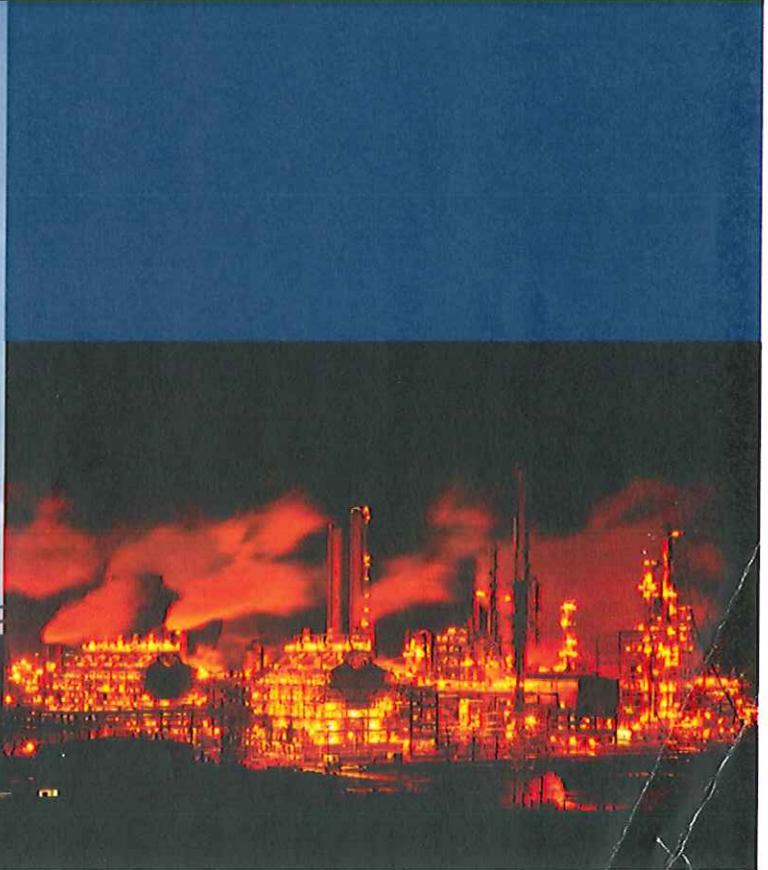


**FINDINGS OF THE CALHOUN COUNTY
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
FORMOSA PLASTICS CORPORATION**



November 26, 2012

**FINDINGS
OF THE
CALHOUN COUNTY INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
FORMOSA PLASTICS CORPORATION**

NOVEMBER 26, 2012

Board Findings of the Calhoun County Independent School District

FINDINGS OF THE CALHOUN COUNTY
INDEPENDENT SCHOOL DISTRICT BOARD OF
TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
FORMOSA PLASTICS CORPORATION

STATE OF TEXAS §

COUNTY OF CALHOUN COUNTY §

On the 26th day of November, 2012, a public meeting of the Board of Trustees of the Calhoun County 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 Formosa Plastics Corporation (Formosa) 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 Calhoun County Independent School District makes the following findings with respect to the application of Formosa, and the economic impact of that application:

On May 30, 2012, the Superintendent of Schools of the Calhoun County Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Formosa 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 Applicant, Formosa (Texas Taxpayer Id. 12223554648), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Calhoun County Independent School District

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on October 17, 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 Calhoun County 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 Calhoun County Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Formosa, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the Calhoun County Independent School District

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

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

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 Formosa 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 Calhoun County, Texas is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Calhoun County is the 114th largest in the state in terms of population. Population growth in Calhoun County is negative; the state population grew by 1.8 percent between 2009 and 2010, while the population of Calhoun County decreased by 0.4 percent over the same period.

September 2011 employment for Calhoun County was up 4.2 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Calhoun County was 9.4 percent in September 2011, significantly higher than the state average of 8.5 percent. It is noteworthy that the Calhoun County unemployment rate increased from 9.2 percent a year ago to the 9.4 percent level in September 2011.

Board Findings of the Calhoun County Independent School District

Calhoun County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Calhoun County's \$31,479 in 2009 ranked 147th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Calhoun County will benefit from economic activity like that associated with the Formosa 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 \$45,920 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. Formosa indicates that total employment will be approximately twenty (20) 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 20 new jobs when fully operational. All 20 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 Golden Crescent Regional Planning Commission Region, where Calhoun County is located was \$41,738 in 2010. The annual average manufacturing wage for 2011 for Calhoun County is \$84,214. That same year, the county annual average wage for all industries was \$56,719. In addition to a salary of \$45,920, each qualifying position will receive the following benefits: matching 401 k, vacation, pension, sick leave, personal time, medical insurance, dental insurance, vision insurance, life insurance, and tuition assistance.

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 \$8.6 million on the basis of the goal of twenty (20) new qualifying positions for the entire Formosa project.

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

The project's total investment is \$171 million, resulting in a relative level of investment per qualifying job of \$8.6 million.

Board Finding Number 5.

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

Table 1 depicts Formosa Plastics' 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.

Board Findings of the Calhoun County Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Formosa Plastics

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	81	116	197	\$3,492,922	\$7,507,078	\$11,000,000
2013	20	74	94	\$918,403	\$6,081,597	\$7,000,000
2014	20	76	96	\$918,403	\$6,081,597	\$7,000,000
2015	20	81	101	\$918,403	\$7,081,597	\$8,000,000
2016	20	88	108	\$918,403	\$8,081,597	\$9,000,000
2017	20	87	107	\$918,403	\$8,081,597	\$9,000,000
2018	20	96	116	\$918,403	\$9,081,597	\$10,000,000
2019	20	95	115	\$918,403	\$10,081,597	\$11,000,000
2020	20	97	117	\$918,403	\$10,081,597	\$11,000,000
2021	20	101	121	\$918,403	\$11,081,597	\$12,000,000
2022	20	101	121	\$918,403	\$12,081,597	\$13,000,000
2023	20	94	114	\$918,403	\$11,081,597	\$12,000,000
2024	20	97	117	\$918,403	\$11,081,597	\$12,000,000
2025	20	93	113	\$918,403	\$12,081,597	\$13,000,000
2026	20	97	117	\$918,403	\$13,081,597	\$14,000,000
2027	20	101	121	\$918,403	\$14,081,597	\$15,000,000

Source: CPA, REMI, Formosa Plastics

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Calhoun County ISD's ad valorem tax base in 2010 was \$4 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Calhoun County ISD's estimated wealth per WADA was \$749,402. 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, Calhoun County, and Calhoun County Port Authority, with all property tax incentives sought being granted using estimated market value from Formosa Plastics' application. Formosa Plastics has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the County. Table 3 illustrates the estimated tax impact of the Formosa Plastics project on the region if all taxes are assessed.

Board Findings of the Calhoun County Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun County ISD I&S Levy	Calhoun County ISD M&O Levy	Calhoun County ISD M&O and I&S Tax Levies (Before Credit Credited)	Calhoun County ISD M&O and I&S Tax Levies (After Credit Credited)	Calhoun County Tax Levy	Calhoun County Port Authority Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.0861	1.0401			0.4900	0.0036	
2013	\$12,200,000	\$12,200,000		\$10,504	\$126,892	\$137,396	\$137,396	\$0	\$439	\$137,836
2014	\$120,100,000	\$120,100,000		\$103,406	\$1,249,160	\$1,352,566	\$1,352,566	\$0	\$4,324	\$1,356,890
2015	\$115,300,000	\$30,000,000		\$99,273	\$312,030	\$411,303	\$411,303	\$0	\$4,151	\$415,454
2016	\$110,692,000	\$30,000,000		\$95,306	\$312,030	\$407,336	\$273,460	\$0	\$3,985	\$277,445
2017	\$106,268,000	\$30,000,000		\$91,497	\$312,030	\$403,527	\$269,651	\$0	\$3,826	\$273,477
2018	\$102,022,000	\$30,000,000		\$87,841	\$312,030	\$399,871	\$265,995	\$0	\$3,673	\$269,668
2019	\$97,945,000	\$30,000,000		\$84,331	\$312,030	\$396,361	\$262,485	\$0	\$3,526	\$266,011
2020	\$94,031,000	\$30,000,000		\$80,961	\$312,030	\$392,991	\$259,115	\$460,752	\$3,385	\$723,252
2021	\$90,274,000	\$30,000,000		\$77,726	\$312,030	\$389,756	\$255,880	\$442,343	\$3,250	\$701,473
2022	\$86,667,000	\$30,000,000		\$74,620	\$312,030	\$386,650	\$252,775	\$424,668	\$3,120	\$680,563
2023	\$83,204,000	\$83,204,000		\$71,639	\$865,405	\$937,043	\$937,043	\$407,700	\$2,995	\$1,347,738
2024	\$79,880,000	\$79,880,000		\$68,777	\$830,832	\$899,609	\$899,609	\$391,412	\$2,876	\$1,293,896
2025	\$71,902,000	\$71,902,000		\$61,908	\$747,853	\$809,760	\$809,760	\$352,320	\$2,588	\$1,164,669
2026	\$64,721,800	\$64,721,800		\$55,725	\$673,171	\$728,897	\$728,897	\$317,137	\$2,330	\$1,048,364
2027	\$58,259,620	\$58,259,620		\$50,162	\$605,958	\$656,120	\$656,120	\$285,472	\$2,097	\$943,689
						Total	\$7,772,056	\$3,081,803	\$46,565	\$10,900,424

Assumes School Value Limitation and Tax Abatement from the County.

Source: CPA, Formosa Plastics

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		Calhoun County ISD I&S Levy	Calhoun County ISD M&O Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Port Authority Tax Levy	Estimated Total Property Taxes	
			Tax Rate ¹	0.0861	1.0401		0.4900	0.0036		
2013	\$12,200,000	\$12,200,000		\$10,504	\$126,892	\$137,396	\$59,780	\$439	\$197,616	
2014	\$120,100,000	\$120,100,000		\$103,406	\$1,249,160	\$1,352,566	\$588,490	\$4,324	\$1,945,380	
2015	\$115,300,000	\$115,300,000		\$99,273	\$1,199,235	\$1,298,509	\$564,970	\$4,151	\$1,867,629	
2016	\$110,692,000	\$110,692,000		\$95,306	\$1,151,307	\$1,246,613	\$542,391	\$3,985	\$1,792,989	
2017	\$106,268,000	\$106,268,000		\$91,497	\$1,105,293	\$1,196,790	\$520,713	\$3,826	\$1,721,329	
2018	\$102,022,000	\$102,022,000		\$87,841	\$1,061,131	\$1,148,972	\$499,908	\$3,673	\$1,652,552	
2019	\$97,945,000	\$97,945,000		\$84,331	\$1,018,726	\$1,103,057	\$479,931	\$3,526	\$1,586,513	
2020	\$94,031,000	\$94,031,000		\$80,961	\$978,016	\$1,058,977	\$460,752	\$3,385	\$1,523,114	
2021	\$90,274,000	\$90,274,000		\$77,726	\$938,940	\$1,016,666	\$442,343	\$3,250	\$1,462,258	
2022	\$86,667,000	\$86,667,000		\$74,620	\$901,423	\$976,044	\$424,668	\$3,120	\$1,403,832	
2023	\$83,204,000	\$83,204,000		\$71,639	\$865,405	\$937,043	\$407,700	\$2,995	\$1,347,738	
2024	\$79,880,000	\$79,880,000		\$68,777	\$830,832	\$899,609	\$391,412	\$2,876	\$1,293,896	
2025	\$71,902,000	\$71,902,000		\$61,908	\$747,853	\$809,760	\$352,320	\$2,588	\$1,164,669	
2026	\$64,721,800	\$64,721,800		\$55,725	\$673,171	\$728,897	\$317,137	\$2,330	\$1,048,364	
2027	\$58,259,620	\$58,259,620		\$50,162	\$605,958	\$656,120	\$285,472	\$2,097	\$943,689	
						Total	\$14,567,019	\$6,337,985	\$46,565	\$20,951,569

Source: CPA, Formosa Plastics

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$120 million to the tax base for debt service purposes at the peak investment level for the 2014-15 school year. The Formosa project remains fully taxable for debt services taxes, with Calhoun County ISD currently levying a \$0.086 per \$100 I&S rate. The value of the Formosa project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base.

Board Finding Number 7.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Formosa 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 Calhoun County ISD as stated in **Attachment D**.

Board Finding Number 8.

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

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

According to Formosa Plastics' application,

“Formosa is a multi-national company with plants operating in Delaware City, Delaware as well as in Taiwan. The investment could be allocated to any of the other plants.”

Board Findings of the Calhoun County Independent School District

Board Finding Number 9.

During the past two years, 8 projects in the Golden Crescent Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.054(a).

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2011 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2011 industrial value for Calhoun County ISD is \$2.02 billion. Calhoun County 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. Calhoun County ISD is classified as a "rural" district due to demographic characteristics. Given that the value of industrial property in Calhoun County 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 Finding Number 12.

The Applicant (Taxpayer Id. 12223554648) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Findings of the Calhoun County Independent School District

Board Finding Number 13.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the 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 14.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Calhoun County 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 Calhoun County Independent School District.

Board Findings of the Calhoun County Independent School District

Dated the 26th day of November 2012.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

By: Linda H. Bonar
Linda H. Bonar, President, Board of Trustees

ATTEST:

By: Joe Ortiz
Joe Ortiz, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

November 2, 2012

President and Members
Board of Trustees
Calhoun County Independent School District
525 N Commerce Street
Port Lavaca, Texas 77979

Re: Recommendations and Findings of the firm Concerning Application of Formosa Plastics Corporation for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Bonar and Members of the Board of Trustees:

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

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

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

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

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

JUSTIN DEMERATH

November 2, 2012

President and Members
Of the Board of Trustees
Calhoun County Independent School District
525 N. Commerce St.
Port Lavaca, Texas 77979

*Re: Recommendations and Findings of the Firm Concerning Application of Formosa
Plastics Corporation for Limitation on Appraised Value of Property for School
District Maintenance and Operations Taxes, first qualifying year 2013*

Dear President Bonar and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calhoun County Independent School District, with respect to the pending Application of Formosa Plastics Corporation for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2013. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Formosa Plastics Corporation Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

Letter to Calhoun County ISD
November 2, 2012
Page 2 of 2

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment A

Application



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

Form 50-296
(Revised May 2010)

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

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

- notify the Comptroller that the school board has elected to consider the application.

This notice must include:

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

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district 5-30-12
First Name Billy	Last Name Wiggins	
Title Superintendent		
School District Name Calhoun County ISD		
Street Address 525 N COMMERCE ST		
Mailing Address 525 N COMMERCE ST		
City PORT LAVACA	State TX	ZIP 77979
Phone Number (361) 552-9728	Fax Number (361) 551-2648	
Mobile Number (optional)	E-mail Address micklep@calcoisd.org	

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

Will consultant be primary contact? Yes No



Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Consultant (If Applicable)

First Name: **Kevin** Last Name: **O'Hanlon**
 Title: **Consultant**
 Firm Name: **O'Hanlon, McCollom & Demerath**
 Street Address: **808 West Avenue**
 Mailing Address: **808 West Avenue**
 City: **Austin** State: **TX** ZIP: **78701**
 Phone Number: **512-494-9949** Fax Number: **512-494-9919**
 Mobile Number (Optional): E-mail Address: **kohanlon@808west.com; mhanley@808west.com**

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

Signature (Authorized School District Representative): *Billy Higgins* Date: **May 30, 2012**

Has the district determined this application complete? Yes No

If yes, date determined complete. **June 22, 2012**

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

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Jack		Last Name Wu	
Title Vice President of Business Development			
Organization Formosa Plastics Corporation, Texas			
Street Address PO Box 700			
Mailing Address PO Box 700			
City Point Comfort		State TX	ZIP 77978
Phone Number 361-987-7700		Fax Number	
Mobile Number (optional)		Business e-mail Address jackwu@ftpc.fpcusa.com	

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

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

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

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

Will consultant be primary contact? Yes No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

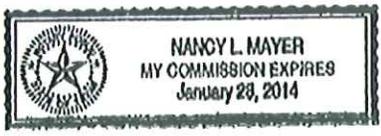
First Name		Last Name	
Title			
Firm Name			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Business email Address			

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant))	Date
<i>Jack [Signature]</i>	<i>May 30, 2012</i>

GIVEN under my hand and seal of office this 30th day of May, 2012



(Notary Seal)

Nancy L. Mayer
 Notary Public, State of Texas

My commission expires 1-28-2014

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

Formosa Plastics Corporation, Texas

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

12223554648

NAICS code

325211

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.

Calhoun County, agreement signed 2007, first qualifying year 2008

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.)

See attachment 3

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

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 4

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

See attachment 4

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 February 2012 (Land clearing) Begin Hiring New Employees March 2012
 Construction Complete 2014 Fully Operational 2014
 Purchase Machinery & Equipment 2012

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No
Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? 4Q, 2013

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
N/A	
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.)

Calhoun County tax abatement, see schedule D for details

THE PROPERTY

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

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

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: <u>Calhoun (100%)</u> <small>(Name and percent of project)</small>	City: <u>N/A</u> <small>(Name and percent of project)</small>
Hospital District: <u>N/A</u> <small>(Name and percent of project)</small>	Water District: <u>N/A</u> <small>(Name and percent of project)</small>
Other (describe): <u>Calhoun County ISD (100%)</u> <small>(Name and percent of project)</small>	Other (describe): <u>Calhoun County Port Authority (100%)</u> <small>(Name and percent of project)</small>

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.

N/A



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? 170 Million

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

What is the anticipated date of application approval? September 2012

What is the anticipated date of the beginning of the qualifying time period? September 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? 171,050,000 million

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

Attach the following items to this application:

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

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

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

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

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

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

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

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

Land

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

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

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. _____ 2011
(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 2012
(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?

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

Total number of new jobs that will have been created when fully operational 20

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? 20

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 1,199.83
 110% of the county average weekly wage for manufacturing jobs in the county is 1,781.45
 110% of the county average weekly wage for manufacturing jobs in the region is 883.08

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? 45,920.16

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? 45,920.16

- 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 15

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.

ATTACHMENT 2

Proof of payment attached.

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)*



Formosa Plastics'

Formosa Plastics Corporation, Texas
201 Formosa Drive • P.O. Box 700
Point Comfort, TX 77978
Telephone: 361-987-7000
Fax: 361-987-2729

Combined Group Membership in Calhoun County

Formosa Plastics Corp., Texas
Formosa Plastics Corp., America
Nan Ya Plastics Corp., America
Formosa Utility Venture, LTD
Formosa Transrail Corp.
Formosa Hydrocarbons
Neumin Production Company
Lavaca Pipeline

Contact Information

Jack Wu
PO Box 700
Point Comfort, TX 77978
361/987-7700
jackwu@ftpc.fpcusa.com



ATTACHMENT 4

Description of Project.

Detailed Project Description of Hydrocarbon Fractionator

Natural gas at the wellhead is a mixture of hydrocarbons of varying chain length. The most frequently occurring hydrocarbons in natural gas are methane (C1), ethane (C2), and propane (C3). However, smaller amounts of longer chain hydrocarbons (C4, C5, etc.) are also present. As a result, natural gas cannot be utilized in industrial and production applications in its raw form. Prior to use in any industrial application, raw natural gas feedstock must be separated into discrete fractions that have in them only hydrocarbons of equal chain length. The process of conducting this separation is classified under the NAICS # 35120 Code designation as Industrial Gas Manufacturing. (SIC Code # 2813)

The process of gas separation process that is necessary for the precursor products necessary for plastics production is done in a "hydrocarbon fractionator." The plant itself consists of pipelines for delivering and shipping stocks, distillation columns in which hydrocarbons are separated, compressors, pumps, valves and accompanying instrumentation. Outgoing products are stored in "spheres" designed to safely hold gasses and in tanks designed to safely store liquids.

Methane is separated from the mixture in an upstream "gas plant" prior to transport of the remaining hydrocarbons to the fractionator. The fractionator then separates the ethane and propane from the remaining hydrocarbons and stores them as discrete, homogenous stocks. The longer chained hydrocarbons (C4 and above) are separated no further; rather these are piped out of the fractionator and stored for other industrial uses.

Ability to relocate

Formosa is a multi-national company with plants operating in Delaware City, Delaware as well as in Taiwan. The investment could be allocated to any of the other plants.

ATTACHMENT 5

The project is 100% located in Calhoun County ISD.

Detailed Project Description of Hydrocarbon Fractionator

Natural gas at the wellhead is a mixture of hydrocarbons of varying chain length. The most frequently occurring hydrocarbons in natural gas are methane (C1), ethane (C2), and propane (C3). However, smaller amounts of longer chain hydrocarbons (C4, C5, etc.) are also present. As a result, natural gas cannot be utilized in industrial and production applications in its raw form. Prior to use in any industrial application, raw natural gas feedstock must be separated into discrete fractions that have in them only hydrocarbons of equal chain length. The process of conducting this separation is classified under the NAICS # 35120 Code designation as Industrial Gas Manufacturing. (SIC Code # 2813)

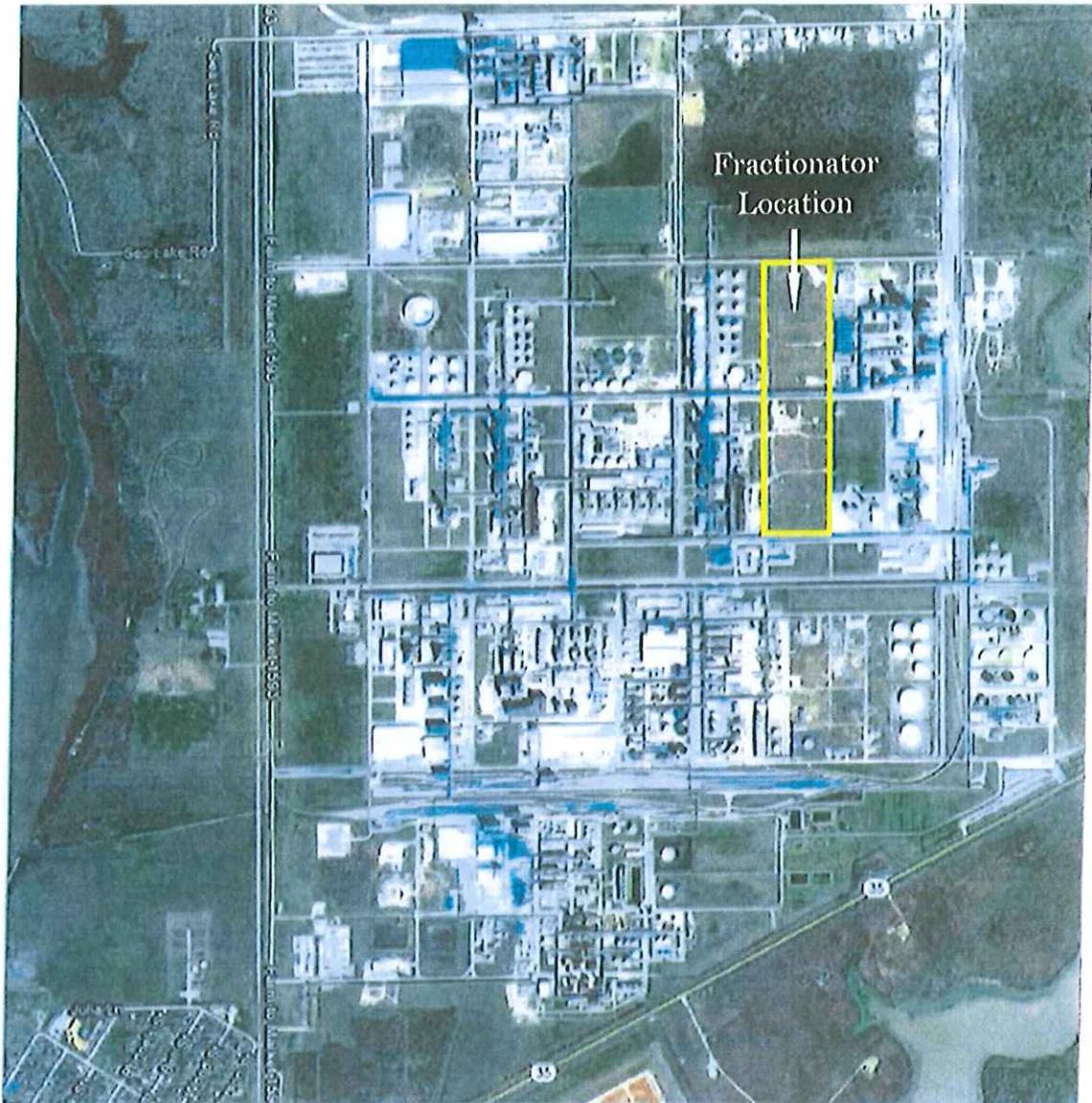
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ATTACHMENT 7

See attached maps.

To see all the details that are visible on the screen, use the "Print" link next to the map.



To see all the details that are visible on the screen, use the "Print" link next to the map.



PLANT NORTH



UTILITY COGEN

OLEFINS II

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAIWAN, et al., FORMOSA PLASTICS CORPORATION, TEXAS, FORMOSA PLASTICS CORPORATION, U.S.A., FORMOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2002. VOLUME 316 PAGE 561. OFFICIAL RECORDS, CALHOUN CO., TX. SCHEDULE A-5, 13.98 ACRES. HPOE H PLANT

Hydrocarbon Fractionator Location

32.31 ACRES

ALUMINUM COMPANY OF AMERICA TO FORMOSA PLASTICS CORPORATION, TEXAS VOLUME 15, PAGE 404 OFFICIAL RECORDS FEBRUARY 17, 1988 1560.40 ACRES

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAIWAN, et al., FORMOSA PLASTICS CORPORATION, TEXAS, FORMOSA PLASTICS CORPORATION, U.S.A., FORMOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2002. VOLUME 316 PAGE 561. OFFICIAL RECORDS, CALHOUN CO., TX. SCHEDULE A-6, 13.98 ACRES. HPOE H PLANT

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAIWAN, et al., FORMOSA PLASTICS CORPORATION, TEXAS, FORMOSA PLASTICS CORPORATION, U.S.A., FORMOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2002. VOLUME 316 PAGE 561. OFFICIAL RECORDS, CALHOUN CO., TX. SCHEDULE A-5, 13.01 ACRES. HPOE H PLANT

HAN YA PLASTICS CORPORATION, AMERICA VOLUME 74, PAGE 803 OFFICIAL RECORDS TRACT II 28.0793 ACRES

ASP

N 9592.00
E 5187.00

N 9592.00
E 5771.00

EAST 584.00'

NORTH 2429.00

SOUTH 1186.00

N 8396.00
E 5262.00

N 8396.00
E 5271.00

WEST 9.00'

SOUTH 1233.00

POB
N 2163.00
E 5187.00

WEST 575.00'
FORMOSA PLASTICS CORPORATION, TEXAS VOLUME 15, PAGE 404. OR 1560.40 ACRES

N 7163.00
E 5762.00

PHILLIP DIMMITT SURVEY ABSTRACT NO. 11

IEM

EDC

SOUTH 2163.00



THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF AN ABSTRACT OF TITLE THERE MAY BE EASEMENTS OR OTHER MATTERS OF RECORD NOT SHOWN.

HEARINGS AND COORDINATES BASED ON FORMOSA PLASTICS CORPORATION EXPANSION PLANT DATUM

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION

George A. Ganem Jr. 01/13/2012
GEORGE A. GANEM, JR.
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4691

WEST 4187.00'
TO THE SW CORNER OF THE 1560.40 ACRE TRACT, HAVING IPC PLANT COORDINATES N:5600, E:1000

SOUTH LINE 1560.40 ACRES

FORMOSA PLASTICS CORPORATION, TEXAS VOLUME 341, PAGE 438, OR 255.711 ACRES

N 5000.00
E 5187.00



FORMOSA PLASTICS CORPORATION, TEXAS

201 Levee Drive
Houston, Texas 77078

P. O. Box 700
Point Comfort, TX 77978

FRACT II TRACT
32.31 ACRES

PHILLIP DIMMITT SURVEY ABSTRACT NO. 11
CALHOUN COUNTY, TEXAS

DRAWN BY: KELLY B
CHECKED BY: G. K.

SCALE: 1" = 400'
DATE: 08/22/2012



GANEM & KELLY SURVEYING, INC.
111 EAST MAIN STREET
LONGVIEW, TEXAS 77603

PERMISSION
LUMAR STREET, SUITE 5
POINT COMFORT, TEXAS 77978
SHEET NO. 1 OF 1

Map



- | | | |
|---|--|---|
| <p>Vkrrr5</p> <ul style="list-style-type: none"> ■ Mqzru#K ljk2P lggd#/fkrrr ■ Wrfv p erd3 ■ K ljkVfkrrr ▲ Hdip hqdu zVhfrggdu #/fkrrr ▲ Rwkhu#/fkrrr <p>Frp p xql Frshjlv</p> <ul style="list-style-type: none"> ★ Xqlyhuwldiv <p>K ljkhuHg</p> <ul style="list-style-type: none"> ★ Xqlyhuwldiv <p>Kz v5</p> <ul style="list-style-type: none"> — Rwkhu ==D44 ==D48 | <p>Kz v5#frqwxhg,</p> <ul style="list-style-type: none"> ==D4: —D54 —D55 —D56 —D58 —D5: —D93 <p>Frqxwlv4</p> <ul style="list-style-type: none"> □ Frqxwlv <p>Frqxwlv6</p> <p>K guraj </p> <ul style="list-style-type: none"> ■ | <p>G lvwlvw5</p> <ul style="list-style-type: none"> □ <p>Vfkrrd3 lvwlvw</p> <ul style="list-style-type: none"> □ Vfkrrd3 lvwlvw <p>G lvwlvw</p> <p>Wh{dv</p> <ul style="list-style-type: none"> □ <p>Wh{dv</p> <ul style="list-style-type: none"> □ |
|---|--|---|

ATTACHMENT 8

Description of Qualified Property

The Formosa Plant consists of the following main units and utility systems:

- Feed Stock Inlet Facilities
- DeEthanizer Column
- DePropanizer Column
- Amine Wash Column
- Pumps and Pipelines
- ReBoiler Unit
- PreHeater Unit
- Instrument Control
- Utilities – Water and Air
- Storage Facility

ATTACHMENT 9

See attached maps.

To see all the details that are visible on the screen, use the "Print" link next to the map.



To see all the details that are visible on the screen, use the "Print" link next to the map.



FORMOSA PLASTICS CORPORATION, TEXAS
FRACT II TRACT
32.31 ACRES

THE STATE OF TEXAS
THE COUNTY OF CALHOUN

BEING a 32.31 acre tract of land situated in the Phillip Dimmit Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 32.31 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at the southwest corner of said 1560.40 acre tract (said commencing point having plant coordinates of North 5000, East 1000);

THENCE East along the south line of said 1560.40 acre tract, a distance of 4187 feet to a point for corner;

THENCE North a distance of 2163.00 feet to a set 5/8 inch iron rod in the east line of the Olefins II 59.71 acre tract described in Volume 316, Page 561 of the Official Records of said county for the southwest corner of the herein described tract and the POINT OF BEGINNING, (said iron rod having plant coordinates of North 7163, East 5187);

THENCE North with the east line of said Olefins II 59.71 acre tract for a distance of 2429.00 feet to a set 5/8 inch iron rod for the northwest corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5187);

THENCE East a distance of 5484.00 feet to a set 5/8 inch iron rod at the northwest corner of the PEII 13.98 acre tract described in Volume 316, Page 561 of the Official Records of said county for the northeast corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5771);

THENCE South with the west line of said PEII 13.98 acre tract and the west line of the HDPEII 13.01 acre tract described in Volume 316, Page 561 of the Official Records of said county for a distance of 1196.00 feet to a set 5/8 inch iron rod in the north line of the EG 28.0793 acre tract described in Volume 74, Page 803 of the Official Records of said county for a corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5771);

THENCE West along said north line of the EG 28.0793 acre tract for a distance of 9.00 feet to a set 5/8 inch iron rod at the northwest corner of said EG 28.0793 acre tract for an interior corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5762);

THENCE South with the west line of said EG 28.0793 acre tract for a distance of 1233.00 feet to a set 5/8 inch iron rod at the southwest corner of said EG 28.0793 acre tract for the southeast corner of the herein described tract (said iron rod having plant coordinates of North 7163, East 5762);

THENCE West for a distance of 575.00 feet to the POINT OF BEGINNING; Containing 32.31 acres of land.

Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

The above legal description is based on an actual survey made on the ground under my supervision.


Ganem & Kelly Surveying, Inc.
By: George A. Ganem, Jr.
Registered Professional Land Surveyor
Texas No. 4681



Date 01/18/2012

Map



- | | | |
|--|---|---|
| <p>Vfkrro5</p> <ul style="list-style-type: none"> ■ IkqñruK jk2P jgðh#/fkrrø ■ WrfV p erðð ■ K jkVfkrrø ▲ Hðp hqðu ZVhfrqgdu #/fkrrø ▲ Røkuh#/fkrrø <p>Frp p xqñ Frðjhv</p> <ul style="list-style-type: none"> ★ Xqlyhuwñhv <p>K jkhuHg</p> <ul style="list-style-type: none"> ★ Xqlyhuwñhv <p>Kz v5</p> <ul style="list-style-type: none"> — Røku ▬ D44 ▬ D48 | <p>Kz v5#frqðxhg,</p> <ul style="list-style-type: none"> ▬ D4: ▬ D54 ▬ D55 ▬ D56 ▬ D58 ▬ D5: ▬ D93 <p>Frqxðhv4</p> <ul style="list-style-type: none"> ▭ Frqxðhv <p>Frqxðhv6</p> <p>K guαj </p> <ul style="list-style-type: none"> ■ | <p>G ðwñfw5</p> <ul style="list-style-type: none"> ▭ <p>Vfkrroð ðwñfw</p> <ul style="list-style-type: none"> ▭ Vfkrroð ðwñfw <p>G ðwñfw</p> <p>Wh{dv</p> <ul style="list-style-type: none"> ▭ <p>Wh{dv</p> <ul style="list-style-type: none"> ▭ |
|--|---|---|

To see all the details that are visible on the screen, use the "Print" link next to the map.



PLANT NORTH



OLEFINS II

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAIWAN, et. al., FORMOSA PLASTICS CORPORATION, TEXAS, FORMOSA PLASTICS CORPORATION, U.S.A., FORMOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2002. VOLUME 318 PAGE 561. OFFICIAL RECORDS, CALHOUN CO., TX. SCHEDULE A-B, 13.98 ACRES. PP II PLANT ACRES

UTILITY COGEN

Hydrocarbon Fractionator Location

32.31 ACRES

ALUMINUM COMPANY OF AMERICA TO FORMOSA PLASTICS CORPORATION, TEXAS VOLUME 15, PAGE 404 OFFICIAL RECORDS FEBRUARY 17, 1988 1560 40 ACRES.

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAIWAN, et. al., FORMOSA PLASTICS CORPORATION, TEXAS, FORMOSA PLASTICS CORPORATION, U.S.A., FORMOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2002. VOLUME 318 PAGE 561. OFFICIAL RECORDS, CALHOUN CO., TX. SCHEDULE A-B, 13.98 ACRES. PP II PLANT ACRES

PPH

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAIWAN, et. al., FORMOSA PLASTICS CORPORATION, TEXAS, FORMOSA PLASTICS CORPORATION, U.S.A., FORMOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2002. VOLUME 318 PAGE 561. OFFICIAL RECORDS, CALHOUN CO., TX. SCHEDULE A-S, 13.01 ACRES. HPDE II PLANT ACRES

EG

HAN YA PLASTICS CORPORATION, AMERICA VOLUME 74, PAGE 803 OFFICIAL RECORDS TRACT II 28.0793 ACRES

ASP

N 9592.00' E 5187.00'

EAST 684.00'

N 9592.00' E 5721.00'

N 8306.00' E 5762.00'

N 6396.00' E 5721.00'

WEST 9.00'

POB N 2163.00' E 5187.00'

WEST 575.00' FORMOSA PLASTICS CORPORATION, TEXAS VOLUME 15, PAGE 404, OR 1560 40 ACRES.

N 7163.00' E 5762.00'

PHILLIP DIMMITT SURVEY ABSTRACT NO. 11

IEM

EDC

SOUTH 2162.00'



THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF AN ABSTRACT OF TITLE THERE MAY BE EASEMENTS OR OTHER MATTERS OF RECORD NOT SHOWN.

HEARINGS AND COORDINATES BASED ON FORMOSA PLASTICS CORPORATION EXPANSION PLANT DATUM

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION

George A. Ganem Jr. 01/18/2012
GEORGE A. GANEM, JR.
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4681

WEST 4187.00' TO THE SW CORNER OF THE 1560 40 ACRE TRACT, HAVING IFC PLANT COORDINATES N:5000, E:1000

SOUTH LINE 1560 40 ACRES

N 5000.00' E 5187.00'

FORMOSA PLASTICS CORPORATION, TEXAS VOLUME 147, PAGE 438, OR 255 714 ACRES



FORMOSA PLASTICS CORPORATION, TEXAS

201 Formosa Drive Point Comfort, TX 77378

P.O. Box 200 Point Comfort, TX 77378

FRACT II TRACT 32.31 ACRES

PHILLIP DIMMITT SURVEY ABSTRACT NO. 11 CALHOUN COUNTY, TEXAS

DRAWN BY: KELLY B

SCALE: 1" = 400'

GANEM & KELLY SURVEYING, INC.

REVISION

CHECKED BY: G.A.G.

DATE: 01/17/2012

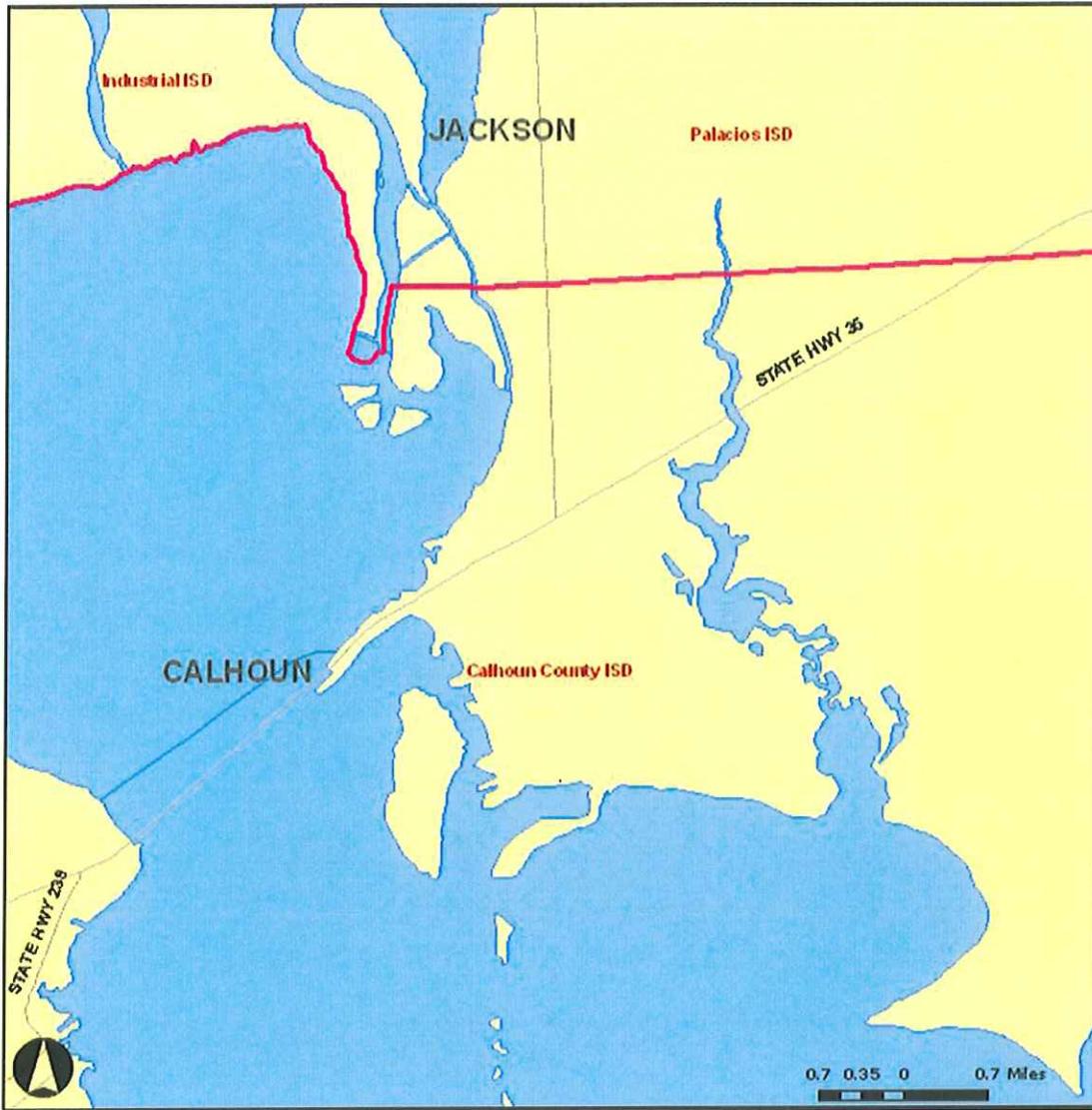


111 EAST MAIN STREET LUMBER STREET SUITE 5 EDNA, TEXAS 77927 POINT COMFORT, TEXAS 77378

SHEET NO

1 OF 1

Map



- | | | |
|---|--|---|
| <p>Vfkrro5</p> <ul style="list-style-type: none"> ■ Mxqr#K jk2P jgð#fkrro ■ Wrfv p erð3 ■ K jkVfkrro ▲ Hðp hqwu 2Vhfrggðu #fkrro ▲ Røku#fkrro <p>Fxp p xql Frðjlv</p> <ul style="list-style-type: none"> ★ Xqlyhuwlv <p>K jkhuHg</p> <ul style="list-style-type: none"> ★ Xqlyhuwlv <p>Kz v5</p> <ul style="list-style-type: none"> — Røku ▬ D44 ▬ D48 | <p>Kz v5#frqwxhg,</p> <ul style="list-style-type: none"> ▬ D4 : ▬ D54 ▬ D55 ▬ D56 ▬ D58 ▬ D5 : ▬ D93 <p>Frxqhv4</p> <ul style="list-style-type: none"> ▭ Frxqhv <p>Frxqhv6</p> <ul style="list-style-type: none"> ▭ Frxqhv <p>K guræj </p> <ul style="list-style-type: none"> ■ | <p>G lvwfw5</p> <ul style="list-style-type: none"> ▭ <p>Vfkrro5 lvwfw</p> <ul style="list-style-type: none"> ▭ Vfkrro5 lvwfw <p>G lvwfw</p> <ul style="list-style-type: none"> ▭ <p>Wh{dv</p> <ul style="list-style-type: none"> ▭ <p>Wh{dv</p> <ul style="list-style-type: none"> ▭ |
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ATTACHMENT 14

The calculation of the three possible wage requirements with TWC documentation is attached.

Checklist Item 14

ATTACHMENT

CALCULATION OF WAGE REQUIREMENTS-CALHOUN COUNTY

110% of County Average Weekly Wage for all Jobs

2011	1Q	1,064
2011	2Q	1,077
2011	3Q	1,105
2011	4Q	<u>1,117</u>

4363/4 = \$1,090.75 average weekly salary
X 1.1 (110%)
\$1,199.83 110% of County Average Weekly Wage for all Jobs

110% of County Average Weekly Wage for Manufacturing Jobs in County

2011	1Q	1,647
2011	2Q	1,587
2011	3Q	1,654
2010	4Q	<u>1,590</u>

6478/4 = \$1,619.50 average weekly salary
X 1.1 (110%)
\$1,781.45 110% of County Average Weekly Wage for Manufacturing Jobs

110 % of County Average Weekly Wage for Manufacturing Jobs in Region
(Golden Crescent Regional Planning Commission)

\$20.07 per hour
X 40 hr per week
\$ 802.80 average weekly salary

\$802.80 average weekly salary
X 1.10 (110%)
\$883.08

\$883.08
X 52 weeks
\$45,920.16 110% of County Average Weekly Wage for all Jobs in Region

**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.

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Calhoun County	Private	00	0	10	Total, All Industries	\$1,064
2011	2nd Qtr	Calhoun County	Private	00	0	10	Total, All Industries	\$1,077
2011	3rd Qtr	Calhoun County	Private	00	0	10	Total, All Industries	\$1,105
2011	4th Qtr	Calhoun County	Private	00	0	10	Total, All Industries	\$1,117
2011	4th Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,590
2011	3rd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,654
2011	2nd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,587
2011	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,647



Formosa Plastics'

Formosa Plastics Corporation, Texas
201 Formosa Drive • P.O. Box 700
Point Comfort, TX 77978
Telephone: 361-987-7000
Fax: 361-987-2729

Formosa Plastics Corporation, Texas Employee Benefits 2012

Matching 401K
Vacation
Pension
Sick Leave
Personal Time
Medical Insurance
Dental Insurance
Vision Insurance
Life Insurance
Tuition Assistance

ATTACHMENT 16

The economic impact study will be performed by the Comptroller at a future date.

ATTACHMENT 17

Please see attached Schedule A

Schedule A (Rev. May 2010): Investment

Applicant Name: Formosa Plastics Corporation, Texas
 ISD Name: Calhoun County

Form 50-296

		PROPERTY INVESTMENT AMOUNTS									
		(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount; only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
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)			250,000	-		100,000	350,000			
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2012-13	2012	500,000	-	100,000	600,000			
	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)				50,000,000	-	100,000	100,100,000			
	Complete tax years of qualifying time period	1	2013-14	2013		120,000,000	50,000,000				
		2	2014-15	2014							
		3	2015-16	2015							
		4	2016-17	2016							
		5	2017-18	2017							
		6	2018-19	2018							
		7	2019-20	2019							
		8	2020-21	2020							
		9	2021-22	2021							
		10	2022-23	2022							
		11	2023-24	2023							
		12	2024-25	2024							
	13	2025-26	2025								
	14	2026-27	2026								
	15	2027-28	2027								
Tax Credit Period (with 50% cap on credit)	Value Limitation Period										
Credit Settle-Up Period	Continue to Maintain Viable Presence										
	Post-Settle-Up Period										
	Post-Settle-Up Period										

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

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

Column B: 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 §313.021(1)(E).

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

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

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE: *[Signature]*
 DATE: June 13, 2013

ATTACHMENT 18

Please see attached Schedule B

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Formosa Plastics Corporation, Texas

Form 50-296

Applicant Name
 ISD Name

Calhoun County

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O--after all reductions
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"			
	pre-year 1	2012-13	2012	100,000					
Tax Credit Period (with 50% cap on credit)	1	2013-14	2013	100,000	12,100,000			12,200,000	12,200,000
	2	2014-15	2014	100,000	120,000,000			120,100,000	120,100,000
	3	2015-16	2015	100,000	115,200,000			115,300,000	30,000,000
	4	2016-17	2016	100,000	110,592,000			110,692,000	30,000,000
	5	2017-18	2017	100,000	106,168,000			106,268,000	30,000,000
	6	2018-19	2018	100,000	101,922,000			102,022,000	30,000,000
	7	2019-20	2019	100,000	97,845,000			97,945,000	30,000,000
	8	2020-21	2020	100,000	93,931,000			94,031,000	30,000,000
	9	2021-22	2021	100,000	90,174,000			90,274,000	30,000,000
	10	2022-23	2022	100,000	86,567,000			86,667,000	30,000,000
	11	2023-24	2023	100,000	83,104,000			83,204,000	83,204,000
	12	2024-25	2024	100,000	79,780,000			79,880,000	79,880,000
	13	2025-26	2025	100,000	71,802,000			71,902,000	71,902,000
	14	2026-27	2026	100,000	64,621,800			64,721,800	64,721,800
	15	2027-28	2027	100,000	58,159,620			58,259,620	58,259,620

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.

Jack White

June 13, 2012

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

ATTACHMENT 19

Please see attached Schedule C

Schedule C- Application: Employment Information

Formosa Plastics Corporation, Texas
Calhoun County

Applicant Name
ISD Name

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction			New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
	pre-year 1	2012-13	2012	127,500 manhours	\$ 42,000.00	20	\$ 45,920.16	20	\$ 45,920.16	
	1	2013-14	2013			20	\$ 45,920.16	20	\$ 45,920.16	
	2	2014-15	2014			20	\$ 45,920.16	20	\$ 45,920.16	
	3	2015-16	2015			20	\$ 45,920.16	20	\$ 45,920.16	
	4	2016-17	2016			20	\$ 45,920.16	20	\$ 45,920.16	
	5	2017-18	2017			20	\$ 45,920.16	20	\$ 45,920.16	
	6	2018-19	2018			20	\$ 45,920.16	20	\$ 45,920.16	
	7	2019-20	2019			20	\$ 45,920.16	20	\$ 45,920.16	
	8	2020-21	2020			20	\$ 45,920.16	20	\$ 45,920.16	
	9	2021-22	2021			20	\$ 45,920.16	20	\$ 45,920.16	
	10	2022-23	2022			20	\$ 45,920.16	20	\$ 45,920.16	
	11	2023-24	2023			20	\$ 45,920.16	20	\$ 45,920.16	
	12	2024-25	2024			20	\$ 45,920.16	20	\$ 45,920.16	
	13	2025-26	2025			20	\$ 45,920.16	20	\$ 45,920.16	
	14	2026-27	2026			20	\$ 45,920.16	20	\$ 45,920.16	
	15	2027-28	2027			20	\$ 45,920.16	20	\$ 45,920.16	
Complete tax years of qualifying time period										
Value Limitation Period										
Credit Settle-Up Period										
Post- Settle-Up Period										

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.

[Handwritten Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

June 13, 2012
DATE

ATTACHMENT 20

Please see attached Schedule D

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

Applicant Name

Formosa Plastics Corporation, Texas

ISD Name

Calhoun County

Form 50-296

Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Sales Tax Information		Franchise Tax	County	City	Hospital	Other
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012-13	2012	10 Million	40 Million	1.5 Million	100%	N/A	N/A	N/A
Tax Credit Period (with 50% cap on credit)	1	2013-14	2013		120 Million	1.5 Million	100%			
	2	2014-15	2014			1.2 Million	100%			
	3	2015-16	2015			1.2 Million	100%			
	4	2016-17	2016			1.2 Million	100%			
	5	2017-18	2017			1 Million	100%			
	6	2018-19	2018			2 Million	100%			
	7	2019-20	2019			3 Million	100%			
	8	2020-21	2020			4 Million				
	9	2021-22	2021			1.2 Million				
	10	2022-23	2022			1.2 Million				
	11	2023-24	2023			1.5 Million				
	12	2024-25	2024			1.5 Million				
	13	2025-26	2025			1.5 Million				
	14	2026-27	2026			1.5 Million				
	15	2027-28	2027			1.5 Million				

*For planning, construction and operation of the facility.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

June 13, 2012

DATE

ATTACHMENT 21

Map of Reinvestment Zone.

PLANT NORTH



LOUEFINS II

32.31 ACRES

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAMIAMI, FLORIDA, FORNOSA PLASTICS CORPORATION, U.S.A., FORNOSA PLASTICS CORPORATION, U.S.A., FORNOSA UTILITY VENTURE, LTD. FEBRUER 20, 2007 VOLUME 316, PAGE 1501 OFFICIAL RECORDS, SCHEDULE A-3, 1380 ACRES

PEII

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAMIAMI, FLORIDA, FORNOSA PLASTICS CORPORATION, U.S.A., FORNOSA PLASTICS CORPORATION, U.S.A., FORNOSA UTILITY VENTURE, LTD. SEPTEMBER 20, 2007 VOLUME 316, PAGE 1501 OFFICIAL RECORDS, SCHEDULE A-3, 1380 ACRES

PPII

ALUMINUM COMPANY OF AMERICA TO FORNOSA PLASTICS CORPORATION, TEXAS VOLUME 15, PAGE 404 OFFICIAL RECORDS (FEBRUARY 13, 1988 1560.10 ACRES

WEST 9.00'

EG

1131 YA PLASTICS CORPORATION, AMERICA VOLUME 74, PAGE 803 OFFICIAL RECORDS TRACT U 28.0793 ACRES

ASP

UTILITY COGEN

MEMORANDUM OF FACILITIES SUPPORT AGREEMENT BANK OF TAMIAMI, FLORIDA, FORNOSA PLASTICS CORPORATION, U.S.A., FORNOSA PLASTICS CORPORATION, U.S.A., FORNOSA UTILITY VENTURE, LTD. FEBRUER 20, 2007 VOLUME 316, PAGE 1501 OFFICIAL RECORDS, SCHEDULE A-3, 1380 ACRES

PEII

100 N 715.00 E 5192.00

WEST 575.00' FORNOSA PLASTICS CORPORATION, TEXAS VOLUME 15, PAGE 104, OR 1580.10 ACRES

N 715.00 E 5762.00

PHILLIP DIMMITT SURVEY ABSTRACT NO. 11

IEM

EDC



THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF AN ABSTRACT OF TITLE THERE MAY BE EASEMENTS OR OTHER MATTERS OF RECORD NOT SHOWN.

MEASUREMENTS AND COORDINATES BASED ON FORNOSA PLASTICS CORPORATION EXPANSION PLANT DATA

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION

George A. Ganem Jr. 01/18/2012
 GEORGE A. GANEM, JR.
 GANEM & KELLY SURVEYING, INC.
 REGISTERED PROFESSIONAL LAND SURVEYOR
 TEXAS NO. 1661

WEST 8187.00'
 TO THE SW CORNER OF THE 1380.10 ACRE TRACT, HAVING FFC PLAT COORDINATES 113508, 81800

FORNOSA PLASTICS CORPORATION, TEXAS VOLUME 317, PAGE 139, OR 345.11 ACRES

SOUTH LINE 1380.10 ACRES N 8000.00 E 5192.00

FORMOSA PLASTICS CORPORATION, TEXAS
 201 East Main Street, Suite 3000, Point Comfort, TX 77378
 P.O. Box 100, 77378

FRACT II TRACT 32.31 ACRES
 PHILLIP DIMMITT SURVEY ABSTRACT NO. 11
 DALLAS COUNTY, TEXAS

DRAWN BY KELLY G. CHECKED BY S.A.G.
 SCALE: 1" = 400' DATE: 01/17/2012

GANEM & KELLY SURVEYING, INC.
 111 EAST MAIN STREET, SUITE 3000, POINT COMFORT, TEXAS 77378

EXHIBIT "2"

FORMOSA PLASTICS CORPORATION, TEXAS
PRACTH TRACT
32.31 ACRES

THE STATE OF TEXAS
THE COUNTY OF CALHOUN

BEING a 32.31 acre tract of land situated in the Phillip Dimmit Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 32.31 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at the southwest corner of said 1560.40 acre tract (said commencing point having plant coordinates of North 5000, East 1000);

THENCE East along the south line of said 1560.40 acre tract, a distance of 4187 feet to a point for corner;

THENCE North a distance of 2163.00 feet to a set 5/8 inch iron rod in the east line of the Olofin II 59.71 acre tract described in Volume 316, Page 561 of the Official Records of said county for the southwest corner of the herein described tract and the POINT OF BEGINNING, (said iron rod having plant coordinates of North 7163, East 5187);

THENCE North with the east line of said Olofin II 59.71 acre tract for a distance of 2429.00 feet to a set 5/8 inch iron rod for the northwest corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5187);

THENCE East a distance of 5484.00 feet to a set 5/8 inch iron rod at the northwest corner of the PHEI 13.98 acre tract described in Volume 316, Page 561 of the Official Records of said county for the northeast corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5771);

THENCE South with the west line of said PHEI 13.98 acre tract and the west line of the HDPEI 13.01 acre tract described in Volume 316, Page 561 of the Official Records of said county for a distance of 1196.00 feet to a set 5/8 inch iron rod in the north line of the EG 28.0793 acre tract described in Volume 74, Page 803 of the Official Records of said county for a corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5771);

THENCE West along said north line of the EG 28.0793 acre tract for a distance of 9.00 feet to a set 5/8 inch iron rod at the northwest corner of said EG 28.0793 acre tract for an interior corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5762);

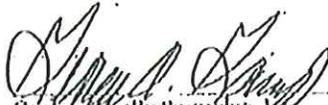
THENCE South with the west line of said EG 28.0793 acre tract for a distance of 1233.00 feet to a set 5/8 inch iron rod at the southwest corner of said EG 28.0793 acre tract for the southeast corner of the herein described tract (said iron rod having plant coordinates of North 7163, East 5762);

THENCE West for a distance of 575.00 feet to the POINT OF BEGINNING; Containing 32.31 acres of land.

Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

The above legal description is based on an actual survey made on the ground under my supervision.


Gann & Kelly Surveying, Inc.
By: George A. Gann, Jr.
Registered Professional Land Surveyor
Texas No. 4681



Date 04/13/2012

EXHIBIT

" 1 "

ATTACHMENT 22

Order, Resolution, or Ordinance Establishing the Zone

**RESOLUTION OF THE
COMMISSIONERS COURT OF CALHOUN COUNTY, TEXAS
DESIGNATING FORMOSA PLASTICS CORPORATION, TEXAS
REINVESTMENT ZONE NO. 12-01**

WHEREAS, Formosa Plastics Corporation, Texas filed an Application with the Commissioners Court of Calhoun County, Texas for designation of a reinvestment zone on January 19, 2012; and

WHEREAS, pursuant to the Property Redevelopment and Tax Abatement Act (Texas Tax Code, Chapter 312) and the Guidelines and Criteria of the Commissioners Court of Calhoun County for Granting Tax Abatement in Reinvestment Zones Created in Calhoun County, (The Guidelines), the Commissioners Court published a Notice of Public Hearing on the Application of Formosa Plastics Corporation, Texas for designation of a reinvestment zone in the Port Lavaca Wave on January 14, 2012; and

WHEREAS, the Commissioners Court convened in open meeting on Thursday, January 26, 2012 at 10:00 o'clock a.m., pursuant to said Notice for the purpose of conducting a Public Hearing on the Application of Formosa Plastics Corporation, Texas for designation of a reinvestment zone, during which hearing representatives of Formosa Plastics Corporation, Texas presented statements and evidence in support of its Application, and whereupon all interested persons in attendance who requested to do so, were given the opportunity to speak and present evidence for or against the designation; and

WHEREAS, upon conclusion of the Public Hearing, the members of the Commissioners Court considered the evidence and upon motion and second, adopted the following resolution:

BE IT RESOLVED by the Commissioners Court of Calhoun County, Texas:

1. The Commissioners Court of Calhoun County, Texas makes the following findings:

(a) That the improvements sought are feasible and practical;

(b) The designation and improvements would be a benefit to the land to be included in the zone, and to the County after the expiration of the tax abatement agreement;

(c) The area will be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the County;

(d) The Commissioners Court further finds that the entire 32.31 acre (more or less) tract of land is located entirely in an unincorporated area of Calhoun County, Texas;

2. Based upon its findings, the Commissioners Court of Calhoun County, Texas concludes that Formosa Plastics Corporation, Texas' Application for Designation of Reinvestment Zone dated January 19, 2012 should be and is hereby approved.

3. A metes and bounds description of the Reinvestment Zone is contained in Exhibit "1," is attached hereto, incorporated by reference and made a part hereof for any and all purposes. Also attached to this Resolution is a plat indicating the boundaries and location of the Reinvestment Zone. The plat is marked Exhibit "2," incorporated by reference and made

a part hereof for any and all purposes.

4. The Reinvestment Zone is hereby designated as eligible for tax abatement, subject to approval of any application for tax abatement by the Commissioners Court.

5. The tract of land containing 32.31 acres (more or less) is hereby designated as Formosa Plastics Corporation, Texas Reinvestment Zone 12-01 and is eligible for tax abatement.

6. This designation of a reinvestment zone shall expire five years from the date of this resolution.

PASSED, ADOPTED AND APPROVED, on this 26th day of January, 2012.

**COMMISSIONERS COURT OF
CALHOUN COUNTY, TEXAS**



Michael Pfeifer, County Judge

ATTEST:

ANITA FRICKE
CALHOUN COUNTY CLERK

By: 
_____, Deputy

ATTACHMENT 23

Legal Description of Reinvestment Zone

FORMOSA PLASTICS CORPORATION, TEXAS
TRACT II TRACT
32.31 ACRES

THE STATE OF TEXAS
THE COUNTY OF CALHOUN

BEING a 32.31 acre tract of land situated in the Phillip Dimmit Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 32.31 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at the southwest corner of said 1560.40 acre tract (said commencing point having plant coordinates of North 5000, East 1000);

THENCE East along the south line of said 1560.40 acre tract, a distance of 4187 feet to a point for corner;

THENCE North a distance of 2163.00 feet to a set 5/8 inch iron rod in the east line of the Olefins II 59.71 acre tract described in Volume 316, Page 561 of the Official Records of said county for the southwest corner of the herein described tract and the POINT OF BEGINNING, (said iron rod having plant coordinates of North 7163, East 5187);

THENCE North with the east line of said Olefins II 59.71 acre tract for a distance of 2429.00 feet to a set 5/8 inch iron rod for the northwest corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5187);

THENCE East a distance of 5484.00 feet to a set 5/8 inch iron rod at the northwest corner of the PEH 13.98 acre tract described in Volume 316, Page 561 of the Official Records of said county for the northeast corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5771);

THENCE South with the west line of said PEH 13.98 acre tract and the west line of the HDPEH 13.01 acre tract described in Volume 316, Page 561 of the Official Records of said county for a distance of 1196.00 feet to a set 5/8 inch iron rod in the north line of the EG 28.0793 acre tract described in Volume 74, Page 803 of the Official Records of said county for a corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5771);

THENCE West along said north line of the EG 28.0793 acre tract for a distance of 9.00 feet to a set 5/8 inch iron rod at the northwest corner of said EG 28.0793 acre tract for an interior corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5762);

THENCE South with the west line of said EG 28.0793 acre tract for a distance of 1233.00 feet to a set 5/8 inch iron rod at the southwest corner of said EG 28.0793 acre tract for the southeast corner of the herein described tract (said iron rod having plant coordinates of North 7163, East 5762);

THENCE West for a distance of 575.00 feet to the POINT OF BEGINNING; Containing 32.31 acres of land.

Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

The above legal description is based on an actual survey made on the ground under my supervision.


Ganem & Kelly Surveying, Inc.
By: George A. Ganem, Jr.
Registered Professional Land Surveyor
Texas No. 4681



Date 01/13/2012

ATTACHMENT 24

Guidelines and Criteria for Reinvestment Zone

**GUIDELINES AND CRITERIA OF THE COMMISSIONERS' COURT
OF CALHOUN COUNTY FOR GRANTING TAX ABATEMENT AS A
BUSINESS INCENTIVE IN REINVESTMENT ZONES
CREATED IN CALHOUN COUNTY**

(For the period June 25, 2011 through June 24, 2013

PREAMBLE

WHEREAS, the Commissioners' Court of Calhoun County by resolution adopted on March, 18, 1988 declared its eligibility to grant tax abatement; and

WHEREAS, by subsequent resolutions the Commissioners' Court of Calhoun County adopted and extended Guidelines and Criteria for granting tax abatement in reinvestment zones created in Calhoun County; and

WHEREAS, as a direct result of being eligible to grant tax abatement, Calhoun County, the Calhoun County Independent School District, Calhoun County Navigation District and other taxing jurisdictions in the county have been able to compete for and obtain expansion projects of the Union Carbide Corporation Seadrift Plant, with projects exceeding one hundred million dollars, and the Formosa Plastics Corporation, Texas facilities of approximately 1.3 billion dollars; and

WHEREAS, pursuant to the **PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT, TEX. TAX CODE ANN.** Chapter 312, it is necessary to adopt Guidelines and Criteria for granting tax abatement agreements as a business incentive for the next two year period commencing June 25, 2011 through June 24, 2013, inclusive, said Guidelines and Criteria to be unchanged for the two year period, unless amended by three-quarters vote; and

NOW, THEREFORE, BE IT RESOLVED that the Commissioners' Court of Calhoun County does hereby adopt the following Guidelines and Criteria for granting tax abatement as a business incentive in reinvestment zones created within Calhoun County, Texas for the period June 25, 2011 through June 24, 2013, inclusive.

Section 1

DEFINITIONS

- (a) “ABATEMENT” means the exemption from ad valorem taxation of a portion or all of the eligible value of the real property or of tangible personal property located on the real property, or both, as limited by these Guidelines and Criteria and the provisions of TEX. TAX CODE ANN. §312.204.
- (b) “AGREEMENT” means a written contractual agreement between a property owner and/or lessee and an eligible taxing jurisdiction for the purposes of a business incentive.
- (c) “AQUACULTURE FACILITY” means buildings, structures and major earth structure improvements, including fixed machinery and equipment, the primary purpose of which is the hatching or incubation or nursing or maturing or processing to marketable size aquatic culture in commercially marketable quantities.
- (d) “APPLICANT” means the legal entity seeking tax abatement as a business incentive.
- (e) “APPRAISED VALUE” means the last certified property value as approved by the Calhoun County Appraisal Review Board.
- (f) “BASE YEAR VALUE” means the appraised value of all property owned by the Taxpayer/applicant in the reinvestment zone as most recently determined by the Calhoun County Appraisal District immediately preceding the application, plus the agreed upon value of all property improvements made in the reinvestment zone since the last appraisal, but before the execution of the agreement.
- (g) “BUSINESS INCENTIVE” means an item offered of value to a business that induces the business to locate in a particular jurisdiction.
- (h) “COMMENCEMENT OF CONSTRUCTION” means the placement or construction of any improvements that are part of the project in the reinvestment zone. The storage of building materials in the reinvestment zone that are to be used in construction of the improvements does not constitute commencement of construction. Engineering, site preparation and similar activity shall not be considered commencement of construction so long as permanent improvements that are part of the project have not been constructed and placed in the reinvestment zone.

- (i) **“COMMISSIONERS”** or **“COMMISSIONERS’ COURT”** means the Commissioners’ Court and governing body of Calhoun County, Texas.
- (j) **“COUNTY”** means Calhoun County, Texas, a political subdivision of the State of Texas.
- (k) **“DEFERRED MAINTENANCE”** means improvements necessary for continued operations which do not improve the productivity or alter the process technology.
- (l) **“DESIGNATING AUTHORITY”** means the taxing unit that has the authority to designate the reinvestment zone in which the proposed project is located.
- (m) **“DESIGNEE”** unless otherwise indicated, means any person or entity authorized by the Commissioners’ Court to act on behalf of the County.
- (n) **“ECONOMIC LIFE”** means the number of years a property improvement is expected to be in service in a facility, and will continue to have value for ad valorem tax purposes throughout such term
- (o) **“ELIGIBLE JURISDICTION”** includes Calhoun County and any navigation district, any drainage district, and municipal utility district, any water quality improvement district, any municipality, and the Calhoun County Independent School District, that levies ad valorem taxes upon property located within the proposed or existing reinvestment zone.
- (p) **“EXPANSION”** means the addition of building, structures, fixed machinery or equipment for purposes of increasing production capacity.
- (q) **“FACILITY”** means property improvements proposed, completed, or in the process of construction which together comprise an integral whole.
- (r) **“INFRASTRUCTURE”** means a system of public works installed in a residential subdivision, whether public or private, to include, but not be limited to, roadways, utility service including water, sewer and electrical service, and bulk heading.
- (s) **“MANUFACTURING FACILITY”** means building and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (t) **“MATERIAL MISREPRESENTATION”** means a false statement about a

material matter which induced the Commissioners' Court to take any specific action on an application for tax abatement as a business incentive, and without such misrepresentation, the Commissioners' Court would either not have designated a reinvestment zone, or granted tax abatement as a business incentive or would have taken some action different than it actually did.

(u) **"MODERNIZATION"** means the replacement or upgrading of existing facilities which increases the productivity input or output, updates the technology, or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.

(v) **"NEW FACILITY"** means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.

(w) **"OTHER BASIC INDUSTRY"** means buildings and structures including fixed machinery and equipment not elsewhere described, used, or to be used for the production or products, and result in the creation of new permanent jobs within Calhoun County and inject new wealth into Calhoun County.

(x) **"PROJECT"** is a reference to the entire proposal of work and improvements to be accomplished in the reinvestment zone as described in the application and tax abatement as a business incentive agreement.

(y) **"REGIONAL DISTRIBUTION CENTER FACILITY"** means building and structures, including machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator.

(z) **"REGIONAL ENTERTAINMENT"** means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission or the general public.

(aa) **"REGIONAL SERVICE FACILITY"** means buildings and structures, including fixed machinery and equipment, used or to be used to service goods.

(bb) **"REINVESTMENT ZONE-COUNTY DESIGNATED"** means any area of Calhoun County which has been designated a reinvestment zone for tax abatement as a business incentive and which is not within the taxing jurisdiction of any incorporated municipality. It is the province of the Calhoun County Commissioners' Court to

designate Reinvestment Zones - County Designated on a case-by-case basis in order to maximize the potential incentives for eligible enterprises to locate or expand within Calhoun County.

(cc) **“REINVESTMENT ZONE - MUNICIPALITY DESIGNATED”** means an area of Calhoun County which lies within the taxing jurisdiction of a municipality and has been designated a reinvestment zone by that municipality for tax abatement as a business incentive. It is the province of the City Council of any eligible municipality to designate Reinvestment Zones Municipality Designated on a case-by-case basis in order to maximize the potential incentives for eligible enterprises to locate or expand within the City.

(dd) **“RENOVATION”** is a repair or improvement of an existing facility or structure.

(ee) **“REPAIR”** means any improvement or betterment of an existing facility or structure.

(ff) **“REPLACEMENT”** means the substitution of something new or different for an existing facility or structure, or portion thereof, when the replacement facility or structure is to be used for the same general purpose as the old facility or structure that is being replaced.

(gg) **“RESEARCH FACILITY”** means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop or develop the production processes thereto.

(hh) **“SCHOOL DISTRICT”** or **“DISTRICT”**, unless otherwise indicated, means the Calhoun County Independent School District.

(ii) **“SUBSTANTIAL COMPLIANCE”** means that any estimate or prediction that comes within eighty-five percent of a stated amount shall be construed as compliance, but only when estimates are expressly authorized. Unless expressly authorized, strict compliance with a statement or representation shall be required.

(jj) **“TAXPAYER”** means the legal entity that seeks, or who has been approved for tax abatement as a business incentive. It also is a reference to the owner of the property constituting the reinvestment zone and the improvements and tangible personal property to be located therein.

Section 2

ELIGIBILITY CRITERIA GENERALLY

- (a) **General Eligibility** Subject to the limitations and exceptions contained in these Guidelines and Criteria, TEX. TAX CODE ANN. §312.204 shall govern to what extent real property and tangible personal property located in a reinvestment zone are eligible for tax abatement as a business incentives.
- (b) **Commencement of Construction.** If the reinvestment zone is designated by a municipality, the applicant shall not commence construction until after it and the municipality have both executed an agreement on similar terms for the same project then under consideration by the County. Any property otherwise eligible for abatement that is placed or constructed in the reinvestment zone before the agreement is executed with the municipality shall not be eligible for tax abatement as a business incentive. However, any eligible improvements made or property placed in the reinvestment zone after executing the agreement with the municipality shall be eligible for abatement with the County, even though such improvements or property are placed in the reinvestment zone prior to filing the application or executing the agreement with the County, provided that a municipality is the designating authority. If the reinvestment zone is County designated, applicant shall not commence construction until the County executes the agreement.
- (c) **Property Value Eligible for Abatement** Subject to the limitations and other eligibility requirements contained in these guidelines, the County may abate the value of tangible personal property located on the real property in the reinvestment zone in each year covered by the agreement, other than tangible personal property that was located on the real property at any time before the period covered by the agreement. The value of real property to the extent its value for each year during the agreement exceeds its value for the year in which the agreement was executed is eligible for abatement.
- (d) **New and Existing Facilities** A business incentive may be granted for both eligible new facilities and structures, as well as for expansion or modernization of existing facilities and structures.
- (e) **Eligible Property to be Described** The application for tax abatement as a business incentive or any other business incentive and any agreement must describe the project and improvements with such detail and certainty as required by the County in

order to identify the property that is declared to be eligible for business incentives. Any property, even though otherwise eligible for business incentives, that is not sufficiently described in the application, as determined by the Commissioners' Court, or their designee, shall not be eligible for business incentives under such agreement.

(f) **Exclusions.**

(1) This policy is mutually exclusive of existing Industrial District Contracts. The real property cannot be in an improvement project financed by tax increment bonds.

(2) Any business incentive agreement granted is subject to the rights of holders of outstanding bonds of the County.

(3) When any project that otherwise satisfies the eligibility criteria for tax abatement as a business incentive is for the purpose of repairing, replacing, modernizing, or upgrading an existing facility, if, prior the commencement of the project, or upon completion of the project the value of the existing facility is reduced or deleted from the tax rolls, then, in such event, the applicant shall only be eligible for tax abatement as a business incentives to the extent of the difference in the last appraised value of the property value that is being dropped or reduced from the tax rolls and the project cost.

Section 3

ELIGIBILITY CRITERIA AND TERMS FOR FACILITIES/INDUSTRY

(a) **Eligible Facilities.** A facility may become eligible for abatement if it is located in a designated Reinvestment Zone, and is a:

- (1) Manufacturing Facility; or
- (2) Research Facility; or
- (3) Aquaculture Facility; or
- (4) Regional Distribution Center Facility; or
- (5) Regional Service Facility; or
- (6) Regional Entertainment Facility; and,
- (7) Other Basic Industry.

(b) **Economic Qualifications** In addition to satisfying the other eligibility criteria, in order to be eligible for business incentives, the new facility or structure, or the expanded

or modernized existing facility or structure must meet the following qualifications:

- (1) The project must cost at least Five Million Dollars (\$5,000,000.00); and
- (2) Be expected to retain or create employment for at least 10 persons of the eligible facility on a full time and permanent basis in Calhoun County; and
- (3) Not be expected to solely or primarily have the effect of transferring employment from one part of Calhoun County to another; and
- (4) Be expected to attract major investment in the reinvestment zone that would be a benefit to the property to be included in the zone; and
- (5) That development anticipated to occur in the proposed reinvestment zone would contribute to the economic development of the County.
- (6) The County reserves the right to grant abatements up to the state maximum of 100% for 10 years.

(c) **Term of Abatement.** The term of tax abatement as a business incentive granted by the County shall be six (6) years, and shall be applied commencing January 1 following the effective date of the agreement.

(d) **Effective Date.**

- (1) If the County is the designating authority, the effective date of the agreement shall be the date that the County executes the agreement.
- (2) If a municipality is the designating authority, the effective date of any agreement that the County approves shall be same date as that of the agreement entered into for the same project by the municipality.
- (3) Abatement applies to all eligible improvements placed in the reinvestment zone after the designating authority and Taxpayer execute their agreement. Taxes will be abated on eligible property for the number of years approved by the County, commencing January 1 immediately following the effective date of the agreement. Property otherwise eligible for abatement under the agreement shall be eligible for abatement only if the property is placed or constructed in the reinvestment zone after the effective date of the agreement, but on or before December 31 immediately preceding the

beginning of the last full tax year that taxes are to be abated.

(c) **Percent of Tax Abatement as a Business Incentive.** The percent of tax abatement as a business incentive of eligible property value to be granted each year shall be as follows:

Taxable Investment (Millions)	Year					
	1	2	3	4	5	6
Up to 5.00	—	—	—	—	—	—
5.00 to 9.99	90	50	25	—	—	—
10.00 to 14.99	90	75	50	25	—	—
15.00 to 19.99	90	90	75	50	25	—
20.00 or more	90	90	85	75	50	25

(f) **Taxability.** From the execution of the agreement to the end of the agreement period taxes shall be payable as follows:

- (1) the value of ineligible property as provided in Section 2 shall be fully taxable.
- (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) the unabated value of eligible property shall be taxable

(g) **Limitations.** If, during the term of the business incentive period the taxpayer should close, cease production, or demolish any or all of a facility that was in existence on the effective date of the business incentives agreement, or take any other similar action that would have the effect of reducing or deleting the value of the facility, or portion thereof from the tax rolls that was in existence on the effective date of the business incentives agreement regardless of the reason, then the eligible value for abatement allowed in the business incentives agreement shall be reduced by the amount of existing property value owned by the taxpayer that is reduced or deleted from the tax roll. Depreciation, agreed to by the Chief Appraiser, or Appraisal Review Board, shall not be construed as a reduction or deletion of value for purposes of this limitation.

Section 4

ELIGIBILITY CRITERIA AND TERMS FOR REAL ESTATE DEVELOPMENT

(a) **Eligible Development.** A development may become eligible for abatement if it is located in a designated Reinvestment Zone, and is a:

- (1) New single family residential housing project;
- (2) Multi-family housing project; and/or,
- (3) Apartment project.

(b) **Duration of Abatement as a Business Incentive.** Any Agreement under this section shall not exceed three (3) years.

(c) **Economic Qualification.** To be eligible to receive tax abatement as a business incentive, the developer must expend a minimum of two million dollars (\$2,000,000.00) in infrastructure costs for the development.

(d) **Taxability.** From the initial application to the end of the abatement period, taxes shall be paid as follows:

(1) All ineligible property shall be fully taxable during the term of the abatement.

(2) Any property within the reinvestment zone that is sold, transferred, conveyed, occupied or otherwise no longer part of the developer's inventory shall be taxed at the appraised value determined by the Calhoun County Appraisal District beginning January 1 of the year following the sale, transfer, conveyance, or occupation.

(3) At the end of the abatement period, all property subject to the Agreement shall be subject to full taxation.

APPLICATION

(a) **Filing.** Any property owner of taxable property in Calhoun County located in a designated or proposed reinvestment zone may request tax abatement as a business incentive by filing a written application with the Commissioners' Court, or their designee. When appropriate, the application may combine a request for designation of a reinvestment zone with an application for tax abatement as a business incentive.

(b) **Contents.** The application shall include all information contemplated by these Guidelines and Criteria in order for the Commissioners' Court to evaluate the applicant's

eligibility and to determine whether to grant any business incentives. The application shall be submitted on a form provided by the County, or alternatively, if unavailable, the contents of the application shall be in order of this subsection and respond to each element of this subsection, and shall contain such other information as required by the County, or its representative. Specifically, the application shall include the following:

- (1) A list of the kind, number and location of all proposed improvements of the property, including a general written description of the general nature and extent of modernization, expansion or new improvements to be undertaken.
- (2) A statement of the current and proposed uses of the property showing that planned usage is consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the period that the property tax exemptions are in effect.
- (3) A map showing locations of existing and proposed improvements. The map should also show general uses and conditions of the real property in the reinvestment zone.
- (4) A legal description of the property.
- (5) An estimate of the project cost and new value that will result from the modernization, expansion or new improvements to be undertaken. A statement of the base year value separately stated for land and existing improvements located in the reinvestment zone, plus any improvements or changes in value in the reinvestment zone after the last appraisal and prior to the application. In any case where the value of an existing facility will be deleted or diminished as a result of the project, the application must contain verification from the Chief Appraiser of the last appraised value of any portion or all of a facility whose value will be reduced or removed from the tax rolls.
- (6) An estimate of the number of jobs that will be created or retained by the modernization, expansion or new improvements.
- (7) Estimated date of start of construction, length of construction, estimated value of new improvements to be completed during each year of construction and estimated date of completion.
- (8) An estimate of what the property value subject to abatement will be on

January 1 immediately following the end of the abatement period.

(9) In the case of applicants unknown to the Commissioners' Court, a financial statement of the individual or corporation filing the application, complete with letters of credit and other documents which the County may request in order that the Commissioners' Court can appropriately evaluate the financial capacity and other factors of the applicant.

(10) The Taxpayer shall make the following assurances in the application:

(a) That all the information contained in the application is true and correct.

(b) That the person signing the application on behalf of the Taxpayer/Applicant has unrestricted authority to execute the application and the contract documents on behalf of the Taxpayer/Applicant, and has the unrestricted authority to obligate the Taxpayer/Applicant to all the terms, covenants and conditions that will be contained in the agreement.

(c) That construction will not commence on any of the eligible improvements until an agreement has been executed with the designating authority, whether the designating authority is the County, or a municipality.

(d) That the project will not be constructed without first obtaining all necessary local, state and federal environmental and construction permits, and that the Taxpayer will abide by all conditions of the permits, laws and ordinances, rules and regulations governing the operation of the project throughout its economic life.

(e) That the Taxpayer/applicant will abide by all conditions of the agreement and the Guidelines and Criteria adopted by the Commissioners' Court applicable to the agreement.

(f) That the planned use of the property will not constitute a hazard to public health or safety throughout the economic life of the project.

(g) That the applicant will make the specific improvements to the property as described in its application.

(h) That although estimates of the cost of the project and the number of jobs retained or created as a result of the project that are within 85 % of actual

cast and/or number of jobs may be construed to be substantial compliance, the actual total cost of the project and actual number of jobs retained or created shall not be less than the minimum amounts required in the County's Guidelines required to qualify for tax abatement as a business incentive.

(11) The applicant will identify the type of legal entity making the application, such as corporation, partnership, etc. If a corporation, the statement should include the home state of incorporation, the name and address of the registered agent for service in Texas, and a commitment to notify the County within sixty days of any change of the registered agent or status of the corporation. Similar information will be required of a general or limited Partnership or other legal entity.

(12) The application shall contain the name, title and address of the Taxpayer's local and corporate representatives for the purposes of giving notice.

(13) In its application, the applicant shall include a statement that it waives all rights of confidentiality with regard to the contents of its application for tax abatement as a business incentive otherwise granted under TEX. TAX CODE ANN. §312 .003.

(14) The applicant shall agree to reimburse the County for all legal fees and any other expenses that the County incurs in establishing eligibility for granting business incentives and for reviewing, processing and acting on its application. Further, applicant shall agree to pay for the costs of an economic impact assessment, if the County requires one in connection with its application for business incentives. In the event the County determines an economic impact assessment is required, the Taxpayer shall be given notice and the opportunity to withdraw its application prior to commencement of the economic impact assessment, if applicant is unwilling to pay the total cost of the economic impact assessment. In its application, the Taxpayer shall agree to pay for all fees and expenses incurred by the County in establishing eligibility to grant business incentives and processing the application, even though the Commissioners' Court ultimately denies the application.

(15) Any other information that the Commissioners' Court or Applicant may deem appropriate to assist the Commissioners' Court in determining whether to enter into a business incentives agreement with the Applicant.

(16) If a variance from any provision in these Guidelines and Criteria is requested, a statement describing the variance, and a detailed statement supporting the Applicant's reasons for the requested variance must be included.

(c) **Completed Application.** Upon receipt of a completed application, the Commissioners' Court shall mail written notice to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is included in the application. Such notice shall be mailed at least seven (7) days before the Commissioners' Court takes any action on the application. The notice shall include a copy of the proposed agreement, if the County is the designating authority. There shall be a \$1,000 nonrefundable fee payable the County at the time the application is submitted.

(d) **Economic impact assessment.** After receipt of an application for business incentives, the Commissioners' Court may cause to have prepared an economic impact assessment setting forth the impact of the proposed agreement. The study shall include, but not necessarily be limited to, an assessment of the economic effects of the abatement of taxes. The County shall give at least ten (10) days written notice to the Applicant of its intent to conduct an economic impact assessment, which notice shall include a description of the scope of the study. If the Applicant is unwilling to pay for the economic impact assessment, it may give notice to the County within seven (7) calendar days from the date it received notice of the proposed economic impact assessment that the Applicant is withdrawing its application. The economic impact assessment may include any other issue that the Commissioners' Court determines to be appropriate in considering the application, including, without limitation by enumeration, environmental issues, short term/long term effect on issues of adequacy of existing physical plants, need to increase number of employees in the County, and the impact on the County of any resulting increased costs as a result of the project and the County's ability to pay such costs during the abatement period.

Section 5

DESIGNATION OF REINVESTMENT ZONE

(a) **Authority to Designate Reinvestment Zones.** Reinvestment zones may be designated by either the Commissioners' Court for property located outside the

jurisdiction of any municipality in the County, or by a municipality, if the property is located within the jurisdiction of such municipality.

(b) **Application for County Designated Reinvestment Zone.** An application to the County for designation of a Reinvestment Zone may be combined with the application for business incentives. The application must include information to support the required findings in subsection (c), inclusive of this section. It must also include a map showing the boundaries of the proposed reinvestment zone and a legal description of the proposed reinvestment zone. Any information contained in the application for business incentives that answers the requirements for designation of a reinvestment zone does not need to be duplicated, if the application for designation of a reinvestment zone and business incentives are combined in one application.

(c) **Designation.** The Commissioners' Court may not designate an area as a reinvestment zone until:

(1) The Commissioners' Court has held a public hearing on the designation at which time interested persons shall be entitled to speak and present evidence for or against the designation; and

(2) The Commissioners' Court must make the following findings in order to designate an area as a reinvestment zone:

(a) The designation would contribute to the retention or expansion of primary employment; or,

(b) The designation would attract major investment in the zone that would be a benefit to the property to be included in the zone; and,

(c) The designation would contribute to the economic development of the county.

(d) **Notice of Hearing.** Notice of the hearing shall be clearly identified on the Commissioners' Court agenda. In addition, notice shall issue as follows:

(1) Notice of the hearing must be published in a newspaper of general circulation in the County not later than the 7th day before the date of the hearing; and

(2) Written notice of the hearing shall be delivered to the presiding officer of the governing body of each taxing unit that includes in its boundaries real

property that is included in the proposed reinvestment zone. Such notice shall be delivered at least 7 days before the hearing. Pursuant to Tex Tax Code Ann. §312.201(e) this notice shall be presumed delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer.

(e) **Municipality Designated Reinvestment Zones.** If the reinvestment zone is designated by a municipality, to be eligible for tax abatement as a business incentive with the County, the property must be located in a reinvestment zone and the municipality must have entered into an agreement for the same project with the applicant no more than ninety days before the County enters into an agreement with the same applicant for the same project.

(f) **Date of Expiration.** The designation of a reinvestment zone shall expire five (5) years after the date of designation. However, the designation of a reinvestment zone that has expired may be renewed by the County or municipality for periods not to exceed five (5) years. The expiration of the designation of a reinvestment zone shall not affect existing agreements made under these Guidelines and Criteria.

Section 6

AGREEMENTS

(a) **Resolution of Commissioners' Court.** After approval, the Commissioners' Court shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required, which shall include those matters contained in Texas Tax Code §312.205 and any other terms and conditions in the best interests of the County.

(b) **Notice to Other Taxing Jurisdictions.** If the County is the designating authority, it shall deliver written notice to the presiding officer of the governing body of each other taxing unit in which the property that is the subject of the agreement is located that the County intends to enter into an agreement. The notice must be delivered at least 7 days before the County enters into the agreement. The notice must also include a copy of the proposed agreement. The notice shall be presumed to be delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer.

(c) **Execution/Effective Date.** After giving the notices required above, and after making the necessary findings, the County may, in its discretion, approve and execute the agreement. The effective date of the agreement shall be the date that the County's designated representative or official executes the agreement if the County is the designating authority. If a municipality is the designating authority, the effective date of the agreement shall be the date that the City's designated representative or official executes the agreement.

Section 7

RECAPTURE

(a) **Conditions of Default. Cure and Termination.** Should the Commissioners' Court determine that the Taxpayer is in default according to the terms and conditions of its agreement, the Commissioners' Court shall notify the Taxpayer in writing at the address stated in the agreement, and if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated by the Commissioners' Court. Provided, that upon proof of a curative effort commencing within sixty (60) days, if construction is required, the Commissioners' Court may extend the time to complete the curative work, based upon reasonable construction requirements.

(b) **Elements of Default.** The following shall be considered elements of default, in the event that the Taxpayer:

- (1) Allows its ad valorem taxes owed to Calhoun County to become delinquent without timely and proper protest and/or contest; or
- (2) Violates any of the terms and conditions of the abatement agreement, or any prior or subsequent agreement with the County, or any other taxing jurisdiction that has granted an agreement to the Taxpayer for any project that the Commissioners' Court has also granted business incentives; or
- (3) Discontinues producing product or service at the improvements subject to abatement and described in the application, for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of one year during the abatement period after the facility is completed and begins

producing product or service.

(4) Violates any written term, covenant, condition, agreement, or promise of a gift or donation made by the taxpayer to the County, although such may be extraneous to the agreement, and even though same might be otherwise legally unenforceable; or

(5) Makes any material misrepresentations, either in the application or agreement.

(c) **Termination.** If, after written notice, the Taxpayer fails to cure within the prescribed period any specified default, such failure shall be grounds for termination for cause. Termination of the agreement for cause shall be retroactive to the beginning of the agreement. Termination shall be effected by resolution of the Commissioners' Court and written notice mailed to the Taxpayer.

(d) **Non Waiver.** In the event the County fails to act on or enforce any element or breach that is identified as a default, such failure to act shall not be a waiver of the County's right to subsequently enforce the same default or any other prior or subsequent default.

(e) **Recapture.** On termination for cause, the Taxpayer shall then become liable for the payment of all taxes that would have otherwise become due but for the abatement agreement for all calendar years during which the abatement agreement was in effect. Said taxes shall be paid to the Calhoun County Consolidated Tax Office for the credit of Calhoun County within sixty (60) days from the date of receipt of notice of termination. All such taxes due shall include statutory penalty and interest from the date they would otherwise have become delinquent but for the agreement, until the date they are actually paid.

Section 8

ADMINISTRATION

(a) **Duties of Chief Appraiser.** The Chief Appraiser of the County shall, as a normal consequence of his duties, annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, on or before April 1, the Taxpayer

receiving abatement shall furnish the Chief Appraiser with such information as may be reasonably requested. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions, which have granted tax abatement as a business incentive in the reinvestment zone, of the amount of the appraisal.

(b) **Compliance Inspections.** All compliance inspections will be made only after giving twenty-four (24) hours notice and will only be conducted in such manner as not to unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

(c) **Annual Evaluations** Upon completion of construction, the Commissioners' Court of Calhoun County, or their designees, shall annually evaluate each facility receiving abatement to ensure compliance with the agreement.

(d) **Notice Requirements.** Any notice required to be given to Calhoun County hereunder shall be in writing, and mailed or personally delivered to the County Judge. Notices to the Taxpayer shall be in writing, and addressed to its designated representative at the address provided in its application or the agreement.

Section 9

MISCELLANEOUS

(a) **Variance.** An application for a variance from the provisions of these Guidelines and Criteria may be made in written form to the Commissioners' Court. The total duration of abatement shall in no instance exceed ten (10) consecutive tax years commencing January 1 following the effective date of the agreement, including any extension. Such request shall include a complete description of the circumstances explaining why the applicant should be granted such variance. Approval of a request for variance requires at least a three-fourths (3/4) vote of the Commissioners' Court.

(b) **Assignments.** An abatement agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility, subject to obtaining written approval by resolution of the Commissioners' Court. Approval shall be conditioned upon the assignee providing whatever proof the Commissioners' Court may require to show the

assignee's financial capability to carry out all the terms and conditions of the agreement. The County reserves the right to require such additional information as it may deem appropriate to determine not only the assignee's financial capability to carry out the terms and conditions of the agreement, but also its experience and historical record to determine that it is in fact capable of operating the project subject to the abatement in such a manner that it can reasonably be expected to strictly comply with every term, covenant, condition and assurance contained in the agreement. Further, the assignee shall agree in writing by amendment to the original agreement that it shall be bound by all the terms, covenants and conditions contained in the original agreement. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to Calhoun County or any other taxing unit affected by the agreement for delinquent taxes, or otherwise in default of any of the terms, covenants or conditions contained in the agreement. Subject to the foregoing conditions, the Commissioners' Court shall not unreasonably withhold approval of any proposed assignment. Any approval of assignment of the agreement shall not release any previous Taxpayer who has been a party to the agreement from its obligations under the agreement.

(c) **Application for Exemption.** It shall be the responsibility of the Taxpayer to perfect any right of exemption as a result of any agreements entered into with the County. For each year in which abatement has been authorized by the County under the agreement, it shall be the responsibility of the Taxpayer to file its annual application with the Calhoun County Appraisal District for property exemption in accordance with the Texas Tax Code and related administrative regulations.

(d) **Effective Date.** These Guidelines and Criteria shall be effective for two (2) years, from June 25, 2011 through June 24, 2013, inclusive.

(e) **Sunset Provision.** At the end of the two year effective period of these Guidelines and Criteria, all agreements created pursuant to these provisions will be reviewed by the Calhoun County Commissioners' Court to determine whether the goals have been achieved. Based upon that review, the Guidelines and Criteria may be modified, renewed or eliminated. In the event that these Guidelines and Criteria are not modified or

renewed, they shall automatically terminate effective June 24, 2013.

(f) **Effect of Modification or Termination.** The modification or termination of these Guidelines and Criteria shall have no effect upon existing agreements entered into while these Guidelines and Criteria are in effect.

(g) **Subtitles.** The use of subtitles in these Guidelines and Criteria is strictly for convenience, and shall have no legal significance whatsoever. The use of the singular shall include the plural and the use of plural shall include the singular when appropriate. The use of any reference to gender shall include any and all other genders when appropriate.

(h) **Severability.** In the event any paragraph, clause, phrase or other provision of these Guidelines and Criteria should be declared to be unconstitutional, void or otherwise unenforceable the remaining provisions shall remain in full force and effect as if the unconstitutional, void or otherwise unenforceable provisions had not been included.

Section 10

ADOPTION

Upon motion by Commissioner Lyssy, seconded by Commissioner Fritsch, the foregoing resolution to amend these Guidelines and Criteria of the Commissioners' Court of Calhoun County for Granting Business incentives in Reinvestment Zones Created in Calhoun County was approved by a vote of 5 for and 0 against.

PASSED, ADOPTED AND APPROVED on this 23th day of June, 2011.

**COMMISSIONERS' COURT OF
CALHOUN COUNTY, TEXAS**


Michael J. Pfeiffer, County Judge

ATTEST:

Anita Fricke, County Clerk

By: 
Wendy Marvin, Deputy

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 2, 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

FORMOSA PLASTICS CORPORATION, TEXAS

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 2nd day of
November 2012 A.D.

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

Susan Combs
Texas Comptroller

Taxpayer number: 12223554648
File number: 0005107506

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



October 17, 2012

Billy Wiggins
Superintendent
Calhoun County Independent School District
525 N. Commerce St.
Port Lavaca, Texas 77979

Dear Superintendent Wiggins:

On July 20, 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 May, 2012 to the Calhoun County Independent School District (Calhoun County ISD) by Formosa Plastics Corporation, Texas (Formosa). 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.

Calhoun County ISD is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$170,000,000) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. Formosa is proposing the construction of a manufacturing facility in Calhoun County. Formosa 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 Formosa, the Comptroller's recommendation is that Formosa'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

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

true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of July 20, 2012, or any tangible personal property placed in service prior to that date may not become "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 Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us 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	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun County ISD
2010-11 Enrollment in School District	4,224
County	Calhoun
Total Investment in District	\$171,050,000
Qualified Investment	\$170,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	20
Number of qualifying jobs committed to by applicant	20
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$883
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$883
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,920
Investment per Qualifying Job	\$8,552,500
Estimated 15 year M&O levy without any limit or credit:	\$13,453,344
Estimated gross 15 year M&O tax benefit	\$6,794,963
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$6,520,586
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$937,130
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$6,932,758
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	48.5%
Percentage of tax benefit due to the limitation	86.2%
Percentage of tax benefit due to the credit	13.8%

This presents the Comptroller's economic impact evaluation of Formosa Plastics (the project) applying to Calhoun County 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 20 new jobs when fully operational. All 20 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 Golden Crescent Regional Planning Commission Region, where Calhoun County is located was \$41,738 in 2010. The annual average manufacturing wage for 2011 for Calhoun County is \$84,214. That same year, the county annual average wage for all industries was \$56,719. In addition to a salary of \$45,920, each qualifying position will receive the following benefits: matching 401 k, vacation, pension, sick leave, personal time, medical insurance, dental insurance, vision insurance, life insurance, and tuition assistance. The project's total investment is \$171 million, resulting in a relative level of investment per qualifying job of \$8.6 million.

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

According to Formosa Plastics' application, "Formosa is a multi-national company with plants operating in Delaware City, Delaware as well as in Taiwan. The investment could be allocated to any of the other plants."

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

During the past two years, 8 projects in the Golden Crescent 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 Formosa Plastics 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 Formosa Plastics'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 Formosa Plastics

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	81	116	197	\$3,492,922	\$7,507,078	\$11,000,000
2013	20	74	94	\$918,403	\$6,081,597	\$7,000,000
2014	20	76	96	\$918,403	\$6,081,597	\$7,000,000
2015	20	81	101	\$918,403	\$7,081,597	\$8,000,000
2016	20	88	108	\$918,403	\$8,081,597	\$9,000,000
2017	20	87	107	\$918,403	\$8,081,597	\$9,000,000
2018	20	96	116	\$918,403	\$9,081,597	\$10,000,000
2019	20	95	115	\$918,403	\$10,081,597	\$11,000,000
2020	20	97	117	\$918,403	\$10,081,597	\$11,000,000
2021	20	101	121	\$918,403	\$11,081,597	\$12,000,000
2022	20	101	121	\$918,403	\$12,081,597	\$13,000,000
2023	20	94	114	\$918,403	\$11,081,597	\$12,000,000
2024	20	97	117	\$918,403	\$11,081,597	\$12,000,000
2025	20	93	113	\$918,403	\$12,081,597	\$13,000,000
2026	20	97	117	\$918,403	\$13,081,597	\$14,000,000
2027	20	101	121	\$918,403	\$14,081,597	\$15,000,000

Source: CPA, REMI, Formosa Plastics

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Calhoun County ISD's ad valorem tax base in 2010 was \$4 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Calhoun County ISD's estimated wealth per WADA was \$749,402. 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, Calhoun County, and Calhoun County Port Authority, with all property tax incentives sought being granted using estimated market value from Formosa Plastics' application. Formosa Plastics has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Formosa Plastics project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calhoun County ISD I&S Levy	Calhoun County ISD M&O Levy	Calhoun County ISD M&O and I&S Tax Levies (Before Credit Credited)	Calhoun County ISD M&O and I&S Tax Levies (After Credit Credited)	Calhoun County Tax Levy	Calhoun County Port Authority Tax Levy	Estimated Total Property Taxes
				0.0861	1.0401			0.4900	0.0036	
2013	\$12,200,000	\$12,200,000		\$10,504	\$126,892	\$137,396	\$137,396	\$0	\$439	\$137,836
2014	\$120,100,000	\$120,100,000		\$103,406	\$1,249,160	\$1,352,566	\$1,352,566	\$0	\$4,324	\$1,356,890
2015	\$115,300,000	\$30,000,000		\$99,273	\$312,030	\$411,303	\$411,303	\$0	\$4,151	\$415,454
2016	\$110,692,000	\$30,000,000		\$95,306	\$312,030	\$407,336	\$273,460	\$0	\$3,985	\$277,445
2017	\$106,268,000	\$30,000,000		\$91,497	\$312,030	\$403,527	\$269,651	\$0	\$3,826	\$273,477
2018	\$102,022,000	\$30,000,000		\$87,841	\$312,030	\$399,871	\$265,995	\$0	\$3,673	\$269,668
2019	\$97,945,000	\$30,000,000		\$84,331	\$312,030	\$396,361	\$262,485	\$0	\$3,526	\$266,011
2020	\$94,031,000	\$30,000,000		\$80,961	\$312,030	\$392,991	\$259,115	\$460,752	\$3,385	\$723,252
2021	\$90,274,000	\$30,000,000		\$77,726	\$312,030	\$389,756	\$255,880	\$442,343	\$3,250	\$701,473
2022	\$86,667,000	\$30,000,000		\$74,620	\$312,030	\$386,650	\$252,775	\$424,668	\$3,120	\$680,563
2023	\$83,204,000	\$83,204,000		\$71,639	\$865,405	\$937,043	\$937,043	\$407,700	\$2,995	\$1,347,738
2024	\$79,880,000	\$79,880,000		\$68,777	\$830,832	\$899,609	\$899,609	\$391,412	\$2,876	\$1,293,896
2025	\$71,902,000	\$71,902,000		\$61,908	\$747,853	\$809,760	\$809,760	\$352,320	\$2,588	\$1,164,669
2026	\$64,721,800	\$64,721,800		\$55,725	\$673,171	\$728,897	\$728,897	\$317,137	\$2,330	\$1,048,364
2027	\$58,259,620	\$58,259,620		\$50,162	\$605,958	\$656,120	\$656,120	\$285,472	\$2,097	\$943,689
						Total	\$7,772,056	\$3,081,803	\$46,565	\$10,900,424

Assumes School Value Limitation and Tax Abatement from the County.

Source: CPA, Formosa Plastics

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calhoun County ISD I&S Levy	Calhoun County ISD M&O Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Port Authority Tax Levy	Estimated Total Property Taxes	
				0.0861	1.0401		0.4900	0.0036		
2013	\$12,200,000	\$12,200,000		\$10,504	\$126,892	\$137,396	\$59,780	\$439	\$197,616	
2014	\$120,100,000	\$120,100,000		\$103,406	\$1,249,160	\$1,352,566	\$588,490	\$4,324	\$1,945,380	
2015	\$115,300,000	\$115,300,000		\$99,273	\$1,199,235	\$1,298,509	\$564,970	\$4,151	\$1,867,629	
2016	\$110,692,000	\$110,692,000		\$95,306	\$1,151,307	\$1,246,613	\$542,391	\$3,985	\$1,792,989	
2017	\$106,268,000	\$106,268,000		\$91,497	\$1,105,293	\$1,196,790	\$520,713	\$3,826	\$1,721,329	
2018	\$102,022,000	\$102,022,000		\$87,841	\$1,061,131	\$1,148,972	\$499,908	\$3,673	\$1,652,552	
2019	\$97,945,000	\$97,945,000		\$84,331	\$1,018,726	\$1,103,057	\$479,931	\$3,526	\$1,586,513	
2020	\$94,031,000	\$94,031,000		\$80,961	\$978,016	\$1,058,977	\$460,752	\$3,385	\$1,523,114	
2021	\$90,274,000	\$90,274,000		\$77,726	\$938,940	\$1,016,666	\$442,343	\$3,250	\$1,462,258	
2022	\$86,667,000	\$86,667,000		\$74,620	\$901,423	\$976,044	\$424,668	\$3,120	\$1,403,832	
2023	\$83,204,000	\$83,204,000		\$71,639	\$865,405	\$937,043	\$407,700	\$2,995	\$1,347,738	
2024	\$79,880,000	\$79,880,000		\$68,777	\$830,832	\$899,609	\$391,412	\$2,876	\$1,293,896	
2025	\$71,902,000	\$71,902,000		\$61,908	\$747,853	\$809,760	\$352,320	\$2,588	\$1,164,669	
2026	\$64,721,800	\$64,721,800		\$55,725	\$673,171	\$728,897	\$317,137	\$2,330	\$1,048,364	
2027	\$58,259,620	\$58,259,620		\$50,162	\$605,958	\$656,120	\$285,472	\$2,097	\$943,689	
						Total	\$14,567,019	\$6,337,985	\$46,565	\$20,951,569

Source: CPA, Formosa Plastics

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 \$13,453,344. The estimated gross 15 year M&O tax benefit, or levy loss, is \$6,794,963.

Attachment 3 is an economic overview of Calhoun 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.



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

Michael J. Williams
Commissioner

October 10, 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 Formosa Plastics Corporation project for the Calhoun County Independent School District (CCISD). 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 Formosa Plastics Corporation project on CCISD 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 black ink that reads "Belinda Dyer". The signature is written in a cursive, flowing style.

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

October 10, 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 Formosa Plastics Corporation project on the number and size of school facilities in Calhoun County Independent School District (CCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the CCISD superintendent, Mr. Billy Wiggins, the TEA has found that the Formosa Plastics Corporation project would not have a significant impact on the number or size of school facilities in CCISD.

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 black ink that reads 'Belinda Dyer'.

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

Calhoun County

Population

- Total county population in 2010 for Calhoun County: 20,527 , down 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Calhoun County was the state's 114th largest county in population in 2010 and the 210 th fastest growing county from 2009 to 2010.
- Calhoun County's population in 2009 was 47.4 percent Anglo (above the state average of 46.7 percent), 2.5 percent African-American (below the state average of 11.3 percent) and 44.9 percent Hispanic (above the state average of 38.9 percent).
- 2009 population of the largest cities and places in Calhoun County:

Port Lavaca:	11,489	Seadrift:	1,455
Point Comfort:	711		

Economy and Income

Employment

- September 2011 total employment in Calhoun County: 9,149 , up 4.2 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 Calhoun County unemployment rate: 9.4 percent, up from 9.2 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:

(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

- Calhoun County's ranking in per capita personal income in 2009: 147th with an average per capita income of \$31,479, down 0.2 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 Calhoun County averaged \$54.51 million annually from 2007 to 2010. County total agricultural values in 2010 were up 20.4 percent from 2009. Major agriculture related commodities in Calhoun County during 2010 included:
 - Cotton
 - Soybeans
 - Sorghum
 - Corn
 - Other Beef
- 2011 oil and gas production in Calhoun County: 103,705.0 barrels of oil and 3.4 million Mcf of gas. In September 2011, there were 69 producing oil wells and 122 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 Calhoun County during the fourth quarter 2010: \$50.43 million, up 8.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Port Lavaca:	\$29.91 million, up 6.6 percent from the same quarter in 2009.
Seadrift:	\$1.16 million, up 33.1 percent from the same quarter in 2009.
Point Comfort:	\$13.46 million, up 14.2 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 Calhoun County through the fourth quarter of 2010: \$198.94 million, down 4.5 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Port Lavaca:	\$116.22 million, up 8.1 percent from the same period in 2009.
Seadrift:	\$4.61 million, up 14.4 percent from the same period in 2009.
Point Comfort:	\$53.74 million, down 26.0 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Calhoun County during 2010: \$198.94 million, down 4.5 percent from 2009.
- Calhoun County sent an estimated \$12.43 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Port Lavaca:	\$116.22 million, up 8.1 percent from 2009.
Seadrift:	\$4.61 million, up 14.4 percent from 2009.
Point Comfort:	\$53.74 million, down 26.0 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 Calhoun County based on the sales activity month of August 2011: \$224,362.37, up 9.5 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Port Lavaca:	\$201,613.34, up 6.5 percent from August 2010.
Seadrift:	\$9,721.75, up 27.4 percent from August 2010.
Point Comfort:	\$13,027.28, up 64.1 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Calhoun County based on sales activity months from September 2010 through August 2011: \$2.54 million, up 3.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Port Lavaca:	\$2.32 million, up 1.9 percent from fiscal 2010.
Seadrift:	\$111,936.97, up 11.6 percent from fiscal 2010.
Point Comfort:	\$109,880.49, up 30.5 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 Calhoun County based on sales activity months through August 2011: \$1.69 million, up 11.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Port Lavaca:	\$1.53 million, up 10.1 percent from the same period in 2010.
Seadrift:	\$80,580.11, up 20.0 percent from the same period in 2010.
Point Comfort:	\$81,875.66, up 50.1 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 Calhoun County based on sales activity in the 12 months ending in August 2011: \$2.54 million, up 3.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Port Lavaca:	\$2.32 million, up 1.9 percent from the previous 12-month period.
Seadrift:	\$111,936.97, up 11.6 percent from the previous 12-month period.
Point Comfort:	\$109,880.49, up 30.5 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:

Port Lavaca:	\$1.94 million, up 1.4 percent from the same period in 2010.
Seadrift:	\$96,124.92, up 15.0 percent from the same period in 2010.
Point Comfort:	\$96,044.06, up 37.6 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 Calhoun County based on sales activity months in 2010: \$2.36 million, down 3.5 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Port Lavaca:	\$2.18 million, down 3.3 percent from 2009.
Seadrift:	\$98,503.71, up 0.0 percent from 2009.
Point Comfort:	\$82,557.38, down 11.3 percent from 2009.

Property Tax

- As of January 2009, property values in Calhoun County: \$4.12 billion, down 9.9 percent from January 2008 values. The property tax base per person in Calhoun County is \$200,198, above the statewide average of \$85,809. About 2.7 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Calhoun County's ranking in state expenditures by county in fiscal year 2010: 156th. State expenditures in the county for FY2010: \$44.93 million, down 0.1 percent from FY2009.
- In Calhoun County, 10 state agencies provide a total of 63 jobs and \$629,081.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Parks & Wildlife Department
 - Health & Human Services Commission
 - Department of Family and Protective Services
 - Department of Transportation
 - Department of Public Safety

Higher Education

- Community colleges in Calhoun County fall 2010 enrollment:
 - None.
- Calhoun County is in the service area of the following:
 - Victoria College with a fall 2010 enrollment of 4,290. Counties in the service area include:
 - Calhoun County
 - DeWitt County
 - Gonzales County
 - Jackson County
 - Lavaca County
 - Refugio County
 - Victoria County
- Institutions of higher education in Calhoun County fall 2010 enrollment:
 - None.

School Districts

- Calhoun County had 1 school districts with 8 schools and 4,263 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.)
 - Calhoun County ISD had 4,263 students in the 2009-10 school year. The average teacher salary was \$45,987. The percentage of students meeting the 2010 TAKS passing standard for all tests was 79 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED FORMOSA
PLASTICS CORPORATION, TEXAS PROJECT ON THE FINANCES
OF THE CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE
LIMITATION**

August 21, 2012

Final Report

PREPARED BY



Estimated Impact of the Proposed Formosa Plastics Corporation, Texas Project on the Finances of the Calhoun County Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Formosa Plastics Corporation, Texas (Formosa) has requested that the Calhoun County Independent School District (CCISD) 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 CCISD on May 30, 2012, Formosa proposes to invest \$171 million to construct a new industrial gas manufacturing project in CCISD.

The Formosa 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, CCISD 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 the 2015-16 school year, 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 CCISD currently levying a \$0.086 I&S tax rate. The full taxable value of the investment is expected to reach \$120 million in the 2014-15 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Formosa 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. CCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year and the remaining seven years of the value limitation, with total hold-harmless costs of about \$290,000.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$6.5 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 the 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.

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 815 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 209 districts operate 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. As a result, 421 districts are expected to receive ASATR funding in the 2012-13 school year, while 603 districts will be operating on the state formulas.

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 Formosa 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 until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Formosa project are factored into the base model used here. While the existing Formosa Chapter 313 agreement is incorporated into the base model, the impact of the proposed limitation agreement is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 3,834 students in average daily attendance (ADA) in analyzing the effects of the Formosa project on the finances of CCISD. The District's local tax base reached \$3.3 billion for the 2011 tax year and is maintained at that level 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. CCISD has estimated state property wealth per weighted ADA or WADA of approximately \$604,227 for the 2011-12 school year. The enrollment and property value assumptions for the 15 years used in preparing this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for CCISD 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 Formosa 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 Formosa 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 \$29 million a year in annual net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, CCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$65,587). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study. Recurring annual hold –harmless losses are expected over the remaining seven years the value limitation is in effect, although these loss amounts are less than that occurring in the third year of the agreement.

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

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of \$65,587 cited above between the base and the limitation models is based on an assumption that Formosa would receive initial tax savings of about \$887,000 the first year the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of \$602,000 is expected to offset this reduction, combined with about \$200,000 in reduced recapture costs.

In general, the ASATR offset poses little financial risk to CCISD as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect.

The Comptroller's state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. The Comptroller's Property Tax Assistance Division 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 the 2012-13 tax year and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$5.9 million over the life of the agreement. In addition, Formosa 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 \$0.9 million over the life of the agreement, with no unpaid tax credits anticipated. CCISD is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key CCISD revenue losses are expected to total approximately -\$289,646 during the eight value-limitation years. The potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$6.5 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Formosa under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Formosa project remains fully taxable for debt services taxes, with CCISD currently levying a \$0.086 per \$100 I&S rate. The value of the Formosa project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to assist CCISD in meeting its debt service obligations.

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

Conclusion

The proposed Formosa industrial gas manufacturing project enhances the tax base of CCISD. 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 \$6.5 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also assists CCISD in meeting its future debt service obligations.

Table 1 – Base District Information with Formosa Plastics Corporation, Texas 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	3,811.48	5,219.89	\$1.0401	\$0.0861	\$3,348,983,833	\$3,348,983,833	\$3,244,733,165	\$3,244,733,165	\$621,609	\$621,609
1	2013-14	3,811.48	5,219.89	\$1.0401	\$0.0861	\$3,361,183,833	\$3,361,183,833	\$3,244,733,165	\$3,244,733,165	\$621,609	\$621,609
2	2014-15	3,811.48	5,219.89	\$1.0401	\$0.0861	\$3,469,083,833	\$3,469,083,833	\$3,256,933,165	\$3,256,933,165	\$623,946	\$623,946
3	2015-16	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,464,283,833	\$3,378,983,833	\$3,364,833,165	\$3,364,833,165	\$635,497	\$635,497
4	2016-17	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,459,675,833	\$3,378,983,833	\$3,360,033,165	\$3,274,733,165	\$634,590	\$618,480
5	2017-18	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,455,251,833	\$3,378,983,833	\$3,355,425,165	\$3,274,733,165	\$633,720	\$618,480
6	2018-19	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,611,618,915	\$3,539,596,915	\$3,351,001,165	\$3,274,733,165	\$632,884	\$618,480
7	2019-20	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,596,677,390	\$3,528,732,390	\$3,507,368,247	\$3,435,346,247	\$662,416	\$648,814
8	2020-21	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,582,518,119	\$3,518,487,119	\$3,492,426,722	\$3,424,481,722	\$659,595	\$646,762
9	2021-22	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,569,099,806	\$3,508,825,806	\$3,478,267,451	\$3,414,236,451	\$656,920	\$644,827
10	2022-23	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,556,382,166	\$3,499,715,166	\$3,464,849,138	\$3,404,575,138	\$654,386	\$643,002
11	2023-24	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,544,327,812	\$3,544,327,812	\$3,452,131,498	\$3,395,464,498	\$651,984	\$641,282
12	2024-25	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,532,902,147	\$3,532,902,147	\$3,440,077,144	\$3,440,077,144	\$649,708	\$649,708
13	2025-26	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,517,284,259	\$3,517,284,259	\$3,428,651,479	\$3,428,651,479	\$647,550	\$647,550
14	2026-27	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,502,899,627	\$3,502,899,627	\$3,413,033,591	\$3,413,033,591	\$644,600	\$644,600
15	2027-28	3,811.48	5,294.81	\$1.0401	\$0.0861	\$3,489,643,653	\$3,489,643,653	\$3,398,648,959	\$3,398,648,959	\$641,883	\$641,883

*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	\$30,988,920	\$1,745,788	\$164,702	\$0	-\$6,872,383	\$3,114,456	\$0	-\$529,648	\$28,611,835
1	2013-14	\$31,101,918	\$1,255,702	\$566,850	\$0	-\$6,897,443	\$3,125,813	\$0	-\$531,580	\$28,621,260
2	2014-15	\$32,101,300	\$1,255,702	\$0	\$0	-\$7,206,642	\$3,226,253	\$0	-\$550,834	\$28,825,779
3	2015-16	\$32,056,842	\$1,379,670	\$581,748	\$0	-\$7,619,370	\$3,221,785	\$0	-\$560,563	\$29,060,112
4	2016-17	\$32,014,162	\$1,646,473	\$314,903	\$0	-\$7,576,648	\$3,217,495	\$0	-\$559,008	\$29,057,377
5	2017-18	\$31,973,187	\$1,379,670	\$0	\$0	-\$7,535,629	\$3,213,377	\$0	-\$557,515	\$28,473,089
6	2018-19	\$33,421,477	\$1,646,473	\$0	\$0	-\$7,845,453	\$3,358,934	\$0	-\$581,987	\$29,999,444
7	2019-20	\$33,283,086	\$1,379,670	\$0	\$0	-\$8,874,295	\$3,345,025	\$0	-\$605,920	\$28,527,566
8	2020-21	\$33,151,942	\$1,646,473	\$0	\$0	-\$8,742,404	\$3,331,845	\$0	-\$601,127	\$28,786,729
9	2021-22	\$33,027,660	\$1,379,670	\$0	\$0	-\$8,617,359	\$3,319,354	\$0	-\$596,583	\$28,512,742
10	2022-23	\$32,909,867	\$1,646,473	\$0	\$0	-\$8,498,801	\$3,307,516	\$0	-\$592,276	\$28,772,780
11	2023-24	\$32,798,219	\$1,379,670	\$0	\$0	-\$8,386,385	\$3,296,295	\$0	-\$588,192	\$28,499,607
12	2024-25	\$32,692,393	\$1,646,473	\$0	\$0	-\$8,279,788	\$3,285,659	\$0	-\$584,320	\$28,760,418
13	2025-26	\$32,547,738	\$1,646,473	\$0	\$0	-\$8,167,582	\$3,271,121	\$0	-\$579,859	\$28,717,891
14	2026-27	\$32,414,506	\$1,646,473	\$0	\$0	-\$8,030,459	\$3,257,731	\$0	-\$574,911	\$28,713,339
15	2027-28	\$32,291,728	\$1,646,473	\$0	\$0	-\$7,904,062	\$3,245,391	\$0	-\$570,351	\$28,709,179

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	\$30,988,920	\$1,745,788	\$164,702	\$0	-\$6,872,383	\$3,114,456	\$0	-\$529,648	\$28,611,835
1	2013-14	\$31,101,918	\$1,255,702	\$566,850	\$0	-\$6,897,443	\$3,125,813	\$0	-\$531,580	\$28,621,260
2	2014-15	\$32,101,300	\$1,255,702	\$0	\$0	-\$7,206,642	\$3,226,253	\$0	-\$550,834	\$28,825,779
3	2015-16	\$31,266,783	\$1,379,670	\$1,184,023	\$0	-\$7,431,586	\$3,142,382	\$0	-\$546,748	\$28,994,524
4	2016-17	\$31,266,783	\$1,646,473	\$304,438	\$0	-\$6,818,805	\$3,142,382	\$0	-\$531,538	\$29,009,734
5	2017-18	\$31,266,783	\$1,379,670	\$0	\$0	-\$6,818,805	\$3,142,382	\$0	-\$531,538	\$28,438,493
6	2018-19	\$32,754,400	\$1,646,473	\$0	\$0	-\$7,143,231	\$3,291,891	\$0	-\$556,828	\$29,992,706
7	2019-20	\$32,653,772	\$1,379,670	\$0	\$0	-\$8,238,675	\$3,281,778	\$0	-\$582,852	\$28,493,693
8	2020-21	\$32,558,879	\$1,646,473	\$0	\$0	-\$8,142,664	\$3,272,241	\$0	-\$579,369	\$28,755,560
9	2021-22	\$32,469,395	\$1,379,670	\$0	\$0	-\$8,052,091	\$3,263,247	\$0	-\$576,084	\$28,484,137
10	2022-23	\$32,385,011	\$1,646,473	\$0	\$0	-\$7,966,650	\$3,254,767	\$0	-\$572,986	\$28,746,615
11	2023-24	\$32,798,219	\$1,379,670	\$0	\$0	-\$8,006,343	\$3,296,295	\$0	-\$578,759	\$28,889,082
12	2024-25	\$32,692,393	\$1,646,473	\$0	\$0	-\$8,279,788	\$3,285,659	\$0	-\$584,320	\$28,760,418
13	2025-26	\$32,547,738	\$1,646,473	\$0	\$0	-\$8,167,582	\$3,271,121	\$0	-\$579,859	\$28,717,891
14	2026-27	\$32,414,506	\$1,646,473	\$0	\$0	-\$8,030,459	\$3,257,731	\$0	-\$574,911	\$28,713,339
15	2027-28	\$32,291,728	\$1,646,473	\$0	\$0	-\$7,904,062	\$3,245,391	\$0	-\$570,351	\$28,709,179

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	-\$790,059	\$0	\$602,275	\$0	\$187,784	-\$79,403	\$0	\$13,815	-\$65,587
4	2016-17	-\$747,379	\$0	-\$10,464	\$0	\$757,843	-\$75,113	\$0	\$27,470	-\$47,643
5	2017-18	-\$706,403	\$0	\$0	\$0	\$716,824	-\$70,995	\$0	\$25,977	-\$34,597
6	2018-19	-\$667,076	\$0	\$0	\$0	\$702,221	-\$67,043	\$0	\$25,159	-\$6,738
7	2019-20	-\$629,314	\$0	\$0	\$0	\$635,620	-\$63,248	\$0	\$23,069	-\$33,874
8	2020-21	-\$593,063	\$0	\$0	\$0	\$599,740	-\$59,604	\$0	\$21,758	-\$31,169
9	2021-22	-\$558,265	\$0	\$0	\$0	\$565,268	-\$56,107	\$0	\$20,499	-\$28,605
10	2022-23	-\$524,856	\$0	\$0	\$0	\$532,151	-\$52,749	\$0	\$19,290	-\$26,164
11	2023-24	\$0	\$0	\$0	\$0	\$380,041	\$0	\$0	\$9,433	\$389,474
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 Formosa Plastics Corporation, Texas Project Property Value Limitation Request Submitted to CCISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	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	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$12,200,000	\$12,200,000	\$0	\$1.040	\$126,892	\$126,892	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$120,100,000	\$120,100,000	\$0	\$1.040	\$1,249,160	\$1,249,160	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$115,300,000	\$30,000,000	\$85,300,000	\$1.040	\$1,199,235	\$312,030	\$887,205	\$0	\$887,205	-\$65,587	\$821,618
4	2016-17	\$110,692,000	\$30,000,000	\$80,692,000	\$1.040	\$1,151,307	\$312,030	\$839,277	\$133,876	\$973,153	-\$47,643	\$925,510
5	2017-18	\$106,268,000	\$30,000,000	\$76,268,000	\$1.040	\$1,105,293	\$312,030	\$793,263	\$133,876	\$927,139	-\$34,597	\$892,542
6	2018-19	\$102,022,000	\$30,000,000	\$72,022,000	\$1.040	\$1,061,131	\$312,030	\$749,101	\$133,876	\$882,977	-\$6,738	\$876,238
7	2019-20	\$97,945,000	\$30,000,000	\$67,945,000	\$1.040	\$1,018,726	\$312,030	\$706,696	\$133,876	\$840,572	-\$33,874	\$806,698
8	2020-21	\$94,031,000	\$30,000,000	\$64,031,000	\$1.040	\$978,016	\$312,030	\$665,986	\$133,876	\$799,862	-\$31,169	\$768,693
9	2021-22	\$90,274,000	\$30,000,000	\$60,274,000	\$1.040	\$938,940	\$312,030	\$626,910	\$133,876	\$760,786	-\$28,605	\$732,181
10	2022-23	\$86,667,000	\$30,000,000	\$56,667,000	\$1.040	\$901,423	\$312,030	\$589,393	\$133,876	\$723,269	-\$26,164	\$697,105
11	2023-24	\$83,204,000	\$83,204,000	\$0	\$1.040	\$865,405	\$865,405	\$0	\$0	\$0	\$0	\$0
12	2024-25	\$79,880,000	\$79,880,000	\$0	\$1.040	\$830,832	\$830,832	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$71,902,000	\$71,902,000	\$0	\$1.040	\$747,853	\$747,853	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$64,721,800	\$64,721,800	\$0	\$1.040	\$673,171	\$673,171	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$58,259,620	\$58,259,620	\$0	\$1.040	\$605,958	\$605,958	\$0	\$0	\$0	\$0	\$0
Total						\$13,453,344	\$7,595,511	\$5,857,833	\$937,130	\$6,794,963	-\$274,377	\$6,520,586
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$0	\$937,130	\$937,130		
								Credits Earned		\$937,130		
								Credits Paid		<u>\$937,130</u>		
								Excess Credits Unpaid		\$0		

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

Attachment F

Taxable Value of Property

DATE: 06/26/2012
 TIME: 10:08:07

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2011 ISD SUMMARY WORKSHEET
 029-029/Calhoun
 029-901/Calhoun County ISD

PAGE: 001
 REPT: PFS265
 VRSN: F

CATEGORY	LOCAL TAX ROLL VALUE	2011 WTD MEAN RATIO	2011 PTAD VALUE ESTIMATE	2011 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	892,937,072	.9921	900,047,447	892,937,072
B. MULTIFAMILY RESIDENCES	22,450,700	N/A	22,450,700	22,450,700
C. VACANT LOTS	134,681,427	.9664	136,538,349	134,681,427
D. RURAL REAL (TAXABLE)	93,255,608	.8645	107,870,918	93,255,608
F1. COMMERCIAL REAL	151,903,871	1.0090	150,548,931	151,903,871
F2. INDUSTRIAL REAL	1,556,085,041	N/A	1,556,085,041	1,556,085,041
G. OIL, GAS, MINERALS	62,339,530	N/A	62,339,530	62,339,530
J. UTILITIES	82,272,252	N/A	82,272,252	82,272,252
L1. COMMERCIAL PERSONAL	118,693,836	1.0079	117,763,504	118,693,836
L2. INDUSTRIAL PERSONAL	468,135,210	N/A	468,135,210	468,135,210
M. MOBILE HOMES	6,854,920	N/A	6,854,920	6,854,920
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	22,039,400	N/A	22,039,400	22,039,400
S. SPECIAL INVENTORY	10,630,780	N/A	10,630,780	10,630,780
SUBTOTAL	3,622,279,647		3,643,576,982	3,622,279,647
LESS TOTAL DEDUCTIONS	407,546,482		409,369,202	407,546,482
TOTAL TAXABLE VALUE	3,214,733,165		3,234,207,780	3,214,733,165 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTAD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	63,525,753	N/A	63,525,753
PROD VALUE QUALIFIED ACRES	29,729,855	.6704	44,345,165
TAXABLE VALUE	93,255,608		107,870,918

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

DATE: 06/26/2012
 TIME: 10:08:07

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2011 FINAL VALUES WORKSHEET
 029/Calhoun
 029-901/Calhoun County ISD

PAGE: 002
 REPT: PFS265
 VRSN: F

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND 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
3,261,500,516	3,214,733,165	3,210,921,778	3,164,154,427	3,214,733,165	3,164,154,427
	LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION		50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION		
	<u>46,767,351</u>		<u>50,578,738</u>		

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 = T2 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
3,379,559,616	3,332,792,265	3,328,980,878	3,282,213,527	3,332,792,265	3,282,213,527

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 = T8 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

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

and

FORMOSA PLASTICS CORPORATION, TEXAS
(Texas Taxpayer ID # 12223554648)

Dated

November 26, 2012

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

STATE OF TEXAS §

COUNTY OF WEBB §

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 **CALHOUN COUNTY 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 **FORMOSA PLASTICS CORPORATION, TEXAS**, (*Texas Taxpayer ID #12223554648*), 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 May 30, 2012, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Calhoun County 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 May 30, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Formosa Plastics Corporation, Texas, and on May 30, 2012, the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, the Application 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 July 20, 2012 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Calhoun County Appraisal District established in Calhoun 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 October 17, 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 November 19, 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 October 17, 2012 that the Application be approved; and,

WHEREAS, on October 17, 2012 the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on October 17, 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 October 17, 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 October 17, 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 upon receipt of a letter of good standing as to franchise tax status;

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 November 26, 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 (11/26/12)	January 1, 2012	2012-13	2012	Start of Qualifying Time Period beginning with Commencement Date (11/26/12). 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.
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

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				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 2010-11 average daily attendance of no less than 3861.207, 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 Formosa Plastics Corporation, Texas, *Texas Taxpayer Identification Number 12223554648*, the company listed in the Preamble of this Agreement who, on May 30, 2012, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on May 30, 2012, which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of July 20, 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 Calhoun County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Calhoun County Independent School District.

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

"Completed Application Date" means July 20, 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 Calhoun County, Texas.

"Determination of Breach and Notice of Contract Termination" shall have the meaning assigned to such term in Section 7.8 of the Agreement.

"District" or "School District" means the Calhoun County 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 twenty (20) New Jobs, from the time they are created until the Final Termination Date and (iii) the maintenance of at least twenty (20) New 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 twenty (20) "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 twenty (20) 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 _____ 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 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 July 20, 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.
- 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party 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 Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

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

Section 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) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as forty five percent (45%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above, as a result of this Agreement; 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 0.45;

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) if it does not cancel the Agreement prior to the end of the Qualifying Time Period under Section 5.2 of this Agreement, 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.) Subject to Section 5.2, 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.) Subject to Section 5.2, Applicant fails to create and maintain at least twenty (20) New Jobs.
- (e.) Subject to Section 5.2, Applicant fails to create and maintain at least Eighty Percent (80%) of all such New Jobs on the project as Qualifying Jobs.
- (f.) 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.

- (g.) 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 Calhoun 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:

Billy Wiggins, Superintendent
CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
525 N Commerce St.
Port Lavaca, TX 77979
Fax: (361) 551-2648
E-mail: micklep@calcoisd.org

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 as follows:

Jack Wu
Formosa Plastics Corporation, Texas
Point Comfort, TX 77978
Fax: (361) 987-2729
Email: jackwu@ftpc.fpcusa.com

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) Subject to Section 5.2, 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 Calhoun 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, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

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, material information, and material facts contained in the Application are true and correct in all material respects. 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; provided, however, to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

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, material information, or material fact, then the Board of Trustees shall notify Applicant in writing of such determination and the Applicant shall have the time periods permitted by Section 7.8 or any other section of this Agreement; if any such material representation, information or fact item remains uncured after the written notice and cure periods specified herein, 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).

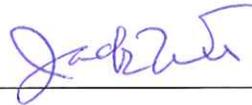
Section 8.14. PUBLICATION OF DOCUMENTS

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.

**FORMOSA PLASTICS CORPORATION,
TEXAS**



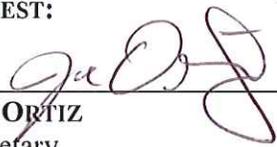
Management Representative

**CALHOUN COUNTY INDEPENDENT SCHOOL
DISTRICT**

By: 

LINDA BONAR
President
Board of Trustees

ATTEST:



JOE ORTIZ
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Formosa Plastics Corporation, Texas Reinvestment Zone* was originally created on January 26, 2012 by action of the Calhoun County Commissioner's Court. As a result of the action of the Calhoun County Commissioner's Court, all real property within Calhoun County, Texas is located within the boundaries of the *Formosa Plastics Corporation, Texas Reinvestment Zone*. A map of the *Formosa Plastics Corporation, Texas Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

FORMOSA PLASTICS CORPORATION, TEXAS
TRACT II TRACT
32.31 ACRES

THE STATE OF TEXAS
THE COUNTY OF CALHOUN

BEING a 32.31 acre tract of land situated in the Phillip Dimmit Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 32.31 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at the southwest corner of said 1560.40 acre tract (said commencing point having plant coordinates of North 5000, East 1000);

THENCE East along the south line of said 1560.40 acre tract, a distance of 4187 feet to a point for corner;

THENCE North a distance of 2163.00 feet to a set 5/8 inch iron rod in the east line of the Olefins II 59.71 acre tract described in Volume 316, Page 561 of the Official Records of said county for the southwest corner of the herein described tract and the POINT OF BEGINNING, (said iron rod having plant coordinates of North 7163, East 5187);

THENCE North with the east line of said Olefins II 59.71 acre tract for a distance of 2429.00 feet to a set 5/8 inch iron rod for the northwest corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5187);

THENCE East a distance of 5484.00 feet to a set 5/8 inch iron rod at the northwest corner of the PEH 13.98 acre tract described in Volume 316, Page 561 of the Official Records of said county for the northeast corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5771);

THENCE South with the west line of said PEH 13.98 acre tract and the west line of the HDPEH 13.01 acre tract described in Volume 316, Page 561 of the Official Records of said county for a distance of 1196.00 feet to a set 5/8 inch iron rod in the north line of the EG 28.0793 acre tract described in Volume 74, Page 803 of the Official Records of said county for a corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5771);

THENCE West along said north line of the EG 28.0793 acre tract for a distance of 9.00 feet to a set 5/8 inch iron rod at the northwest corner of said EG 28.0793 acre tract for an interior corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5762);

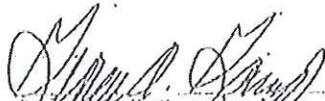
THENCE South with the west line of said EG 28.0793 acre tract for a distance of 1233.00 feet to a set 5/8 inch iron rod at the southwest corner of said EG 28.0793 acre tract for the southeast corner of the herein described tract (said iron rod having plant coordinates of North 7163, East 5762);

THENCE West for a distance of 575.00 feet to the POINT OF BEGINNING; Containing 32.31 acres of land.

Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

The above legal description is based on an actual survey made on the ground under my supervision.


Gunn & Kelly Surveying, Inc.
By: George A. Gunn, Jr.
Registered Professional Land Surveyor
Texas No. 4681



Date 01/18/2012



PLANT NORTH



NE 6592.00
E 5102.00

EAST 581.00'

NE 9392.00
E 5271.00

MEMORANDUM OF
FACILITIES SUPPORT AGREEMENT
DATE OF JANUARY 11, 1988
FORMOSA PLASTICS CORPORATION, TEXAS
FORMOSA UTILITY VENTURE, LTD.
SCHEDULE 10, 1001
VOLUME 13, PAGE 101
OFFICIAL RECORDS
FEBRUARY 11, 1988
1560.40 ACRES
PEI

TOLEFINS II

32.31 ACRES

MEMORANDUM OF
FACILITIES SUPPORT AGREEMENT
DATE OF JANUARY 11, 1988
FORMOSA PLASTICS CORPORATION, TEXAS
FORMOSA UTILITY VENTURE, LTD.
SCHEDULE 10, 1001
VOLUME 13, PAGE 101
OFFICIAL RECORDS
FEBRUARY 11, 1988
1560.40 ACRES
PEI

NE 8396.00
E 5271.00

WEST 9.00'

ALUMINUM COMPANY
OF AMERICA
TO
FORMOSA PLASTICS
CORPORATION, TEXAS
VOLUME 13, PAGE 101
OFFICIAL RECORDS
FEBRUARY 11, 1988
1560.40 ACRES

EG

HUI YA PLASTICS
CORPORATION, AMERICA
VOLUME 14, PAGE 203
OFFICIAL RECORDS
TRACT D
28.0793 ACRES

ASP

NE 7163.00
E 5102.00

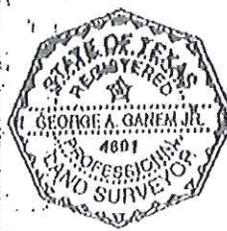
WEST 575.00'
FORMOSA PLASTICS
CORPORATION, TEXAS
VOLUME 13, PAGE 101, OR
1560.40 ACRES

NE 7163.00
E 5271.00

PHILIP DIMMITT SURVEY
ABSTRACT NO. 11

ITEM

EDG



THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT
OF AN ABSTRACT OF TITLE THERE HAVING BEEN EASEMENTS
OR OTHER MATTERS OF RECORD NOT SHOWN.

PLANNING AND COORDINATES BASED ON
FORMOSA PLASTICS CORPORATION
EXPANSION PLANT DATA

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL
SURVEY MADE ON THE GROUND UNDER MY SUPERVISION

George A. Ganem, Jr. 01/18/2012
DATE
GEORGE A. GANEM, JR.
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 1661

WEST 1187.00'
TO THE SW CORNER OF THE
1560.40 ACRE TRACT, HAVING
EGC PLANT COORDINATES
N15000, E1000

SOUTH LINE 1560.40 ACRES
NE 5600.00
E 5192.00

FORMOSA PLASTICS CORPORATION, TEXAS

TRACT II TRACT
32.31 ACRES

PHILIP DIMMITT SURVEY, ABSTRACT NO. 11
DALLAS COUNTY, TEXAS

DRAWN BY: KELLY D.
CHECKED BY: C.A.G.

SCALE: 1" = 400'
DATE: 01/18/2012



GANEM & KELLY SURVEYING, INC.
111 EAST MAIN STREET, SUITE 3
DALLAS, TEXAS 75202

REVISION
SHEET NO. 1 OF 1

EXHIBIT
"2"

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Calhoun County Independent School District and the *Formosa Plastics Corporation, Texas 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:

FORMOSA PLASTICS CORPORATION, TEXAS
TRACT II TRACT
32.31 ACRES

THE STATE OF TEXAS
THE COUNTY OF CALHOUN

BEING a 32.31 acre tract of land situated in the Phillip Dimmit Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 32.31 acre tract being more particularly described by metes and bounds as follows:

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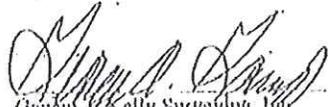
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Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

The above legal description is based on an actual survey made on the ground under my supervision.


Gann & Kelly Surveying, Inc.
By: George A. Gann, Jr.
Registered Professional Land Surveyor
Texas No. 4631



Date 01/13/2012

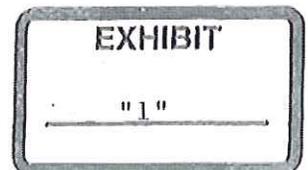


EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

Natural gas at the wellhead is a mixture of hydrocarbons of varying chain length. The most frequently occurring hydrocarbons in natural gas are methane (C1), ethane (C2), and propane (C3). However, smaller amounts of longer chain hydrocarbons (C4, C5, etc.) are also present. As a result, natural gas cannot be utilized in industrial and production applications in its raw form. Prior to use in any industrial application, raw natural gas feedstock must be separated into discrete fractions that have in them only hydrocarbons of equal chain length. The process of conducting this separation is classified under the NAICS # 35120 Code designation as Industrial Gas Manufacturing. (SIC Code# 2813)

The process of gas separation process that is necessary for the precursor products necessary for plastics production is done in a "hydrocarbon fractionator." The plant itself consists of pipelines for delivering and shipping stocks, distillation columns in which hydrocarbons are separated, compressors, pumps, valves and accompanying instrumentation. Outgoing products are stored in "spheres" designed to safely hold gasses and in tanks designed to safely store liquids.

Methane is separated from the mixture in an upstream "gas plant" prior to transport of the remaining hydrocarbons to the fractionator. The fractionator then separates the ethane and propane from the remaining hydrocarbons and stores them as discrete, homogenous stocks. The longer chained hydrocarbons (C4 and above) are separated no further; rather these are piped out of the fractionator and stored for other industrial uses.

The Formosa Plastics Corporation, Texas plant consists of the following main units and utility systems:

- Feed Stock Inlet Facilities
- DeEthanizer Column
- DePropanizer Column
- Amine Wash Column
- Pumps and Pipelines
- ReBoiler Unit
- PreHeater Unit
- Instrument Control
- Utilities – Water and Air
- Storage Facility