 6, for a distance of 315.00 feet to a point for corner, said point having coordinates of N 5409.00, E -253.00;

THENCE SOUTH 48°42'00" EAST, continuing over and across the said TRACT 6, for a distance of 650.00 feet to the **POINT OF BEGINNING** and containing 4.7004 Acres, more or less.

Surveyed on June 13, 2011. This legal description is being submitted along with a plat based on this survey.

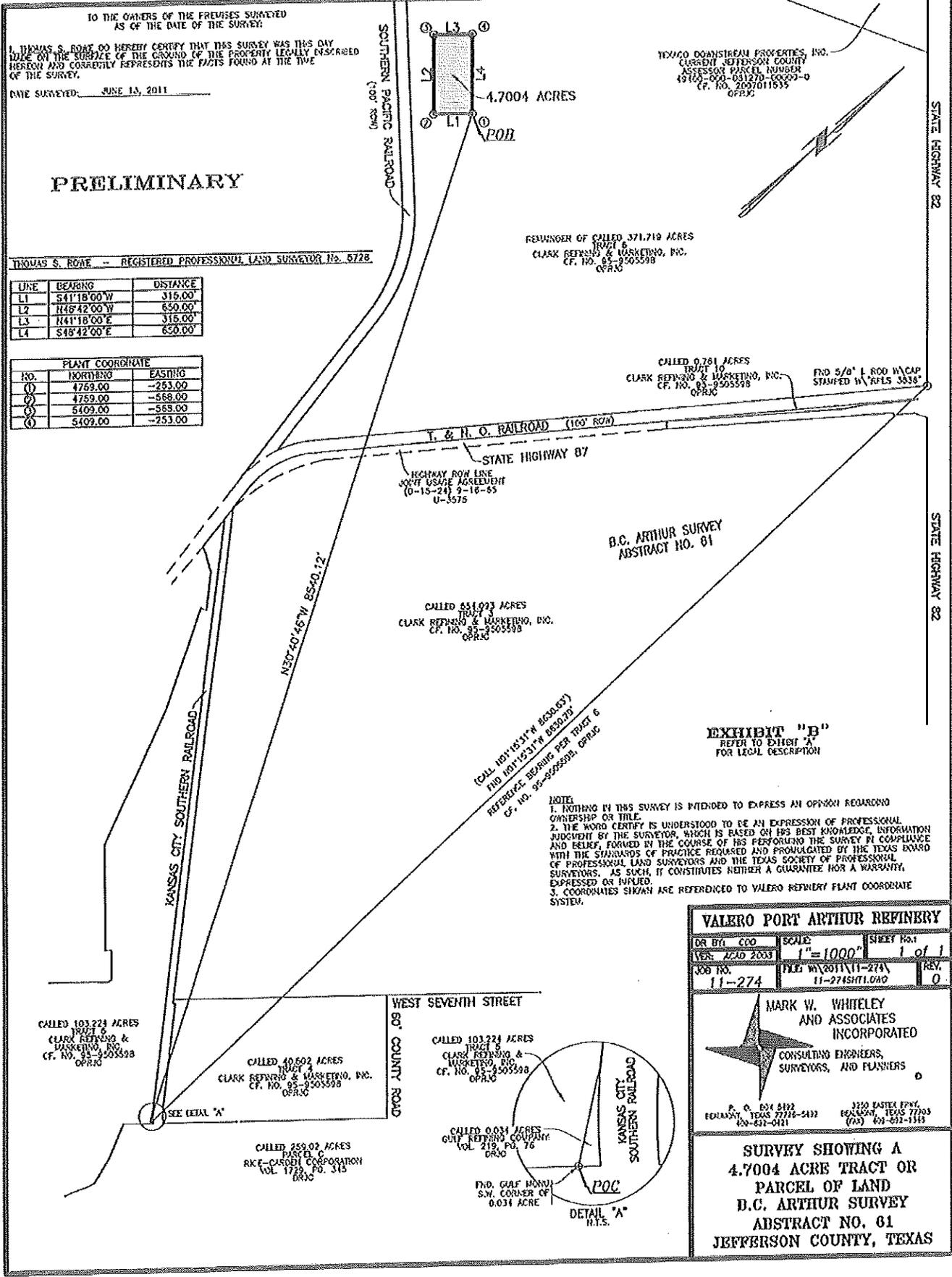
Thomas S. Rowe, RPLS No. 5728

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EXHIBIT "A"

MARK W. WHITELEY AND ASSOCIATES, INC.

Map of Reinvestment Zone



VALERO PORT ARTHUR REFINERY

OR BYL COO	SCALE	SHEET NO.
VER. 2003	1"=1000'	1 of 1
JOB NO. 11-274	FILE WY(2011)(11-274)	REV. 0
	11-274SH11.040	

MARK W. WHITELEY AND ASSOCIATES INCORPORATED

CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS

P. O. BOX 8192
 HOUSTON, TEXAS 77268-5432
 281-281-0111

3110 EASTER FRY
 HOUSTON, TEXAS 77203
 (713) 681-1143

SURVEY SHOWING A 4.7004 ACRE TRACT OR PARCEL OF LAND B.C. ARTHUR SURVEY ABSTRACT NO. 61 JEFFERSON COUNTY, TEXAS

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Port Arthur Independent School District and the *Praxair, Inc. Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the following sections of land is included, to wit:

EXHIBIT "A"

Legal Description: 4.7004 Acre Tract or Parcel of Land
B.C. Arthur Survey, Abstract No. 61
Jefferson County, Texas

BEING a 4.7004 acre tract or parcel of land situated in the B.C. Arthur Survey, Abstract No. 61, Jefferson County, Texas and being out of and part of that certain called 371.719 acre tract, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas, said 4.7004 acre tract being more particularly described as follows:

NOTE: All bearings are referenced to the commencing call of that certain called 371.719 acre tract of land, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas as NORTH 01°15'31" WEST. All coordinates are referenced to the existing Valero Plant Monument System.

COMMENCING at a Gulf concrete monument found for the Southwest corner of that certain called 0.034 acre tract of land as described in a deed from Port Canal and Dock Co. to Gulf Refining Company as recorded in Volume 219, Page 76, Deed Records, Jefferson County, Texas, and said corner also being the point of beginning in the description of that certain called 103.224 acre tract, identified as TRACT 5, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas and said corner being in the Northwesterly line of that certain called 259.02 acre tract, identified as "Parcel C", as described in a "Special Warranty Deed" from J.S. Hollyfield, Trustee, to Rice-Carden Corporation as recorded in Volume 1729, Page 345, Deed Records, Jefferson County, Texas;

THENCE NORTH 30°40'46" WEST for a distance of 8540.12 feet to the most Easterly corner and the **POINT OF BEGINNING** of the tract herein described, said point having coordinates of N 4759.00, E - 253.00;

THENCE SOUTH 41°18'00" WEST, over and across the said TRACT 6, for a distance of 315.00 feet to a point for corner, said point having coordinates of N 4759.00, E -568.0;

THENCE NORTH 48°42'00" WEST, continuing over and across the said TRACT 6, for a distance of 650.00 feet to a point for corner, said point having coordinates of N 5409.00, E -568.00;

THENCE NORTH 41°18'00" EAST, continuing over and across the said TRACT 6, for a distance of 315.00 feet to a point for corner, said point having coordinates of N 5409.00, E -253.00;

THENCE SOUTH 48°42'00" EAST, continuing over and across the said TRACT 6, for a distance of 650.00 feet to the **POINT OF BEGINNING** and containing 4.7004 Acres, more or less.

Surveyed on June 13, 2011. This legal description is being submitted along with a plat based on this survey.

Thomas S. Rowe, RPLS No. 5728
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EXHIBIT "A"

MARK W. WHITELEY AND ASSOCIATES, INC.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The project consists of an SMR unit capable of producing 135 MMSCFD of Hydrogen at 650 PSIG on a natural gas feed. The SMR unit will be designed to produce 210 KLBS/Hour of superheated export steam at PSIS and 755 degrees Fahrenheit. The unit is designed to produce 450 KLBS/Hour with Auxiliary Boiler firing at full load.

The Applicant's Qualified Investment/Qualified Property will include all equipment and improvements necessary for Applicant to execute the following process steps:

- Feed hydrotreating and desulfurization
- Reforming
- High temperature shift conversion
- Process cooling
- Hydrogen purification
- Heat recovery and steam

The Parties to this Agreement understand and agree that the project set forth in the Application is being constructed as a new project at the Applicant's existing plant site. It is further understood and agreed that the Applicant's execution of the project set forth in the Application will require the use of structures at such plant site which were completed before the Completed Application Start Date for the project. Under the provisions of Chapter 313 of the Texas Tax Code, the Taxable Value of real estate improvements and/ or business personal property which are in existence prior to the approval of the Application are not eligible to be considered as Qualifying Property as defined by law and this Agreement. Only new, post-Application approval construction and/or business personal property is eligible to be considered as Qualifying Property or Qualified Investment.

Therefore, the Parties make the following agreement with respect to the determination of the Taxable Value of the Applicant's property within the *Praxair, Inc. Reinvestment Zone* described in EXHIBIT 1 for Tax Years One (2013) through Tax Year Ten (2022) of this Agreement.

1. *Pre-Existing Taxable Values:* The Parties agree that all of the improvements located in the *Praxair, Inc. Reinvestment Zone* on May 14, 2012 (the day immediately prior to the day upon which Comptroller's determined there to be a completed Application) consisting of drilled concrete piers and other concrete structural components, were improvements, owned by Applicant in the *Praxair, Inc. Reinvestment Zone*, which existed prior to the Completed Application Date (the "Pre-Existing Improvements") and, therefore, are not eligible to be considered to be a part of the Application. The Parties further agree that the Fair Market Value of the Pre-Existing

Improvements on May 14, 2012 was One Million Thirty-Two Thousand Eight Hundred and No/100's Dollars (\$1,032,800.00), immediately prior to the Completed Application Date, prior to any abatements and/or exemptions made available to the Applicant by any individual taxing unit.

2. *Qualifying Time Period Taxable Values - Tax Years 2012, 2013 and 2014:* For each of the Tax Year 2012, Tax Year 2013, and Tax Year 2014, no appraised value limitation is applicable under this Agreement in determining the Appraised Value of any real property, improvements, business personal property, or inventory within the *Praxair, Inc. Reinvestment Zone*

3. *Tax Limitation Amount Time Period – Tax Years 2015 through 2022 (Tax Years Three through Ten)* – For each of the Tax Years 2015 through 2022, the Applicant and the District agree that the Taxable Value of the Pre-Existing Improvements shall be computed by deducting from the Pre-Existing Taxable Value the cumulative depreciation relating to the Pre-Existing Improvements, which cumulative depreciation shall be determined in the same manner as that generally applied by the Jefferson County Appraisal District to the Applicant's other Jefferson County plant operations, and after the subtraction of such cumulative depreciation, such Taxable Value for such Tax Year shall be added to the Tax Limitation Amount to compute the Applicant's total Taxable Values for such Tax Year under this Agreement. No inventory (other than any inventory included in the Applicant's Qualified Investment and/or the Applicant's Qualified Property, such as spare parts inventory) owned by the Applicant within the *Praxair, Inc. Reinvestment Zone* will be subject to this Agreement.

4. *Post Tax Limitation Amount Time Period – Tax Year 2023 and Beyond:* No appraised value limitation is applicable under this Agreement in determining the Appraised Value of any real property, improvements, business personal property, or inventory within the *Praxair, Inc. Reinvestment Zone*

Nothing contained in this EXHIBIT 3 shall modify, amend, waive or alter any of the Applicant's rights or entitlements (i) under any tax abatement or other agreement to which the Applicant is a party, or (ii) to any exemption (including, but not limited to, under Texas Tax Code §11.31), special appraisal, or other ad valorem tax benefit available.