

**FINDINGS OF THE TULOSO-MIDWAY  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
M&G RESINS USA LLC**



November 18, 2013

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**FINDINGS**  
**OF THE**  
**TULOSO-MIDWAY INDEPENDENT**  
**SCHOOL DISTRICT BOARD OF TRUSTEES**  
**UNDER THE**  
**TEXAS ECONOMIC DEVELOPMENT ACT**  
**ON THE APPLICATION SUBMITTED BY**  
**M&G RESINS USA LLC**

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**NOVEMBER 18, 2013**



Board Findings of the Tulosos-Midway Independent School District

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SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
M&G RESINS USA LLC

STATE OF TEXAS

§

COUNTY OF NUECES

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On the 18<sup>th</sup> day of November, 2013, a public meeting of the Board of Trustees of the Tulosos-Midway 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 M&G Resins USA LLC (M&G Resins) 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 Tulosos-Midway Independent School District makes the following findings with respect to the application of M&G Resins, and the economic impact of that application:

On March 4, 2013, the Superintendent of Schools of the Tulosos-Midway Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from M&G Resins 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, M&G Resins (Texas Taxpayer Id. 32050101743), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The 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.

Board Findings of the Tuloso-Midway Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Nueces 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 June 26, 2013. 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 Tuloso-Midway 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 Tuloso-Midway 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 M&G Resins, 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 Tulosso-Midway 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 M&G USA and M&G Resins USA 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 Corpus Christi, Texas is in need of long-term improvement, based on the state's analysis of Nueces County data.**

Based on information provided by the Comptroller's Office that focused on the county level, Nueces County is the 14<sup>th</sup> largest county in the state in terms of population. Population growth in Nueces County is showing modest growth; the population of Nueces County grew by 0.3 percent between 2009 and 2010, while the state population grew by 1.8 percent over the same period.

September 2011 employment for Nueces County was up 2.7 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Nueces County was 7.8 percent in September 2011, lower than the state average of 8.5 percent.



Nueces County has a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Nueces County's \$37,162 in 2009 ranked 58<sup>th</sup> among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Nueces County and particularly the Corpus Christi area will benefit from economic activity like that associated with the M&G Resins 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 \$52,000 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. M&G Resins indicates that total employment will be approximately 200 new jobs, of which all 160 will be qualifying jobs.**

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

After construction, the project will create 200 new jobs when fully operational. 160 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 Coastal Bend Council of Governments Region, where Nueces County is located was \$46,489 in 2011. The annual average manufacturing wage for 2011-2012 for Nueces County is \$67,808. That same year, the county annual average wage for all industries was \$41,704. In addition to a salary of \$52,000, each qualifying position will receive benefits such as medical insurance (with the company paying 80% of the healthcare premium for "employee only" coverage), dental care assistance (provided either through a discount program or separate insurance product), vision care assistance (provided either through a discount program or a separate insurance product), life insurance (a base benefit with the premium to be paid for by the company

Board Findings of the Tulosso-Midway Independent School District

with elective options for additional coverage paid by the employee), qualified 401(k) retirement savings plan, paid holidays, and paid vacation time.

**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 \$4.7 million on the basis of the goal of 160 new qualifying positions for the entire M&G Resins project.**

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

The project's total investment is \$751 million, resulting in a relative level of investment per qualifying job of \$4.7 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 M&G USA and M&G Resins USA'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 15 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 M&G USA and M&G Resins USA**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	1200	1,170	2370	\$48,000,000	\$84,000,000	\$132,000,000
2015	700	1,143	1843	\$30,500,000	\$88,500,000	\$119,000,000
2016	204	677	881	\$10,168,000	\$60,832,000	\$71,000,000
2017	200	677	877	\$10,000,000	\$62,000,000	\$72,000,000
2018	200	665	865	\$10,000,000	\$64,000,000	\$74,000,000
2019	200	665	865	\$10,000,000	\$66,000,000	\$76,000,000
2020	200	667	867	\$10,000,000	\$69,000,000	\$79,000,000
2021	200	681	881	\$10,000,000	\$73,000,000	\$83,000,000
2022	200	691	891	\$10,000,000	\$76,000,000	\$86,000,000
2023	200	710	910	\$10,000,000	\$82,000,000	\$92,000,000
2024	200	685	885	\$10,000,000	\$82,000,000	\$92,000,000
2025	200	695	895	\$10,000,000	\$86,000,000	\$96,000,000
2026	200	702	902	\$10,000,000	\$91,000,000	\$101,000,000
2027	200	720	920	\$10,000,000	\$96,000,000	\$106,000,000
2028	200	738	938	\$10,000,000	\$102,000,000	\$112,000,000

Source: CPA, REMI, M&G USA and M&G Resins USA

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Tulosso-Midway ISD's ad valorem tax base in 2011-2012 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Tulosso-Midway ISD's estimated wealth per WADA was \$379,012. 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, Nueces County, Delmar College District, Nueces County Emergency Services District #1, and Nueces County Hospital District, with all property tax incentives sought being granted using estimated market value from M&G USA and M&G Resins USA's application. M&G USA and M&G Resins USA has applied for a value limitation under Chapter 313, Tax Code, and tax abatements with the county and the college district. Table 3 illustrates the estimated tax impact of the M&G USA and M&G Resins USA project on the region if all taxes are assessed.



# Board Findings of the Tuloso-Midway Independent School District

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Tuloso-Midway ISD I&S Levy	Tuloso-Midway ISD M&O Levy	Tuloso-Midway ISD M&O and I&S Tax Levies (Before Credit Credited)	Tuloso-Midway ISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Emergency Services District #1 Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
			0.2636	0.2636	1.0686			0.3510	0.2580	0.1000	0.1624	
2014	\$9,200,000	\$9,200,000		\$24,251	\$98,311	\$122,562	\$122,562	\$0	\$0	\$9,200	\$14,943	\$146,706
2015	\$279,700,000	\$279,700,000		\$737,289	\$2,988,874	\$3,726,163	\$3,726,163	\$0	\$0	\$279,700	\$454,311	\$4,460,175
2016	\$711,995,000	\$30,000,000		\$1,876,819	\$320,580	\$2,197,399	\$2,197,399	\$0	\$0	\$711,995	\$1,156,479	\$4,065,873
2017	\$690,915,000	\$30,000,000		\$1,821,252	\$320,580	\$2,141,832	\$1,760,647	\$727,531	\$534,774	\$690,915	\$1,122,239	\$4,836,107
2018	\$670,459,000	\$30,000,000		\$1,767,330	\$320,580	\$2,087,910	\$1,706,725	\$705,991	\$518,941	\$670,459	\$1,089,013	\$4,691,130
2019	\$650,625,000	\$30,000,000		\$1,715,048	\$320,580	\$2,035,628	\$1,654,443	\$685,106	\$503,590	\$650,625	\$1,056,797	\$4,550,561
2020	\$631,385,000	\$30,000,000		\$1,664,331	\$320,580	\$1,984,911	\$1,603,726	\$664,847	\$488,698	\$631,385	\$1,025,546	\$4,414,201
2021	\$612,719,000	\$30,000,000		\$1,615,127	\$320,580	\$1,935,707	\$1,554,522	\$645,191	\$474,250	\$612,719	\$995,227	\$4,281,910
2022	\$594,610,000	\$30,000,000		\$1,567,392	\$320,580	\$1,887,972	\$1,506,787	\$626,123	\$460,233	\$594,610	\$965,813	\$4,153,566
2023	\$577,050,000	\$30,000,000		\$1,521,104	\$320,580	\$1,841,684	\$1,460,499	\$607,632	\$446,642	\$577,050	\$937,291	\$4,029,114
2024	\$560,012,000	\$560,012,000		\$1,476,192	\$5,984,288	\$7,460,480	\$7,460,480	\$1,965,637	\$1,444,848	\$560,012	\$909,616	\$12,340,592
2025	\$543,489,000	\$543,489,000		\$1,432,637	\$5,807,723	\$7,240,360	\$7,240,360	\$1,907,641	\$1,402,218	\$543,489	\$882,778	\$11,976,487
2026	\$527,456,000	\$527,456,000		\$1,390,374	\$5,636,395	\$7,026,769	\$7,026,769	\$1,851,365	\$1,360,852	\$527,456	\$856,736	\$11,623,179
2027	\$511,917,000	\$511,917,000		\$1,349,413	\$5,470,345	\$6,819,758	\$6,819,758	\$1,796,824	\$1,320,761	\$511,917	\$831,497	\$11,280,757
2028	\$496,837,000	\$496,837,000		\$1,309,662	\$5,309,200	\$6,618,863	\$6,618,863	\$1,743,893	\$1,281,854	\$496,837	\$807,002	\$10,948,449
						Total	\$52,459,704	\$13,927,780	\$10,237,662	\$8,068,369	\$13,105,290	\$97,798,805

Assumes School Value Limitation and Tax Abatements with the County and College District.

Source: CPA, M&G USA and M&G Resins USA

<sup>1</sup>Tax 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		Tuloso-Midway ISD I&S Levy	Tuloso-Midway ISD M&O Levy		Tuloso-Midway ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Emergency Services District #1 Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.2636	1.0686			0.3510	0.2580	0.1000	0.1624	
2014	\$9,200,000	\$9,200,000		\$24,251	\$98,311		\$122,562	\$32,292	\$23,736	\$9,200	\$14,943	\$202,734
2015	\$279,700,000	\$279,700,000		\$737,289	\$2,988,874		\$3,726,163	\$981,744	\$721,634	\$279,700	\$454,311	\$6,163,553
2016	\$711,995,000	\$711,995,000		\$1,876,819	\$7,608,379		\$9,485,197	\$2,499,095	\$1,836,968	\$711,995	\$1,156,479	\$15,689,735
2017	\$690,915,000	\$690,915,000		\$1,821,252	\$7,383,118		\$9,204,370	\$2,425,105	\$1,782,581	\$690,915	\$1,122,239	\$15,225,210
2018	\$670,459,000	\$670,459,000		\$1,767,330	\$7,164,525		\$8,931,855	\$2,353,304	\$1,729,804	\$670,459	\$1,089,013	\$14,774,436
2019	\$650,625,000	\$650,625,000		\$1,715,048	\$6,952,579		\$8,667,626	\$2,283,687	\$1,678,632	\$650,625	\$1,056,797	\$14,337,368
2020	\$631,385,000	\$631,385,000		\$1,664,331	\$6,746,980		\$8,411,311	\$2,216,155	\$1,628,992	\$631,385	\$1,025,546	\$13,913,389
2021	\$612,719,000	\$612,719,000		\$1,615,127	\$6,547,515		\$8,162,643	\$2,150,638	\$1,580,833	\$612,719	\$995,227	\$13,502,060
2022	\$594,610,000	\$594,610,000		\$1,567,392	\$6,354,002		\$7,921,394	\$2,087,075	\$1,534,112	\$594,610	\$965,813	\$13,103,004
2023	\$577,050,000	\$577,050,000		\$1,521,104	\$6,166,356		\$7,687,460	\$2,025,440	\$1,488,806	\$577,050	\$937,291	\$12,716,047
2024	\$560,012,000	\$560,012,000		\$1,476,192	\$5,984,288		\$7,460,480	\$1,965,637	\$1,444,848	\$560,012	\$909,616	\$12,340,592
2025	\$543,489,000	\$543,489,000		\$1,432,637	\$5,807,723		\$7,240,360	\$1,907,641	\$1,402,218	\$543,489	\$882,778	\$11,976,487
2026	\$527,456,000	\$527,456,000		\$1,390,374	\$5,636,395		\$7,026,769	\$1,851,365	\$1,360,852	\$527,456	\$856,736	\$11,623,179
2027	\$511,917,000	\$511,917,000		\$1,349,413	\$5,470,345		\$6,819,758	\$1,796,824	\$1,320,761	\$511,917	\$831,497	\$11,280,757
2028	\$496,837,000	\$496,837,000		\$1,309,662	\$5,309,200		\$6,618,863	\$1,743,893	\$1,281,854	\$496,837	\$807,002	\$10,948,449
						Total	\$107,486,812	\$28,319,895	\$20,816,634	\$8,068,369	\$13,105,290	\$177,797,000

Source: CPA, M&G USA and M&G Resins USA

<sup>1</sup>Tax 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 \$712 million to the tax base for debt service purposes at the peak investment level for the 2016-17 school year. The M&G Resins project remains fully taxable for debt services taxes, with Tuloso-Midway ISD currently levying a \$0.2636 per \$100 I&S rate. While the value of the M&G Resins project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's tax base. At the project's peak value, Tuloso-Midway could see as much as a \$0.07 reduction in its I&S tax rate, based on current available data.

**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 significantly increase the District's facility needs, with current trends suggesting modest underlying enrollment growth based on the impact of the M&G Resins project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be 200 positions created for the operations of the M&G Resins facility. Availability of housing will be an important factor in determining the impact on enrollment in Tuloso-Midway ISD. Tuloso-Midway ISD also has some flexibility in managing enrollment due to the admission of transfer students. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Tuloso-Midway 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:



Board Findings of the Tuloso-Midway Independent School District

According to M&G USA and M&G Resins USA's application, "M&G Resins USA, LLC (Delaware) is a 100% owned subsidiary of M&G USA Corporation (Delaware), registered to do business in Texas as Mossi & Ghisolfi USA Corporation, which is 100% owned subsidiary of Mossi & Ghisolfi International S.A (Luxembourg), which is a 100% owned subsidiary of M&G Finanziaria (Italy), an Italian privately held company with headquarters in Milan, Italy. They operate facilities worldwide and are a leading manufacturer of PET for packaging applications and a technological leader in the polyester market. Presently in four countries, M&G has industrial units located in Italy, Mexico, Brazil, and West Virginia, United States. M&G considered locating this proposed facility in Louisiana and Mississippi, and has the ability to locate a new facility in many countries around the world as well as numerous potential locations in the United States. The Chapter 312 Tax Abatements and Chapter 313 Limitation of Appraised Value incentive was crucial in the decision to build this plant in Nueces County."

**Board Finding Number 9.**

**During the past two years, five projects in the Coastal Bend Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.**

**Board Finding Number 10.**

**The Board of Trustees hired consultants to review and verify the information in the Application from M&G Resins. 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 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2011 industrial value



Board Findings of the Tulosos-Midway Independent School District

for Tulosos-Midway ISD is \$1.14 billion. Tulosos-Midway 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. Tulosos-Midway ISD is classified as a "rural" district due to its placement in a strategic investment area. Given that the value of industrial property in Tulosos-Midway 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. 32050101743) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.**

**Board Finding Number 13.**

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

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

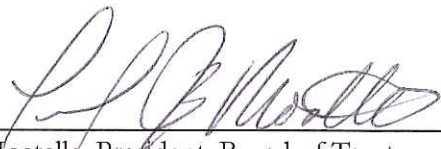
**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

Board Findings of the Tuloso-Midway Independent School District

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 Tuloso-Midway 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 Tuloso-Midway Independent School District.

Dated the 18<sup>th</sup> day of November 2013.

*TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT*

By:   
Paul Mostella, President, Board of Trustees

**ATTEST:**

By:   
Jan Mostella, Secretary, Board of Trustees





Attachment A

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Application

# O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

**LESLIE MCCOLLOM**

CERTIFIED, CIVIL APPELLATE

CERTIFIED, LABOR AND EMPLOYMENT

TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

March 21, 2013

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

RE: Application to the Tuloso-Midway Independent School District from M&G Resins  
USA, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Tuloso-Midway Independent School District is notifying M&G Resins USA, LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the Application to the school district on March 4, 2013. The Board voted to accept the application on March 4, 2013. The application has been determined complete as of March 21, 2013. Please prepare the economic impact report.

There is no existing property for this project. Please note, no construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement. The project is located entirely within an Enterprise Zone.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Nueces County Appraisal District. A hard copy of the application will be hand delivered to your office tomorrow.

Letter to Local Government Assistance & Economic Analysis Division  
March 21, 2013  
Page 2 of 2

Please feel free to contact me with questions.

Sincerely,

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

Kevin O'Hanlon  
School District Consultant



**M&G Resins USA, LLC**

**CHAPTER 313 APPLICATION  
FOR APPRAISED VALUE LIMITATION  
TO TULOSO-MIDWAY ISD**

**MARCH 4, 2013**



# 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

*Suzanne J. Nelson*

Date application received by district

3/4/2013

First Name

Dr. Suzanne J.

Last Name

Nelson

Title

Superintendent

School District Name

Tuloso-Midway ISD

Street Address

9760 La Branch

Mailing Address

9760 La Branch

City

Corpus Christi

State

TX

ZIP

78460-0900

Phone Number

361-903-6400

Fax Number

361-241-1554

Mobile Number (optional)

E-mail Address

snelson@tmisd.esc2.net

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

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



Form 50-296

## Application for Appraised Value Limitation on Qualified Property

## SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

## Authorized School District Consultant (If Applicable)

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

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

Signature (Authorized School District Representative)

*Suzanne J. Nelson*

Date

**3-4-2013**

Has the district determined this application complete? ..... ☒ Yes ☒ No

If yes, date determined complete. **3-21-13**

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

*Will Supplement*

## SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	<input checked="" type="checkbox"/>
2	Certification page signed and dated by authorized school district representative	2 of 16	<input checked="" type="checkbox"/>
3	Date application deemed complete by ISD	2 of 16	<input checked="" type="checkbox"/>
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	<input checked="" type="checkbox"/>
5	Completed company checklist	12 of 16	<input checked="" type="checkbox"/>
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	<i>will supplement</i>



**SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)****Authorized School District Consultant (If Applicable)**

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

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

Signature (Authorized School District Representative)	Date

Has the district determined this application complete? ..... ☐ Yes ☒ No

If yes, date determined complete. \_\_\_\_\_

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

**SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS**

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



## APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

## Authorized Business Representative (Applicant)

First Name

Kevin

Last Name

McCarren

Title

VP of Finance

Organization

M&amp;G Resins USA, LLC

Street Address

450 Gears Road Suite # 240

Mailing Address

450 Gears Road Suite # 240

City

Houston

State

TX

ZIP

77067

Phone Number

281-716-4621

Fax Number

281-716-4640

Mobile Number (optional)

Business e-mail Address

Kevin.R.McCarren@gruppomgus.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



Form 50-296

## Application for Appraised Value Limitation on Qualified Property

## APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

## Authorized Company Consultant (If Applicable)

First Name

Wes

Last Name

Jackson

Title

Partner

Firm Name

Cummings Westlake LLC

Street Address

12837 Louetta Rd, Suite 201

Mailing Address

12837 Louetta Rd, Suite 201

City

Cypress

State

TX

ZIP

77429

Phone Number

713-266-4456 x2

Fax Number

713-266-2333

Business email Address

wjackson@cwlp.net

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.

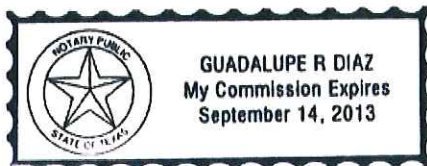
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant))

Date

13 Feb 2013

GIVEN under my hand and seal of office this 13 day of February, 2013



(Notary Seal)

Notary Public, State of TX

My commission expires 9-14-2013

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

M & G USA Corporation DBA Mossi & Ghisolfi USA Corporation, and its affiliate M&G Resins USA, LLC

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

32050101743; 32047138642

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.

N/A

**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 and Limited Liability Corporation

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

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

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

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

**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 ☒ NoWill any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ NoAre you including property that is owned by a person other than the applicant? ☐ Yes ☒ NoWill 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 # 4A

**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 Q4 2013 Begin Hiring New Employees Q2 2015 - Q1 2016

Construction Complete Q4 2015 Fully Operational Q1 2016

Purchase Machinery & Equipment Q1 2014 - Q4 2015

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? Q1 2016



**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source

Amount

Texas Enterprise Zone (will submit application)

\$1,100,000

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.)

Nueces County and Del Mar College have granted tax abatement under Chapter 312 of Texas Tax Code

**THE PROPERTY**Identify county or counties in which the proposed project will be located NuecesCentral Appraisal District (CAD) that will be responsible for appraising the property NuecesWill 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: Nueces (100%)

(Name and percent of project)

City: n/a

(Name and percent of project)

Hospital District: Nueces County (100%)

(Name and percent of project)

Water District: Hospital District (100%)

(Name and percent of project)

Other (describe): Del Mar College (100%)

(Name and percent of project)

Other (describe): Nueces ESD # 1 (100%)

(Name and percent of project)

Is the project located entirely within this ISD? ☒ Yes ☐ No

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



**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](http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html).

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

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

What is your total estimated *qualified* investment? \$751,000,000

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

What is the anticipated date of application approval? August 19, 2013

What is the anticipated date of the beginning of the qualifying time period? August 19, 2013

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$751,000,000

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

Attach the following items to this application:

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

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? .....

☒ Yes ☐ No

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

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

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

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

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

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? ..

☒ Yes ☐ No

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

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

**QUALIFIED PROPERTY**

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

Attach the following items to this application:

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

**Land**

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? .....

☒ Yes ☐ No

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

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 **SEE ATTACHMENT 10**
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. 9,200,000 (land value) 2012  
(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?  
0

**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. Not applicable

Total number of new jobs that will have been created when fully operational 200

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? 160

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 \$802

110% of the county average weekly wage for manufacturing jobs in the county is \$1,434

110% of the county average weekly wage for manufacturing jobs in the region is \$983

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? \$51,138

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? \$52,000

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? undetermined at this time

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 1**

See application

**ATTACHMENT 2**

Copy of check attached

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY BY M&G USA CORPORATION, registered to do business in Texas as MOSSI &  
GHISOLFI USA CORPORATION AND IRA SUBSIDIARY M&G RESINS USA, LLC TO TULOSO-MIDWAY ISD*



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)*

### **ATTACHMENT 3**

#### *Combined Group Membership documentation and contact information*

Prior year's Texas Franchise Tax Return has been filed in the name of M&G Polymers USD LLC for its affiliates, including, but not limited to, M&G USA Corporation, registered to do business in Texas as Mossi & Ghisolfi USA Corporation, as a Combined Group under Texas Tax Code 171.0001(7). M&G Resins USA, LLC will be included on the M&G Polymers USA LLC combined group tax return in future years .

# TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

■ Tcode 13253 ANNUAL

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

2011

M&G POLYMERS USA LLC

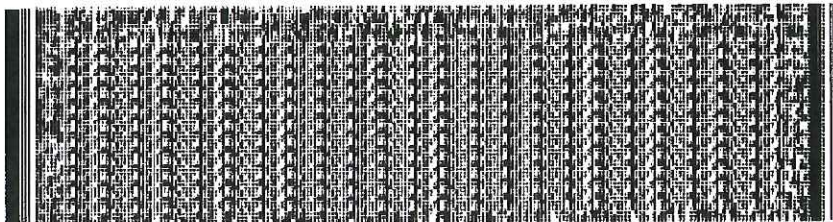
17606075939

Reporting entity must be included on Affiliate Schedule.

1. Legal name of affiliate <b>M&amp;G POLYMERS USA LLC</b>		2. Affiliate taxpayer number (if none, use FEI number) <b>17606075939</b>		3. Affiliate NAICS code <b>326100</b>	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y <b>010110</b>		7. Affiliate reporting end date m m d d y y <b>123110</b>	
8. Gross receipts subject to throwback in other states (before eliminations) <b>0.00</b>		9. Gross receipts everywhere (before eliminations) <b>688838864.00</b>			
10. Gross receipts in Texas (before eliminations) <b>31049813.00</b>		11. Cost of goods sold or compensation (before eliminations) <b>587919235.00</b>			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate <b>M&amp;G USA CORPORATION</b>		2. Affiliate taxpayer number (if none, use FEI number) <b>760643449</b>		3. Affiliate NAICS code <b>326100</b>	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y <b>010110</b>		7. Affiliate reporting end date m m d d y y <b>123110</b>	
8. Gross receipts subject to throwback in other states (before eliminations) <b>0.00</b>		9. Gross receipts everywhere (before eliminations) <b>0.00</b>			
10. Gross receipts in Texas (before eliminations) <b>0.00</b>		11. Cost of goods sold or compensation (before eliminations) <b>0.00</b>			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate <b>M&amp;G FINANCE CORP.</b>		2. Affiliate taxpayer number (if none, use FEI number) <b>743034230</b>		3. Affiliate NAICS code <b>525990</b>	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y <b>010110</b>		7. Affiliate reporting end date m m d d y y <b>123110</b>	
8. Gross receipts subject to throwback in other states (before eliminations) <b>0.00</b>		9. Gross receipts everywhere (before eliminations) <b>0.00</b>			
10. Gross receipts in Texas (before eliminations) <b>0.00</b>		11. Cost of goods sold or compensation (before eliminations) <b>0.00</b>			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			

An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1019



#### **ATTACHMENT 4**

M&G USA Corporation, registered to do business in Texas as Mossi & Ghisolfi USA Corporation and its subsidiary M&G Resins USA, LLC, plan to construct a Polyethylene Terephthalate (PET) plastics plant. The plastic resin will be used by M&G's customers to manufacture packaging for food and personal care products, carpet, and film. M&G will also construct an accompanying plant to produce Purified Terephthalic Acid (PTA), the primary raw material used to produce PET, immediately adjacent to the PET plant.

M&G USA Corporation, registered to do business in Texas as Mossi & Ghisolfi USA Corporation, has acquired a 413 acre tract of land on the north side of the Port of Corpus Christi's Viola Channel portion of the ship channel.

The PTA plant will produce approximately 1.2 million tons per year, and the PET plant will produce about 1 million tons of the material per year.

**Phase 1 - New Equipment to be constructed and installed includes , but is not limited to the following:**

- Buildings (Offices, Shops, Warehouses, and Control Rooms)
- Site Improvements (Roads, Fencing, Rail Lines, Utilities Paving, and Drainage)
- Boilers
- Tanks & Vessels
- Pumps
- Chillers
- Cooling Towers
- Condensers & Compressors
- Filters & Strainers
- Blending & Mixing Equipment
- Conveying Equipment
- Water Treatment Facilities
- Water Desalinisation Unit
- Meters
- Reactors
- Agitators & Mixers
- Blowers, Fans, & Dryers
- Piping
- Scales
- Electrical Equipment
- Valves
- Control Systems and Equipment
- Pollution Control Equipment
- Exchangers
- Drivers & Gears
- Transformers
- Ejectors, Eductors, & Jets
- Emergency generators
- Separators

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY BY M&G USA CORPORATION, registered to do business in Texas as MOSSI &  
GHISOLFI USA CORPORATION AND ITS SUBSIDIARY M&G RESINS USA, LLC TO TULOSO-MIDWAY ISD*

#### ATTACHMENT 4A

M&G Resins USA, LLC (Delaware) is a 100% owned subsidiary of M&G USA Corporation (Delaware), registered to do business in Texas as Mossi & Ghisolfi USA Corporation, which is 100% owned subsidiary of Mossi & Ghisolfi International S.A (Luxembourg), which is a 100% owned subsidiary of M&G Finanziaria (Italy), an Italian privately held company with headquarters in Milan, Italy. They operate facilities worldwide and are a leading manufacturer of PET for packaging applications and a technological leader in the polyester market. Presently in four countries, M&G has industrial units located in Italy, Mexico, Brazil, and West Virginia, United States.

M&G considered locating this proposed facility in Louisiana and Mississippi, and has the ability to locate a new facility in many countries around the world as well as numerous potential locations in the United States. The Chapter 312 Tax Abatements and Chapter 313 Limitation of Appraised Value incentive was crucial in the decision to build this plant in Nueces County.

## ATTACHMENT 5

The project is located in the following taxing jurisdictions:

- Nueces County (100%)
- Tuloso- Midway ISD (100%)
- Del Mar College District (100%)
- Nueces Co Emergency Services District #1 (100%)
- Hospital District (100%)



## ATTACHMENT 6

Mossi & Ghisolfi USA Corporation and its subsidiary M&G Resins USA, LLC, plan to construct a Polyethylene Terephthalate (PET) plastics plant. The plastic resin will be used by M&G's customers to manufacture packaging for food and personal care products, carpet, and film. M&G will also construct an accompanying plant to produce Purified Terephthalic Acid (PTA), the primary raw material used to produce PET, immediately adjacent to the PET plant.

M&G USA Corporation (registered to do business in Texas as Mossi & Ghisolfi USA Corporation) has acquired a 413 acre tract of land on the north side of the Port of Corpus Christi's Viola Channel portion of the ship channel.

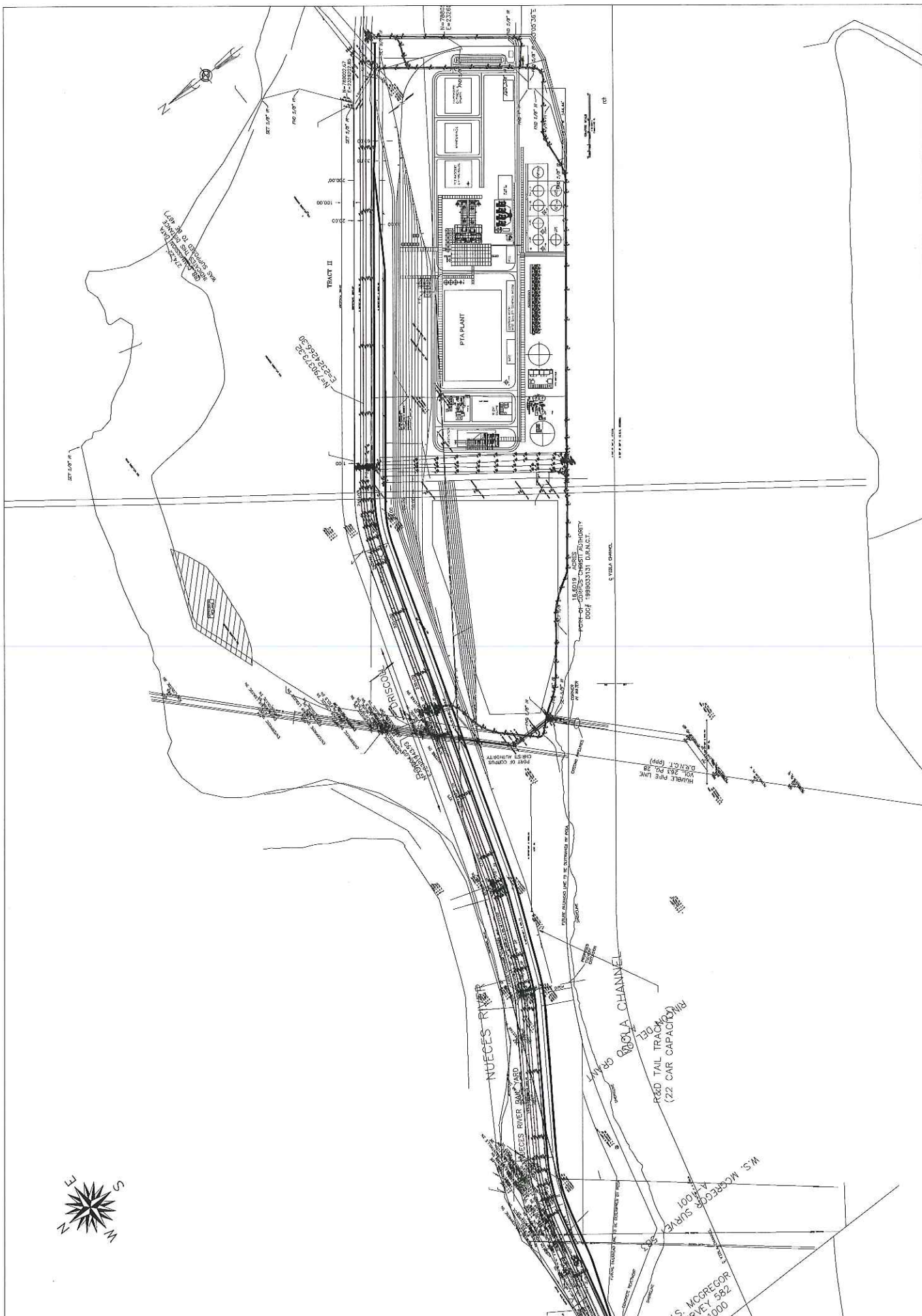
The PTA plant will produce approximately 1.2 million tons per year, and the PET plant will produce about 1 million tons per year.

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- Piping
- Scales
- Electrical Equipment
- Valves
- Control Systems and Equipment
- Pollution Control Equipment
- Exchangers
- Drivers & Gears
- Transformers
- Ejectors, Eductors, & Jets
- Emergency generators
- Separators

**ATTACHMENT 7**

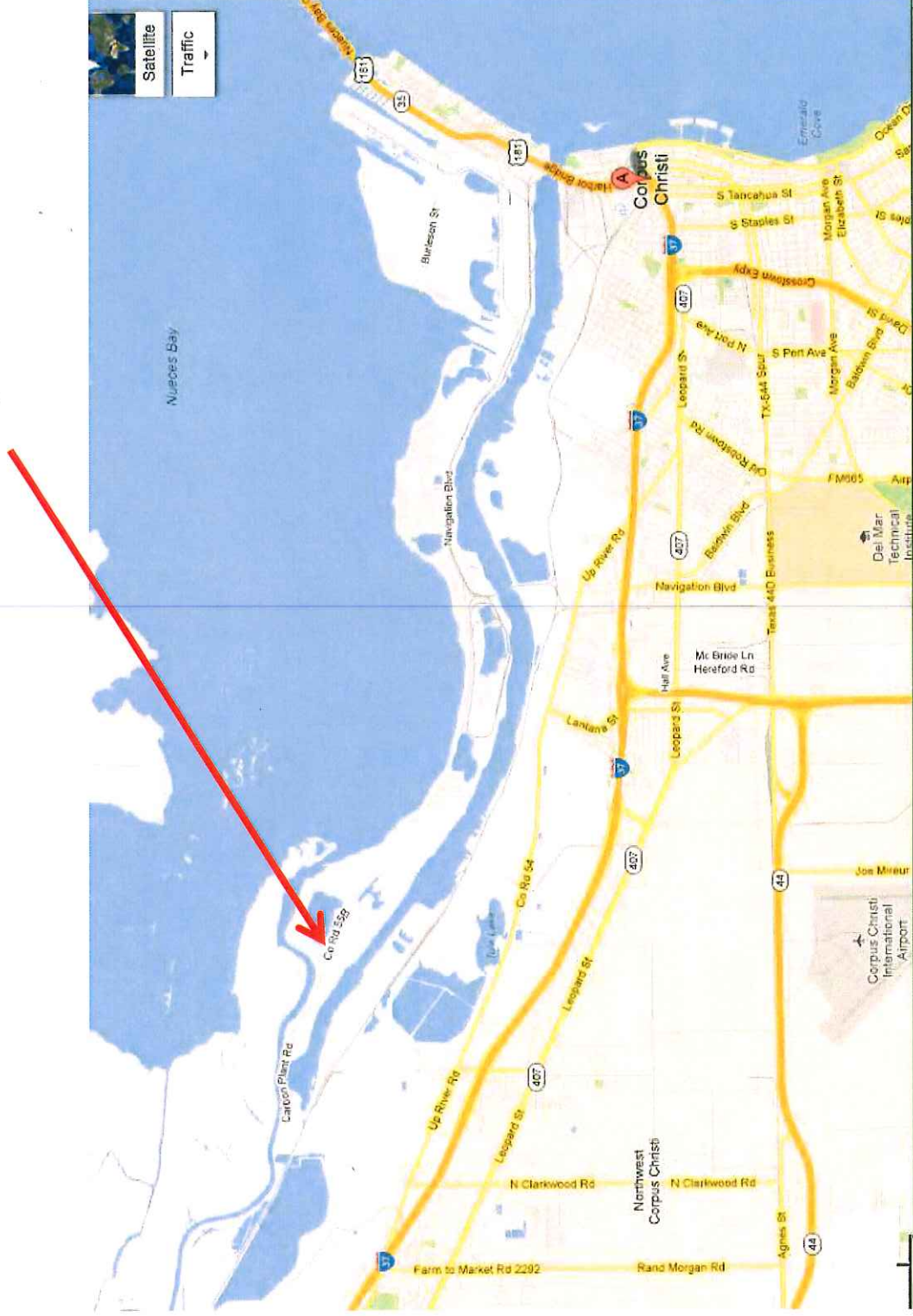
See attached maps



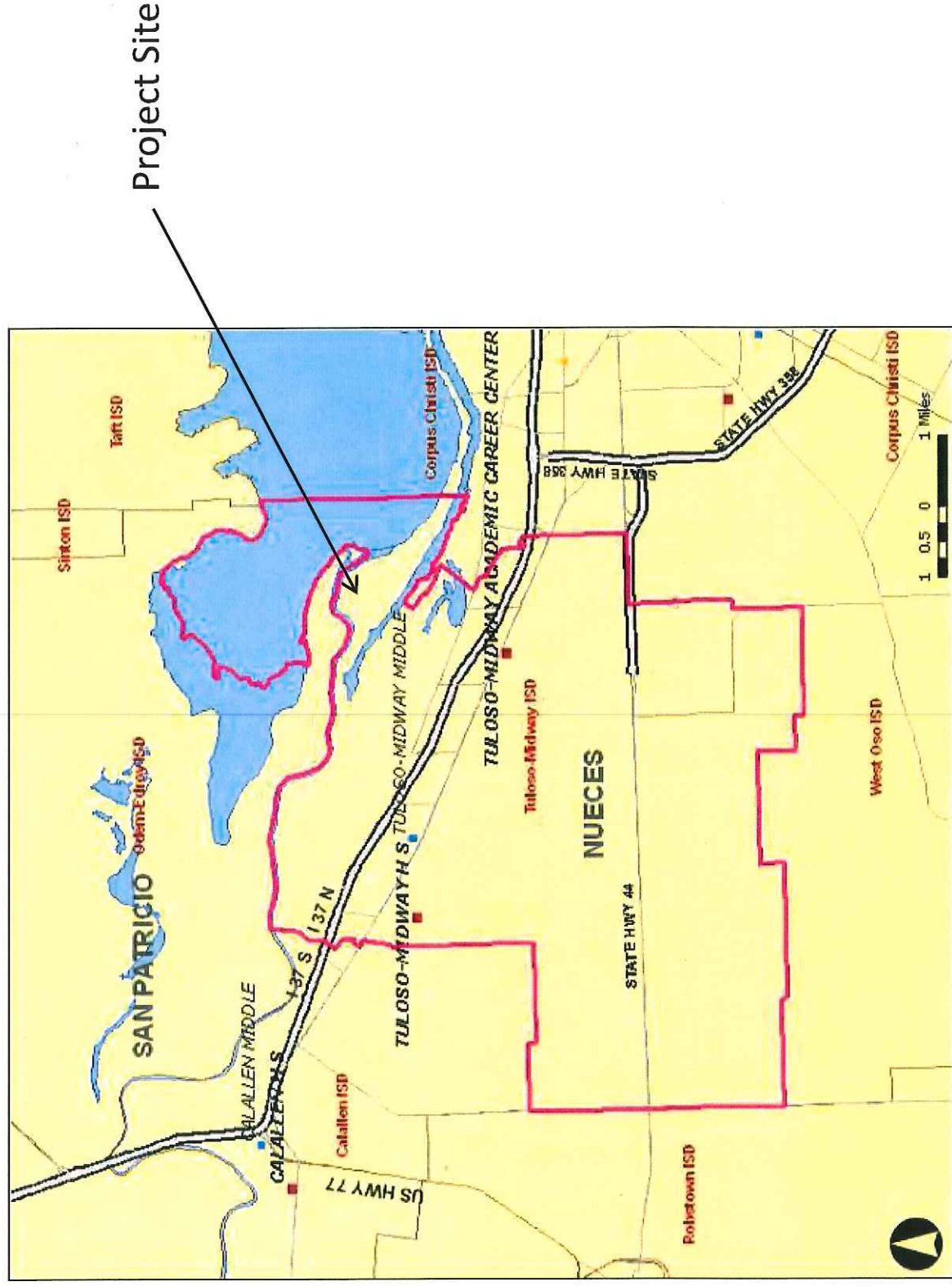


# M&G Resins USA, LLC - Vicinity Map

Project Site



# Tuloso-Midway ISD Map



## ATTACHMENT 8

Mossi & Ghisolfi USA Corporation and its subsidiary M&G Resins USA, LLC, plan to construct a Polyethylene Terephthalate (PET) plastics plant. The plastic resin will be used by M&G's customers to manufacture packaging for food and personal care products, carpet, and film. M&G will also construct an accompanying plant to produce Purified Terephthalic Acid (PTA), the primary raw material used to produce PET, immediately adjacent to the PET plant.

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*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY BY M&G USA CORPORATION, registered to do business in Texas as MOSSI &  
GHISOLFI USA CORPORATION AND ITS SUBSIDIARY M&G RESINS USA, LLC TO TULOSO-MIDWAY ISD*



**ATTACHMENT 9**

See Attachment 7 for maps of qualified property and vicinity

**ATTACHMENT 10**

The legal description of the land is attached.

MURRAY BASS, JR., P.E., R.P.L.S.  
NIXON M. WELSH, P.E., R.P.L.S.  
[www.bass-welsh.com](http://www.bass-welsh.com)  
e-mail: [nixmw@aol.com](mailto:nixmw@aol.com)

3054 S. ALAMEDA, ZIP 78404  
361 882-5521 ~ FAX 361 882-1265  
e-mail: [murrayir@aol.com](mailto:murrayir@aol.com)

## EXHIBIT "A"

**BASS & WELSH ENGINEERING**  
TX Registration No. F-52  
Survey Registration No. 100027-00  
P.O. Box 6397  
Corpus Christi, TX 78466-6397

September 27, 2012

### Field Note Description Tract I

Being a tract situated in Nueces County, Texas, in the Rincon del Oso Grant, Abstract No.1 and being a portion of that 1,783.33 acre tract described in the deed recorded in Volume 146 at Page 228 of the Deed Records of Nueces County, Texas and being more particularly described by metes and bounds as follows:

**BEGINNING** at a 5/8 inch iron rod set in the south boundary of a 30.00 foot wide road right-of-way Tract 1-B as described in the deed to the Port of Corpus Christi Authority under Clerk's File No. 2003000173, Official Records of Nueces County, Texas and the west margin of a 2,694.93 acre tract patented to the Nueces County Navigation District No. 1 by the State of Texas known as Survey 939;

THENCE along the west margin of the said 2,694.93 acre tract often called "The Monumented Shoreline", S 21°08'52" W a distance of 669.61 feet to a 5/8 inch iron rod set for a corner of this tract;

THENCE S 36°53'38" W a distance of 538.84 feet to a 5/8 inch iron rod set for a corner of this tract;

THENCE N 53°06'22" W a distance of 336.71 feet to a 5/8 inch iron rod set for an interior corner of this tract;

THENCE S 36°54'28" W a distance of 299.9 feet, said point lying in the waters of the Tulle Lake Turning Basin and being the most easterly point of a 16.6019 acre tract described in the deed to the Port of Corpus Christi Authority recorded under Clerk's File No. 1999033131, Deed Records of Nueces County, Texas;

THENCE N 53°06'25" W along the north line of said 16.6019 acre tract a distance of 5,026.22 feet to a 5/8 inch iron rod found for the most westerly corner of this tract, said point being the most southerly corner of a 36.15 acre tract described in the deed to the Port of Corpus Christi Authority recorded under Clerk's File No. 2009037666 Official Records, Nueces County, Texas;

THENCE with the southwest boundary of said 36.15 acre tract N 45°36'41" E a distance of 159.09 feet to a 5/8 inch iron rod found for a corner of the 36.15 acre tract;

THENCE continuing along the southeast boundary of the 36.15 acre tract N 0°10'50" E a distance of 196.10 feet to a 5/8 inch iron rod found for a corner of the 36.15 acre tract;

THENCE continuing along the southeast line of the 36.15 acre tract N 44°54'23" E a distance of 490.74 feet to a 5/8 inch iron rod found for a corner of the 36.15 acre tract and a corner of this tract;

THENCE continuing along the southeast boundary of the 36.15 acre tract N 86°40'23" E a distance of 213.34 feet to a 5/8 inch iron rod found for a corner of the 36.15 acre tract and of this tract;

THENCE N 17°12'18" E a distance of 21.74 feet to a 5/8 inch iron rod set for the most northerly corner of this tract, said point lying in the south margin of the heretofore referenced 30.0 foot wide road right-of-way Tract 1-B;

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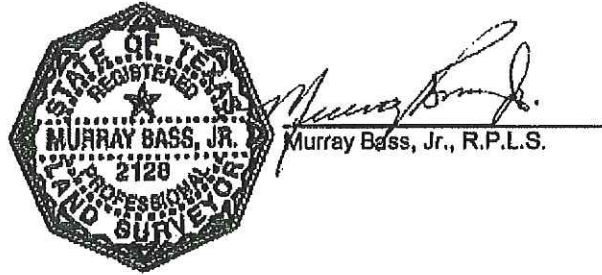
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THENCE along the south boundary of said 30.0 foot wide road right-of-way S 72°48'23" E a distance of 1392.13 feet to a 5/8 inch iron rod set for the point of curvature of a curve to the right;

THENCE along said curve to the right whose radius is 1170.00 feet in a southeasterly direction, a distance of 405.28 feet to a 5/8 inch iron rod set for the point of tangency of said curve;

THENCE continuing along the south boundary of the 30.0 foot wide road right-of-way S 52°57'34" E a distance of 3272.20 feet to the **POINT OF BEGINNING**, forming a tract embracing 169.74 acres of land, more or less,



Note: Basis of Bearing is State of Texas Lambert Grid, South Zone, NAD 1927

MURRAY BASS, JR., P.E., R.P.L.S.  
NIXON M. WELSH, P.E., R.P.L.S.  
[www.bass-welsh.com](http://www.bass-welsh.com)  
e-mail: [nixmw@aol.com](mailto:nixmw@aol.com)

3054 S. ALAMEDA, ZIP 78404  
361 882-5521 ~ FAX 361 882-1265  
e-mail: [murrayjr@aol.com](mailto:murrayjr@aol.com)

## BASS & WELSH ENGINEERING

TX Registration No. F-52  
Survey Registration No. 100027-00  
P.O. Box 6397  
Corpus Christi, TX 78466-6397

October 9, 2012

### Field Note Description Tract II

Being a tract situated in Nueces County, Texas, in the Rincon del Oso Grant, Abstract No.1 and being a portion of that 1,783.33 acre tract described in the deed recorded in Volume 146 at Page 228 of the Deed Records of Nueces County, Texas and being more particularly described by metes and bounds as follows:

**BEGINNING** at a 5/8 inch iron rod set in the north boundary of a 20.00 foot wide road right-of-way tract designated 1-A, and the document recorded under Clerk's File No. 2003000173, Official Records of Nueces County, Texas said point lying in the west boundary of a 2,694.93 acre tract patented to the Nueces County Navigation District No. 1 by the State of Texas known as Survey 939 and being recorded in Volume 192, Page 579 of the Deed Records of Nueces County, Texas for the northeast corner of this tract;

THENCE N 52°57'34" W along the north boundary of the 20.00 foot wide road right-of-way tract, a distance of 3,077.43 feet to a 5/8 inch iron rod set for the point of curvature of a curve to the left;

THENCE continuing along the north line of the 20.00 foot wide road right-of-way tract on said curve to the left in a westerly direction;

THENCE on said curve to the left whose radius is 1370.00 feet in a westerly direction a distance of 474.56 feet to a 5/8 inch iron rod set for the point of tangency of said curve;

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract, N 72°48'23" W a distance of 2818.87 feet to the point of curvature of a curve to the right;

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract on said curve to the right whose radius is 1226.78 feet in a westerly direction, a distance of 100.16 feet to a 5/8 inch iron rod set for the point of tangency of said curve;

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract N 68°08'28" W a distance of 651.13 feet to a 5/8 inch iron rod set for the point of curvature of a curve to the right;

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract on said curve to the right, whose radius is 1230.00 feet in a westerly direction, a distance of 229.26 feet to the point of tangency of said curve;

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract N 57°27'43" W a distance of 1202.37 feet to the point of curvature of a curve to the left;

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract on said curve to the left whose radius is 1504.05 feet in a westerly direction, a distance of 349.06 feet to the point of compound curvature with a curve to the left;

MBJ:sab

08028-Field Note Desc.doc

THENCE continuing along the north boundary of the 20.00 foot wide road right-of-way tract on said curve to the left, whose radius is 1350.00 feet, a distance of 77.92 feet to a 5/8 inch iron rod set for the westmost point in the 20.00 foot wide road right-of-way tract, said point lying at the intersection of the north boundary of the 20.00 foot wide road right-of-way tract and the north boundary of the right-of-way for the Fulton Corridor as described in the deed to the Port of Corpus Christi Authority, recorded under Clerk's File No. \_\_\_\_\_;

THENCE along said north right-of-way line of the Fulton Corridor N 70°41'51" W a distance of 659.95 feet to a 5/8 inch iron rod set for a corner of the Fulton Corridor right-of-way and a corner of this tract;

THENCE continuing along the north boundary of the right-of-way of the Fulton Corridor N 79°41'07" W a distance of 120.06 feet to a 5/8 inch iron rod set for an angle point in the right-of-way and a corner of this tract;

THENCE continuing along the north boundary of the right-of-way of the Fulton Corridor N 82°11'26" W a distance of 29.89 feet to a 5/8 inch iron rod set at the intersection of the north boundary of the Fulton Corridor with the south bank of the Nueces River;

THENCE with the meanders of the south bank of the Nueces River in a generally east direction is as follows:

S 86°55'54" E a distance of 281.82 feet;  
S 89°58'28" E a distance of 296.47 feet;  
S 82°24'28" E a distance of 189.44 feet;  
S 77°02'26" E a distance of 209.87 feet;  
S 68°06'03" E a distance of 204.01 feet;  
S 54°31'04" E a distance of 118.74 feet;  
S 54°12'51" E a distance of 153.27 feet;  
S 51°08'16" E a distance of 193.98 feet;  
S 34°57'24" E a distance of 157.04 feet;  
S 52°58'57" E a distance of 114.52 feet;  
S 48°59'17" E a distance of 360.02 feet;  
S 71°54'55" E a distance of 99.04 feet;  
S 60°20'27" E a distance of 142.70 feet;  
S 49°44'35" E a distance of 47.53 feet;  
S 65°33'32" E a distance of 411.25 feet;  
S 71°02'40" E a distance of 203.43 feet;  
S 80°09'07" E a distance of 107.94 feet;  
S 68°39'16" E a distance of 324.52 feet;  
S 77°44'59" E a distance of 307.24 feet;  
N 79°20'09" E a distance of 272.53 feet;  
N 66°33'45" E a distance of 423.89 feet;  
N 62°17'56" E a distance of 311.15 feet;  
N 30°28'04" E a distance of 117.14 feet;  
N 31°19'47" E a distance of 397.71 feet;  
N 23°56'54" E a distance of 250.66 feet;  
N 36°13'03" E a distance of 177.09 feet;  
N 49°13'28" E a distance of 196.77 feet;  
N 73°15'17" E a distance of 196.23 feet;  
S 88°11'53" E a distance of 126.14 feet;  
S 77°50'16" E a distance of 102.68 feet;  
S 32°18'31" E a distance of 98.82 feet;  
S 76°26'50" E a distance of 88.58 feet;  
S 59°53'15" E a distance of 178.37 feet;  
S 60°44'05" E a distance of 184.03 feet;  
S 60°44'51" E a distance of 114.81 feet;  
S 84°32'54" E a distance of 91.24 feet;  
S 51°06'27" E a distance of 71.24 feet;  
S 71°22'10" E a distance of 144.14 feet;  
N 84°02'21" E a distance of 74.70 feet;  
S 77°18'21" E a distance of 322.82 feet;

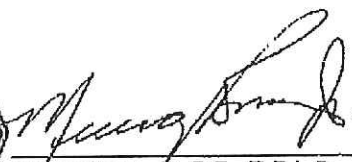
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S 73°07'56" E a distance of 155.23 feet;  
 S 64°37'23" E a distance of 146.56 feet;  
 S 76°27'20" E a distance of 340.69 feet;  
 S 65°02'12" E a distance of 410.24 feet;  
 S 65°17'04" E a distance of 145.02 feet;  
 S 13°03'57" E a distance of 56.98 feet;  
 S 16°26'24" W a distance of 51.99 feet;  
 S 43°01'53" E a distance of 48.88 feet;  
 S 21°48'39" W a distance of 66.65 feet;  
 S 10°57'17" E a distance of 109.80 feet;  
 S 49°51'50" E a distance of 127.98 feet;  
 S 29°49'34" E a distance of 112.59 feet;  
 S 17°20'35" E a distance of 76.53 feet;  
 S 33°18'42" E a distance of 167.85 feet;  
 S 46°08'09" E a distance of 100.82 feet;  
 S 45°18'30" E a distance of 124.17 feet;  
 S 60°02'39" E a distance of 72.77 feet;  
 N 69°04'22" E a distance of 107.33 feet;  
 N 2°42'50" E a distance of 91.21 feet;  
 N 32°09'05" E a distance of 18.12 feet;  
 N 89°46'38" E a distance of 26.88 feet;  
 S 62°50'32" E a distance of 88.84 feet;  
 S 80°59'10" E a distance of 118.29 feet;  
 N 73°29'55" E a distance of 98.06 feet;  
 S 68°31'45" E a distance of 75.39 feet;  
 S 30°51'43" E a distance of 82.74 feet;  
 S 36°12'08" W a distance of 102.65 feet;  
 S 26°29'13" W a distance of 208.85 feet;  
 S 10°37'32" W a distance of 194.94 feet;  
 S 1°04'42" W a distance of 194.45 feet;  
 S 14°48'10" E a distance of 121.78 feet;  
 S 22°35'49" E a distance of 278.59 feet;  
 S 15°37'03" E a distance of 351.08 feet;  
 S 21°32'29" E a distance of 587.86 feet;  
 S 22°44'00" W a distance of 316.08 feet;

THENCE S 52°01'43" W a distance of 444.23 feet to the **POINT OF BEGINNING**, forming a tract embracing 241.79 acres of land, more or less



  
 Murray Bass, Jr., P.E., R.P.L.S.

Note: Basis of Bearing is State of Texas Lambert Grid, South Zone, NAD 1927

MBJ:sab

09028-Field Note Desc-2.doc

**ATTACHMENT 11**

Please see attached maps

BASS & WELSH ENGINEERING  
CONSULTING ENGINEERS AND SURVEYORS  
3000 ALBUQUERQUE STREET, SUITE 200  
HOUSTON, TEXAS 77056-2000  
TELEPHONE (281) 662-2521  
FACSIMILE (281) 662-1183  
SURVEYING REGISTRATION NO. 100027-00  
ENGINEERING REGISTRATION NO. F-52

LAND TITLE SURVEY  
SURVEY OF 409.01 ACRES  
RINCON DEL ORO GRANT & W.S. MCGREGOR SURVEY 683  
NUECES COUNTY, TEXAS

DATE: 9-24-12  
BY: J.W. BASS  
SCALE: AS SHOWN  
SHEET NO. 1  
OF 1 SHEETS

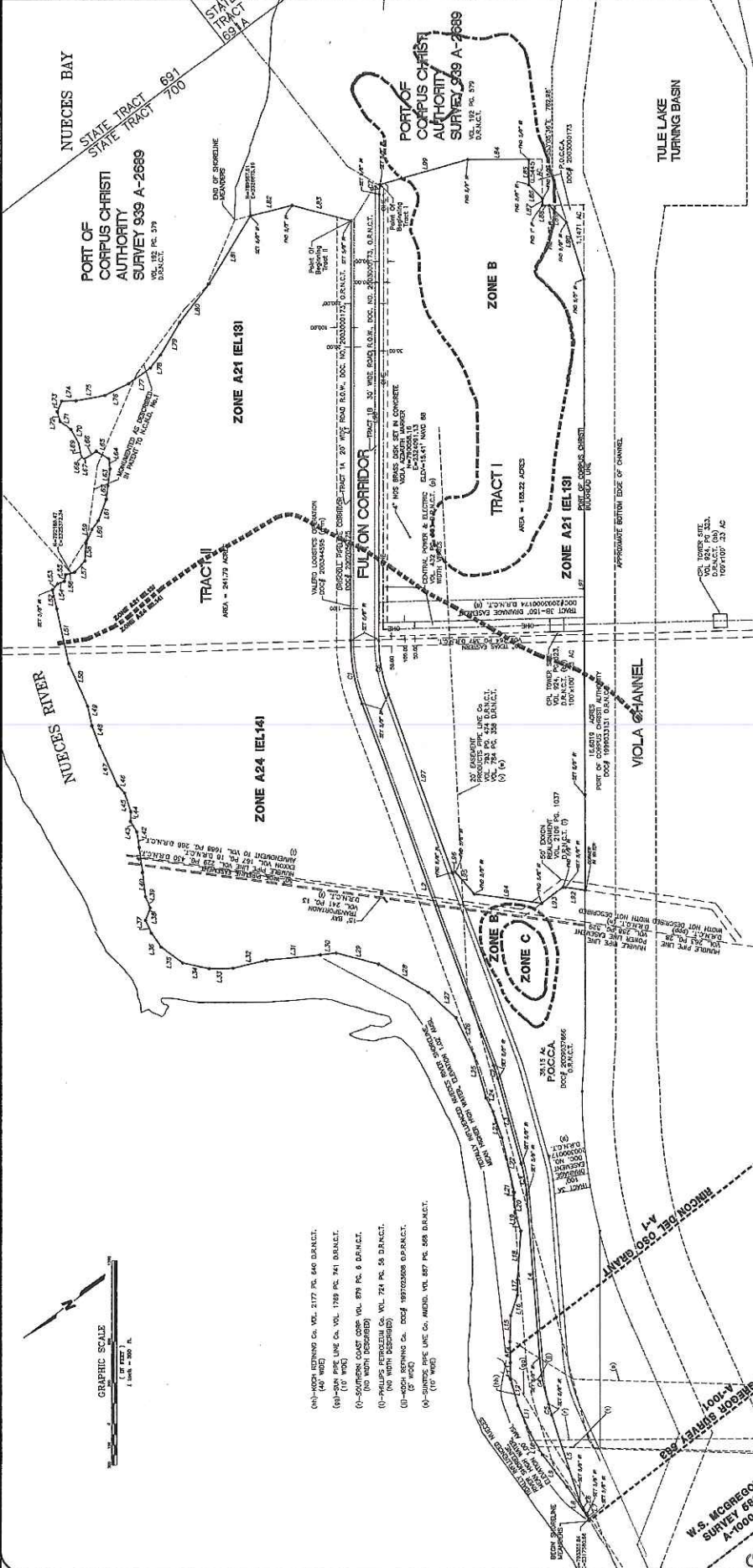


TABLE I: LINE TABLE TRACT I

LINE	BEARING	LENGTH	CURVE	CHORD	ARC	DELT. ANGLE
1	S 89° 15' 00" E	100.00		100.00	0.00	0.00
2	S 89° 15' 00" E	100.00		100.00	0.00	0.00
3	S 89° 15' 00" E	100.00		100.00	0.00	0.00
4	S 89° 15' 00" E	100.00		100.00	0.00	0.00
5	S 89° 15' 00" E	100.00		100.00	0.00	0.00
6	S 89° 15' 00" E	100.00		100.00	0.00	0.00
7	S 89° 15' 00" E	100.00		100.00	0.00	0.00
8	S 89° 15' 00" E	100.00		100.00	0.00	0.00
9	S 89° 15' 00" E	100.00		100.00	0.00	0.00
10	S 89° 15' 00" E	100.00		100.00	0.00	0.00

TABLE II: CURVE TABLE TRACT I

LINE	CHORD	ARC	DELT. ANGLE
1	100.00	100.00	0.00
2	100.00	100.00	0.00
3	100.00	100.00	0.00
4	100.00	100.00	0.00
5	100.00	100.00	0.00
6	100.00	100.00	0.00
7	100.00	100.00	0.00
8	100.00	100.00	0.00
9	100.00	100.00	0.00
10	100.00	100.00	0.00

TABLE I: LINE TABLE TRACT II

LINE	BEARING	LENGTH	CURVE	CHORD	ARC	DELT. ANGLE
1	S 89° 15' 00" E	100.00		100.00	0.00	0.00
2	S 89° 15' 00" E	100.00		100.00	0.00	0.00
3	S 89° 15' 00" E	100.00		100.00	0.00	0.00
4	S 89° 15' 00" E	100.00		100.00	0.00	0.00
5	S 89° 15' 00" E	100.00		100.00	0.00	0.00
6	S 89° 15' 00" E	100.00		100.00	0.00	0.00
7	S 89° 15' 00" E	100.00		100.00	0.00	0.00
8	S 89° 15' 00" E	100.00		100.00	0.00	0.00
9	S 89° 15' 00" E	100.00		100.00	0.00	0.00
10	S 89° 15' 00" E	100.00		100.00	0.00	0.00

TABLE II: CURVE TABLE TRACT II

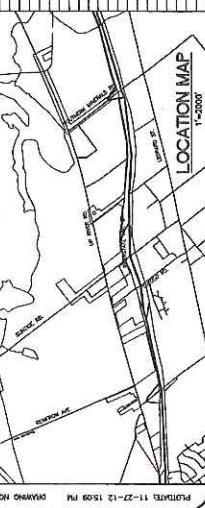
LINE	CHORD	ARC	DELT. ANGLE
1	100.00	100.00	0.00
2	100.00	100.00	0.00
3	100.00	100.00	0.00
4	100.00	100.00	0.00
5	100.00	100.00	0.00
6	100.00	100.00	0.00
7	100.00	100.00	0.00
8	100.00	100.00	0.00
9	100.00	100.00	0.00
10	100.00	100.00	0.00

NOTES:  
1. EXAMINERS HAVE BEEN ADVISED THAT THE LOCATION OF THE PROPERTY IS AS SHOWN ON THE MAP, AND THAT THE PROPERTY IS NOT TO BE USED FOR ANY OTHER PURPOSE THAN THAT FOR WHICH IT WAS ORIGINALLY INTENDED.  
2. THE PROPERTY IS NOT TO BE USED FOR ANY OTHER PURPOSE THAN THAT FOR WHICH IT WAS ORIGINALLY INTENDED.  
3. THE PROPERTY IS NOT TO BE USED FOR ANY OTHER PURPOSE THAN THAT FOR WHICH IT WAS ORIGINALLY INTENDED.  
4. THE PROPERTY IS NOT TO BE USED FOR ANY OTHER PURPOSE THAN THAT FOR WHICH IT WAS ORIGINALLY INTENDED.

BASE OF BEARING  
SOUTH, 1907  
SOUTH, 1907  
SOUTH, 1907  
SOUTH, 1907

LEGEND

SYMBOL	DESCRIPTION
—	RIGHT-OF-WAY LINE
---	PROPERTY LINE
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY
...	ADJACENT PROPERTY





**ATTACHMENT 12**

Not Applicable

There are no existing improvements on the land

**ATTACHMENT 13**

Not Applicable

There is no Request for Job Waiver Requirement

**ATTACHMENT 14**

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

M&G Resins USA, LLC has chosen to use \$52,000 as the wage rate for permanent qualified jobs. This amount exceeds 110% of the current regional wage rate of \$46,489. ( $\$46,489 \times 110\% = \$51,138$ )



**M&G Resins USA, LLC**  
**ATTACHMENT 14 TO CHAPTER 313 APPLICATION**

**NUECES COUNTY**  
**CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FOURTH	2011	\$ 814	\$ 42,328
FIRST	2012	\$ 817	\$ 42,484
SECOND	2012	\$ 794	\$ 41,288
THIRD	2012	\$ 784	\$ 40,768
AVERAGE		\$ 802	\$ 41,717
X		110%	110%
		\$ 882	\$ 45,889

**NUECES COUNTY**  
**CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FOURTH	2011	\$ 1,333	\$ 69,316
FIRST	2012	\$ 1,477	\$ 76,804
SECOND	2012	\$ 1,201	\$ 62,452
THIRD	2012	\$ 1,204	\$ 62,608
AVERAGE		\$ 1,304	\$ 67,795
X		110%	110%
		\$ 1,434	\$ 74,575

**CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
	2011	\$ 894	\$ 46,489
X		110%	110%
		\$ 983	\$ 51,138

\* SEE ATTACHED TWC DOCUMENTATION

## 2011 Manufacturing Wages by Council of Government Region Wages for All Occupations

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$22.89</b>	<b>\$47,610</b>
<a href="#">1. Panhandle Regional Planning Commission</a>	\$19.32	\$40,196
<a href="#">2. South Plains Association of Governments</a>	\$16.45	\$34,210
<a href="#">3. NORTEX Regional Planning Commission</a>	\$18.14	\$37,733
<a href="#">4. North Central Texas Council of Governments</a>	\$24.03	\$49,986
<a href="#">5. Ark-Tex Council of Governments</a>	\$16.52	\$34,366
<a href="#">6. East Texas Council of Governments</a>	\$18.27	\$37,995
<a href="#">7. West Central Texas Council of Governments</a>	\$17.76	\$36,949
<a href="#">8. Rio Grande Council of Governments</a>	\$15.69	\$32,635
<a href="#">9. Permian Basin Regional Planning Commission</a>	\$21.32	\$44,349
<a href="#">10. Concho Valley Council of Governments</a>	\$15.92	\$33,123
<a href="#">11. Heart of Texas Council of Governments</a>	\$18.82	\$39,150
<a href="#">12. Capital Area Council of Governments</a>	\$26.46	\$55,047
<a href="#">13. Brazos Valley Council of Governments</a>	\$15.71	\$33,718
<a href="#">14. Deep East Texas Council of Governments</a>	\$15.48	\$32,207
<a href="#">15. South East Texas Regional Planning Commission</a>	\$28.23	\$58,724
<a href="#">16. Houston-Galveston Area Council</a>	\$25.82	\$53,711
<a href="#">17. Golden Crescent Regional Planning Commission</a>	\$20.38	\$42,391
<a href="#">18. Alamo Area Council of Governments</a>	\$18.00	\$37,439
<a href="#">19. South Texas Development Council</a>	\$13.85	\$28,806
<b>20. Coastal Bend Council of Governments</b>	<b>\$22.35</b>	<b>\$46,489</b>
<a href="#">21. Lower Rio Grande Valley Development Council</a>	\$15.08	\$31,365
<a href="#">22. Texoma Council of Governments</a>	\$20.76	\$43,190
<a href="#">23. Central Texas Council of Governments</a>	\$16.17	\$33,642
<a href="#">24. Middle Rio Grande Development Council</a>	\$13.65	\$28,382

110% x \$46,489 =  
\$51,138

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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	Nueces County	Private	31	2	31-33	Manufacturing	\$1,327
2012	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,477
2011	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,127
2012	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,201
2011	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,185
2012	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,204
2011	4th Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,333



## 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	Nueces County	Private	00	0	10	Total, All Industries	\$730
2012	1st Qtr	Nueces County	Private	00	0	10	Total, All Industries	\$817
2011	2nd Qtr	Nueces County	Private	00	0	10	Total, All Industries	\$732
2012	2nd Qtr	Nueces County	Private	00	0	10	Total, All Industries	\$794
2011	3rd Qtr	Nueces County	Private	00	0	10	Total, All Industries	\$770
2012	3rd Qtr	Nueces County	Private	00	0	10	Total, All Industries	\$784
2011	4th Qtr	Nueces County	Private	00	0	10	Total, All Industries	\$814

## ATTACHMENT 15

M&G Resins USA has no employees or benefit programs in place today, but is committed to providing a package of benefits that is appropriate and competitive for the labor market in Nueces County, Texas. We anticipate M&G Resins USA will sponsor employee benefit plans that would include the following (*consistent with any relevant federal or state regulations, plan sponsor rights, tax code, ERISA, etc.*):

- Medical insurance (*with the company paying 80% of the healthcare premium for "employee only" coverage*)
- Dental care assistance (*provided either through a discount program or separate insurance product*)
- Vision care assistance (*provided either through a discount program or a separate insurance product*)
- Life insurance (*a base benefit with the premium to be paid for by the company with elective options for additional coverage paid by the employee*)
- Qualified 401(k) retirement savings plan
- Paid holidays
- Paid vacation time

There may be additional benefits M&G Resins USA would sponsor, but this will be determined at a later time approximate to the hiring of the workforce and the actual start-up of manufacturing operations in Nueces County.

**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

Form 50-296

Applicant Name  
M&G Resins USA, LLC LLC  
ISD Name  
Tuloso Midway ISD

## PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

	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 of building during this year	Column B: Building or permanent nonremovable component (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)		\$ -	\$ -		\$ -	\$ -
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2013	\$ -	\$ -		\$ -	\$ -
	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)		\$ -	\$ -		\$ -	\$ -
	Complete tax years of qualifying time period	2014	\$ 494,000,000	\$ 47,000,000	\$ 541,000,000	\$ -	\$ 541,000,000
Tax Credit Period (with 50% cap on credit)		2015	\$ 190,000,000	\$ 20,000,000	\$ 210,000,000	\$ -	\$ 210,000,000
		2016	\$ -	\$ -		\$ -	\$ -
		2017				\$ -	\$ -
		2018				\$ -	\$ -
		2019				\$ -	\$ -
		2020				\$ -	\$ -
		2021				\$ -	\$ -
		2022				\$ -	\$ -
		2023				\$ -	\$ -
		2024				\$ -	\$ -
Credit Settle-Up Period	Continue to Maintain Viable Presence	2025				\$ -	\$ -
		2026				\$ -	\$ -
		2027				\$ -	\$ -
Post-Settle-Up Period		2028				\$ -	\$ -
		2029				\$ -	\$ -

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.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

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.

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

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application,

replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter

those amounts for future years.

*Chen To Loren*

13 Feb 2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

**ATTACHMENT 18**

Please see attached Schedule B



**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**  
**M&G Resins USA, LLC LLC**

Applicant Name  
 ISD Name

Tulosa Midway/ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for after all reductions	Final taxable value for M&O--after all reductions
	pre- year 1	2013-2014	2013						
	1	2014-2015	2014	\$ 9,200,000			\$ -	\$ 9,200,000	\$ 9,200,000
	2	2015-2016	2015	\$ 9,200,000	\$ 23,500,000	\$ 247,000,000	\$ -	\$ 279,700,000	\$ 279,700,000
	3	2016-2017	2016	\$ 9,200,000	\$ 65,995,000	\$ 670,320,000	\$ 33,520,000	\$ 711,995,000	\$ 30,000,000
	4	2017-2018	2017	\$ 9,200,000	\$ 64,015,000	\$ 650,210,000	\$ 32,510,000	\$ 690,915,000	\$ 30,000,000
	5	2018-2019	2018	\$ 9,200,000	\$ 62,095,000	\$ 630,704,000	\$ 31,540,000	\$ 670,459,000	\$ 30,000,000
	6	2019-2020	2019	\$ 9,200,000	\$ 60,232,000	\$ 611,783,000	\$ 30,590,000	\$ 650,625,000	\$ 30,000,000
	7	2020-2021	2020	\$ 9,200,000	\$ 58,425,000	\$ 593,430,000	\$ 29,670,000	\$ 631,385,000	\$ 30,000,000
	8	2021-2022	2021	\$ 9,200,000	\$ 56,672,000	\$ 575,627,000	\$ 28,780,000	\$ 612,719,000	\$ 30,000,000
	9	2022-2023	2022	\$ 9,200,000	\$ 54,972,000	\$ 558,358,000	\$ 27,920,000	\$ 594,610,000	\$ 30,000,000
	10	2023-2024	2023	\$ 9,200,000	\$ 53,323,000	\$ 541,607,000	\$ 27,080,000	\$ 577,050,000	\$ 30,000,000
	11	2024-2025	2024	\$ 9,200,000	\$ 51,723,000	\$ 525,359,000	\$ 26,270,000	\$ 560,012,000	\$ 560,012,000
	12	2025-2026	2025	\$ 9,200,000	\$ 50,171,000	\$ 509,598,000	\$ 25,480,000	\$ 543,489,000	\$ 543,489,000
	13	2026-2027	2026	\$ 9,200,000	\$ 48,666,000	\$ 494,310,000	\$ 24,720,000	\$ 527,456,000	\$ 527,456,000
	14	2027-2028	2027	\$ 9,200,000	\$ 47,206,000	\$ 479,481,000	\$ 23,970,000	\$ 511,917,000	\$ 511,917,000
	15	2028-2029	2028	\$ 9,200,000	\$ 45,790,000	\$ 465,097,000	\$ 23,250,000	\$ 496,837,000	\$ 496,837,000
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period								
	Value Limitation Period								
Credit Settle-Up Period	Continue to Maintain Viable Presence								
	Post- Settle-Up Period								
	Post- Settle-Up Period								

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

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

*[Signature]*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

*13 Feb 2013*



**ATTACHMENT 19**

Please see attached Schedule C

**Schedule C- Application: Employment Information**

Applicant Name  
ISD Name

M&G Resins USA, LLC LLC  
Tuloso Midway ISD

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) [FTE]	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	0	0	0	0	0	0
Complete tax years of qualifying time period	1	2014-2015	2014	1200	\$ 40,000	0	\$ -	0	\$ -
	2	2015-2016	2015	500	\$ 41,000	200	\$ 50,000	160	\$ 52,000
	3	2016-2017	2016	4	\$ 42,000	200	\$ 50,000	160	\$ 52,000
	4	2017-2018	2017	0	0	200	\$ 50,000	160	\$ 52,000
	5	2018-2019	2018	0	0	200	\$ 50,000	160	\$ 52,000
Value Limitation Period	6	2019-2020	2019	0	0	200	\$ 50,000	160	\$ 52,000
	7	2020-2021	2020	0	0	200	\$ 50,000	160	\$ 52,000
	8	2021-2022	2021	0	0	200	\$ 50,000	160	\$ 52,000
	9	2022-2023	2022	0	0	200	\$ 50,000	160	\$ 52,000
	10	2023-2024	2023	0	0	200	\$ 50,000	160	\$ 52,000
Continue to Maintain Viable Presence	11	2024-2025	2024	0	0	200	\$ 50,000	160	\$ 52,000
	12	2025-2026	2025	0	0	200	\$ 50,000	160	\$ 52,000
	13	2026-2027	2026	0	0	200	\$ 50,000	160	\$ 52,000
Post- Settle-Up Period	14	2027-2028	2027	0	0	200	\$ 50,000	160	\$ 52,000
Post- Settle-Up Period	15	2028-2029	2028	0	0	200	\$ 50,000	160	\$ 52,000

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

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



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

13 Feb 2013

DATE

**ATTACHMENT 20**

Please see attached Schedule D

**Schedule D: (Rev. May 2013) Other Tax Information**

**Applicant Name**

M&G Resins USA, LLC LLC

**ISD Name**

Tuloso Midway ISD

**Form 50-296**

**Other Property Tax Abateements Sought**

**Sales Tax Information**

**Franchise Tax**

**County**

**City**

**Hospital**

**Del Mar College**

	Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Del Mar College
				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)			2013							
	1	2014-2015	2014	\$ 208,000,000	\$ 333,000,000		N/A	N/A	N/A	N/A
	2	2015-2016	2015	\$ 69,000,000	\$ 111,000,000	0	100%	N/A	N/A	100%
Tax Credit Period (with 50% cap on credit)	3	2016-2017	2016	\$ 50,000	\$ 1,530,000,000	\$ 300,000	100%	N/A	N/A	100%
	4	2017-2018	2017	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	5	2018-2019	2018	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	6	2019-2020	2019	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	7	2020-2021	2020	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	8	2021-2022	2021	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	9	2022-2023	2022	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	10	2023-2024	2023	\$ 50,000	\$ 1,500,000,000	\$ 375,000	70%	N/A	N/A	70%
	11	2024-2025	2024	\$ 50,000	\$ 1,500,000,000	\$ 375,000	N/A	N/A	N/A	N/A
	12	2025-2026	2025	\$ 50,000	\$ 1,500,000,000	\$ 375,000	N/A	N/A	N/A	N/A
Credit Settle-Up Period	13	2026-2027	2026	\$ 50,000	\$ 1,500,000,000	\$ 375,000	N/A	N/A	N/A	N/A
Post-Settle-Up Period	14	2027-2028	2027	\$ 50,000	\$ 1,500,000,000	\$ 375,000	N/A	N/A	N/A	N/A
Post-Settle-Up Period	15	2028-2029	2028	\$ 50,000	\$ 1,500,000,000	\$ 375,000	N/A	N/A	N/A	N/A

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

*13 Feb 2013*

**SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE**

**DATE**



**ATTACHMENT 21**

A map of the enterprise zone is attached.

The resolution, dated October 24, 2012, by the Nueces County Commissioners Court whereby they granted tax abatement on the proposed improvements is attached.

# CITY OF CORPUS CHRISTI, TEXAS Enterprise Zone

M&G Site  
Census Tr 63

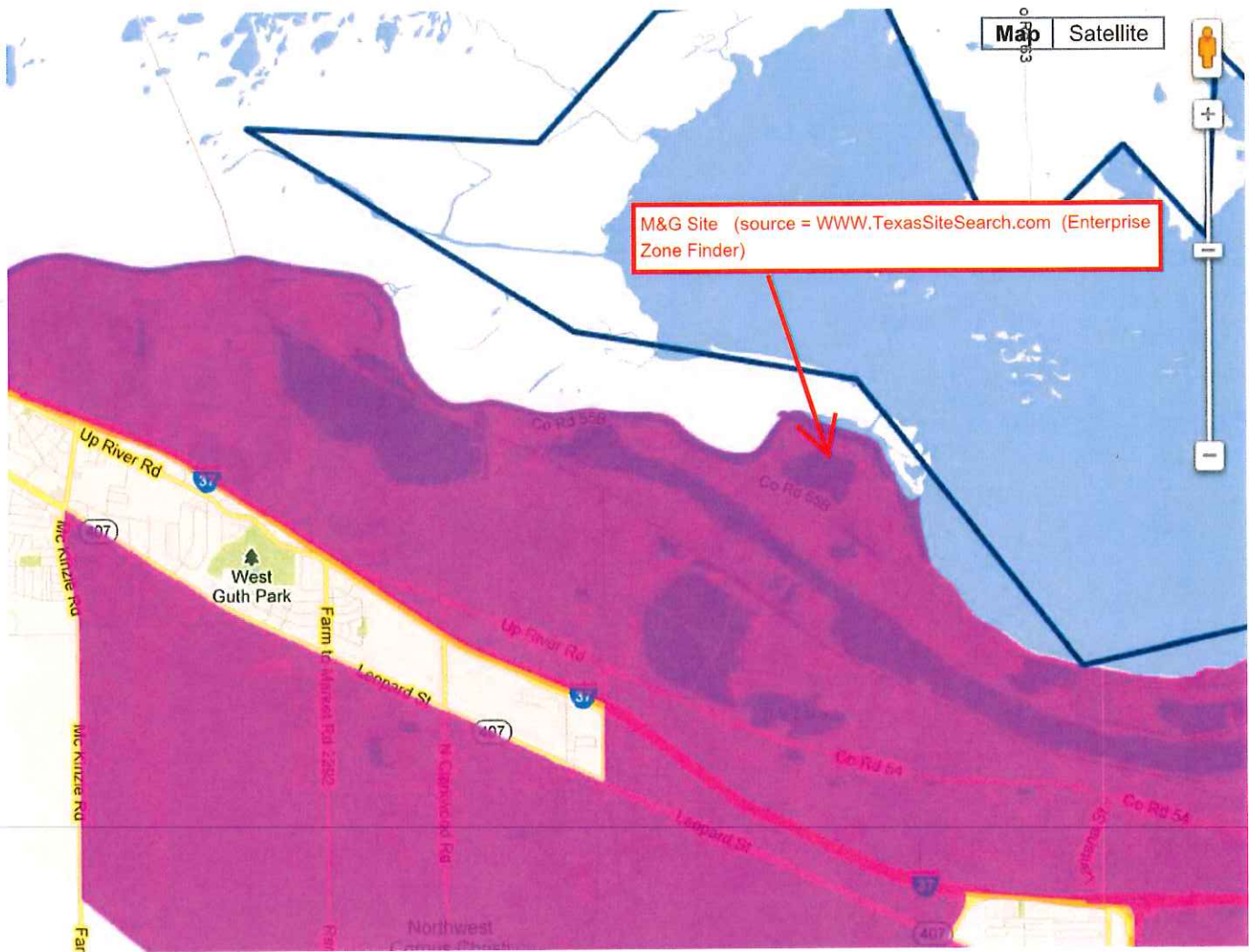
## Legend

- Census Tract
- Enterprise Zone
- City Limit Boundary
- Census Block Group

0 1 2 4 Miles

Source: Department of Development Services

MDN\_03/02/07  
H:\pin-d\shared\gis projects\1  
economic development\enterprise zone.mxd





# County of Nueces

MIKE PUSLEY  
Commissioner  
Precinct 1

JOE A. GONZALEZ  
Commissioner  
Precinct 2



SAMUEL L. NEAL, JR.  
County Judge  
Nueces County Courthouse, Room 303  
901 Leopard Street  
Corpus Christi, Texas 78401-3697

OSCAR ORTIZ  
Commissioner  
Precinct 3

JOE MCCOMB  
Commissioner  
Precinct 4

## RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH M&G RESINS USA, LLC, PROVIDING FOR TEMPORARY PROPERTY TAX ABATEMENT.

**WHEREAS**, the Texas Property Redevelopment and Tax Abatement Act (the "Act"), Texas Tax Code, Chapter 312, as amended, authorizes the County of Nueces (the "County") to enter into tax abatement agreements for projects meeting the guidelines and criteria for granting tax abatement duly adopted by the County; and,

**WHEREAS**, an application for temporary tax abatement has been filed with the County by M&G Resins USA, LLC for construction and equipment for PET plant and PTA plant facilities in Nueces County; and,

**WHEREAS**, the properties to be covered by the proposed tax abatement agreements are located within an enterprise zone established pursuant to Chapter 2303 of the Texas Government Code which qualifies as a reinvestment zone for temporary property tax abatement in accordance with the provisions of the Act; and,

**WHEREAS**, the projects are not located on property that is owned or leased by a person who is a member of the Commissioners Court.

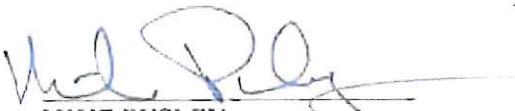
**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS THAT:**

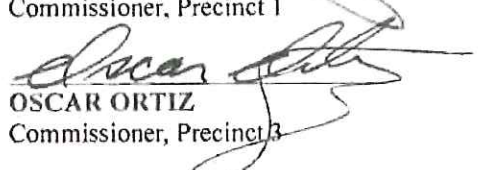
1. The County finds and determines that the terms of the proposed agreement and the property subject to the proposed agreement meets the applicable guidelines and criteria adopted by the County, and the County further determines that the proposed projects are feasible and the proposed temporary abatement of taxes for such projects will inure to the long term benefit of the County.

2. The execution of the Tax Abatement Agreement with M&G Resins USA, LLC attached in substantial form as Exhibit A is hereby authorized and approved.

3. The Tax Abatement Agreement shall be applicable only to Nueces County. The Nueces County Hospital District and Nueces County Farm-to-market Tax are specifically *excluded* from the Tax Abatement Agreement.

**DULY ADOPTED BY VOTE OF THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS, ON THIS THE  
24th DAY OF OCTOBER, 2012.**

  
MIKE PUSLEY  
Commissioner, Precinct 1


  
OSCAR ORTIZ  
Commissioner, Precinct 3

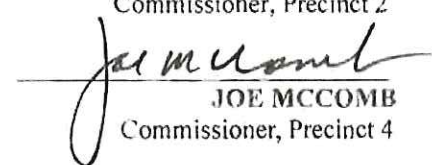
ATTEST:

  
DIANA T. BARRERA, County Clerk

  
SAMUEL L. NEAL, JR.  
Nueces County Judge



  
JOE A. GONZALEZ  
Commissioner, Precinct 2

  
JOE MCCOMB  
Commissioner, Precinct 4



**ATTACHMENT 22**

The resolution, dated October 24, 2012, by the Nueces County Commissioners Court whereby they granted tax abatement on the proposed improvements is attached.

# County of Nueces

MIKE PUSLEY  
Commissioner  
Precinct 1

JOE A. GONZALEZ  
Commissioner  
Precinct 2



SAMUEL L. NEAL, JR.  
County Judge  
Nueces County Courthouse, Room 303  
901 Leopard Street  
Corpus Christi, Texas 78401-3697

OSCAR ORTIZ  
Commissioner  
Precinct 3

JOE MCCOMB  
Commissioner  
Precinct 4

## RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH M&G RESINS USA, LLC, PROVIDING FOR TEMPORARY PROPERTY TAX ABATEMENT.

WHEREAS, the Texas Property Redevelopment and Tax Abatement Act (the "Act"), Texas Tax Code, Chapter 312, as amended, authorizes the County of Nueces (the "County") to enter into tax abatement agreements for projects meeting the guidelines and criteria for granting tax abatement duly adopted by the County; and,

WHEREAS, an application for temporary tax abatement has been filed with the County by M&G Resins USA, LLC for construction and equipment for PET plant and PTA plant facilities in Nueces County; and,

WHEREAS, the properties to be covered by the proposed tax abatement agreements are located within an enterprise zone established pursuant to Chapter 2303 of the Texas Government Code which qualifies as a reinvestment zone for temporary property tax abatement in accordance with the provisions of the Act; and,

WHEREAS, the projects are not located on property that is owned or leased by a person who is a member of the Commissioners Court.


NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS THAT:

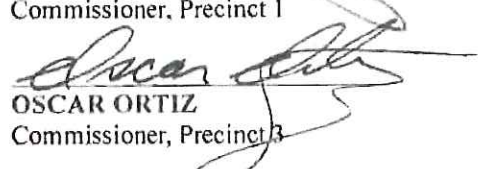
1. The County finds and determines that the terms of the proposed agreement and the property subject to the proposed agreement meets the applicable guidelines and criteria adopted by the County, and the County further determines that the proposed projects are feasible and the proposed temporary abatement of taxes for such projects will inure to the long term benefit of the County.

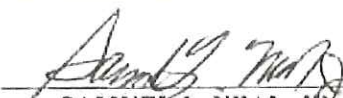
2. The execution of the Tax Abatement Agreement with M&G Resins USA, LLC attached in substantial form as Exhibit A is hereby authorized and approved.


3. The Tax Abatement Agreement shall be applicable only to Nueces County. The Nueces County Hospital District and Nueces County Farm-to-market Tax are specifically *excluded* from the Tax Abatement Agreement.

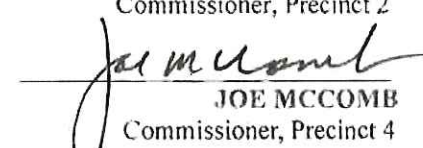
DULY ADOPTED BY VOTE OF THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS, ON THIS THE  
24th DAY OF OCTOBER, 2012.

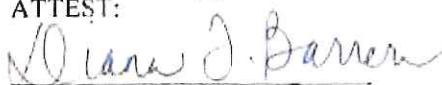
  
MIKE PUSLEY  
Commissioner, Precinct 1

  
OSCAR ORTIZ  
Commissioner, Precinct 3

  
SAMUEL L. NEAL, JR.  
Nueces County Judge

  
JOE A. GONZALEZ  
Commissioner, Precinct 2

  
JOE MCCOMB  
Commissioner, Precinct 4

ATTEST:  
  
DIANA T. BARRERA, County Clerk



**ATTACHMENT 23**

The legal description of the reinvestment zone is not available. The project is located in an enterprise zone.

**ATTACHMENT 24**

The Nueces County Guidelines and Criteria for tax abatement and for creating a reinvestment zone are attached.



## **GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT**

WHEREAS, the attraction of long-term investment and the establishment of new jobs in the area would enhance the economic base of area taxing entities; and

WHEREAS, Nueces County must compete with other counties across the nation currently offering tax inducements to attract new plant and modernization projects, and studies have shown that a favorable local tax climate and start-up tax concessions rank second on the list of priorities for new plant installations or expansions; and

WHEREAS, tax abatement is one of the principal means by which the public sector and the private sector can forge a partnership to promote real economic growth within a community; and

WHEREAS, any tax incentives offered must be strictly limited in application to those new and existing industries that bring new wealth to the community in order to avoid reducing the needed tax revenues of area taxing entities; and

WHEREAS, the Property Redevelopment and Tax Abatement Act (the "Act"), Chapter 312 of the Texas Tax Code authorizes counties, cities and school districts to provide property tax abatement for limited periods of time as an inducement for the development or redevelopment of a property; and

WHEREAS, the Act requires eligible taxing jurisdictions to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting any future tax abatement, said Guidelines and Criteria to be unchanged for a two-year period unless amended by a three-fourths vote; and

WHEREAS, the County would like to re-enact the Guidelines and Criteria last approved in January 2010 with these Guidelines and Criteria with minor changes in order to provide for a common, coordinated effort to promote economic development in Nueces County;

NOW, THEREFORE, BE IT RESOLVED by the County of Nueces that these Guidelines and Criteria for granting tax abatement be adopted:

### **Section 1. Definitions.**

- (a) "Abatement" means the temporary, full or partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designated for economic development purposes pursuant to the Act.
- (b) "Added Value" means the increase in the assessed value of an eligible property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility." It does not mean or include "deferred maintenance."
- (c) "Agreement" means a contractual agreement between a property owner and/or lessee and an Eligible jurisdiction for the purposes of tax abatement.
- (d) "Base Year Value" means the assessed value of eligible property as of the commencement date for the period of abatement specified in the Agreement.

- (e) "Basic Manufacturing or Service Facility" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which derive a majority of revenue from points beyond a 50-mile radius of Nueces County.
- (f) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Economic Life" means the number of years a property improvement is expected to be in service in a Facility.
- (h) "Eligible Jurisdiction" means Nueces County and any municipality or school district, the majority of which is located in Nueces County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing zone designated pursuant to the Act.
- (i) "Expansion" means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.
- (j) "Facility" means property improvements completed or in the process of construction which together compromise an integral whole.
- (k) "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. 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, repairing or completion of deferred maintenance.
- (l) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with an expansion or modernization.
- (m) "Owner" means the owner of a Facility subject to abatement. If the Facility is constructed on a leased property, the owner shall be the party which owns the property subject to tax abatement. The other party to the lease shall join in the execution of Agreement but shall not be obligated to assure performance of the party receiving abatement.
- (n) "Petrochemical Facility" means buildings and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture or processing of petrochemicals or fuels by physical or chemical change.
- (o) "Regional Distribution Center Facility" means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Facility operator where a majority of the goods or services are distributed to points beyond a 50-mile radius of Nueces County.
- (p) "Regional Telecommunications/Data Processing Center Facility" means buildings and structures used or to be used primarily for the provision of telecommunication or data processing services by the Facility operator where a majority of the services are provided to points beyond a 50-mile radius of Nueces County.



- (q) "Regional Visitor/Amusement Facility" means buildings and structures used or to be used primarily as a stadium, arena, amusement park or similar attraction or sports venue.
- (r) "Enterprise Zone Residential Redevelopment Facility" means buildings and structures used or to be used primarily for residential purposes and which are located within an enterprise zone.

**Section 2. Abatement Authorized.**

- (a) Authorized Facilities. A Facility may be eligible for abatement if it is a Basic Manufacturing or Service Facility, Regional Distribution Center Facility, Regional Telecommunications/Data Processing Center Facility, Regional Visitor/Amusement Facility, Enterprise Zone Residential Redevelopment Facility or Petrochemical Facility. Abatement may be granted for new facilities and improvements to existing facilities for the purpose of modernization or expansion.
- (b) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subject to and listed in an abatement Agreement between the Eligible jurisdiction and the property owner and lessee (if required), subject to such limitations as said jurisdiction may require. The economic life of the improvements must exceed the term of the abatement Agreement.
- (c) Eligible Property. Abatement may be extended to the value of the improvements to real property, including buildings, structures, fixed machinery and equipment, and site improvements, plus that office space and related fixed improvements necessary to the operation and administration of the Facility.
- (d) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased except as provided in Section 2(c); improvements for the transmission of electrical energy not wholly consumed by a New Facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the Facility; improvements to real property which have an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas; unless any of the above types of property are specifically authorized by the Eligible jurisdiction.
- (e) Period of Abatement. Abatement shall be granted effective with the January 1 valuation date specified in the Agreement. Abatement shall be allowed for a period of five years following the completion of construction. If the period of construction exceeds five years, the Facility shall be considered completed for purposes of abatement and in no case shall the period of abatement, inclusive of the construction period exceed ten (10) years.
- (f) Completion of Construction. The completion of construction shall be deemed to occur upon the earliest of the following events:
  - (1) when a certificate of occupancy is issued for the project (if it is located within a city),
  - (2) when commercial production of a product or provision of a service is achieved at the Facility,
  - (3) when the architect or engineer supervising construction issues a certificate of substantial completion, or some similar instrument, or

(4) five (5) years after the date of the Agreement.

The above determination shall be made by the Eligible jurisdiction offering the abatement, in its sole and absolute discretion, based upon the above criteria and such other factors as the jurisdiction may deem relevant. The determination of the completion of construction shall be conclusive, and any judicial review of such determination shall be governed by the substantial evidence rule.

- (g) Abatement Percentage. For a Facility which provides not less than 20 (but not more than 99) new permanent jobs, the percentage of tax abated shall be in accordance with the following schedule:

<u>Year</u>	<u>Percentage of Abatement</u>
Construction Period (not to exceed 5 years)	100%
Year 1	50%
Year 2	50%
Year 3	50%
Year 4	50%
Year 5	50%

Provided that, for a Facility which provides not less than 100 (but not more than 199) new permanent jobs, the percentage of tax abatement shall be in accordance with the following schedule:

<u>Year</u>	<u>Percentage of Abatement (for first \$10 million)</u>	<u>Percentage of Abatement (over \$10 million)</u>
Construction Period (not to exceed 5 years)	100%	100%
Year 1	75%	50%
Year 2	75%	50%
Year 3	75%	50%
Year 4	75%	50%
Year 5	75%	50%

Provided that, for a Facility which provides at least 200 new permanent jobs, the percentage of tax abatement shall be in accordance with the following schedule:

<u>Year</u>	<u>Percentage of Abatement (for first \$10 million)</u>	<u>Percentage of Abatement (over \$10 million)</u>
Construction Period (not to exceed 5 years)	100%	100%
Year 1	100%	50%
Year 2	100%	50%
Year 3	100%	50%
Year 4	100%	50%
Year 5	100%	50%



Provided that, for a Basic Manufacturing or Service Facility which provides at least \$150 million in new capital investment, and at least 10 net new full time jobs, the percentage of tax abatement shall be in accordance with the following schedule:

<u>Year</u>	<u>Percentage of Abatement</u>
Construction Period (not to exceed 5 years)	100%
Year 1	50%
Year 2	50%
Year 3	50%
Year 4	50%
Year 5	50%

Provided that, for a Basic Manufacturing or Service Facility which provides at least \$500 million in new capital investment, and at least 20 net new full time jobs, the percentage of tax abatement shall be in accordance with the following schedule:

<u>Year</u>	<u>Percentage of Abatement</u>
Construction Period (not to exceed 5 years)	100%
Year 1	70%
Year 2	70%
Year 3	70%
Year 4	70%
Year 5	70%

Provided that, for a Basic Manufacturing or Service Facility which provides at least \$750 million in new capital investment, and at least 200 net new full time jobs, the percentage of tax abatement shall be in accordance with the following schedule:

<u>Year</u>	<u>Percentage of Abatement</u>
Construction Period (not to exceed 3 years)	100%
Year 1	70%
Year 2	70%
Year 3	70%
Year 4	70%
Year 5	70%
Year 6	70%
Year 7	70%

In the event the Added Value caused by the Project is less than \$2.0 million, no abatement shall be granted unless the Facility is a Rehabilitation Project as described in Section 2 (h).

In order to be counted as a permanent job under these Guidelines, the job must be a full-time position providing regular work schedules of at least 35 hours per week. The percentage of abatement provided each year under the Agreement shall be based upon the employment

information as of January 1 of such year. As a result, the actual amount of abatement may vary from year to year based upon employment levels and property valuations.

For example, Company A has an abatement Agreement entered 5/1/2010 and projects to create 250 permanent jobs. If the actual experience of Company A involves fluctuating job levels, the actual abatement under the Agreement could follow the following pattern:

<u>Year</u>	<u>Employment</u>	<u>Abatement (First \$10mm)</u>	<u>Abatement (Over \$10mm)</u>
1/1/11*	0	100%	100%
1/1/12*	0	100%	100%
1/1/13	150	75%	75%
1/1/14	250	100%	75%
1/1/15	150	75%	50%
1/1/16	50	50%	50%
1/1/17	250	100%	25%

\*Construction Underway

- (h) Rehabilitation Projects. The \$2 million minimum Added Value requirement for abatement shall not apply to rehabilitation projects which involve the adaptive reuse of an existing structure or building for a Facility. In order to qualify as a rehabilitation project under this provision, the project must involve a minimum capital expenditure of \$250,000. Any rehabilitation project must involve the adaptive reuse of an existing structure or building currently on the property tax rolls so that the Base Year Value associated with the project will include both the value of the land and the existing improvements. For such rehabilitation projects, all Eligible Property in excess of the Base Year Value shall be subject to abatement plus the value of personal property such as furniture and movable equipment which would otherwise be considered Ineligible Property for any other type of abatement category. In no event, however, may the total value of personal property subject to abatement exceed \$1 million or the total amount of all property subject to abatement in a rehabilitation project exceed \$5 million.
- (i) Estimated Added Value Requirement. At the time of execution of the tax abatement Agreement, the Owner shall reasonably estimate the Added Value upon completion of construction of any improvements to real property in connection with the Project. This "Estimated Added Value" shall be stated in the Agreement. In the event that upon completion of construction of the improvements, the Added Value, as determined by the Nueces County Appraisal District, shall at any time thereafter during the term of the abatement Agreement be less than eight-five percent (85%) of the Estimated Added Value, not due to circumstances beyond the control of Owner, the Owner agrees to pay an amount equal to the then current tax rate of each Eligible jurisdiction providing abatement applied to the difference between the actual Added Value from eighty-five percent (85%) of the Estimated Added Value, multiplied by 100% minus the net percentage of Abatement provided under the Agreement. For the purposes of this provision, the term "circumstances beyond the control of Owner" shall include casualty losses, national economic factors, shutdowns due to governmental regulations, strikes, acts of war, and the like. The formula for calculating such additional tax is outlined as follows:

$$[\text{Tax Rate}] \times [(85\% \text{ of Est. Added Value} - \text{Actual AV}) \times (100\% - \text{Abatement}\%)] = \text{Additional Tax}$$

- (j) Properties in Industrial Districts. For eligible property to be constructed in an area which is covered by an executed industrial district agreement with the City of Corpus Christi, the method of



calculating payments in lieu of property taxes for such eligible property shall be as set forth in the industrial district agreement. As an alternative to an industrial district agreement, an eligible property may be covered by a tax abatement agreement, but such shall constitute an election by the Owner that the land and improvements shall not be included within any type of industrial district arrangement following the expiration of the tax abatement agreement.

- (k) Economic Qualification. In order to be eligible for tax abatement, the planned improvement:
- (1) must create no later than the January 1 following the completion of construction and maintain throughout the remainder of the term of the Agreement the minimum required number of permanent jobs in Nueces County;
  - (2) must not adversely affect competition in the local market with established local businesses.
- (l) Taxability. From the commencement of the abatement period to the end of the abatement period, taxes shall be payable as follows:
- (1) The value of Ineligible Property as provided in Section 2(e) shall be fully taxable (except for personal property added in connection with a Rehabilitation Project);
  - (2) The Base Year Value of existing Eligible Property as determined each year shall be fully taxable; and
  - (3) The Added Value of new Eligible Property (and certain personal property added in connection with a Rehabilitation Project) shall be taxable in the manner described in Section 2(g) above.
- (m) Environmental and Worker Safety Qualifications. In determining whether to grant a tax abatement, consideration will be given to compliance with all state and federal laws designed to protect human health, welfare and the environment ("environmental laws") that are applicable to all facilities in the State of Texas owned or operated by the owner of the facility or lessee, its parent, subsidiaries and, if a joint venture or partnership, every member of the joint venture or partnership ("applicants"). Consideration may also be given to compliance with environmental and worker safety laws by applicants at other facilities within the United States.

### Section 3. **Application.**

- (a) Written Application. Any present or potential owner of taxable property may request tax abatement by filing a written application with: (i) the City Manager of the City, if such property is within the city limits, or (ii) the County Judge of Nueces County, if such property is in the unincorporated areas of Nueces County.
- (b) Contents of Application. The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of a modernization or expansion project, a statement of the assessed value of the Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the County or other Eligible jurisdiction, as applicable, deems appropriate for evaluating the financial capacity and other relevant factors of the applicant.

- (c) Written Notification to Governing Bodies. Upon receipt of a completed application, the City Manager or County Judge, as the case may be, shall forward a copy of the application to the presiding officer of the governing body of each Eligible jurisdiction having jurisdiction of the property covered by the application.
- (d) Feasibility. After receipt of an application for abatement, the City or the County, as applicable, shall consider the feasibility and the impact of the proposed tax abatement. The study of feasibility shall include, but not be limited to, an estimate of the economic effect of the abatement of taxes and the benefit to the Eligible jurisdiction and the property to be covered by such abatement.
- (e) No Abatement if Construction has Commenced. No tax abatement Agreement shall be approved if the application for the abatement was filed after the commencement of construction, alteration or installation of improvements related to the proposed Modernization, Expansion or New Facility.
- (f) Variance. Requests for variance from the provisions of Section 2 may be made in written form; provided, however, that no variance may extend the term of abatement beyond five years after completion of construction. Such requests shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for variance requires a three-fourths (3/4) vote of the governing body of each Eligible jurisdiction providing abatement.

#### Section 4. **Public Hearing and Approval.**

- (a) Designation of Zone. A resolution designating a zone for tax abatement under the Act may not be adopted by the City or the County until a public hearing has been held at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be provided to each Eligible jurisdiction and to the public in the manner required by the Act.
- (b) Required Findings. In order to enter into a tax abatement Agreement, the County, the City and any school district must find that the terms of the proposed Agreement meet these Guidelines and Criteria.
- (c) Reservation of Rights. Nothing herein shall be construed to limit the authority of the City, the County or any other jurisdiction to examine each application for tax abatement before it on a case-by-case basis and determine in its sole and absolute discretion whether or not the proposed project should be granted temporary tax abatement and whether or not it complies with these Guidelines and Criteria, is feasible, and whether or not the proposed temporary abatement of taxes will inure to the long-term benefit of such Eligible jurisdiction.

#### Section 5. **Agreement.**

- (a) Contents of Tax Abatement Agreement. The tax abatement Agreement with the Owner of the Facility shall include:
  - (1) the estimated value to be subject to abatement and the Base Year Value;
  - (2) the percentage of value to be abated each year as provided in Section 2(g);
  - (3) the commencement date and termination date of abatement;



- (4) a provision that the term of the Agreement shall extend until five (5) years after the expiration of the period of tax abatement;
  - (5) the proposed use of the Facility, nature of construction, time schedule, map, property description and improvements list as provided in the application as required;
  - (6) the contractual obligations in the event of default, delinquent taxes, recapture, administration and assignment as provided in these Guidelines or other provisions that may be required for uniformity or by state law;
  - (7) the amount of Added Value and required number of permanent jobs;
  - (8) a requirement that owner shall certify to the governing body of the Eligible Jurisdiction on or before April 1 each year that the owner is in compliance with each applicable term of the agreement; and
  - (9) a requirement that the owner or lessee will (a) obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of the Facility and for the storage, transport and disposal of solid waste; and (b) seek a permit from the TCEQ for all grandfathered units on the site of the Facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.
- (b) Time of Execution. The tax abatement Agreement shall normally be executed within 60 days after the applicant has provided all necessary information and documentation.
- (c) Attorney's Fees. In the event any attorney's fees are incurred by the Eligible jurisdiction in the preparation of a tax abatement Agreement, said fees shall be paid by the applicant upon execution of the Agreement.

#### Section 6. **Recapture.**

- (a) Failure to Commence Operation During Term of Agreement. In the event that the Facility is not completed and does not begin operation with the minimum required number of permanent jobs by the January 1 following the completion of construction, no abatement shall be given for that tax year, and the full amount of taxes assessed against the property shall be due and payable for that tax year. In the event that the Owner of such a Facility fails to begin operation with the minimum required number of permanent jobs by the next January 1, then the abatement Agreement shall terminate and all abated taxes during the period of construction shall be recaptured and paid within 60 days of such termination.
- (b) Discontinuance of Operations During Term of Agreement. In the event the Facility is completed and begins operation with the required minimum required number of permanent jobs but subsequently discontinues operations and the minimum required number of permanent jobs is not maintained during any four (4) consecutive weeks during the term of the Agreement after the completion of construction, for any reason except on a temporary basis due to fire, explosion or other casualty or accident or natural disaster, the Agreement may be terminated by the Eligible jurisdiction providing abatement, and all taxes previously abated by virtue of the Agreement shall be recaptured and paid within 60 days of such termination.

- (c) Delinquent Taxes. In the event that the Owner allows its ad valorem taxes to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, the Agreement shall terminate and so shall the abatement of the taxes for the tax year of the delinquency. The total taxes assessed without abatement, for that tax year shall be paid within 60 days from the date of termination.
- (d) Notice of Default. Should the Eligible jurisdiction providing abatement determine that the Owner is in default according to the terms and conditions of its Agreement, it shall notify the Owner in writing at the address stated in the Agreement that if such is not cured within 60 days from the date of such notice (the "Cure Period"), then the Agreement may be terminated. In the event the Owner fails to cure said default during the Cure Period, the Agreement may be terminated and the taxes abated by virtue of the Agreement will be recaptured and paid as provided herein.
- (e) Actual Capital Investment. Should the Eligible jurisdiction providing abatement determine that the total level of capital investment in eligible property is lower than provided in the Agreement, the difference between the tax abated and the tax which should have been abated based upon the actual capital investment as determined shall be paid to the taxing agencies within 60 days of notification to the Owner of such determination.
- (f) Reduction in Rollback Tax Rate. If during any year of the period of abatement with respect to any property any portion of the abated value which is added to the current total value of the Eligible jurisdiction but is not treated as "new property value" (as defined in Section 26.012(17) of the Texas Tax Code) for the purpose of establishing the "effective maintenance rate" in calculating the "rollback tax rate" in accord with Section 26.04(c)(2) of the Texas Tax Code and if the Eligible jurisdiction's budget calculations indicate that a tax rate in excess of the "rollback tax rate" is required to fund the operations of the Eligible jurisdiction for the succeeding year, then the Eligible jurisdiction shall recapture from the taxpayer a tax in an amount equal to the lesser of the following:
  - (1) The amount of the taxes abated for that year by the Eligible jurisdiction with respect to such taxpayer.
  - (2) The amount obtained by subtracting the rollback tax rate computed without the abated property value being treated as new property value from the rollback tax rate computed with the abated property value being treated as new property value and multiplying the difference by the total assessed value of the Eligible jurisdiction.

If the Eligible jurisdiction has granted an abatement of taxes to more than one taxpayer, then the amount of the recapture calculated in accord with subparagraph (2) above shall be prorated on the basis of the amount of the abatement with respect to each taxpayer.

All recaptured taxes must be paid within thirty (30) days after notice thereof has been given to the affected taxpayer. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such thirty (30) day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

- (g) Continuation of Tax Lien. The amount of tax abated each year under the terms of these Guidelines and the Agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year throughout the entire term of the Agreement or until all taxes, whether assessed or recaptured, are paid in full.



- (h) Automatic Termination. The Agreement shall automatically terminate on and as of the date any of the following events occur: the filing of a petition in bankruptcy by the Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner. In the event of automatic termination for any of the above reasons, the prior notice of default provisions in subsection (d) above shall not apply.

#### Section 7. Administration.

- (a) Annual Assessment. The Nueces County Appraisal District shall annually determine an assessment of the real and personal property subject to an Agreement. Each year, the Owner shall furnish the Appraisal District with such information as may be necessary for the abatement. Once value has been established, the Appraisal District shall notify the affected jurisdictions which levy taxes of the amount of the assessment and the abatement.
- (b) Access to Facility. The Agreement shall stipulate that employees and/or designated representatives of the Eligible jurisdiction will have access to the Facility during the term of the Agreement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with its safety standards.
- (c) Annual Evaluation. Upon completion of construction, the Eligible jurisdiction individually or in conjunction with other affected jurisdictions, shall annually evaluate each Facility receiving abatement to ensure compliance with the Agreement and report possible violations of the Agreement.
- (d) Annual Reports. The Owner shall certify to the governing body of the Eligible Jurisdiction on or before April 1 each year that the Owner is in compliance with each applicable term of the agreement. Additionally, during the initial four years of the term of property tax abatement, the Owner shall provide to the Eligible Jurisdiction approving the abatement an annual report covering those items listed on Schedule 1 in order to document its efforts to acquire goods and services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the Eligible jurisdiction no later than ninety (90) days following the end of each such calendar year. The annual report shall be accompanied by an audit letter prepared by an independent accounting firm which has reviewed the report.
- (e) "Buy Local" Provision. Each recipient of property tax abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception cases involving purchases over \$10,000.00 a justification for such purchase shall be included in the annual report. Each such recipient shall further acknowledge that it is a legal and moral obligation of persons receiving property tax abatements to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Nueces County or San Patricio County. In the event of a breach of the buy-local provision, the percentage of abatement shall be proportionately reduced equal to the amount the disqualified contract bears to the total construction cost for the project.



- (f) Right to Modify or Cancel. Notwithstanding anything herein or in any agreement to the contrary, the governing body of the Eligible Jurisdiction may cancel or modify the agreement if the Owner fails to comply with the Agreement.
- (g) Transition Rule. For any project which obtained an abatement agreement within the twelve months prior to adoption of these Guidelines, such project may, upon the agreement of the Owner and the Eligible Jurisdiction, obtain an amendment to its tax abatement agreement to incorporate the terms and conditions of these Guidelines.

## **SCHEDULE 1**

### **"Buy Local" Annual Reports**

The following information shall be reported to the Governmental Unit on a calendar-year basis during the first four years of the tax abatement program:

1. Dollar amount spent for materials\* (local).
2. Dollar amount spent for materials\* (total).
3. Dollar amount spent for labor\*\* (local).
4. Dollar amount spent for labor\*\* (total).
5. Number of jobs created in the construction project (local).
6. Number of jobs created in the construction project (total).
7. Number of jobs created on a permanent basis (local).
8. Number of jobs created on a permanent basis (total).

\* "Materials" is defined to include all materials used in excavation, site improvement, demolition, concrete, structural steel, fire proofing, piping, electrical, instruments, paintings and scaffolding, insulation, temporary construction facilities, supplies, equipment rental in construction, small tools and consumables. This term does not include major items of machinery and equipment not readily-available locally.

\*\* "Labor" is defined to include all labor in connection with the excavation, site improvement, demolition, concrete construction, structural steel, fire proofing, equipment placement, piping, electrical, instruments, painting and scaffolding, insulation, construction services, craft benefits, payroll burdens, and related labor expenses. This term does not include engineering services in connection with the project design.

The term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either Nueces County or San Patricio County.





## Attachment B

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### Certificate of Account Status



## Franchise Tax Account Status

As of: 09/13/2013 10:40:35 AM

**This Page is Not Sufficient for Filings with the Secretary of State**

M & G USA CORPORATION DBA MOSSI & GHISOLFI USA CORPORATION	
Texas Taxpayer Number	32050101743
Mailing Address	1401 MCKINNEY ST STE 1700 HOUSTON, TX 77010-4037
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	02/04/2013
Texas SOS File Number	0801728469
Registered Agent Name	ARTHUR B KOTCH
Registered Office Street Address	1401 MCKINNEY STREET, STE. 1700 HOUSTON, TX 77010






## Attachment C

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### State Comptroller's Recommendation

<b>S U S A N</b> <b>C O M B S</b>	<b>TEXAS COMPTROLLER <i>of</i> PUBLIC ACCOUNTS</b> P.O. Box 13528 • AUSTIN, TX 78711-3528
	

June 26, 2013

Dr. Suzanne J. Nelson  
 Superintendent  
 Tulo-so-Midway Independent School District  
 9760 La Branch  
 Corpus Christi, Texas 78460-0900

Dear Superintendent Nelson:

On April 9, 2013, the Comptroller received the completed application (Application # 277) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in March 2013 to the Tulo-so-Midway Independent School District (the school district) by M&G USA Corporation & M&G Resins USA, LLC (the applicant). 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.

The school district 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 (\$751 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Nueces County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in 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 the applicant, the Comptroller's recommendation is that this 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 only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared 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 April 9, 2013, 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 submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district 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 ten (10) days prior to the meeting scheduled by the school 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 must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood





## Attachment D

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### Economic Analysis

**Economic Impact for Chapter 313 Project**

Applicant	M&G USA Corporation & M&G Resins USA, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Tuloso-Midway ISD
2011-12 Enrollment in School District	3,577
County	Nueces
Total Investment in District	\$751,000,000
Qualified Investment	\$751,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	200
Number of qualifying jobs committed to by applicant	160
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,000
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$983
Minimum Annual Wage committed to by applicant for qualified jobs	\$52,000
Investment per Qualifying Job	\$4,693,750
Estimated 15 year M&O levy without any limit or credit:	\$86,218,591
Estimated gross 15 year M&O tax benefit	\$55,027,108
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):	\$47,591,961
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,668,294
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$38,626,630
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	55.2%
Percentage of tax benefit due to the limitation	95.2%
Percentage of tax benefit due to the credit	4.8%



This presents the Comptroller's economic impact evaluation of M&G USA and M&G Resins USA (the project) applying to Tulosso-Midway 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 200 new jobs when fully operational. 160 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 Coastal Bend Council of Governments Region, where Nueces County is located was \$46,489 in 2011. The annual average manufacturing wage for 2011-2012 for Nueces County is \$67,808. That same year, the county annual average wage for all industries was \$41,704. In addition to a salary of \$52,000, each qualifying position will receive benefits such as medical insurance (with the company paying 80% of the healthcare premium for "employee only" coverage), dental care assistance (provided either through a discount program or separate insurance product), vision care assistance (provided either through a discount program or a separate insurance product), life insurance (a base benefit with the premium to be paid for by the company with elective options for additional coverage paid by the employee), qualified 401(k) retirement savings plan, paid holidays, and paid vacation time. The project's total investment is \$751 million, resulting in a relative level of investment per qualifying job of \$4.7 million.

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

According to M&G USA and M&G Resins USA's application, "M&G Resins USA, LLC (Delaware) is a 100% owned subsidiary of M&G USA Corporation (Delaware), registered to do business in Texas as Mossi & Ghisolfi USA Corporation, which is 100% owned subsidiary of Mossi & Ghisolfi International S.A (Luxembourg), which is a 100% owned subsidiary of M&G Finanziaria (Italy), an Italian privately held company with headquarters in Milan, Italy. They operate facilities worldwide and are a leading manufacturer of PET for packaging applications and a technological leader in the polyester market. Presently in four countries, M&G has industrial units located in Italy, Mexico, Brazil, and West Virginia, United States. M&G considered locating this proposed facility in Louisiana and Mississippi, and has the ability to locate a new facility in many countries around the world as well as numerous potential locations in the United States. The Chapter 312 Tax Abatements and Chapter 313 Limitation of Appraised Value incentive was crucial in the decision to build this plant in Nueces County."

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

During the past two years, five projects in the Coastal Bend Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the M&G USA and M&G Resins USA 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 M&G USA and M&G Resins USA'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 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REM). The impact includes the construction period and the operating period of the project.



**Table 1: Estimated Statewide Economic Impact of Investment and Employment in M&G USA and M&G Resins USA**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	1200	1,170	2370	\$48,000,000	\$84,000,000	\$132,000,000
2015	700	1,143	1843	\$30,500,000	\$88,500,000	\$119,000,000
2016	204	677	881	\$10,168,000	\$60,832,000	\$71,000,000
2017	200	677	877	\$10,000,000	\$62,000,000	\$72,000,000
2018	200	665	865	\$10,000,000	\$64,000,000	\$74,000,000
2019	200	665	865	\$10,000,000	\$66,000,000	\$76,000,000
2020	200	667	867	\$10,000,000	\$69,000,000	\$79,000,000
2021	200	681	881	\$10,000,000	\$73,000,000	\$83,000,000
2022	200	691	891	\$10,000,000	\$76,000,000	\$86,000,000
2023	200	710	910	\$10,000,000	\$82,000,000	\$92,000,000
2024	200	685	885	\$10,000,000	\$82,000,000	\$92,000,000
2025	200	695	895	\$10,000,000	\$86,000,000	\$96,000,000
2026	200	702	902	\$10,000,000	\$91,000,000	\$101,000,000
2027	200	720	920	\$10,000,000	\$96,000,000	\$106,000,000
2028	200	738	938	\$10,000,000	\$102,000,000	\$112,000,000

Source: CPA, REMI, M&G USA and M&G Resins USA

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Tulos-Midway ISD's ad valorem tax base in 2011-2012 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Tulos-Midway ISD's estimated wealth per WADA was \$379,012. 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, Nueces County, Delmar College District, Nueces County Emergency Services District #1, and Nueces County Hospital District, with all property tax incentives sought being granted using estimated market value from M&G USA and M&G Resins USA's application. M&G USA and M&G Resins USA has applied for a value limitation under Chapter 313, Tax Code, and tax abatements with the county and the college district. Table 3 illustrates the estimated tax impact of the M&G USA and M&G Resins USA project on the region if all taxes are assessed.



Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Tuloso-Midway ISD I&S Levy	Tuloso-Midway ISD M&O Levy	Tuloso-Midway ISD M&O and I&S Tax Levies (Before Credit Credited)	Tuloso-Midway ISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Emergency Services District #1 Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
				0.2636	1.0686			0.3510	0.2580	0.1000	0.1624	
2014	\$9,200,000	\$9,200,000		\$24,251	\$98,311	\$122,562	\$122,562	\$0	\$0	\$9,200	\$14,943	\$146,706
2015	\$279,700,000	\$279,700,000		\$737,289	\$2,988,874	\$3,726,163	\$3,726,163	\$0	\$0	\$279,700	\$454,311	\$4,460,175
2016	\$711,995,000	\$30,000,000		\$1,876,819	\$320,580	\$2,197,399	\$2,197,399	\$0	\$0	\$711,995	\$1,156,479	\$4,065,873
2017	\$690,915,000	\$30,000,000		\$1,821,252	\$320,580	\$2,141,832	\$1,760,647	\$727,531	\$534,774	\$690,915	\$1,122,239	\$4,836,107
2018	\$670,459,000	\$30,000,000		\$1,767,330	\$320,580	\$2,087,910	\$1,706,725	\$705,991	\$518,941	\$670,459	\$1,089,013	\$4,691,130
2019	\$650,625,000	\$30,000,000		\$1,715,048	\$320,580	\$2,035,628	\$1,654,443	\$685,106	\$503,590	\$650,625	\$1,056,797	\$4,550,561
2020	\$631,385,000	\$30,000,000		\$1,664,331	\$320,580	\$1,984,911	\$1,603,726	\$664,847	\$488,698	\$631,385	\$1,025,546	\$4,414,201
2021	\$612,719,000	\$30,000,000		\$1,615,127	\$320,580	\$1,935,707	\$1,554,522	\$645,191	\$474,250	\$612,719	\$995,227	\$4,281,910
2022	\$594,610,000	\$30,000,000		\$1,567,392	\$320,580	\$1,887,972	\$1,506,787	\$626,123	\$460,233	\$594,610	\$965,813	\$4,153,566
2023	\$577,050,000	\$30,000,000		\$1,521,104	\$320,580	\$1,841,684	\$1,460,499	\$607,632	\$446,642	\$577,050	\$937,291	\$4,029,114
2024	\$560,012,000	\$560,012,000		\$1,476,192	\$598,428	\$7,460,480	\$7,460,480	\$1,965,637	\$1,444,848	\$560,012	\$909,616	\$12,340,592
2025	\$543,489,000	\$543,489,000		\$1,432,637	\$580,723	\$7,240,360	\$7,240,360	\$1,907,641	\$1,402,218	\$543,489	\$882,778	\$11,976,487
2026	\$527,456,000	\$527,456,000		\$1,390,374	\$563,635	\$7,026,769	\$7,026,769	\$1,851,365	\$1,360,852	\$527,456	\$856,736	\$11,623,179
2027	\$511,917,000	\$511,917,000		\$1,349,413	\$547,045	\$6,819,758	\$6,819,758	\$1,796,824	\$1,320,761	\$511,917	\$831,497	\$11,280,757
2028	\$496,837,000	\$496,837,000		\$1,309,662	\$530,920	\$6,618,863	\$6,618,863	\$1,743,893	\$1,281,854	\$496,837	\$807,002	\$10,948,449
						Total	\$52,459,704	\$13,927,780	\$10,237,662	\$8,068,369	\$13,105,290	\$97,798,805

Assumes School Value Limitation and Tax Abatements with the County and College District.

Source: CPA, M&G USA and M&G Resins USA

<sup>1</sup>Tax 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		Tuloso-Midway ISD I&S Levy	Tuloso-Midway ISD M&O Levy	Tuloso-Midway ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Emergency Services District #1 Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes	
			Tax Rate <sup>1</sup>	0.2636	1.0686		0.3510	0.2580	0.1000	0.1624		
2014	\$9,200,000	\$9,200,000		\$24,251	\$98,311	\$122,562	\$32,292	\$23,736	\$9,200	\$14,943	\$202,734	
2015	\$279,700,000	\$279,700,000		\$737,289	\$2,988,874	\$3,726,163	\$981,744	\$721,634	\$279,700	\$454,311	\$6,163,553	
2016	\$711,995,000	\$711,995,000		\$1,876,819	\$7,608,379	\$9,485,197	\$2,499,095	\$1,836,968	\$711,995	\$1,156,479	\$15,689,735	
2017	\$690,915,000	\$690,915,000		\$1,821,252	\$7,383,118	\$9,204,370	\$2,425,105	\$1,782,581	\$690,915	\$1,122,239	\$15,225,210	
2018	\$670,459,000	\$670,459,000		\$1,767,330	\$7,164,525	\$8,931,855	\$2,353,304	\$1,729,804	\$670,459	\$1,089,013	\$14,774,436	
2019	\$650,625,000	\$650,625,000		\$1,715,048	\$6,952,579	\$8,667,626	\$2,283,687	\$1,678,632	\$650,625	\$1,056,797	\$14,337,368	
2020	\$631,385,000	\$631,385,000		\$1,664,331	\$6,746,980	\$8,411,311	\$2,216,155	\$1,628,992	\$631,385	\$1,025,546	\$13,913,389	
2021	\$612,719,000	\$612,719,000		\$1,615,127	\$6,547,515	\$8,162,643	\$2,150,638	\$1,580,833	\$612,719	\$995,227	\$13,502,060	
2022	\$594,610,000	\$594,610,000		\$1,567,392	\$6,354,002	\$7,921,394	\$2,087,075	\$1,534,112	\$594,610	\$965,813	\$13,103,004	
2023	\$577,050,000	\$577,050,000		\$1,521,104	\$6,166,356	\$7,687,460	\$2,025,440	\$1,488,806	\$577,050	\$937,291	\$12,716,047	
2024	\$560,012,000	\$560,012,000		\$1,476,192	\$5,984,288	\$7,460,480	\$1,965,637	\$1,444,848	\$560,012	\$909,616	\$12,340,592	
2025	\$543,489,000	\$543,489,000		\$1,432,637	\$5,807,723	\$7,240,360	\$1,907,641	\$1,402,218	\$543,489	\$882,778	\$11,976,487	
2026	\$527,456,000	\$527,456,000		\$1,390,374	\$5,636,395	\$7,026,769	\$1,851,365	\$1,360,852	\$527,456	\$856,736	\$11,623,179	
2027	\$511,917,000	\$511,917,000		\$1,349,413	\$5,470,345	\$6,819,758	\$1,796,824	\$1,320,761	\$511,917	\$831,497	\$11,280,757	
2028	\$496,837,000	\$496,837,000		\$1,309,662	\$5,309,200	\$6,618,863	\$1,743,893	\$1,281,854	\$496,837	\$807,002	\$10,948,449	
						Total	\$107,486,812	\$28,319,895	\$20,816,634	\$8,068,369	\$13,105,290	\$177,797,000

Source: CPA, M&G USA and M&G Resins USA

<sup>1</sup>Tax 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 \$86,218,591. The estimated gross 15 year M&O tax benefit, or levy loss, is \$55,027,108.

Attachment 3 is an economic overview of Nueces 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](http://www.tea.state.tx.us)

Michael L. Williams  
Commissioner

June 12, 2013

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 M&G Resins USA, LLC project on the number and size of school facilities in Tulosso-Midway Independent School District (TMISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with Ricardo Rodriguez, the business consultant for the district, the TEA has found that the M&G Resins USA, LLC project would not have a significant impact on the number or size of school facilities in TMISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk





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

Michael L. Williams  
Commissioner

June 12, 2013

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 (TEA) has analyzed the revenue gains that would be realized by the proposed M&G Resins USA, LLC project for the Tulosso-Midway Independent School District (TMISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the M&G Resins USA, LLC project on TMISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

## Nueces County

### Population

- Total county population in 2010 for Nueces County: 323,186 , up 0.3 percent from 2009. State population increased 1.8 percent in the same time period.
- Nueces County was the state's 14th largest county in population in 2010 and the 174th fastest growing county from 2009 to 2010.
- Nueces County's population in 2009 was 33.8 percent Anglo (below the state average of 46.7 percent), 3.7 percent African-American (below the state average of 11.3 percent) and 60.0 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Nueces County:

Corpus Christi:	287,439	Robstown:	12,169
Port Aransas:	3,905	Bishop:	3,127
Driscoll:	805	Agua Dulce:	715
Petronilla:	79		

### Economy and Income

#### Employment

- September 2011 total employment in Nueces County: 159,610 , up 2.7 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 Nueces County unemployment rate: 7.8 percent, up from 7.6 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:

Corpus Christi: 7.6 percent, up from 7.3 percent in September 2010.

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

#### Income

- Nueces County's ranking in per capita personal income in 2009: 58th with an average per capita income of \$37,162, down 2.4 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 Nueces County averaged \$80.34 million annually from 2007 to 2010. County total agricultural values in 2010 were up 755.7 percent from 2009. Major agriculture related commodities in Nueces County during 2010 included:
  - Cotton                      • Sesame                      • Nursery                      • Other Beef                      • Sorghum
- 2011 oil and gas production in Nueces County: 320,277.0 barrels of oil and 19.1 million Mcf of gas. In September 2011, there were 189 producing oil wells and 718 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 Nueces County during the fourth quarter 2010: \$1.04 billion, up 15.0 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Corpus Christi:	\$938.09 million, up 10.8 percent from the same quarter in 2009.
Robstown:	\$57.65 million, up 113.2 percent from the same quarter in 2009.
Port Aransas:	\$11.99 million, up 11.1 percent from the same quarter in 2009.
Bishop:	\$1.44 million, down 2.2 percent from the same quarter in 2009.
Driscoll:	\$420,248.00, up 11.6 percent from the same quarter in 2009.
Agua Dulce:	\$296,518.00, down 2.7 percent from the same quarter in 2009.
Petronilla:	\$72,807.00, up 184.8 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 Nueces County through the fourth quarter of 2010: \$3.83 billion, up 9.8 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Corpus Christi:	\$3.46 billion, up 7.2 percent from the same period in 2009.
Robstown:	\$200.33 million, up 69.6 percent from the same period in 2009.
Port Aransas:	\$70.69 million, down 1.1 percent from the same period in 2009.
Bishop:	\$5.79 million, up 1.1 percent from the same period in 2009.



Driscoll:	\$1.56 million, down 0.2 percent from the same period in 2009.
Agua Dulce:	\$1.13 million, up 5.6 percent from the same period in 2009.
Petronilla:	\$211,186.00, up 54.0 percent from the same period in 2009.

**Annual (2010)**

- Taxable sales in Nueces County during 2010: \$3.83 billion, up 9.8 percent from 2009.
- Nueces County sent an estimated \$239.49 million (or 1.40 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Corpus Christi:	\$3.46 billion, up 7.2 percent from 2009.
Robstown:	\$200.33 million, up 69.6 percent from 2009.
Port Aransas:	\$70.69 million, down 1.1 percent from 2009.
Bishop:	\$5.79 million, up 1.1 percent from 2009.
Driscoll:	\$1.56 million, down 0.2 percent from 2009.
Agua Dulce:	\$1.13 million, up 5.6 percent from 2009.
Petronilla:	\$211,186.00, up 54.0 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 Nueces County based on the sales activity month of August 2011: \$6.22 million, up 24.4 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Corpus Christi:	\$5.77 million, up 25.5 percent from August 2010.
Robstown:	\$274,860.33, up 8.9 percent from August 2010.
Port Aransas:	\$159,780.24, up 19.7 percent from August 2010.
Bishop:	\$15,632.42, up 3.1 percent from August 2010.
Driscoll:	\$4,054.43, up 3.6 percent from August 2010.
Agua Dulce:	\$2,541.27, up 18.0 percent from August 2010.
Petronilla:	\$128.85, down 80.3 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 Nueces County based on sales activity months from September 2010 through August 2011: \$67.37 million, up 13.5 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Corpus Christi:	\$62.23 million, up 12.6 percent from fiscal 2010.
Robstown:	\$3.41 million, up 32.1 percent from fiscal 2010.
Port Aransas:	\$1.47 million, up 16.5 percent from fiscal 2010.
Bishop:	\$181,403.13, up 3.8 percent from fiscal 2010.
Driscoll:	\$46,574.81, up 20.7 percent from fiscal 2010.
Agua Dulce:	\$27,564.94, up 12.4 percent from fiscal 2010.
Petronilla:	\$4,487.91, down 7.8 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 Nueces County based on sales activity months through August 2011: \$44.88 million, up 13.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Corpus Christi:	\$41.38 million, up 13.8 percent from the same period in 2010.
Robstown:	\$2.20 million, up 13.5 percent from the same period in 2010.
Port Aransas:	\$1.12 million, up 20.4 percent from the same period in 2010.
Bishop:	\$118,773.55, up 1.0 percent from the same period in 2010.
Driscoll:	\$32,410.79, up 24.2 percent from the same period in 2010.
Agua Dulce:	\$17,822.83, up 4.8 percent from the same period in 2010.
Petronilla:	\$2,064.77, down 39.5 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 Nueces County based on sales activity in the 12 months ending in August 2011: \$67.37 million, up 13.5 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Corpus Christi:	\$62.23 million, up 12.6 percent from the previous 12-month period.
Robstown:	\$3.41 million, up 32.1 percent from the previous 12-month period.
Port Aransas:	\$1.47 million, up 16.5 percent from the previous 12-month period.
Bishop:	\$181,403.13, up 3.8 percent from the previous 12-month period.
Driscoll:	\$46,574.81, up 20.7 percent from the previous 12-month period.
Agua Dulce:	\$27,564.94, up 12.4 percent from the previous 12-month period.
Petronilla:	\$4,487.91, down 7.8 percent from the previous 12-month period.

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

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

Corpus Christi:	\$52.50 million, up 13.5 percent from the same period in 2010.
Robstown:	\$2.82 million, up 23.8 percent from the same period in 2010.
Port Aransas:	\$1.27 million, up 17.3 percent from the same period in 2010.
Bishop:	\$151,640.26, up 5.2 percent from the same period in 2010.
Driscoll:	\$39,572.43, up 21.4 percent from the same period in 2010.
Agua Dulce:	\$22,637.66, up 9.1 percent from the same period in 2010.
Petronilla:	\$3,017.84, down 24.5 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 Nueces County based on sales activity months in 2010: \$61.89 million, up 4.6 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Corpus Christi:	\$57.20 million, up 2.9 percent from 2009.
Robstown:	\$3.15 million, up 60.8 percent from 2009.
Port Aransas:	\$1.28 million, down 3.6 percent from 2009.
Bishop:	\$180,187.04, up 2.9 percent from 2009.
Driscoll:	\$40,265.82, up 1.3 percent from 2009.
Agua Dulce:	\$26,741.96, up 10.2 percent from 2009.
Petronilla:	\$5,834.13, up 11.9 percent from 2009.

**Property Tax**

- As of January 2009, property values in Nueces County: \$23.73 billion, up 3.6 percent from January 2008 values. The property tax base per person in Nueces County is \$73,450, below the statewide average of \$85,809. About 2.3 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Nueces County's ranking in state expenditures by county in fiscal year 2010: 11th. State expenditures in the county for FY2010: \$1.67 billion, up 0.2 percent from FY2009.
- In Nueces County, 36 state agencies provide a total of 5,862 jobs and \$44.13 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

• Texas A & M University	• Department of Aging and Disability Services (Corpus Christi State School)
• Department of Family and Protective Services	• Department of Transportation

**Higher Education**

- Community colleges in Nueces County fall 2010 enrollment:
  - Del Mar College, a Public Community College, had 12,236 students.

- Nueces County is in the service area of the following:

- Del Mar College with a fall 2010 enrollment of 12,236. Counties in the service area include:

- Aransas County
- Kenedy County
- Kleberg County
- Nueces County
- San Patricio County

- Institutions of higher education in Nueces County fall 2010 enrollment:

- Texas A&M University-Corpus Christi, a Public University (part of Texas A&M University System), had 10,033 students.

### **School Districts**

- Nueces County had 12 school districts with 108 schools and 59,713 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.)

- Agua Dulce ISD had 341 students in the 2009-10 school year. The average teacher salary was \$41,075. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.
- Banquete ISD had 831 students in the 2009-10 school year. The average teacher salary was \$45,570. The percentage of students meeting the 2010 TAKS passing standard for all tests was 77 percent.
- Bishop CISD had 1,224 students in the 2009-10 school year. The average teacher salary was \$44,028. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Calallen ISD had 3,797 students in the 2009-10 school year. The average teacher salary was \$47,321. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
- Corpus Christi ISD had 38,041 students in the 2009-10 school year. The average teacher salary was \$50,380. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.
- Driscoll ISD had 263 students in the 2009-10 school year. The average teacher salary was \$41,729. The percentage of students meeting the 2010 TAKS passing standard for all tests was 89 percent.
- Flour Bluff ISD had 5,440 students in the 2009-10 school year. The average teacher salary was \$46,636. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- London ISD had 352 students in the 2009-10 school year. The average teacher salary was \$46,308. The percentage of students meeting the 2010 TAKS passing standard for all tests was 93 percent.
- Port Aransas ISD had 548 students in the 2009-10 school year. The average teacher salary was \$47,343. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.
- Robstown ISD had 3,385 students in the 2009-10 school year. The average teacher salary was \$43,354. The percentage of students meeting the 2010 TAKS passing standard for all tests was 55 percent.
- Tulooso-Midway ISD had 3,408 students in the 2009-10 school year. The average teacher salary was \$45,404. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- West Oso ISD had 2,083 students in the 2009-10 school year. The average teacher salary was \$45,631. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.

## Attachment E

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### Summary of Financial Impact



**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED M&G  
RESINS USA, LLC PROJECT ON THE FINANCES OF THE TULOSO-  
MIDWAY INDEPENDENT SCHOOL DISTRICT UNDER A  
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

**April 1, 2013**

**Final Report**

**PREPARED BY**



## **Estimated Impact of the Proposed M&G Resins USA, LLC Project on the Finances of the Tulo-so-Midway Independent School District under a Requested Chapter 313 Property Value Limitation**

### **Introduction**

M&G Resins USA, LLC (M&G Resins) has requested that the Tulo-so-Midway Independent School District (TMISD) 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 TMISD on February 13, 2013, M&G Resins proposes to invest \$751 million to construct a new polyethylene terephthalate plastics project in TMISD.

The M&G Resins 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, TMISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning with the 2016-17 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 TMISD currently levying a \$0.2636 per \$100 I&S tax rate. The full value of the investment is expected to reach \$712 million in the 2016-17 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. Based on the assumptions presented below, the I&S tax rate could be reduced by as much as \$0.073 per \$100 in the 2016-17 school year, relative to the I&S tax rate that would be in place without the M&G Resins project on the tax roll.

In the case of the M&G Resins 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. TMISD would experience revenue losses as a result of the implementation of the value limitation in the 2016-17 school year that are expected to total \$7.4 million over the eight value -limitation years. The District is compensated by the Company for any revenue losses under the value limitation agreement.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement to M&G Resins could reach an estimated \$42.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District, as well as an estimated \$5.3 million in supplemental payments to TMISD.



## **School Finance Mechanics**

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

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

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 815 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 209 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. As a result of these changes, the number of ASATR districts fell to 421, with an estimated 603 formula districts in operation.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

Based on the analysis presented below, it appears that TMISD became a formula district beginning with the 2011-12 school year. The District is not expected to qualify for ASATR



funding in the 2012-13 school year or thereafter. Based on the analysis presented below, it appears that TMISD could re-qualify for ASATR funding when the value limitation takes effect in the 2016-17 school year, under what is now current law. ASATR funding is now under significant legislative scrutiny, so its status in the 2016-17 school year is yet to be determined. This issue is discussed in more detail below.

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 M&G Resins 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 show moderate enrollment and property value growth in order to establish a base model that can be used 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 and thereafter, until the 2017-18 school year. There is a statement of legislative intent 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 M&G Resins project are added into the base model used here. The impact of the limitation value for the proposed M&G Resins project is isolated separately and the focus of this analysis.

Student enrollment counts are increased by one percent annually in average daily attendance (ADA) in analyzing the effects of the M&G Resins project on the finances of TMISD. The District's local tax base reached \$1.83 billion for the 2012 tax year. For purposes of these estimates, it is assumed that the TMISD local tax base will increase by five percent for the 2013 tax year, with three percent annual value increases expected for the remainder of the forecast period. An M&O tax rate of \$1.0686 per \$100 is used throughout this analysis. TMISD has estimated state property wealth per weighted ADA or WADA of approximately \$410,309 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for TMISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed M&G Resins 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 M&G Resins value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 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.

Under these assumptions, TMISD would experience revenue losses as a result of the implementation of the value limitation that are expected to total \$7.4 million over the course of the agreement, with \$6.7 million expected in the initial 2016-17 value limitation year. As noted previously, M&G Resins would compensate TMISD for any formula losses as a result of the implementation of the value limitation agreement.

No attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. 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 2016-17 school year. The formula loss of \$6.7 million cited above between the base and the limitation models for the 2016-17 school year is based on an assumption of \$7.3 million in M&O tax savings for M&G Resins when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of \$0.6 million is expected to offset the remaining reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses no financial risk to TMISD 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 for M&G Resins 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. Two value determinations are now made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

### **Impact on Recapture**

The impact the M&G Resins project and the requested value limitation would have on TMISD in terms of recapture costs is a topic of concern with the District. Under current law, recapture occurs for the first \$1.00 of M&O tax effort—the compressed tax rate—for districts with state property wealth in excess of \$476,500 per WADA. For the next six cents of tax effort, a district is either equalized to the Austin yield—equivalent to the guarantee of a tax base of \$599,700 per WADA—or not subject to recapture for districts with wealth above this level.



For the last 11 cents of M&O tax effort—from \$1.07 to \$1.17—equalized funding is provided for districts with property wealth below \$319,500 per WADA and recapture commences at that level for districts with property wealth in excess of \$319,500 per WADA. This is critical for TMISD, since voters previously approved a \$1.17 M&O tax rate for the District. Truth-in-taxation rollback calculations have kept the rate below this level in response to increases in the District's tax base.

Tables 1-4 provide information on the impact of the M&G Resins project. In Table 1, the last two columns show the state property wealth per WADA assuming the full value of the project and assuming the value limitation is in place. In the absence of a value limitation agreement, TMISD would exceed the \$476,500 per WADA level for recapture on the first \$1.00 of tax effort beginning with the 2017-18 school year. In the case of the District's wealth with the limitation, the current Tier I recapture level is not exceeded through most of the limitation period and crosses the current threshold in the 2023-24 school year.

The amount of recapture reduction as a result of the limitation is highlighted in Table 4. Compared with adding the project in the absence of a limitation, the limitation saves TMISD about \$39 million in recapture, beginning with the 2017-18 school year and running through the 2024-25 school year. While the \$319,500 recapture level for Tier II can require recapture costs, the bulk of recapture for Chapter 41 districts occurs on the first \$1.00 tax rate at the \$476,500 per WADA recapture level.

### **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 \$1.07 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$52.4 million over the life of the agreement. In addition, M&G Resins 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 \$2.7 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key TMISD revenue losses are expected to total approximately \$7.4 million over the course of the agreement, which the Company will reimburse the District for under the proposed agreement. In addition, TMISD is eligible for maximum supplemental payments of \$5.3 million under the proposed agreement. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments and supplemental payments are made) are estimated to total \$42.3 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 M&G Resins under the value limitation agreement for the remaining years that the limitation is in effect.



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### **Facilities Funding Impact**

The M&G Resins project remains fully taxable for debt services taxes, with TMISD currently levying a \$0.2636 per \$100 I&S rate. While the taxable value of the M&G Resins project is expected to depreciate over the life of the agreement and beyond, it has the potential to provide substantial tax relief to the taxpayers of TMISD.

Based on the estimates presented here, I&S tax rate reductions associated with adding the M&G Resins project to the local tax base range as high as \$0.07 in the 2016-17 school year, when the project is at its peak estimated taxable value.

The M&G Resins project is expected to add about 200 permanent positions once the plant begins operations. The Company indicated a desire to hire locally, which may minimize the impact on student enrollments. The availability of housing will be a factor for employees who migrate to the area. TMISD admits a substantial number of transfer students, so it has greater flexibility than most districts in enrolling new student residents within its existing facilities.

### **Conclusion**

The proposed M&G Resins polyethylene terephthalate plastics project enhances the tax base of TMISD. 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 \$42.3 million. (This amount is net of any anticipated revenue losses and supplemental payments for the District.) The additional taxable value also enhances the tax base of TMISD in meeting its future debt service obligations, providing the opportunity for tax relief for local taxpayers.

**Table 1 – Base District Information with M&G Resins USA, LLC Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	Current M&O Tax Rate	Projected I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2014-15	3,600.37	4,734.59	\$1.0686	\$0.3050	\$1,989,298,930	\$1,989,298,930	\$1,942,644,613	\$1,942,644,613	\$410,309	\$410,309
2	2015-16	3,636.37	4,883.99	\$1.0686	\$0.2600	\$2,319,201,897	\$2,319,201,897	\$2,010,123,952	\$2,010,123,952	\$411,574	\$411,574
3	2016-17	3,672.73	4,943.45	\$1.0686	\$0.2150	\$2,812,681,954	\$2,130,686,954	\$2,340,651,670	\$2,340,651,670	\$473,485	\$473,485
4	2017-18	3,709.46	5,003.95	\$1.0686	\$0.2140	\$2,854,622,563	\$2,193,707,563	\$2,834,775,220	\$2,152,780,220	\$566,507	\$430,216
5	2018-19	3,746.56	5,066.90	\$1.0686	\$0.2100	\$2,899,077,790	\$2,258,618,790	\$2,877,378,627	\$2,216,463,627	\$567,878	\$437,440
6	2019-20	3,784.02	5,112.74	\$1.0686	\$0.2070	\$2,946,102,354	\$2,325,477,354	\$2,922,516,536	\$2,282,057,536	\$571,615	\$446,347
7	2020-21	3,821.86	5,159.96	\$1.0686	\$0.2040	\$2,995,726,674	\$2,394,341,674	\$2,970,244,262	\$2,349,619,262	\$575,633	\$455,356
8	2021-22	3,860.08	5,207.61	\$1.0686	\$0.2000	\$3,047,990,924	\$2,465,271,924	\$3,020,592,840	\$2,419,207,840	\$580,034	\$464,552
9	2022-23	3,898.68	5,254.71	\$1.0686	\$0.1960	\$3,102,940,082	\$2,538,330,082	\$3,073,603,075	\$2,490,884,075	\$584,923	\$474,029
10	2023-24	3,937.67	5,303.24	\$1.0686	\$0.1930	\$3,160,629,985	\$2,613,579,985	\$3,129,320,597	\$2,564,710,597	\$590,077	\$483,612
11	2024-25	3,977.04	5,351.19	\$1.0686	\$0.1890	\$3,221,099,384	\$3,221,099,384	\$3,187,801,915	\$2,640,751,915	\$595,718	\$493,488
12	2025-26	4,016.81	5,400.60	\$1.0686	\$0.1860	\$3,284,409,006	\$3,284,409,006	\$3,249,086,473	\$3,249,086,473	\$601,616	\$601,616
13	2026-27	4,056.98	5,449.43	\$1.0686	\$0.1820	\$3,350,603,606	\$3,350,603,606	\$3,313,235,707	\$3,313,235,707	\$607,997	\$607,997
14	2027-28	4,097.55	5,498.69	\$1.0686	\$0.1780	\$3,419,759,034	\$3,419,759,034	\$3,380,295,108	\$3,380,295,108	\$614,745	\$614,745
15	2028-29	4,138.53	5,549.45	\$1.0686	\$0.1740	\$3,491,914,295	\$3,491,914,295	\$3,450,341,281	\$3,450,341,281	\$621,744	\$621,744

\*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	2013-14	\$18,839,608	\$5,073,597	\$0	\$0	\$0	\$1,291,391	\$586,287	-\$29,210	\$25,761,673
1	2014-15	\$19,482,361	\$4,396,288	\$0	\$0	\$0	\$1,335,449	\$539,536	-\$35,021	\$25,718,613
2	2015-16	\$22,715,981	\$4,463,007	\$0	\$0	\$0	\$1,557,103	\$622,964	-\$41,275	\$29,317,779
3	2016-17	\$27,554,402	\$1,582,379	\$0	\$0	\$0	\$1,888,760	\$440,681	-\$72,783	\$31,393,438
4	2017-18	\$27,958,934	\$1,343,680	\$0	\$0	-\$4,220,029	\$1,916,489	\$98,286	-\$99,013	\$26,998,346
5	2018-19	\$28,387,684	\$1,619,409	\$0	\$0	-\$4,339,491	\$1,945,878	\$95,441	-\$100,845	\$27,608,077
6	2019-20	\$28,841,166	\$1,373,345	\$0	\$0	-\$4,559,120	\$1,976,963	\$85,019	-\$103,318	\$27,614,055
7	2020-21	\$29,320,596	\$1,651,959	\$0	\$0	-\$4,797,004	\$2,009,826	\$73,548	-\$105,965	\$28,152,961
8	2021-22	\$29,825,204	\$1,400,948	\$0	\$0	-\$5,057,507	\$2,044,416	\$60,670	-\$108,808	\$28,164,923
9	2022-23	\$30,356,135	\$1,685,163	\$0	\$0	-\$5,345,557	\$2,080,809	\$46,011	-\$111,880	\$28,710,680
10	2023-24	\$30,913,434	\$1,429,108	\$0	\$0	-\$5,652,674	\$2,119,010	\$30,245	-\$115,132	\$28,723,990
11	2024-25	\$31,497,717	\$1,719,036	\$0	\$0	-\$5,988,301	\$2,159,061	\$12,632	-\$118,620	\$29,281,525
12	2025-26	\$32,109,842	\$1,736,226	\$0	\$0	-\$6,343,873	\$2,201,020	\$0	-\$122,297	\$29,580,917
13	2026-27	\$32,749,705	\$1,753,588	\$0	\$0	-\$6,728,914	\$2,244,880	\$0	-\$126,216	\$29,893,042
14	2027-28	\$33,418,589	\$1,771,124	\$0	\$0	-\$7,139,475	\$2,290,730	\$0	-\$130,360	\$30,210,608
15	2028-29	\$34,116,600	\$1,788,834	\$0	\$0	-\$7,571,411	\$2,338,576	\$0	-\$134,704	\$30,537,895



**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	2013-14	\$18,834,414	\$5,073,597	\$0	\$0	\$0	\$1,291,035	\$586,126	-\$29,202	\$25,755,969
1	2014-15	\$19,476,635	\$4,396,288	\$0	\$0	\$0	\$1,335,057	\$539,377	-\$35,011	\$25,712,346
2	2015-16	\$22,713,115	\$4,463,007	\$0	\$0	\$0	\$1,556,906	\$622,885	-\$41,270	\$29,314,643
3	2016-17	\$20,868,203	\$1,582,379	\$559,630	\$0	\$0	\$1,430,444	\$333,748	-\$55,122	\$24,719,282
4	2017-18	\$21,479,478	\$3,638,903	\$0	\$0	\$0	\$1,472,345	\$507,687	-\$44,897	\$27,053,516
5	2018-19	\$22,109,092	\$3,318,026	\$0	\$0	\$0	\$1,515,502	\$492,033	-\$48,415	\$27,386,237
6	2019-20	\$22,758,737	\$2,891,169	\$0	\$0	\$0	\$1,560,033	\$469,133	-\$52,532	\$27,626,540
7	2020-21	\$23,426,728	\$2,451,478	\$0	\$0	\$0	\$1,605,822	\$445,541	-\$56,769	\$27,872,801
8	2021-22	\$24,114,759	\$1,993,684	\$0	\$0	\$0	\$1,652,984	\$420,908	-\$61,156	\$28,121,179
9	2022-23	\$24,825,959	\$1,685,163	\$0	\$0	\$0	\$1,701,734	\$394,882	-\$65,732	\$28,542,008
10	2023-24	\$25,555,967	\$1,429,108	\$0	\$0	-\$357,049	\$1,751,774	\$368,053	-\$70,438	\$28,677,416
11	2024-25	\$31,504,978	\$1,719,036	\$0	\$0	-\$1,030,335	\$2,159,558	\$406,821	-\$90,217	\$34,669,841
12	2025-26	\$32,117,591	\$1,736,226	\$0	\$0	-\$6,345,405	\$2,201,551	\$0	-\$122,326	\$29,587,638
13	2026-27	\$32,758,244	\$1,753,588	\$0	\$0	-\$6,730,668	\$2,245,465	\$0	-\$126,249	\$29,900,379
14	2027-28	\$33,427,671	\$1,771,124	\$0	\$0	-\$7,141,415	\$2,291,352	\$0	-\$130,395	\$30,218,336
15	2028-29	\$34,129,364	\$1,788,834	\$0	\$0	-\$7,574,244	\$2,339,451	\$0	-\$134,754	\$30,548,652

**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	2013-14	-\$5,194	\$0	\$0	\$0	\$0	-\$356	-\$162	\$8	-\$5,704
1	2014-15	-\$5,726	\$0	\$0	\$0	\$0	-\$393	-\$159	\$10	-\$6,267
2	2015-16	-\$2,866	\$0	\$0	\$0	\$0	-\$196	-\$79	\$5	-\$3,136
3	2016-17	-\$6,686,198	\$0	\$559,630	\$0	\$0	-\$458,316	-\$106,933	\$17,661	-\$6,674,156
4	2017-18	-\$6,479,455	\$2,295,223	\$0	\$0	\$4,220,029	-\$444,144	\$409,401	\$54,116	\$55,170
5	2018-19	-\$6,278,593	\$1,698,617	\$0	\$0	\$4,339,491	-\$430,376	\$396,591	\$52,430	-\$221,839
6	2019-20	-\$6,082,429	\$1,517,824	\$0	\$0	\$4,559,120	-\$416,930	\$384,113	\$50,786	\$12,485
7	2020-21	-\$5,893,868	\$799,519	\$0	\$0	\$4,797,004	-\$404,004	\$371,993	\$49,196	-\$280,160
8	2021-22	-\$5,710,445	\$592,736	\$0	\$0	\$5,057,507	-\$391,431	\$360,238	\$47,652	-\$43,744
9	2022-23	-\$5,530,175	\$0	\$0	\$0	\$5,345,557	-\$379,075	\$348,871	\$46,148	-\$168,673
10	2023-24	-\$5,357,467	\$0	\$0	\$0	\$5,295,625	-\$367,236	\$337,808	\$44,695	-\$46,574
11	2024-25	\$7,261	\$0	\$0	\$0	\$4,957,966	\$498	\$394,189	\$28,403	\$5,388,316
12	2025-26	\$7,750	\$0	\$0	\$0	-\$1,531	\$531	\$0	-\$30	\$6,720
13	2026-27	\$8,539	\$0	\$0	\$0	-\$1,754	\$585	\$0	-\$33	\$7,337
14	2027-28	\$9,081	\$0	\$0	\$0	-\$1,940	\$622	\$0	-\$35	\$7,728
15	2028-29	\$12,764	\$0	\$0	\$0	-\$2,833	\$875	\$0	-\$50	\$10,756



**Table 5 - Estimated Financial impact of the M&G Resins USA, LLC Project Property Value Limitation Request Submitted to TMISD at \$1.07 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	2013-14	\$0	\$0	\$0	\$1.0686	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$9,200,000	\$9,200,000	\$0	\$1.0686	\$98,311	\$98,311	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$279,700,000	\$279,700,000	\$0	\$1.0686	\$2,988,874	\$2,988,874	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$711,995,000	\$30,000,000	\$681,995,000	\$1.0686	\$7,608,379	\$320,580	\$7,287,799	\$0	\$7,287,799	-\$6,674,156	\$613,643
4	2017-18	\$690,915,000	\$30,000,000	\$660,915,000	\$1.0686	\$7,383,118	\$320,580	\$7,062,538	\$381,185	\$7,443,723	\$0	\$7,443,723
5	2018-19	\$670,459,000	\$30,000,000	\$640,459,000	\$1.0686	\$7,164,525	\$320,580	\$6,843,945	\$381,185	\$7,225,130	-\$221,839	\$7,003,290
6	2019-20	\$650,625,000	\$30,000,000	\$620,625,000	\$1.0686	\$6,952,579	\$320,580	\$6,631,999	\$381,185	\$7,013,184	\$0	\$7,013,184
7	2020-21	\$631,385,000	\$30,000,000	\$601,385,000	\$1.0686	\$6,746,980	\$320,580	\$6,426,400	\$381,185	\$6,807,585	-\$280,160	\$6,527,425
8	2021-22	\$612,719,000	\$30,000,000	\$582,719,000	\$1.0686	\$6,547,515	\$320,580	\$6,226,935	\$381,185	\$6,608,120	-\$43,744	\$6,564,376
9	2022-23	\$594,610,000	\$30,000,000	\$564,610,000	\$1.0686	\$6,354,002	\$320,580	\$6,033,422	\$381,185	\$6,414,607	-\$168,673	\$6,245,934
10	2023-24	\$577,050,000	\$30,000,000	\$547,050,000	\$1.0686	\$6,166,356	\$320,580	\$5,845,776	\$381,185	\$6,226,961	-\$46,574	\$6,180,387
11	2024-25	\$560,012,000	\$560,012,000	\$0	\$1.0686	\$5,984,288	\$5,984,288	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$543,489,000	\$543,489,000	\$0	\$1.0686	\$5,807,723	\$5,807,723	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$527,456,000	\$527,456,000	\$0	\$1.0686	\$5,636,395	\$5,636,395	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$511,917,000	\$511,917,000	\$0	\$1.0686	\$5,470,345	\$5,470,345	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$496,837,000	\$496,837,000	\$0	\$1.0686	\$5,309,200	\$5,309,200	\$0	\$0	\$0	\$0	\$0
Totals						\$86,218,591	\$33,859,777	\$52,358,814	\$2,668,294	\$55,027,108	-\$7,435,147	\$47,591,961
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$0	\$2,668,294	\$2,668,294		
								Credits Earned		\$2,668,294		
								Credits Paid		<u>\$2,668,294</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

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### Taxable Value of Property





# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2012 ISD Summary Worksheet

**178/Nueces**

**178-912/Tuloso-Midway ISD**

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	335,286,632	.9684	346,227,418	335,286,632
B. Multi-Family Residences	16,386,027	N/A	16,386,027	16,386,027
C. Vacant Lots	45,562,747	.9809	46,449,941	45,562,747
D. Rural Real(Taxable)	18,932,611	.9614	19,692,801	18,932,611
F1. Commercial Real	137,045,700	.9624	142,399,938	137,045,700
F2. Industrial Real	891,064,899	N/A	891,064,899	891,064,899
G. Oil, Gas, Minerals	6,489,825	N/A	6,489,825	6,489,825
J. Utilities	45,843,084	.9980	45,934,954	45,843,084
L1. Commercial Personal	201,758,633	.9883	204,147,155	201,758,633
L2. Industrial Personal	245,943,997	N/A	245,943,997	245,943,997
M. Other Personal	5,062,193	N/A	5,062,193	5,062,193
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	1,645,580	N/A	1,645,580	1,645,580

S. Special Inventory	3,991,055	N/A	3,991,055	3,991,055
Subtotal	1,955,012,983		1,975,435,783	1,955,012,983
Less Total Deductions	104,875,256		107,681,574	104,875,256
Total Taxable Value	1,850,137,727		1,867,754,209	1,850,137,727 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	13,453,170	N/A	13,453,170
Prod Value Qualified Acres	5,479,441	.8782	6,239,631
Taxable Value	18,932,611		19,692,801

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
1,874,371,881	1,850,137,727	1,847,587,793	1,823,353,639	1,850,137,727	1,823,353,639

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
24,234,154	26,784,088

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
1,874,371,881	1,850,137,727	1,847,587,793	1,823,353,639	1,850,137,727	1,823,353,639

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





# Attachment G

## Participation Agreement

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

---

by and between

**TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT**

and

**M & G USA CORPORATION**

*(Texas Taxpayer ID # 32050101743)*

and its affiliate

**M&G RESINS USA, LLC**

*(Texas Taxpayer ID # 32047138642)*

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TEXAS COMPTROLLER APPLICATION NO. 277

Dated

November 18, 2013



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

*STATE OF TEXAS* §

*COUNTY OF NUECES* §

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 **TULOSO-MIDWAY 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 **M & G USA CORPORATION DBA MOSSI & GHISOLFI USA CORPORATION**, (Texas Taxpayer ID # 32050101743), together with its affiliate **M&G RESINS USA, LLC**, (Texas Taxpayer ID # 32047138642), hereinafter collectively 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 March 4, 2013, the Superintendent of Schools of the Tuloso-Midway Independent School District (hereinafter referred to as "Superintendent"), 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 March 4, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from M & G USA Corporation DBA Mossi & Ghisolfi USA Corporation, (Texas Taxpayer ID # 32050101743) and its affiliate, M&G Resins USA, LLC, (Texas Taxpayer ID # 32047138642), and on March 21, 2013, the Superintendent acknowledged receipt of the complete 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 was 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 April 9, 2013, as the completed Application date; and,

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

**Agreement for Limitation on Appraised Value**

Between Tuloso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 1

**WHEREAS**, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on June 26, 2013, 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 on November 18, 2013, in connection with the Board of Trustees' consideration of the Application; and,

**WHEREAS**, on August 27, 2013, at a duly called and noticed meeting of the Board of Trustees, the Board of Trustees granted a thirty (30) day extension of time until September 26, 2013, in accordance with Texas Tax Code § 313.025(b), for final action upon the pending Application; and,

**WHEREAS**, on September 23, 2013, at a duly called and noticed meeting of the Board of Trustees, the Board of Trustees granted an additional extension of time until December 2, 2013, in accordance with Texas Tax Code § 313.025(b), for final action upon the pending 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**, under Section 9(d) of that certain Tax Abatement Agreement dated December 13, 2012, between the Applicant and Nueces County, Texas, the Applicant has agreed to give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably or feasibly possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency or quality, and for these purposes the term "local" as used to describe manufacturers, suppliers, contractors and labor includes firms, businesses, and persons who reside in or maintain an office in either Nueces County or San Patricio County; and,

**WHEREAS**, 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 June 26, 2013, that the Application be approved; and,

**WHEREAS**, on November 18, 2013, 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 November 18, 2013, 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

**Agreement for Limitation on Appraised Value**

Between Tuloso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 2



of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code §313.025(e) has been met; and,

**WHEREAS**, on November 18, 2013, 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 Texas 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 November 18, 2013, the Board of Trustees approved the Application and 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 this Agreement to the Applicant;

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

## **ARTICLE I**

### **AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS**

#### **Section 1.1. AUTHORITY**

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code §313.027.

#### **Section 1.2. TERM OF THE AGREEMENT**

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

The period beginning with the Commencement Date of November 18, 2013, and ending on December 31, 2015, will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). The Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

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



breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any earned Tax Credit, 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.

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 Beginning on the Commencement Date (11/18/13)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date (11/18/13). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.

**Agreement for Limitation on Appraised Value**

Between Tulosso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 4

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

### Section 1.3. DEFINITIONS

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

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

#### Agreement for Limitation on Appraised Value

Between Tulo-so-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 5



"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, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"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 term 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 for each year by multiplying the District's average daily attendance for the applicable school year, as calculated pursuant to Texas Education Code § 42.005, times the greater of \$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 2013, which, by virtue of the Commencement Date is the first Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement.

"Applicant" means M & G USA Corporation DBA Mossi & Ghisolfi USA Corporation (Texas Taxpayer ID # 32050101743) and its affiliate M&G Resins USA, LLC (Texas Taxpayer ID # 32047138642), listed in the Preamble of this Agreement who, on March 4, 2013, filed the 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 and their direct and indirect subsidiaries.

"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 March 4, 2013, which has been certified by the Comptroller's office to constitute a complete final Application as of the date of April 9, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

"Appraisal District" means the Nueces County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Tulosso-Midway Independent School District.

"Commencement Date" means November 18, 2013, the date upon which the Qualifying Time Period begins.

"Completed Application Date" means April 9, 2013, 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 (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, Part 1, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Nueces County, Texas.

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

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

"Final Termination Date" means December 31, 2026. 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, and any right of a Party to enforce payment of any amount to which such Party was entitled 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 feedstock, raw materials, equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport to or from the Applicant's facilities products (finished or otherwise), feedstock, raw materials, equipment, parts or material; 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 over the term of this Agreement of at least the number of New Jobs set forth in the Application; and (iii) the maintenance over the term of this Agreement of at least eighty percent (80%) of such New Jobs as Qualifying Jobs.

"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 from the Commencement Date through the Tax Year for which the Net Tax Benefit is being calculated 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 the total number of "new jobs," as 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), at least 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 at least eighty percent (80%) of all New Jobs, which must meet the requirements of Texas Tax Code §313.021(3). For the avoidance of doubt, at least eighty percent (80%) of all New Jobs must be Qualifying Jobs (that is, eighty percent (80%) of all New Jobs must meet the requirements of Texas Tax Code §313.021(3)).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, 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 Time Period" means the period that begins on the Commencement Date of November 18, 2013, and ends on December 31, 2015.

"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 Texas Tax Code, Chapter 313, 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 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

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

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

**Agreement for Limitation on Appraised Value**

Between Tuloso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 10

"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 ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as an enterprise zone under Chapter 2303 of the Texas Government Code. The County of Nueces certified that the property on which the Applicant's Qualified Property is located is within such enterprise zone. A copy of the resolution 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. The land described in **EXHIBIT 2** (the "Land") qualifies as Qualified Property, and 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 both Section 1.2 above and the definition of Qualifying Time Period set forth in Section 1.3 above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the Land described in **EXHIBIT 2**, which: (1) is owned or leased under a capitalized lease by the Applicant or any member of the "combined group" (as defined in Texas Tax Code §171.0001(7)) of which the Applicant is a member; (2) is first placed in service after April 9, 2013, 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 that meets the definition of Qualified Property (including, but not limited to, any such replacement property installed as part of the project in connection with turnarounds, outages, planned, unplanned and emergency shutdowns, and scheduled and unscheduled maintenance, repairs, restorations, modifications or inspections) 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, or 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)(1) 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 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

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

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.054(a).

# **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:

#### **Agreement for Limitation on Appraised Value**

Between Tulo-so-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 13

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 the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax at the District-adopted tax rate for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.



### **Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES**

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

- (a) All non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable Tax Credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.
- (b) All non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment.
- (c) Any other loss of the District's revenues which directly result from, or are reasonably attributable to, any payment made by the Applicant to or on behalf of any third party beneficiary of this Agreement.

### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

### **Section 3.5. DATA USED FOR CALCULATIONS**

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.



### **Section 3.6. DELIVERY OF CALCULATIONS**

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fees shall be the sole responsibility of the District, subject to the provisions 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 five (5) 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 under Section 3.6 below, 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 each of the Tax Years 2016, 2017, and 2018, the aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 for which the Applicant will be responsible shall not exceed Fifteen Thousand Dollars (\$15,000.00). For each of the other Tax Years during the term of this Agreement, the aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 for which the Applicant will be responsible shall not exceed 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 thirty (30) days of receipt of the Applicant's appeal, the Third Party will

issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

### **Section 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.



## **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 4.5.

(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 exceed neither (i) 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, nor (ii) the lesser of the amounts described in Section 4.3(a) and (b).

#### **Section 4.2. SUPPLEMENTAL PAYMENTS FOR TAX YEARS 2013, 2014, 2015 AND 2016**

Unless this Agreement has sooner terminated as provided herein, and with respect to each of the Tax Years 2013, 2014, 2015 and 2016, on or before each of January 31, 2014, January 31, 2015, January 31, 2016, and January 31, 2017, respectively, the Applicant shall make a Supplemental Payment (each, an "Initial Supplemental Payment" and collectively, the "Initial Supplemental Payments") to the District in an amount equal to the Annual Limit for such Tax Year. Beginning with the fourth Tax Year following the Commencement Date (Tax Year 2017), the aggregate amount of the Initial Supplemental Payments paid by the Applicant to the District for the Tax Years 2013, 2014, 2015, and 2016 shall be applied against and reduce payments of amounts otherwise due from the Applicant under Sections 4.3 and 4.4, below, with respect to the fourth Tax Year following the Commencement Date (Tax Year 2017), with any remaining unapplied balance of the Initial Supplemental Payments being carried forward to be applied against and reduce the payments of amounts otherwise due from the Applicant under



Sections 4.3 and 4.4, below, with respect to the fifth Tax Year following the Commencement Date (Tax Year 2018), and so on until the entire amount of the Initial Supplemental Payments has been so applied against and reduced payments of amounts otherwise due from the Applicant under Sections 4.3 and 4.4, below.

Any balance of the Initial Supplemental Payments that has not been so applied prior to the termination of this Agreement shall be refunded by the District to the Applicant within thirty (30) days after the date of such termination, together with interest calculated in accordance with the methodology set forth in Texas Tax Code §42.43 (or its successor statute) from the date each of the Initial Supplemental Payments was paid to the District.

**Section 4.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT**

Except as otherwise provided in Section 4.2 with respect to the Initial Supplemental Payments, 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 will be a percentage of the "Net Tax Benefit," as such term is defined in Section 1.3 above, calculated in accordance with the methodology set forth in Section 4.4, below; or
- (b) the "Aggregate Limit," as such term is defined in Section 1.3, above.

**Section 4.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT BEGINNING WITH TAX YEAR 2017**

The Parties agree that for each Tax Year during the term of this Agreement beginning with the fourth full Tax Year following the Commencement Date (Tax Year 2017), the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 4.3, will be calculated annually 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, including the District's maintenance and operations tax rate adopted for such Tax Year, in accordance with the following formula:

The 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 with respect to such Tax Year;

*Minus,*

The aggregate amount of the excesses of any amounts previously paid to the District under Article III with respect to any previous Tax Year over the tax savings to the Applicant for such previous Tax Year before any reduction for such amounts previously paid, but only to the extent of the portion of such aggregate amount that was not previously taken into account as a reduction in the calculations under this Section 4.4 for any previous Tax Year;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under Sections 4.3 and this Section 4.4 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 4.5. 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 the fourth full Tax Year following the Commencement Date (Tax Year 2017) and continuing thereafter through the thirteenth full Tax Year following the Commencement Date (Tax Year 2026), the District, or its successor beneficiary should one be designated under Section 4.7 below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.3 and 4.4 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 4.3 and 4.4 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 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such 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 the thirteenth full Tax Year following the Commencement Date (Tax Year 2026) 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 4.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

- (a) All calculations required by this Article IV, including but not limited to: (i) the calculation of any Initial Supplemental Payment; (ii) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (iii) the determination of both the Annual Limit and the Aggregate Limit; (iv) 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 (v) 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 4.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity, provided that such decision and direction of the Board of Trustees does not result in additional costs to the Applicant. 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 to the Applicant 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 4.7 shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.5 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 beginning after the Tax Year 2016 and ending on the Final Termination Date, 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 of 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 their respective 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 the Comptroller's Rules and/or Texas Education Agency's rules, as applicable.



### **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 §22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. 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, Forms 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 2016 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 of this Agreement (as 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 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. 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 7.6 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) The 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, the Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date.
- (c) The 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, the Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column C of the Application.
- (e) Subject to Section 5.2, the Applicant fails to create and maintain at least eighty percent (80%) of all such New Jobs as Qualifying Jobs which meet the requirements of Texas Tax Code §313.021(3).
- (f) The 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) The 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 Breach 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 of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach of this Agreement.

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material Breach of this Agreement 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 of this Agreement has occurred and, if so, whether such Material Breach of this Agreement has been cured. At any such hearing, the Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such Material Breach of this Agreement occurred, if any, and whether or not any such Material Breach of this Agreement 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 of this Agreement 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 of this Agreement, 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 Nueces County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and

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

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of reasonable attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30. In the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

#### **Section 7.10. LIMITATION OF OTHER DAMAGES**

Notwithstanding anything contained in this Agreement to the contrary, the District's damages for any default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

#### **Section 7.11. BINDING ON SUCCESSORS**

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



## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

#### Section 8.1. INFORMATION AND NOTICES

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

Notices to the District shall be addressed as follows:

Dr. Sue Nelson, Superintendent  
**TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT**  
P.O. Drawer 10900  
Corpus Christi, Texas 78460  
Fax: (361) 241-1554  
Email: [snelson@tmisd.esc2.net](mailto:snelson@tmisd.esc2.net)

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:

Kevin McCarren  
**M&G RESINS USA, LLC**  
450 Gears Road Suite # 240  
Houston, Texas 77067  
Fax: 281-716-4640  
Email: [Kevin.R.McCarren@gruppomgus.com](mailto:Kevin.R.McCarren@gruppomgus.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.

#### Agreement for Limitation on Appraised Value

Between Tuloso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 30



- (b) Subject to Sections 5.2 and 7.3(b), the obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

### **Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS**

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property 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 Nueces 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, that 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, material information or material fact 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.

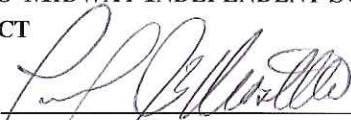
***[SIGNATURE PAGE FOLLOWS]***

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 18<sup>th</sup> day of November 2013.


**M & G USA CORPORATION**

By:   
Name: DIANE MITCHELL  
Title: VP-FINANCE

**TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT**

By:   
**PAUL MOSTELLA**  
President  
Board of Trustees

**M&G RESINS USA, LLC**

By:   
Name: Kevin McCarren  
Title: Vice President, Finance

**ATTEST:**

  
**JAN MOSTELLA**  
Secretary  
Board of Trustees

**Agreement for Limitation on Appraised Value**

Between Tuloso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

Page 35

## **EXHIBIT 1**

### **DESCRIPTION OF QUALIFIED REINVESTMENT ZONE**

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as an enterprise zone under Chapter 2303 of the Texas Government Code, which qualifies as a reinvestment zone in accordance with the provisions of the Act. The County of Nueces certified that the property on which the Applicant's Qualified Property is located within such enterprise zone. A copy of the resolution is attached as the next page of this **EXHIBIT 1** and is incorporated herein by reference for all purposes.

**Agreement for Limitation on Appraised Value**

Between Tulosso-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION NO. 277

November 18, 2013

**EXHIBIT 1**



# County of Nueces

MIKE PUSLEY  
Commissioner  
Precinct 1

JOE A. GONZALEZ  
Commissioner  
Precinct 2



SAMUEL L. NEAL, JR.  
County Judge  
Nueces County Courthouse, Room 303  
901 Leopard Street  
Corpus Christi, Texas 78401-3697

OSCAR ORTIZ  
Commissioner  
Precinct 3

JOE MCCOMB  
Commissioner  
Precinct 4

## RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH M&G RESINS USA, LLC, PROVIDING FOR TEMPORARY PROPERTY TAX ABATEMENT.

**WHEREAS**, the Texas Property Redevelopment and Tax Abatement Act (the "Act"), Texas Tax Code, Chapter 312, as amended, authorizes the County of Nueces (the "County") to enter into tax abatement agreements for projects meeting the guidelines and criteria for granting tax abatement duly adopted by the County; and,

**WHEREAS**, an application for temporary tax abatement has been filed with the County by M&G Resins USA, LLC for construction and equipment for PET plant and PTA plant facilities in Nueces County; and,

**WHEREAS**, the properties to be covered by the proposed tax abatement agreements are located within an enterprise zone established pursuant to Chapter 2303 of the Texas Government Code which qualifies as a reinvestment zone for temporary property tax abatement in accordance with the provisions of the Act; and,

**WHEREAS**, the projects are not located on property that is owned or leased by a person who is a member of the Commissioners Court.

### NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS THAT:

1. The County finds and determines that the terms of the proposed agreement and the property subject to the proposed agreement meets the applicable guidelines and criteria adopted by the County, and the County further determines that the proposed projects are feasible and the proposed temporary abatement of taxes for such projects will inure to the long term benefit of the County.
2. The execution of the Tax Abatement Agreement with M&G Resins USA, LLC attached in substantial form as Exhibit A is hereby authorized and approved.
3. The Tax Abatement Agreement shall be applicable only to Nueces County. The Nueces County Hospital District and Nueces County Farm-to-market Tax are specifically *excluded* from the Tax Abatement Agreement.

DULY ADOPTED BY VOTE OF THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS, ON THIS THE 24th DAY OF OCTOBER, 2012.

Handwritten signature of Mike Pusley in blue ink.  
MIKE PUSLEY  
Commissioner, Precinct 1

Handwritten signature of Oscar Ortiz in blue ink.  
OSCAR ORTIZ  
Commissioner, Precinct 3

ATTEST:  
Handwritten signature of Diana T. Barrera in blue ink.  
DIANA T. BARRERA, County Clerk

Handwritten signature of Samuel L. Neal, Jr. in blue ink.  
SAMUEL L. NEAL, JR.  
Nueces County Judge



Handwritten signature of Joe A. Gonzalez in blue ink.  
JOE A. GONZALEZ  
Commissioner, Precinct 2

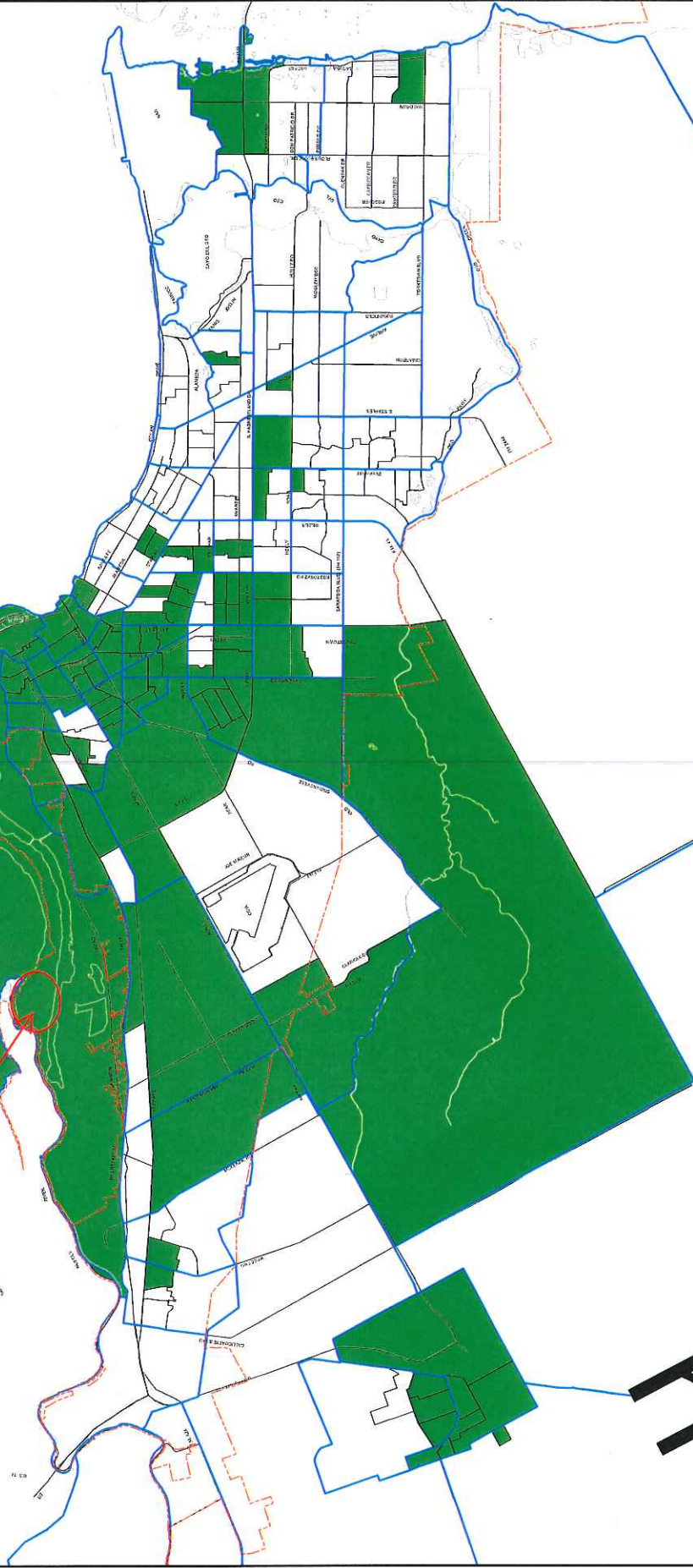
Handwritten signature of Joe McComb in blue ink.  
JOE MCCOMB  
Commissioner, Precinct 4

# CITY OF CORPUS CHRISTI, TEXAS Enterprise Zone

M&G Site  
Census Tr 63

## Legend

-  Census Tract
-  Enterprise Zone
-  City Limit Boundary
-  Census Block Group

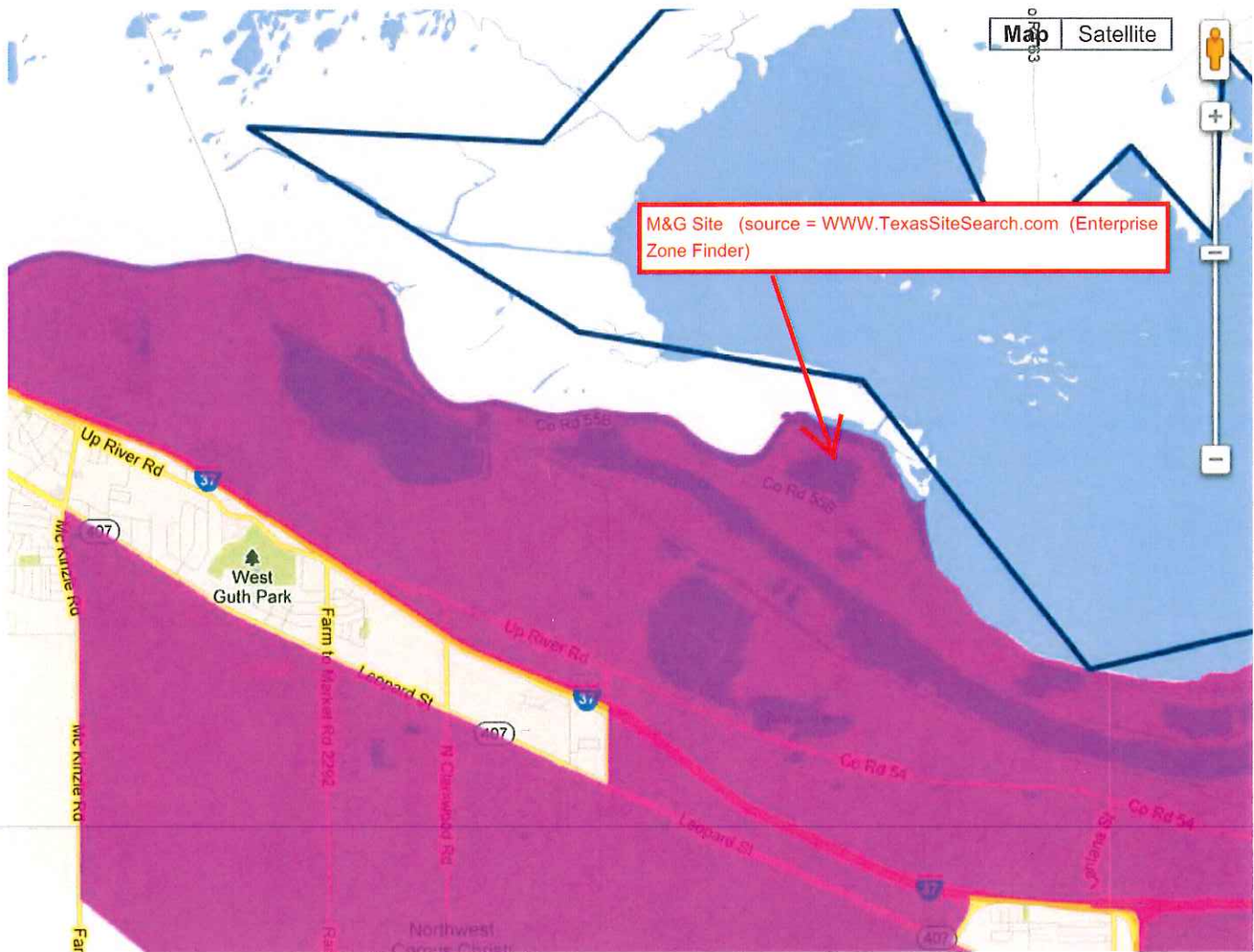


0 1 2 4 Miles

Source: Department of Development Services

MDN\_03/02/07  
H:\pin-dir\shared\gis projects\1  
economic development\enterprise zone.mxd







## **EXHIBIT 2**

### **LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

All Qualified Property owned or leased by the Applicant and located within the boundaries of both the Tulo-so-Midway Independent School District and the Enterprise Zone referenced in **EXHIBIT 1** will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located within the boundaries on the maps and/or charts attached to **EXHIBIT 1** are included.

#### **Agreement for Limitation on Appraised Value**

Between Tulo-so-Midway Independent School District and M & G USA Corporation and its affiliate M&G Resins USA, LLC

TEXAS COMPTROLLER APPLICATION No. 277

November 18, 2013

### EXHIBIT 3

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

The Applicant, M & G USA Corporation and its affiliate M&G Resins USA, LLC, plan to construct a Polyethylene Terephthalate (PET) plastics plant. The plastic resin will be used by M&G's customers to manufacture packaging for food and personal care products, carpet, and film. M&G will also construct an accompanying plant to produce Purified Terephthalic Acid (PTA), the primary raw material used to produce PET, immediately adjacent to the PET plant.

M&G USA Corporation (registered to do business in Texas as Mossi & Ghisolfi USA Corporation) has acquired a 413-acre tract of land on the north side of the Port of Corpus Christi's Viola Channel portion of the ship channel.

The PTA plant will produce approximately 1.2 million tons per year, and the PET plant will produce approximately 1 million tons per year.

Phase 1 - New Equipment to be constructed and installed includes, but is not limited to, the following:

- Buildings (Offices, Shops, Warehouses, and Control Rooms)
- Site Improvements (Roads, Fencing, Rail Lines, Utilities, Paving, and Drainage)
- Boilers
- Tanks & Vessels
- Pumps
- Chillers
- Cooling Towers
- Condensers & Compressors
- Filters & Strainers
- Blending & Mixing Equipment
- Conveying Equipment
- Water Treatment Facilities
- Water Desalinisation Unit
- Meters
- Reactors
- Agitators & Mixers
- Blowers, Fans, & Dryers
- Piping
- Scales
- Electrical Equipment
- Valves
- Control Systems and Equipment
- Pollution Control Equipment
- Exchangers
- Drivers & Gears
- Transformers
- Ejectors, Eductors, & Jets
- Emergency Generators
- Separators

**Agreement for Limitation on Appraised Value**

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November 18, 2013