

**FINDINGS OF THE CALALLEN
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
EQUISTAR CHEMICALS, LP**



December 20, 2013

**FINDINGS
OF THE
CALALLEN INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
EQUISTAR CHEMICALS, LP
(APPLICATION #305)**

DECEMBER 20, 2013

Board Findings of the Calallen Independent School District

FINDINGS OF THE CALALLEN INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
EQUISTAR CHEMICALS, LP
(APPLICATION #305)

STATE OF TEXAS

§

COUNTY OF NUECES

§

On the 20th day of December, 2013, a public meeting of the Board of Trustees of the Calallen 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 Equistar Chemicals, LP (Application #305) (Equistar) 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 Calallen Independent School District makes the following findings with respect to the application of Equistar, and the economic impact of that application:

On November 6, 2013, the Texas Comptroller of Public Accounts received an Amended Application from Equistar 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, Equistar (Texas Taxpayer Id. 17605504814), 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 Calallen 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 December 16, 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 Calallen 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 Calallen 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 Equistar, 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 Calallen Independent School District

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

Board Finding Number 1.

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

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Equistar Chemicals, LP 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 Calallen ISD 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 14th largest county in the state in terms of population. Population growth in Nueces County is up slightly; the population of Nueces County grew by 0.3 percent between 2009 and 2010, compared with the state average of 1.8 percent.

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, based on information provided by the Comptroller's Office. The unemployment rate in Nueces County was 7.8 percent in September 2011, lower than the state average of 8.5 percent.

Board Findings of the Calallen Independent School District

Nueces County has a 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 58th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Nueces County will benefit from economic activity like that associated with the Equistar 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 \$65,000 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. Equistar indicates that total employment will be approximately three (3) new qualifying jobs.

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

After construction, the project will create three new jobs when fully operational. All three 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 \$47,786 in 2012. The annual average manufacturing wage for 2012 through 2013 for Nueces County is \$69,615. That same year, the county annual average wage for all industries was \$43,277. In addition to an annual average salary of \$65,000 each qualifying position will receive benefits such as the company pays 80% of employee health insurance premiums, dental plan, group life insurance, paid holidays, paid vacation and 401(k) retirement savings plan.

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 \$155.3 million on the basis of the goal of 3 new qualifying positions for the Equistar project.

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

The project's total investment is \$465.9 million, resulting in a relative level of investment per qualifying job of \$155.3 million.

Board Finding Number 5.

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

Board Finding Number 6.

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

In support of Finding 5, the economic impact evaluation states:

Table 1 depicts Equistar Chemicals, LP's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the Calallen Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Equistar Chemicals, LP

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	0	435	435	\$0	\$27,000,000	\$27,000,000
2014	200	1,966	2166	\$20,000,000	\$120,000,000	\$140,000,000
2015	338	8,365	8703	\$33,695,000	\$551,305,000	\$585,000,000
2016	3	11,118	11121	\$195,000	\$800,805,000	\$801,000,000
2017	3	4,829	4832	\$195,000	\$421,805,000	\$422,000,000
2018	3	304	307	\$195,000	\$109,805,000	\$110,000,000
2019	3	(73)	-70	\$195,000	\$65,805,000	\$66,000,000
2020	3	(222)	-219	\$195,000	\$39,805,000	\$40,000,000
2021	3	(253)	-250	\$195,000	\$23,805,000	\$24,000,000
2022	3	(208)	-205	\$195,000	\$15,805,000	\$16,000,000
2023	3	(124)	-121	\$195,000	\$15,805,000	\$16,000,000
2024	3	(87)	-84	\$195,000	\$12,805,000	\$13,000,000
2025	3	(9)	-6	\$195,000	\$15,805,000	\$16,000,000
2026	3	65	68	\$195,000	\$20,805,000	\$21,000,000
2027	3	136	139	\$195,000	\$26,805,000	\$27,000,000
2028	3	198	201	\$195,000	\$33,805,000	\$34,000,000

Source: CPA, REMI, Equistar Chemicals, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012 to 2013. Calallen ISD's ad valorem tax base in 2012 to 2013 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012 to 2013. During that same year, Calallen ISD's estimated wealth per WADA was \$225,858. 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, Nueces County Hospital District and Del Mar College with all property tax incentives sought being granted using estimated market value from Equistar Chemicals, LP's application. Equistar Chemicals, LP has only applied for a value limitation under Chapter 313, Tax Code. Table 3 illustrates the estimated tax impact of the Equistar Chemicals, LP project on the region if all taxes are assessed.

Board Findings of the Calallen Independent School District

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calallen ISD I&S Levy	Calallen ISD M&O Levy	Calallen ISD M&O and I&S Tax Levies (Before Credit Credited)	Calallen ISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
				0.188500	1.170000			0.340999	0.250666	0.148077	
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$80,940,000	\$80,940,000		\$152,572	\$946,998	\$1,099,570	\$1,099,570	\$276,005	\$202,889	\$119,854	\$1,698,317
2016	\$440,800,000	\$20,000,000		\$830,908	\$234,000	\$1,064,908	\$1,064,908	\$1,503,124	\$1,104,936	\$652,723	\$4,325,691
2017	\$442,690,000	\$20,000,000		\$834,471	\$234,000	\$1,068,471	\$966,614	\$1,509,568	\$1,109,673	\$655,522	\$4,241,378
2018	\$424,982,000	\$20,000,000		\$801,091	\$234,000	\$1,035,091	\$933,234	\$1,449,184	\$1,065,285	\$629,301	\$4,077,004
2019	\$407,983,000	\$20,000,000		\$769,048	\$234,000	\$1,003,048	\$901,191	\$1,391,218	\$1,022,675	\$604,129	\$3,919,213
2020	\$391,664,000	\$20,000,000		\$738,287	\$234,000	\$972,287	\$870,430	\$1,335,570	\$981,768	\$579,964	\$3,767,733
2021	\$375,998,000	\$20,000,000		\$708,756	\$234,000	\$942,756	\$840,899	\$1,282,149	\$942,499	\$556,767	\$3,622,314
2022	\$360,958,000	\$20,000,000		\$680,406	\$234,000	\$914,406	\$812,549	\$1,230,863	\$904,799	\$534,496	\$3,482,707
2023	\$346,520,000	\$20,000,000		\$653,190	\$234,000	\$887,190	\$785,333	\$1,181,630	\$868,608	\$513,116	\$3,348,687
2024	\$332,660,000	\$332,660,000		\$627,064	\$3,892,122	\$4,519,186	\$4,519,186	\$1,134,367	\$833,866	\$492,593	\$6,980,012
2025	\$319,353,000	\$319,353,000		\$601,980	\$3,736,430	\$4,338,411	\$4,338,411	\$1,088,991	\$800,509	\$472,888	\$6,700,799
2026	\$306,579,000	\$306,579,000		\$577,901	\$3,586,974	\$4,164,876	\$4,164,876	\$1,045,431	\$768,489	\$453,973	\$6,432,769
2027	\$294,316,000	\$294,316,000		\$554,786	\$3,443,497	\$3,998,283	\$3,998,283	\$1,003,615	\$737,750	\$435,814	\$6,175,462
2028	\$282,543,000	\$282,543,000		\$532,594	\$3,305,753	\$3,838,347	\$3,838,347	\$963,469	\$708,239	\$418,381	\$5,928,436
						Total	\$29,133,829	\$16,395,184	\$12,051,986	\$7,119,521	\$64,700,521

Assumes School Value Limitation and no other property tax incentives

Source: CPA, Equistar Chemicals, LP

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calallen ISD I&S Levy	Calallen ISD M&O Levy	Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes	
				0.188500	1.170000		0.340999	0.250666	0.148077		
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2015	\$80,940,000	\$80,940,000		\$152,572	\$946,998	\$1,099,570	\$276,005	\$202,889	\$119,854	\$1,578,464	
2016	\$440,800,000	\$440,800,000		\$830,908	\$5,157,360	\$5,988,268	\$1,503,124	\$1,104,936	\$652,723	\$8,596,327	
2017	\$442,690,000	\$442,690,000		\$834,471	\$5,179,473	\$6,013,944	\$1,509,568	\$1,109,673	\$655,522	\$8,633,185	
2018	\$424,982,000	\$424,982,000		\$801,091	\$4,972,289	\$5,773,380	\$1,449,184	\$1,065,285	\$629,301	\$8,287,850	
2019	\$407,983,000	\$407,983,000		\$769,048	\$4,773,401	\$5,542,449	\$1,391,218	\$1,022,675	\$604,129	\$7,956,342	
2020	\$391,664,000	\$391,664,000		\$738,287	\$4,582,469	\$5,320,755	\$1,335,570	\$981,768	\$579,964	\$7,638,094	
2021	\$375,998,000	\$375,998,000		\$708,756	\$4,399,177	\$5,107,933	\$1,282,149	\$942,499	\$556,767	\$7,332,581	
2022	\$360,958,000	\$360,958,000		\$680,406	\$4,223,209	\$4,903,614	\$1,230,863	\$904,799	\$534,496	\$7,039,277	
2023	\$346,520,000	\$346,520,000		\$653,190	\$4,054,284	\$4,707,474	\$1,181,630	\$868,608	\$513,116	\$6,757,712	
2024	\$332,660,000	\$332,660,000		\$627,064	\$3,892,122	\$4,519,186	\$1,134,367	\$833,866	\$492,593	\$6,487,419	
2025	\$319,353,000	\$319,353,000		\$601,980	\$3,736,430	\$4,338,411	\$1,088,991	\$800,509	\$472,888	\$6,227,910	
2026	\$306,579,000	\$306,579,000		\$577,901	\$3,586,974	\$4,164,876	\$1,045,431	\$768,489	\$453,973	\$5,978,796	
2027	\$294,316,000	\$294,316,000		\$554,786	\$3,443,497	\$3,998,283	\$1,003,615	\$737,750	\$435,814	\$5,739,648	
2028	\$282,543,000	\$282,543,000		\$532,594	\$3,305,753	\$3,838,347	\$963,469	\$708,239	\$418,381	\$5,510,055	
						Total	\$65,316,490	\$16,395,184	\$12,051,986	\$7,119,521	\$93,763,660

Source: CPA, Equistar Chemicals, LP

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$442.6 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year. The Equistar project remains fully taxable for debt services taxes, with Calallen ISD currently levying a \$0.1885 per \$100 I&S rate. While the value of the Equistar 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 I&S tax base and assist it in meeting its debt service needs.

Board Finding Number 8.

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

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project and its 3 permanent jobs once it begins operations. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Calallen ISD as stated in **Attachment D**.

Board Finding Number 9.

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

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

According to Equistar Chemicals, LP's application, "Equistar Chemicals, LP is wholly owned indirectly by LyondellBasell Industries, N.V. (a Netherlands entity}, a global manufacturer of petrochemicals. The Corpus Christi plant is an olefins plant that

Board Findings of the Calallen Independent School District

produces ethylene, propylene, and other related hydrocarbon byproducts. Equistar Chemicals, LP has other plants that produce similar products in Channelview, Texas, La Porte, Texas, Morris, Illinois, and Clinton, Iowa.” The application also states “LyondellBasell has the ability to and does invest in new or existing facilities in many countries around the world including the United States.”

Board Finding Number 10.

During the past two years, 14 projects in the Coast Bend Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 11.

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

Board Finding Number 12.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Twenty 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 2012 industrial value for Calallen ISD is \$170 million. Calallen 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. Calallen ISD is classified as a “rural” district due to its demographic characteristics. It is classified as a Category II district which can offer a minimum value limitation of \$20 million.

Board Finding Number 13.

The Applicant (Taxpayer Id. 17605504814) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 14.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the initial year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 15.

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

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

Board Findings of the Calallen Independent School District

Dated the 20th day of December 2013.

CALLEN INDEPENDENT SCHOOL DISTRICT

By:  _____
Paul Peeler
President, Board of Trustees

ATTEST:

By:  _____
Brent Burkhart
Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 20, 2013

President and Members
Board of Trustees
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

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

Dear President and Members of the Board of Trustees:

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

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

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

Sincerely,

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

Daniel T. Casey

www.moakcasey.com

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

December 20, 2013

President and Members
Of the Board of Trustees
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

*Re: Recommendations and Findings of the Firm Concerning Application of Equistar
for Limitation on Appraised Value of Property for School District Maintenance
and Operations Taxes, first qualifying year 2014*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calallen Independent School District, with respect to the pending Application of Equistar for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2014. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Equistar. Based upon our review we have drawn the following conclusions:

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

Letter to Calallen ISD
December 10, 2013
Page 2 of 2

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

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

Sincerely,

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

Kevin O'Hanlon
For the Firm

Attachment A

Application

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 713-266-2333 (Fax)

October 30, 2013

Mr. Robert Wood
Director of Economic Development and Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

Subject: Response to Texas Comptroller of Public Accounts, Director of Economic Development and Analysis on submitted Chapter 313 application deficiency by Equistar Chemicals LP - (Calallen ISD No. 305).

Dear Mr. Wood:

This letter is in response to the deficiency letter received by Calallen ISD Superintendent Arturo Almendarez from you dated July 25th, 2013, a copy of which is attached as Exhibit A.

RESPONSE TO REQUEST

The listed requests (*Comptroller*) and responses (*Equistar*) are as follows:

Comptroller (1):

"The application lacks 'a specific and detailed description of the property to clearly distinguish the subject property from property to which the limitation does not apply and to establish that the property meets the criteria of qualified property pursuant to Tax Code, §313.021(2)' as required by TAC 9.1053(1)(i).

Note that refurbishment, upgrading, rebuilding or restoration of existing facilities does not meet the statutory definition of new buildings or new improvements in Tax Code 313.021(2). Please provide a detailed description (with detailed location maps and/or surveys) of the new buildings and new improvements the applicant proposes to erect or build after the application review start date---that are not renovations of an existing facility." (See TAC 9.1051(7) for definition of application review start date.)

Maps, surveys, and descriptions should indicate location of proposed qualified property, clearly distinguishing between qualified property and non-qualified property.

The application should also include an estimate of value of both qualified property and non-qualified property, along with a detailed methodology and process to annually determine those values, approved by the Chief Appraiser, to ensure that any non-qualified property does not become qualified property."

Response:

Equistar Chemicals LP ("Equistar") operates a petrochemical manufacturing plant located in Corpus Christi, Nueces County, Texas. This petrochemical manufacturing plant consists of two chemical production units - the butadiene unit and the olefins and aromatics unit. There is also a cogeneration unit at this site. The olefins and aromatics unit is commonly referred to as the "Olefins Plant". Equistar is proposing to expand the Olefins Plant production capacity and change the feed slate used to manufacture olefins products. This expansion and change of the feed slate entails adding new equipment and affixing new improvements to existing improvements at the site. This expansion of capacity and change in design feed slate is very similar to the projects undertaken by a number of Texas refineries, such as Motiva and Total, whose Chapter 313 applications have been approved by school districts and the Comptroller in previous years. The Chief Appraiser of Nueces County Appraisal District has agreed in writing that the qualified property can be segregated from non-qualified property and his letter of support is attached as Exhibit B.

Background and History

There has been unprecedented growth in shale natural gas production in Texas and the United States. As a result, the current economics favor manufacturing of ethylene with gas-based conversion technology. At the same time, increased oil and naphtha prices have left naphtha-based technology less economical to operate and consequently disadvantaged. As gas prices fall and oil prices rise we will see greater pressures placed on the economic viability of liquid-feed olefins plants. The Olefins Plant is designed to produce 1.62 million pounds of ethylene per year (MMPPY) utilizing naphtha (liquid) based conversion technology. Equistar's proposed expansion project will increase this capacity by 49% to 2.414 MMPPY. Changes in the feedstock slate and technology will impact the equipment employed throughout the different process sections of the plant. The current feedstock slate is 61% ethane, 21% propane, and 18% liquids. Equistar will reconfigure both processing and non-processing areas of the plant to meet the new feedstock slate configuration of 74% ethane, 14% propane, and 12% liquids. This is similar in nature to the Motiva and Total refinery projects that converted from processing light, low-sulfur crude oil to heavy, high-sulfur crude oil. The equipment changes are detailed within the four main sections of the olefins manufacturing process identified below:

- I. Cracking/Quench (color coded yellow on Exhibits C and D)
- II. Compression (color coded green on Exhibits C and D)
- III. Recovery (color coded pink on Exhibits C and D)
- IV. Utilities (color coded blue on Exhibits C and D)

Turnaround maintenance costs and other turnaround-driven capital projects unrelated to this proposed expansion project are to be developed and funded separately and are not included in the application either as qualified investment or qualified property.

Attached is the current plot plan with the investment highlighted by section area that matches the investment per that area (see Exhibit C), together with an equipment list (see Exhibit D) that

details the new improvements and new equipment and color codes each item to its specific location in the plant's olefins manufacturing process.

As noted above and to provide additional support and clarification is a letter from the Nueces County Appraisal District that confirms how this investment will be maintained on the appraisal rolls. (See Exhibit B)

Comptroller (2):

"Page 8 – The total estimated investment for this project as shown in the hard copy (\$490,994,000) is different from the electronic version (\$492,744,000). Please clarify which amount is correct."

Response:

Both figures were based on actual estimates collected at different intervals. Currently, we have received more detailed information that has allowed us to break out the estimated investments among the four main sections of the olefins manufacturing process as described in response (1). These estimates are detailed in the attached equipment list. (See Exhibit D)

As outlined in Exhibit D, the total estimated investment is \$465,990,000. A revised application which includes revised Schedules A and B, is attached reflecting this value. (See Exhibit E)

Comptroller (3):

"Attachment 10 – Please submit a land description."

Response:

A survey with land descriptions for the proposed reinvestment zone has been requested by the applicant and will be submitted as a supplement to the application once completed by the surveyor. Exhibit F shows the proposed reinvestment zone shaded in blue with the area in which the qualified investment and qualified property will be located shaded in green. The area shaded in green is shown in more detail in Exhibit C. The boundary line between Calallen ISD and Tuloso-Midway ISD is shown as a blue dotted line on Exhibit F.

Comptroller (4):

"Attachment 17 – Schedule A – For Tax Year 2013 it shows \$30,319,000 for tangible personal property. On page 6 of the application the timeline shows the purchase of machinery & equipment is slated for Q3 2014 – Q3 2015. Please explain the discrepancy."

Response:

Please see the revised schedules attached as Exhibit E. The amount indicated in tax year 2013 in the initial application represented progress payments (deposits) on long lead time expenditures that will not be tangible property placed in service until a later date. These values have been moved to 2014 so that the investment schedule accurately reflects when the tangible property will be on site and placed in service.

Texas Comptroller of Public Accounts
October 30, 2013
Page 4

If you have any questions regarding about the foregoing amended application or would like additional detail on our responses to your requests, please contact me at (713) 266-4456 Ext. 1 or Greg Maxim at (713) 266-4456 Ext. 5.

Sincerely,

A handwritten signature in blue ink that reads "D. Dale Cummings". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

D. Dale Cummings

Attachments: Exhibits A-F and amended application

cc: Stephen R. Wessels, LyondellBasell
Greg Maxim, Cummings Westlake LLC
Wes Jackson, Cummings Westlake LLC
Steve Kuntz, Norton Rose Fulbright

Exhibit A

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



July 25, 2013

Arturo Almendarez
Superintendent
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, TX 78410

JUL 29 2013

Dear Superintendent Almendarez:

On June 25, 2013, the Comptroller's office received from Calallen Independent School District (Calallen ISD) an application from Equistar Chemicals, LP for a limitation on appraised value.

When the Comptroller receives an application for limitation on appraised value, Texas Tax Code, Section 313.025(h) requires that the Comptroller determine whether the property meets the eligibility requirements of Texas Tax Code, Section 313.024. Additionally, within 91 days after receiving the application, Texas Tax Code §313.025(d) directs the Comptroller's office to submit a recommendation to the governing body of the school district. Pursuant to Texas Tax Code Section 313.205(a), the Comptroller is authorized to prescribe the information necessary for an application. The requirements to determine eligibility and to submit a recommendation to the School District do not begin until an application is complete as determined by this agency.

The Comptroller has reviewed the application and determined that it lacks the information required for an application. The information that is required to complete the application is identified in Attachment A.

Should you have any questions, please contact Michelle Luera with our office. She can be reached by e-mail at michelle.luera@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-6053, or direct in Austin at (512) 463-6053.

Sincerely,

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

Robert Wood
Director of Economic Development and Analysis

Attachment

cc: Dan Casey, Moak, Casey & Associates, LLP
Stephen Wessels, Equistar Chemicals, LP
Dale Cummings, Cummings Westlake LLC



**Calallen ISD – Equistar Chemicals, LP
Attachment A**

1. The application lacks “a specific and detailed description of the property . . . to clearly distinguish the subject property from property to which the limitation does not apply and to establish that the property meets the criteria of qualified property pursuant to Tax Code, §313.021(2)” as required by TAC 9.1053(1)(i).

Note that refurbishment, upgrading, rebuilding or restoration of existing facilities does not meet the statutory definition of new buildings or new improvements in Tax Code 313.021(2). Please provide a detailed description (with detailed location maps and/or surveys) of the new buildings and new improvements the applicant proposes to erect or build after the application review start date—that are not renovations of the existing facility. (See TAC 9.1051(7) for definition of application review start date.)

Maps, surveys, and descriptions should indicate location of proposed qualified property, clearly distinguishing between qualified property and non-qualified property.

The application should also include an estimate of the value of both the qualified property and non-qualified property, along with a detailed methodology and process to annually determine those values, approved by the Chief Appraiser, to ensure that any non-qualified property does not become qualified property.

2. Page 8 – The total estimated investment for this project as shown in the hard copy (\$490,994,000) is different from the electronic version (\$492,744,000). Please clarify which amount is correct.
3. Attachment 10 – Please submit a land description.
4. Attachments 17 – Schedule A – For Tax Year 2013 it shows \$30,319,000 for tangible personal property. On page 6 of the application the timeline shows the purchase of machinery & equipment is slated for Q3 2014-Q3 2015. Please explain the discrepancy.

Note: This letter is not a final list of application deficiencies. Revisions made to address the concerns above may require the revision of other portions of the application, such as Schedules A, B, C, and D.



Exhibit B

Nueces County Appraisal District
201 N. Chaparral, Ste. 206
Corpus Christi, Texas 78401-2503

Ramiro "Ronnie" Canales
Nueces County Chief Appraiser

Direct: (361) 879-0766
Cell: (361) 765-1190
Fax: (361) 887-6138
rcanales@nuecescad.net

October 28, 2013

Mr. Robert Wood
Director of Economic Development and Analysis
Texas State Comptroller of Public Accounts
P.O. Box 13528
Austin, TX 78711-3528

Re: Equistar Chemicals, LP: Calallen ISD Chapter 313 Agreement No 305

Dear Mr. Wood:

As you are aware, Equistar Chemicals, Inc. submitted an application earlier this year to the Calallen Independent School District, here in Nueces County, pursuant Chapter 313 of the Texas Property Tax Code - Value Limitation on Qualified Property. This letter will confirm that the Nueces County Appraisal District's (NCAD) method of listing and tracking Equistar's property on the appraisal roll related to this agreement will be to identify and segregate the new proposed investment by creating new separate account numbers that will identify and track all additions at this location. These accounts will include all of the necessary data and will receive appropriate treatment as required pursuant the Chapter 313 Agreement and the Texas Property Tax Code as applicable.

We have discussed this matter with representatives of our private appraisal firm, Thos.Y. Pickett Co., and our appraisal software vendor, True Automation, Inc., and we are confident that our office will be able to accurately identify, and track these new additions and fulfill our appraisal and reporting obligations to the entities involved, and the Comptroller's in a clear and accurate and manner.

The account numbers and information listed below identify the existing accounts on our appraisal roll currently owned by Equistar Chemicals, Inc. that are related to this Chapter 313 agreement. As stated above, NCAD will create new accounts on the new investment added for 2014 and subsequent years.

ACCOUNT TYPE	ACCOUNT #	DESCRIPTION	2013 AV
IMPROVEMENTS	IE22-5950-0101	Ethylene Plant - All Improvements	\$ 123,432,300.00
IMPROVEMENTS	IE22-5950-0105	Cooling Tower, Butadiene Plant Improvements	\$ 231,500.00
IMPROVEMENTS	IE22-5950-0110	Pipeline; Tower and Equipment	\$ 12,000.00
IMP-TCEQ	IE22-5950-0115	Pollution Control	\$ 249,800.00

LAND	0276-0120-0000	333.74 acres - Assessor's Map 145, Tract 12	\$	333,740.00
LAND	0276-0130-0201	9.507 acres - Assessor's Map 145, out of Tract	\$	9,507.00

If you have any questions regarding this matter or would like additional detail, please contact me at (361) 881-9978 or Mr. Doug Osterloh of Thos. Y. Pickett at (361) 993-0963 Ext. 239.

Best Regards,

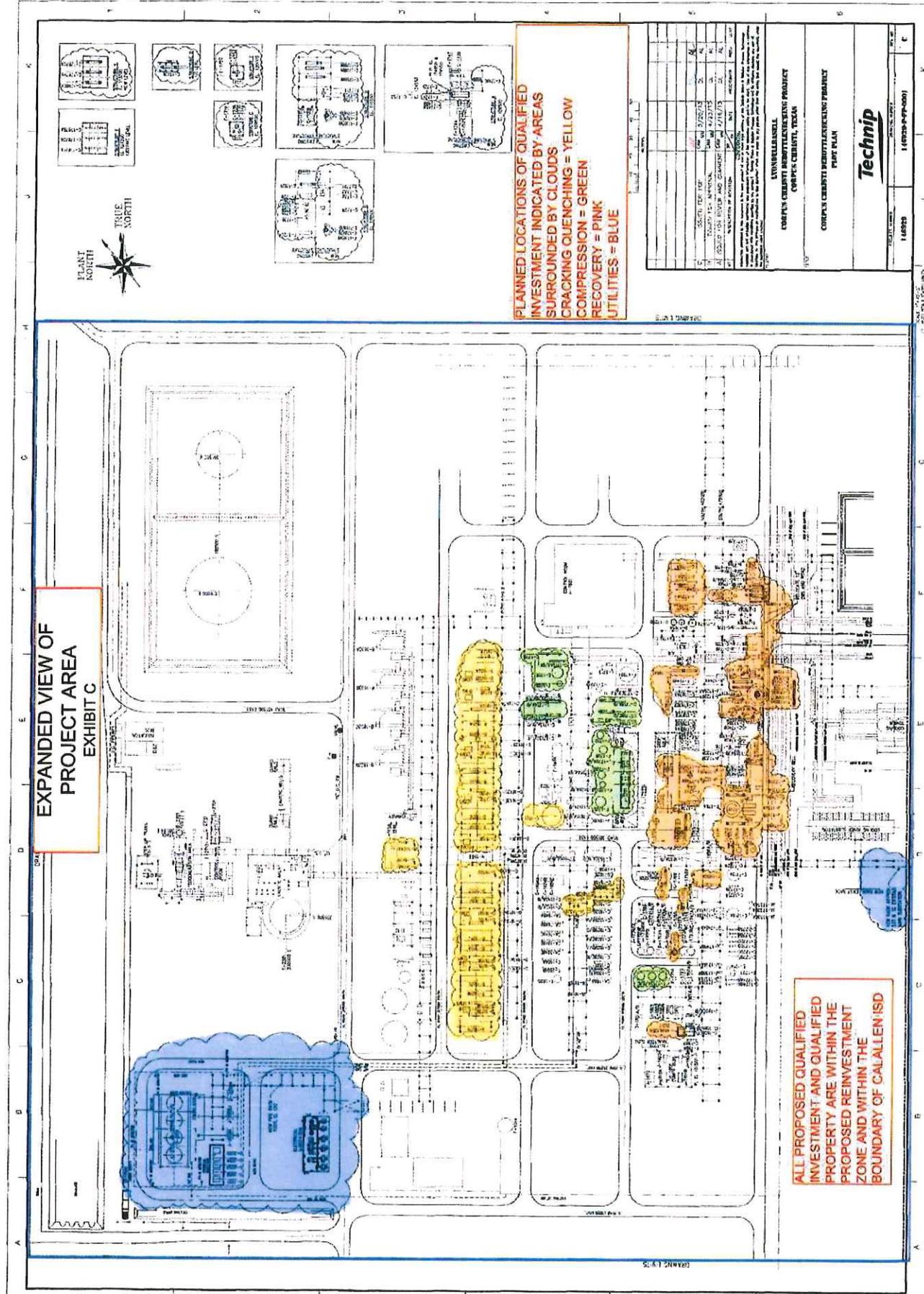


Ramiro "Ronnie" Canales
Chief Appraiser
Nueces County Appraisal District
361-881-9978
rcanales@nucescad.net



Ramiro "Ronnie" Canales, Chief Appraiser

**EXPANDED VIEW OF
PROJECT AREA
EXHIBIT C**



**PLANNED LOCATIONS OF QUALIFIED INVESTMENT INDICATED BY AREAS SURROUNDED BY CLOUDS
CRACKING QUENCHING = YELLOW
COMPRESSION = GREEN
RECOVERY = PINK
UTILITIES = BLUE**

ALL PROPOSED QUALIFIED INVESTMENT AND QUALIFIED PROPERTY ARE WITHIN THE PROPOSED REINVESTMENT ZONE AND WITHIN THE BOUNDARY OF CALLEN/ISD

NO.	DESCRIPTION	DATE	BY	CHKD.
1	ISSUED FOR PERMITTING	11/15/13	...	...
2	ISSUED FOR PERMITTING	11/15/13	...	...
3	ISSUED FOR PERMITTING	11/15/13	...	...
4	ISSUED FOR PERMITTING	11/15/13	...	...
5	ISSUED FOR PERMITTING	11/15/13	...	...
6	ISSUED FOR PERMITTING	11/15/13	...	...
7	ISSUED FOR PERMITTING	11/15/13	...	...
8	ISSUED FOR PERMITTING	11/15/13	...	...
9	ISSUED FOR PERMITTING	11/15/13	...	...
10	ISSUED FOR PERMITTING	11/15/13	...	...
11	ISSUED FOR PERMITTING	11/15/13	...	...
12	ISSUED FOR PERMITTING	11/15/13	...	...
13	ISSUED FOR PERMITTING	11/15/13	...	...
14	ISSUED FOR PERMITTING	11/15/13	...	...
15	ISSUED FOR PERMITTING	11/15/13	...	...
16	ISSUED FOR PERMITTING	11/15/13	...	...
17	ISSUED FOR PERMITTING	11/15/13	...	...
18	ISSUED FOR PERMITTING	11/15/13	...	...
19	ISSUED FOR PERMITTING	11/15/13	...	...
20	ISSUED FOR PERMITTING	11/15/13	...	...
21	ISSUED FOR PERMITTING	11/15/13	...	...
22	ISSUED FOR PERMITTING	11/15/13	...	...
23	ISSUED FOR PERMITTING	11/15/13	...	...
24	ISSUED FOR PERMITTING	11/15/13	...	...
25	ISSUED FOR PERMITTING	11/15/13	...	...
26	ISSUED FOR PERMITTING	11/15/13	...	...
27	ISSUED FOR PERMITTING	11/15/13	...	...
28	ISSUED FOR PERMITTING	11/15/13	...	...
29	ISSUED FOR PERMITTING	11/15/13	...	...
30	ISSUED FOR PERMITTING	11/15/13	...	...
31	ISSUED FOR PERMITTING	11/15/13	...	...
32	ISSUED FOR PERMITTING	11/15/13	...	...
33	ISSUED FOR PERMITTING	11/15/13	...	...
34	ISSUED FOR PERMITTING	11/15/13	...	...
35	ISSUED FOR PERMITTING	11/15/13	...	...
36	ISSUED FOR PERMITTING	11/15/13	...	...
37	ISSUED FOR PERMITTING	11/15/13	...	...
38	ISSUED FOR PERMITTING	11/15/13	...	...
39	ISSUED FOR PERMITTING	11/15/13	...	...
40	ISSUED FOR PERMITTING	11/15/13	...	...
41	ISSUED FOR PERMITTING	11/15/13	...	...
42	ISSUED FOR PERMITTING	11/15/13	...	...
43	ISSUED FOR PERMITTING	11/15/13	...	...
44	ISSUED FOR PERMITTING	11/15/13	...	...
45	ISSUED FOR PERMITTING	11/15/13	...	...
46	ISSUED FOR PERMITTING	11/15/13	...	...
47	ISSUED FOR PERMITTING	11/15/13	...	...
48	ISSUED FOR PERMITTING	11/15/13	...	...
49	ISSUED FOR PERMITTING	11/15/13	...	...
50	ISSUED FOR PERMITTING	11/15/13	...	...
51	ISSUED FOR PERMITTING	11/15/13	...	...
52	ISSUED FOR PERMITTING	11/15/13	...	...
53	ISSUED FOR PERMITTING	11/15/13	...	...
54	ISSUED FOR PERMITTING	11/15/13	...	...
55	ISSUED FOR PERMITTING	11/15/13	...	...
56	ISSUED FOR PERMITTING	11/15/13	...	...
57	ISSUED FOR PERMITTING	11/15/13	...	...
58	ISSUED FOR PERMITTING	11/15/13	...	...
59	ISSUED FOR PERMITTING	11/15/13	...	...
60	ISSUED FOR PERMITTING	11/15/13	...	...
61	ISSUED FOR PERMITTING	11/15/13	...	...
62	ISSUED FOR PERMITTING	11/15/13	...	...
63	ISSUED FOR PERMITTING	11/15/13	...	...
64	ISSUED FOR PERMITTING	11/15/13	...	...
65	ISSUED FOR PERMITTING	11/15/13	...	...
66	ISSUED FOR PERMITTING	11/15/13	...	...
67	ISSUED FOR PERMITTING	11/15/13	...	...
68	ISSUED FOR PERMITTING	11/15/13	...	...
69	ISSUED FOR PERMITTING	11/15/13	...	...
70	ISSUED FOR PERMITTING	11/15/13	...	...
71	ISSUED FOR PERMITTING	11/15/13	...	...
72	ISSUED FOR PERMITTING	11/15/13	...	...
73	ISSUED FOR PERMITTING	11/15/13	...	...
74	ISSUED FOR PERMITTING	11/15/13	...	...
75	ISSUED FOR PERMITTING	11/15/13	...	...
76	ISSUED FOR PERMITTING	11/15/13	...	...
77	ISSUED FOR PERMITTING	11/15/13	...	...
78	ISSUED FOR PERMITTING	11/15/13	...	...
79	ISSUED FOR PERMITTING	11/15/13	...	...
80	ISSUED FOR PERMITTING	11/15/13	...	...
81	ISSUED FOR PERMITTING	11/15/13	...	...
82	ISSUED FOR PERMITTING	11/15/13	...	...
83	ISSUED FOR PERMITTING	11/15/13	...	...
84	ISSUED FOR PERMITTING	11/15/13	...	...
85	ISSUED FOR PERMITTING	11/15/13	...	...
86	ISSUED FOR PERMITTING	11/15/13	...	...
87	ISSUED FOR PERMITTING	11/15/13	...	...
88	ISSUED FOR PERMITTING	11/15/13	...	...
89	ISSUED FOR PERMITTING	11/15/13	...	...
90	ISSUED FOR PERMITTING	11/15/13	...	...
91	ISSUED FOR PERMITTING	11/15/13	...	...
92	ISSUED FOR PERMITTING	11/15/13	...	...
93	ISSUED FOR PERMITTING	11/15/13	...	...
94	ISSUED FOR PERMITTING	11/15/13	...	...
95	ISSUED FOR PERMITTING	11/15/13	...	...
96	ISSUED FOR PERMITTING	11/15/13	...	...
97	ISSUED FOR PERMITTING	11/15/13	...	...
98	ISSUED FOR PERMITTING	11/15/13	...	...
99	ISSUED FOR PERMITTING	11/15/13	...	...
100	ISSUED FOR PERMITTING	11/15/13	...	...

**AVONDALE/ISD
CORPUS CHRISTI REFINERIES PROJECT
CORPUS CHRISTI, TEXAS**

**CORPUS CHRISTI REFINERIES PROJECT
PART PLAN**

Technip

140000
140000-PP-0001

**EQUIPMENT LIST
EXHIBIT D**

LOCATION	ITEM	EQUIPMENT	DESCRIPTION	NUMBER OF ITEMS	NEW EQUIPMENT OR IMPROVEMENTS AFFIXED TO EXISTING IMPROVEMENTS	ESTIMATED INVESTMENT BY PROCESS AREA (\$MM)
CRACKING/QUENCH	B-1601 A/B/K-N	CRACKING FURNACE	INSTALL NEW BURNER EQUIPMENT TO INCREASE FIRING RATES	6	AFFIXED TO EXISTING IMPROVEMENTS	\$ 95.97
	B-1601 C-J	CRACKING FURNACE	INSTALL NEW BURNER EQUIPMENT TO INCREASE FIRING RATES AND CHANGE PRODUCT SLATE	7	AFFIXED TO EXISTING IMPROVEMENTS	
	B-1602 A/B	CRACKING FURNACE	INSTALL NEW BURNER EQUIPMENT TO INCREASE FIRING RATES	2	AFFIXED TO EXISTING IMPROVEMENTS	
	E-1601	PRIMARY FRACTIONATOR	INSTALL NEW COLUMN, TRAYS & DISTRIBUTORS TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	F-1630	FUEL GAS KNOCK-OUT DRUM	INSTALL NEW NOZZLES TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	F-1650X	FUEL GAS MIXING DRUM	INSTALL NEW VANE SEPARATOR	1	AFFIXED TO EXISTING IMPROVEMENTS	
	JA-1632 C	SECONDARY HOT WATER BELT PUMPS	INSTALL NEW PUMP AND EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	J-1606 C-J	INDUCED DRAFT FAN	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	7	AFFIXED TO EXISTING IMPROVEMENTS	
	J-1609 C-J	INDUCED DRAFT FAN	INSTALL NEW INDUCED FAN EQUIPMENT TO INCREASE CAPACITY	7	NEW EQUIPMENT	
	G-1609 A/B/K/L	FUEL GAS FILTER / COALESCER FOR B-1601 A-N	INSTALL NEW FUEL GAS FILTER/COALESCER TO INCREASE CAPACITY	4	NEW EQUIPMENT	
	G-1610 C-J/M/N	FUEL GAS FILTER / COALESCER FOR B-1601 A-N	INSTALL NEW FUEL GAS FILTER/COALESCER TO INCREASE CAPACITY	9	NEW EQUIPMENT	
	G-1611 A/B	FUEL GAS FILTER / COALESCER FOR B-1604 A/B	INSTALL NEW FUEL GAS FILTER/COALESCER TO INCREASE CAPACITY	2	NEW EQUIPMENT	
	G-1612 A/B	FUEL GAS FILTER / COALESCER FOR B-1602 A/B	INSTALL NEW FUEL GAS FILTER/COALESCER TO INCREASE CAPACITY	2	NEW EQUIPMENT	
	COMPRESSION	J-1701	PROCESS GAS COMPRESSOR (LP/IP)	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1		AFFIXED TO EXISTING IMPROVEMENTS	$ 69.96
J-1701		PROCESS GAS COMPRESSOR (HP)	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
E-1706		CAUSTIC SCRUBBER	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
C-1716		CAUSTIC SCRUBBER FEED HEATER	INSTALL NEW INTERNAL NOZZLES TO INCREASE FLOW	1	AFFIXED TO EXISTING IMPROVEMENTS	
C-1717 A/B/X		CAUSTIC SCRUBBER AFTERCOOLER	INSTALL NEW EQUIPMENT/NOZZLES TO DECREASE EROSION	2	AFFIXED TO EXISTING IMPROVEMENTS	
C-1718 A-D		PROCESS GAS 4TH STAGE AFTERCOOLER	INSTALL NEW NOZZLES TO INCREASE CAPACITY	4	AFFIXED TO EXISTING IMPROVEMENTS	
C-1718X		PROCESS GAS 4TH STAGE SUBCOOLER	INSTALL NEW NOZZLES TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1705		PROCESS GAS 1ST STAGE SUCTION DRUM	INSTALL NEW INTERNAL VANE SEPARATOR TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1706		PROCESS GAS 2ND STAGE SUCTION DRUM	INSTALL NEW INTERNAL VANE SEPARATOR TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1707		PROCESS GAS 3RD STAGE SUCTION DRUM	INSTALL NEW VANE SEPARATOR TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1708		PROCESS GAS 3RD STAGE DISCHARGE DRUM	INSTALL NEW VANE SEPARATOR TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1709		PROCESS GAS 4TH STAGE SUCTION DRUM	INSTALL NEW VANE SEPARATOR TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1710		PROCESS GAS 4TH STAGE DISCHARGE DRUM	INSTALL NEW PAD TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
F-1713 A-C		PROCESS GAS DRIERS	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	3	AFFIXED TO EXISTING IMPROVEMENTS	
J-1770 A/B		HP PROCESS GAS COMP. TURBINE COND. PUMPS	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	2	NEW EQUIPMENT	
J-1701T-LP		PROCESS GAS COMPRESSOR (LP/IP) TURBINE	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
J-1701T-LP		PROCESS GAS COMPRESSOR (LP/IP) TURBINE	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
J-1701T-HP		PROCESS GAS COMPRESSOR (HP) TURBINE	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
J-1701T-HP		PROCESS GAS COMPRESSOR (HP) TURBINE	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
C-1714 A-D		PROCESS GAS 2ND STAGE AFTERCOOLER	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	4	AFFIXED TO EXISTING IMPROVEMENTS	
J-1770 A/B		HP PROCESS GAS COMP. TURBINE COND. PUMPS	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	2	AFFIXED TO EXISTING IMPROVEMENTS	
RECOVERY		E-1706	DEMETHANIZER PREFRACTIONATOR	INSTALL NEW TRAYS TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	$ 69.96
	E-1710	ETHYLENE TOWER	INSTALL NEW TRAYS & NOZZLES TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	E-1718	DEMETHANIZER PRESTRIPPER	INSTALL NEW TRAYS & NOZZLES TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	E-1719	DEMETHANIZER	INSTALL NEW METHANIZER TOWER TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	E-1720	RESIDUE GAS RECTIFIER	INSTALL NEW GAS RECTIFIER TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1701 A/B	2ND ACETYLENE CONVERTER INTERCOOLER	INSTALL NEW CHANNELS & BUNDLES TO INCREASE CAPACITY	2	NEW EQUIPMENT	
	C-1702	2ND ACETYLENE CONVERTER AFTERCOOLER	INSTALL NEW EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1706	DEMETHANIZER TOWER REBOILER	INSTALL NEW TRAYS TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1708	DEMETHANIZER FEED COOLER	INSTALL NEW DEMETHANIZER FEED COOLER TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1709	DEMETHANIZER TOWER CONDENSER	INSTALL NEW DEMETHANIZER TOWER CONDENSER EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1711	2ND ACET CONV/ FEED EFFLUENT EXCHANGER	INSTALL NEW EXCHANGER EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1712	2ND ACETYLENE CONVERTER PREHEATER	INSTALL NEW PREHEATER EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	C-1724A	DEMETHANIZER BOTTOMS VAPORIZER NO. 2	INSTALL NEW VAPORIZER EQUIPMENT TO INCREASE HEAT TRANSFER	1	NEW EQUIPMENT	
	C-1724B	DEMETHANIZER BOTTOMS VAPORIZER NO. 1	INSTALL NEW VAPORIZER EQUIPMENT TO INCREASE HEAT TRANSFER	1	NEW EQUIPMENT	
	C-1726BN	DEMETHANIZER 1ST FEED PRECOOLER "B"	INSTALL NEW PRECOOLER "B" EQUIPMENT TO INCREASE HEAT TRANSFER	1	NEW EQUIPMENT	
	C-1726BN	RECYCLE ETHANE VAPORIZER NO. 2	INSTALL NEW VAPORIZER EQUIPMENT TO INCREASE HEAT TRANSFER	1	NEW EQUIPMENT	
	D-1710 A/B	2ND ACETYLENE CONVERTER	INSTALL NEW DRUM EQUIPMENT TO INCREASE CAPACITY	2	NEW EQUIPMENT	
	F-1702	RECTIFIER REFLUX DRUM	INSTALL NEW DRUM EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	F-1703	C-1734 METHANE RECYCLE FLASH POT	INSTALL NEW FLASH POT EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	F-1711	C-1706 -28" F CSR FLASH DRUM	INSTALL NEW DRUM EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	F-1716	DEMETHANIZER 1ST PRECOOLER SEPARATOR	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	F-1716	DEMETHANIZER 2ND PRECOOLER SEPARATOR	INSTALL NEW INTERNAL PAD TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	F-1717	DEMETHANIZER FEED CONTACT DRUM	INSTALL NEW DRUM EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	F-1773	2ND GUARD DRIER	INSTALL NEW DRIER EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	J-1731 C	ETHYLENE TOWER REFLUX PUMP	INSTALL NEW PUMP EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	J-1732 C	ETHYLENE PRODUCT PUMP	INSTALL NEW PUMP EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	J-1702	PROPYLENE COMPRESSOR	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	
	J-1702	PROPYLENE COMPRESSOR	INSTALL NEW COMPRESSOR EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT	
	J-1703	ETHYLENE COMPRESSOR	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS	

LOCATION	ITEM	EQUIPMENT	DESCRIPTION	NUMBER OF ITEMS	NEW EQUIPMENT OR IMPROVEMENTS AFFIXED TO EXISTING IMPROVEMENTS	ESTIMATED INVESTMENT BY PROCESS AREA (\$M)	
	J-1703	ETHYLENE COMPRESSOR	INSTALL NEW COMPRESSOR EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT		
	J-1705 A/B	METHANE COMPRESSOR	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	2	AFFIXED TO EXISTING IMPROVEMENTS		
	J-1707	METHANE EXPANDER / COMPRESSOR	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS		
	J-1710A/B	EXPANDER / RECOMPRESSOR	INSTALL NEW EXPANDER/RECOMPRESSOR EQUIPMENT TO INCREASE CAPACITY		NEW EQUIPMENT		
	J-1714	RESIDUE GAS EXPANDER / RECOMPRESSOR	INSTALL NEW EXPANDER/RECOMPRESSOR EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT		
	J-1715	RESIDUE GAS EXPANDER / RECOMPRESSOR	INSTALL NEW EXPANDER/RECOMPRESSOR EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT		
	J-1702T	PROPYLENE COMPRESSOR TURBINE	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS		
	J-1702T	PROPYLENE COMPRESSOR TURBINE	INSTALL NEW COMPRESSOR TURBINE EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT		
	J-1703T	ETHYLENE COMPRESSOR TURBINE	INSTALL NEW INTERNAL EQUIPMENT TO INCREASE CAPACITY	1	AFFIXED TO EXISTING IMPROVEMENTS		
	J-1703T	ETHYLENE COMPRESSOR TURBINE	INSTALL NEW COMPRESSOR TURBINE EQUIPMENT TO INCREASE CAPACITY	1	NEW EQUIPMENT		
	G-1716 / 1717	PRC/ERC BUILDING BRIDGE CRANE	INSTALL NEW CRANE EQUIPMENT TO INCREASE CAPACITY	2	AFFIXED TO EXISTING IMPROVEMENTS		
	G-1716 / 1717	PRC/ERC BUILDING BRIDGE CRANE	INSTALL NEW CRANE EQUIPMENT TO INCREASE CAPACITY	2	NEW EQUIPMENT		
	F-1718A	HYDROGEN DRUM NO.1	INSTALL NEW DRUM EQUIPMENT TO INCREASE CAPACITY		NEW EQUIPMENT	\$ 225.10	
	UTILITIES	B-1804A/B	STEAM SUPERHEATER	INSTALL NEW SUPERHEATER EQUIPMENT TO INCREASE CAPACITY		AFFIXED TO EXISTING IMPROVEMENTS	
		JA-2050	COOLING TOWER CIRCULATION PUMPS	INSTALL NEW COOLING TOWER EQUIPMENT TO INCREASE COOLING CAPACITY		NEW EQUIPMENT	
A-2010		COOLING TOWER 2 BASIN	INSTALL NEW COOLING TOWER EQUIPMENT TO INCREASE COOLING CAPACITY	1	NEW EQUIPMENT		
JA-2051 R-U		COOLING TOWER 2 FANS	INSTALL NEW COOLING TOWER EQUIPMENT TO INCREASE COOLING CAPACITY	4	NEW EQUIPMENT		
U-2011		COOLING TOWER 2	INSTALL NEW COOLING TOWER EQUIPMENT TO INCREASE COOLING CAPACITY	1	NEW EQUIPMENT	\$ 74.01	
						\$ 465.99	

EXHIBIT E

REVISED SCHEDULES A AND B

Schedule A (Rev. January 2013): Investment

Applicant Name: EQUISTAR CHEMICALS, LP
 ISD Name: CALLENS ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS

		(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment during the qualifying time period	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
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)	2013-2014	2013								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)										
	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			1	2014-2015	2014	\$ 170,399,000	\$ -	\$ 170,399,000	0	0
				2	2015-2016	2015	\$ 293,841,000	\$ -	\$ 293,841,000	0	0
				3	2016-2017	2016	\$ 1,750,000	\$ -	\$ 1,750,000	0	0
				4	2017-2018	2017	0	0	0	0	0
				5	2018-2019	2018	0	0	0	0	0
				6	2019-2020	2019	0	0	0	0	0
				7	2020-2021	2020	0	0	0	0	0
				8	2021-2022	2021	0	0	0	0	0
				9	2022-2023	2022	0	0	0	0	0
				10	2023-2024	2023	0	0	0	0	0
				11	2024-2025	2024	0	0	0	0	0
				12	2025-2026	2025	0	0	0	0	0
	13	2026-2027	2026	0	0	0	0	0			
	14	2027-2028	2027	0	0	0	0	0			
	15	2028-2029	2028	0	0	0	0	0			
Tax Credit Period (with 50% cap on credit)											
Credit Settle-Up Period											
Post-Settle-Up Period											
Post-Settle-Up Period											

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.
 Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.
 Column C: 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 §313.02(1)(E).
 Column D: 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.

Signature: *Steph R. W. S.*

DATE: 10/24/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule B (Rev. January 2013): Estimated Market Value and Taxable Value
EQUICSTAR CHEMICALS, LP
 CALALLEN ISD

Form 50-296

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				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 this new building or "in or on the new improvement"		Final taxable value for M&O-after all reductions	Final taxable value for I&S - after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2	2015-2016	2015	\$ -	\$ -	\$85,200,000	\$4,260,000	\$ 80,940,000	\$ 80,940,000
	3	2016-2017	2016	\$ -	\$ -	\$ -	\$23,200,000	\$ 440,800,000	\$ 20,000,000
	4	2017-2018	2017	\$ -	\$ -	\$ -	\$23,300,000	\$ 442,690,000	\$ 20,000,000
	5	2018-2019	2018	\$ -	\$ -	\$ -	\$22,368,000	\$ 424,982,000	\$ 20,000,000
	6	2019-2020	2019	\$ -	\$ -	\$ -	\$21,473,000	\$ 407,983,000	\$ 20,000,000
	7	2020-2021	2020	\$ -	\$ -	\$ -	\$20,614,000	\$ 391,664,000	\$ 20,000,000
	8	2021-2022	2021	\$ -	\$ -	\$ -	\$19,789,000	\$ 375,998,000	\$ 20,000,000
	9	2022-2023	2022	\$ -	\$ -	\$ -	\$18,998,000	\$ 360,958,000	\$ 20,000,000
	10	2023-2004	2023	\$ -	\$ -	\$ -	\$18,238,000	\$ 346,520,000	\$ 20,000,000
	11	2024-2025	2024	\$ -	\$ -	\$ -	\$17,508,000	\$ 332,660,000	\$ 332,660,000
	12	2025-2026	2025	\$ -	\$ -	\$ -	\$16,808,000	\$ 319,353,000	\$ 319,353,000
	13	2026-2027	2026	\$ -	\$ -	\$ -	\$16,136,000	\$ 306,579,000	\$ 306,579,000
	14	2027-2028	2027	\$ -	\$ -	\$ -	\$15,490,000	\$ 294,316,000	\$ 294,316,000
	15	2028-2029	2028	\$ -	\$ -	\$ -	\$14,871,000	\$ 282,543,000	\$ 282,543,000

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

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

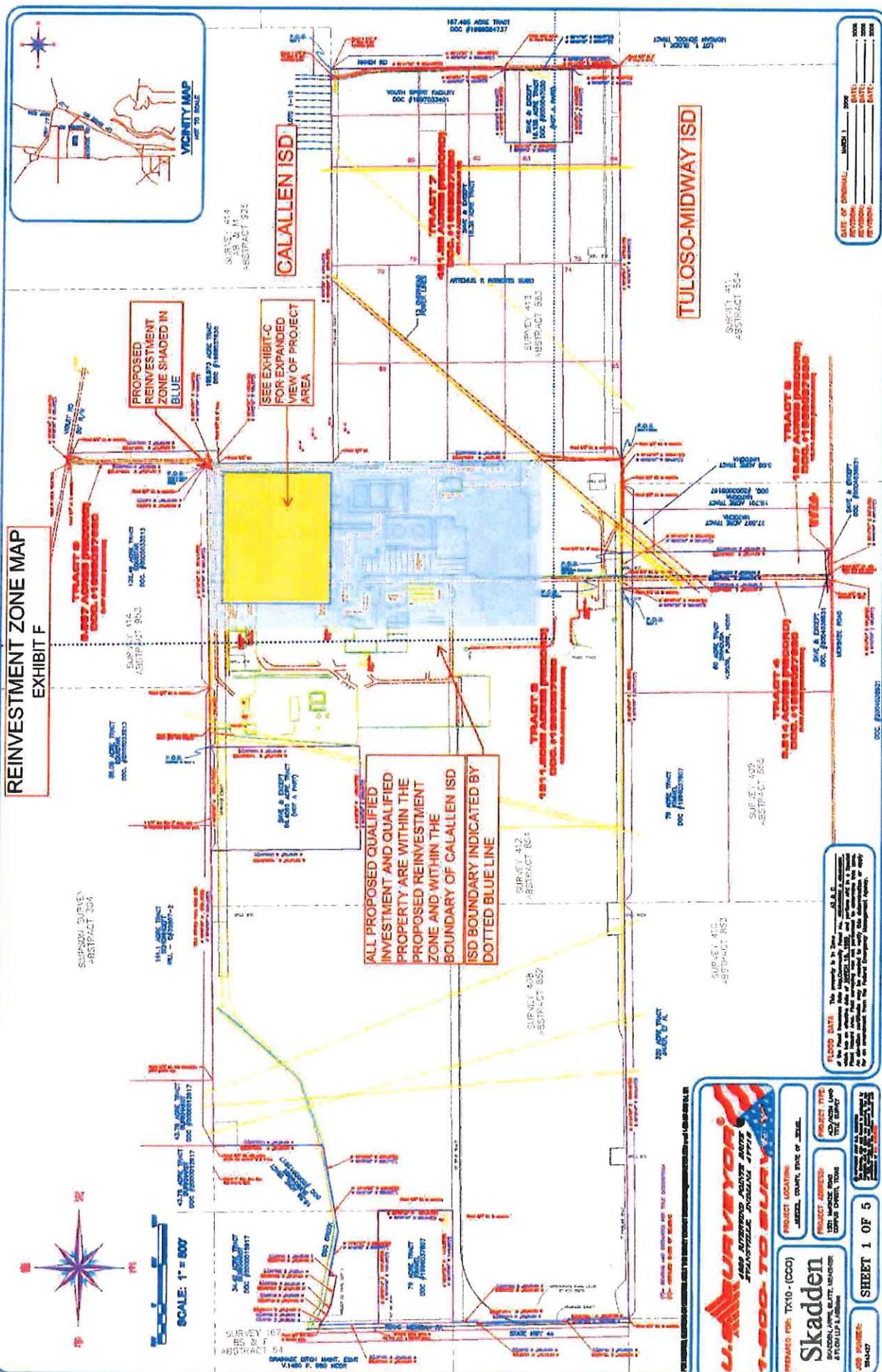
Steph K. WWS

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

10/24/13

DATE

REINVESTMENT ZONE MAP
EXHIBIT F



PROPOSED REINVESTMENT ZONE SHADED IN BLUE

SEE EXHIBIT-C FOR EXPANDED VIEW OF PROJECT AREA

ALL PROPOSED QUALIFIED INVESTMENT AND QUALIFIED PROPERTY ARE WITHIN THE PROPOSED REINVESTMENT ZONE AND WITHIN THE BOUNDARY OF CALLEEN ISD INDICATED BY DOTTED BLUE LINE

TULOSO-MIDWAY ISD

CALLEEN ISD

DATE OF ORIGINAL:	SHEET 1	NO.	DATE:
REVISION:			DATE:
REVISION:			DATE:
REVISION:			DATE:

FLOOD DATA: The property is in Flood Hazard Zone 100-A, which is a Special Flood Hazard Area. The Flood Hazard Zone 100-A is a Special Flood Hazard Area. The Flood Hazard Zone 100-A is a Special Flood Hazard Area.

U.S. SURVEYOR
1-800-TO-SURVY

PREPARED FOR: TX10 - (COO)
Skadden
1500 W. 10th Street, Suite 1000
Fort Worth, Texas 76102

PROJECT LOCATION:
MIDWAY, COUNTY, STATE OF TEXAS

PROJECT ADDRESS:
1500 W. 10th Street, Suite 1000
Fort Worth, Texas 76102

DATE OF SURVEY:
MAY 1, 2010

DATE OF PLOTTING:
MAY 1, 2010

SHEET 1 OF 5

AMENDED



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

Form 50-296
(Revised May 2010)

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

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

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

This notice must include:

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

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

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

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

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

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district
First Name Dr. Arturo	Last Name Almendarez	
Title Superintendent		
School District Name Calallen ISD		
Street Address 4205 Wildcat Drive		
Mailing Address 4205 Wildcat Drive		
City Corpus Christi	State TX	ZIP 78410
Phone Number 361-242-5600	Fax Number 361-242-5620	
Mobile Number (optional)	E-mail Address AAlmendarez@calallen.org	

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

Will consultant be primary contact? Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

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

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

Signature (Authorized School District Representative) 	Date 6/17/2013
---	--------------------------

Has the district determined this application complete? Yes No

If yes, date determined complete. June 21, 2013 redetermined complete as of 11/1/13

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Stephen R.		Last Name Wessels	
Title Assistant Secretary & Chief Tax Counsel			
Organization Equistar Chemicals, LP			
Street Address 1221 McKinney Street, Suite 700, Houston, TX 77010			
Mailing Address P.O. Box 3646			
City Houston		State TX	ZIP 77253-3646
Phone Number 713-309-2295		Fax Number	
Mobile Number (optional)		Business e-mail Address Stephen.Wessels@lyondellbasell.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 D. Dale	Last Name Cummings	
Title Partner		
Firm Name Cummings Westlake LLC		
Street Address 12837 Louetta Road, Suite 201		
Mailing Address 12837 Louetta Road, Suite 201		
City Cypress	State TX	ZIP 77429
Phone Number 713-266-4456 x1	Fax Number 713-266-2333	
Business email Address dcummings@cwlp.net		

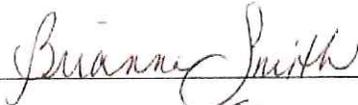
I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge 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 10/24/13
---	-------------------------

GIVEN under my hand and seal of office this 24 day of October, 2013




Notary Public, State of Texas

My commission expires 2-19-2017

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

Equistar Chemicals, LP

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

17605504814

NAICS code

325110

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.

La Porte ISD (2013) and Sheldon ISD (2013)

APPLICANT BUSINESS STRUCTURE

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

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

Limited Partnership

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

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

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? NA Yes No
If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

PROJECT DESCRIPTION

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

See Attachment # 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 Q3 2014, Begin Hiring New Employees Q3 2015, Construction Complete Q4 2015, Fully Operational Q4 2015, Purchase Machinery & Equipment Q3 2014 - Q3 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)?

When do you anticipate the new buildings or improvements will be placed in service? Q4 2015



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
N/A	
Total	

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

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

THE PROPERTY

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

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

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

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

County: Nueces (100%) City: n/a
(Name and percent of project) (Name and percent of project)

Hospital District: Nueces County (100%) Water District: n/a
(Name and percent of project) (Name and percent of project)

Other (describe): See Attachment 5 Other (describe): n/a
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

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



INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? \$20,000,000

What is the amount of appraised value limitation for which you are applying? \$20,000,000

What is your total estimated qualified investment? \$465,990,000

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? December 31, 2013

What is the anticipated date of the beginning of the qualifying time period? December 31, 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? \$465,990,000

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? December 1, 2013

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. See Attachment 12 2013
(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)? 169

The last complete calendar quarter before application review start date is the:

First Quarter Second Quarter Third Quarter Fourth Quarter of 2013
(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?
1,835

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 3

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? 3

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 \$915

110% of the county average weekly wage for manufacturing jobs in the county is \$1,473

110% of the county average weekly wage for manufacturing jobs in the region is \$1,011

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? \$52,565

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? \$65,000

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?

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.

Schedule A (Rev. January 2013): Investment

Form 50-256

Applicant Name
EQUSTAR CHEMICALS, LP
CALALLEN 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 (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	0	0	0	0	0	0	0		
			1	2014-2015	2014	\$ 170,399,000	\$ -	\$ -	\$ -	\$ -	0
			2	2015-2016	2015	\$ -	\$ -	\$ 170,399,000	\$ -	\$ -	\$ 170,399,000
			3	2016-2017	2016	\$ 293,841,000	\$ -	\$ 293,841,000	\$ -	\$ -	\$ 293,841,000
			4	2017-2018	2017	\$ 1,750,000	\$ -	\$ -	\$ -	\$ -	\$ 1,750,000
			5	2018-2019	2018	0	0	0	0	0	0
			6	2019-2020	2019	0	0	0	0	0	0
			7	2020-2021	2020	0	0	0	0	0	0
			8	2021-2022	2021	0	0	0	0	0	0
			9	2022-2023	2022	0	0	0	0	0	0
			10	2023-2024	2023	0	0	0	0	0	0
			11	2024-2025	2024	0	0	0	0	0	0
			12	2025-2026	2025	0	0	0	0	0	0
			13	2026-2027	2026	0	0	0	0	0	0
			14	2027-2028	2027	0	0	0	0	0	0
15	2028-2029	2028	0	0	0	0	0	0			
Tax Credit Period (with 50% cap on credit)	Value Limitation Period										
Credit Settle-Up Period	Continue to Maintain Viable Presence										
	Post-Settle-Up Period										
	Post-Settle-Up Period										

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)(D). For the purposes of investment, please list amount invested each year, not cumulative totals.
 Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

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

Signature: Steph R. Wells DATE: 10/24/13
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE DATE

Schedule B (Rev. January 2013): Estimated Market And Taxable Value

Form 50-296

Applicant Name
ISD Name

EQUISTAR CHEMICALS, LP
CALALLEN ISD

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O—after all reductions
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"				Exempted Value
pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	2015-2016	2015	\$ -	\$ -	\$85,200,000	\$4,260,000	\$ 80,940,000	\$ 80,940,000
3	2016-2017	2016	\$ -	\$ -	\$464,000,000	\$23,200,000	\$ 440,800,000	\$ 20,000,000
4	2017-2018	2017	\$ -	\$ -	\$465,990,000	\$23,300,000	\$ 442,690,000	\$ 20,000,000
5	2018-2019	2018	\$ -	\$ -	\$447,350,000	\$22,368,000	\$ 424,982,000	\$ 20,000,000
6	2019-2020	2019	\$ -	\$ -	\$429,456,000	\$21,473,000	\$ 407,983,000	\$ 20,000,000
7	2020-2021	2020	\$ -	\$ -	\$412,278,000	\$20,614,000	\$ 391,664,000	\$ 20,000,000
8	2021-2022	2021	\$ -	\$ -	\$395,787,000	\$19,789,000	\$ 375,998,000	\$ 20,000,000
9	2022-2023	2022	\$ -	\$ -	\$379,956,000	\$18,998,000	\$ 360,958,000	\$ 20,000,000
10	2023-2004	2023	\$ -	\$ -	\$364,758,000	\$18,238,000	\$ 346,520,000	\$ 20,000,000
11	2024-2025	2024	\$ -	\$ -	\$350,168,000	\$17,508,000	\$ 332,660,000	\$ 332,660,000
12	2025-2026	2025	\$ -	\$ -	\$336,161,000	\$16,808,000	\$ 319,353,000	\$ 319,353,000
13	2026-2027	2026	\$ -	\$ -	\$322,715,000	\$16,136,000	\$ 306,579,000	\$ 306,579,000
14	2027-2028	2027	\$ -	\$ -	\$309,806,000	\$15,490,000	\$ 294,316,000	\$ 294,316,000
15	2028-2029	2028	\$ -	\$ -	\$297,414,000	\$14,871,000	\$ 282,543,000	\$ 282,543,000

Tax Credit
Period (with
50% cap on
credit)

Value Limitation
Period

Credit Settle-Up
Period

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.

Steph K. W.

10/24/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name
 EQUICSTAR CHEMICALS, LP
 CALALLEN ISO

Form 50-296

	Year pre-year 1	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		2013-2014	2013	0 FTEs	\$0	0	\$0	0	\$0
	Complete tax years of qualifying time period	2014-2015	2014	200 FTEs	\$100,000	0	\$0	0	\$0
		2015-2016	2015	335 FTEs	\$100,000	3	\$65,000	3	\$65,000
		2016-2017	2016			3	\$65,000	3	\$65,000
		2017-2018	2017			3	\$65,000	3	\$65,000
		2018-2019	2018			3	\$65,000	3	\$65,000
		2019-2020	2019			3	\$65,000	3	\$65,000
	Value Limitation Period	2020-2021	2020			3	\$65,000	3	\$65,000
		2021-2022	2021			3	\$65,000	3	\$65,000
		2022-2023	2022			3	\$65,000	3	\$65,000
		2023-2004	2023			3	\$65,000	3	\$65,000
		2024-2025	2024			3	\$65,000	3	\$65,000
		2025-2026	2025			3	\$65,000	3	\$65,000
		2026-2027	2026			3	\$65,000	3	\$65,000
	Continue to Maintain Viable Presence	2027-2028	2027			3	\$65,000	3	\$65,000
		2028-2029	2028			3	\$65,000	3	\$65,000
	Post-Settle-Up Period								
	Post-Settle-Up Period								

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

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

Steph A. W.A.S.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

10/24/13
 DATE

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name

EQUISTAR CHEMICALS, LP

ISD Name

CALLEN ISD

Form 50-296

		Sales Tax Information			Other Property Tax Abatements Sought			
		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	Franchise Tax	County	City	Hospital	Other
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	0	0	-	-	-	-
Complete tax years of qualifying time period	1	2014-2015	\$ 15,762,000	0	n/a	n/a	n/a	n/a
	2	2015-2016	\$ 27,180,000	35,000	n/a	n/a	n/a	n/a
Value Limitation Period	3	2016-2017	\$ 162,000	900,000	n/a	n/a	n/a	n/a
	4	2017-2018	\$ -	465,000	n/a	n/a	n/a	n/a
	5	2018-2019	\$ -	575,000	n/a	n/a	n/a	n/a
	6	2019-2020	\$ -	500,000	n/a	n/a	n/a	n/a
	7	2020-2021	\$ -	435,000	n/a	n/a	n/a	n/a
	8	2021-2022	\$ -	395,000	n/a	n/a	n/a	n/a
	9	2022-2023	\$ -	560,000	n/a	n/a	n/a	n/a
	10	2023-2024	\$ -	510,000	n/a	n/a	n/a	n/a
	11	2024-2025	\$ -	550,000	n/a	n/a	n/a	n/a
	12	2025-2026	\$ -	585,000	n/a	n/a	n/a	n/a
Credit Settle-Up Period	13	2026-2027	\$ -	630,000	n/a	n/a	n/a	n/a
	14	2027-2028	\$ -	560,000	n/a	n/a	n/a	n/a
	15	2028-2029	\$ -	710,000	n/a	n/a	n/a	n/a

*For planning, construction and operation of the facility.

Stacy R. W.S.

10/20/13

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

ATTACHMENT 1

See application.

ATTACHMENT 2

Copy of check attached

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public
Accounts)*

ATTACHMENT 3

See attached documentation of combined group membership



Comptroller of Public Accounts FORM

05-165

(Rev. 9-11/3)

Tcode 13298

Texas Franchise Tax Extension Affiliate List

Reporting entity taxpayer number

1 7 6 0 5 5 0 4 8 1 4

Report year

2 0 1 2

Reporting entity taxpayer name

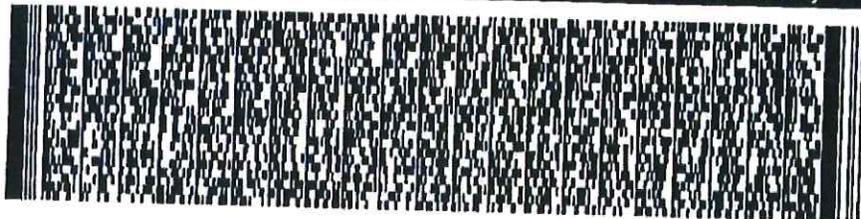
EQUISTAR CHEMICALS, LP & AFFILIATES

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)										BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS	
1. LYONDELLBASELL FINANCE COMPANY	7	5	3	2	6	0	8	0	6			<input type="radio"/>
2. LYONDELL CHEMICAL COMPANY	1	9	5	4	1	6	0	5	5	8	0	<input type="radio"/>
3. EQUISTAR GP, LLC	3	2	0	4	1	2	5	3	5	3	8	<input type="radio"/>
4. EQUISTAR LP, LLC	2	7	1	1	9	1	0	1	7			<input type="radio"/>
5. LYONDELL CHEMICAL OVERSEAS SERVICE, INC.	3	2	0	0	3	4	9	7	0	0	8	<input type="radio"/>
6. LYONDELL CHEMICAL DELAWARE COMPANY	5	1	0	3	0	9	0	9	4			<input type="radio"/>
7. LYONDELL CHEMICAL HOLDING COMPANY	5	1	0	3	2	9	8	0	0			<input type="radio"/>
8. LYONDELL CHEMICAL INTERNATIONAL COMPANY	5	1	0	1	0	9	8	0	3			<input type="radio"/>
9. LYONDELL CENTENNIAL CORP.	9	5	3	0	4	6	2	7	2			<input type="radio"/>
10. LYONDELL CHEMICAL TECHNOLOGY, L.P.	3	2	0	3	6	4	6	8	6	0	4	<input type="radio"/>
11. LYONDELL CHEMICAL TECHNOLOGY MANAGEMENT, INC.	1	2	3	2	6	3	1	3	8	9	4	<input type="radio"/>
12. LYONDELL CHEMICAL PROPERTIES, L.P.	2	3	2	8	3	6	1	0	5			<input type="radio"/>
13. LYONDELL POTECHGP, INC.	3	2	0	3	8	7	9	7	6	7	9	<input type="radio"/>
14. LYONDELL POTECHLP, INC.	5	1	0	3	9	7	8	2	4			<input type="radio"/>
15. LYONDELL CHEMICAL TECHNOLOGY 1 INC.	5	6	2	5	6	1	5	8	8			<input type="radio"/>
16. POSM DELAWARE, INC.	3	0	1	1	4	1	5	9	2	9	3	<input type="radio"/>
17. LYONDELLBASELL ACETYLS HOLDCO, LLC	2	7	1	1	9	1	1	3	3			<input type="radio"/>
18. LYONDELLBASELL ACETYLS, LLC	1	2	7	1	1	9	1	2	3	3	2	<input type="radio"/>
19. LYONDELLBASELL F&F HOLDCO, INC.	2	7	1	1	9	1	3	2	0			<input type="radio"/>
20. LYONDELL REFINING COMPANY LLC	3	2	0	2	8	1	5	4	1	1	3	<input type="radio"/>
21. LYONDELLBASELL METHANOL LP, INC.	2	2	3	4	5	2	6	2	6			<input type="radio"/>

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

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



VE/DE FM





Comptroller
of Public
Accounts
FORM

05-165

(Rev.9-11/3)

Tcode 13298

Texas Franchise Tax Extension Affiliate List

Reporting entity taxpayer number

1 7 6 0 5 5 0 4 8 1 4

Report year

2 0 1 2

Reporting entity taxpayer name

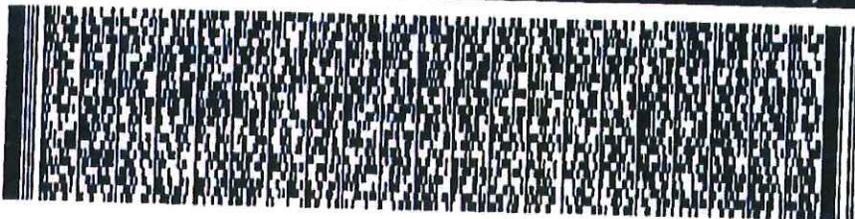
EQUISTAR CHEMICALS, LP & AFFILIATES

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
22. BASELL NORTH AMERICA INC.	5 1 0 2 7 2 0 9 0	<input type="radio"/>
23. HOUSTON REFINING LP	1 7 6 0 3 9 5 3 0 3 9	<input type="radio"/>
24. LAPORTE METHANOL COMPANY, L.P.	1 7 6 0 5 9 8 7 5 1 4	<input type="radio"/>
25. TECHNOLOGY JV, LP	3 2 0 3 6 6 5 5 4 3 2	<input type="radio"/>
26. PO JV, LP	1 5 1 0 3 9 8 5 1 7 0	<input type="radio"/>
27. POSM II LIMITED PARTNERSHIP, L.P.	3 2 0 4 0 6 7 4 2 0 5	<input type="radio"/>
28. POSM II PROPERTIES PARTNERSHIP, LLC	3 2 0 3 6 4 6 0 4 8 6	<input type="radio"/>
29. EQUISTAR OLEFINS OFFTAKE LP(DISREGARD, ENTITY)	3 2 0 3 5 7 9 3 3 7 4	<input type="radio"/>
30. EQUISTAR MONT BELVIEU CORP	3 0 0 0 9 8 2 9 1 1 7	<input type="radio"/>
31. EQUISTAR OLEFINS OFFTAKE G.P., LLC (DISREGARDED)	3 2 0 1 1 0 4 7 6 5 4	<input type="radio"/>
32. EQUISTAR OLEFINS G.P.,LLC(DISREGARDED ENTITY)	3 2 0 1 1 0 4 7 6 9 6	<input type="radio"/>
33. EQUISTAR BAYPORT, LLC (DISREGARDED ENTITY)	0 0 0 0 0 0 0 0 0 0 0	<input type="radio"/>
34. PO OFFTAKE, LP (DISREGARDED ENTITY)	3 2 0 3 6 6 5 5 4 4 0	<input type="radio"/>
35. LYONDELL REFINING I LLC	4 5 3 4 5 3 3 9 1	<input type="radio"/>
36. LYONDELL POJVGP, LLC(DISREGARDED ENTITY)	1 5 1 0 3 9 8 0 4 4 5	<input type="radio"/>
37. LYONDELL POJVLP, LLC	9 0 0 2 4 9 0 1 1	<input type="radio"/>
38. LYONDELLBASELL METHANOL GP, INC.	1 2 2 3 4 5 2 6 2 7 0	<input type="radio"/>
39. EQUISTAR CHEMICALS, LP	1 7 6 0 5 5 0 4 8 1 4	<input type="radio"/>
40. OLEFINS JV, LP	1 4 1 2 0 8 5 4 4 0 2	<input type="radio"/>
41. EQUISTAR CHEMICALS DE MEXICO, INC.	3 0 1 1 3 8 4 7 7 1 6	<input type="radio"/>
42.		<input type="radio"/>

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

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



VE/DE FM



ATTACHMENT 4

Equistar plans to expand its Corpus Christi plant located at 1501 McKinzie Road, Corpus Christi, Texas by debottlenecking the existing olefins plant and changing the feed slate. New improvements will be added to seven existing cracking furnaces to increase the plant's ethylene production by an incremental 810 million pounds per year. This is a 49% increase in plant capacity. The planned total cost of the debottleneck expansion is \$465,990,000. New equipment and improvements that will be installed includes, but is not limited to, the following:

Steam superheater	Residue gas rectifier	Hot water secondary coolers	Process gas aftercoolers	Demeth bottoms vaporizers
Demeth feed cooler	Subcoolers	Feed coolers	Rectifier condenser	Hydrogen cores
Demeth tower reboiler	Residue gas cooler	Effluent exchangers	Ethylene tower condenser	Refrigerant Desuperheater
Ethane vaporizers	Recycle heaters	Acetylene converter	Fuel gas coalescers	Knock out drums
Reflux drum	Hydrogen drums	Expander KO drums	Flash drums	Green oil KO drum
Suction separators	Driers	Reflux pumps	Product pumps	Circulation pumps
Hot water belt pumps	Expander/recompressor	Propylene compressor	Low NOx burners	

Existing equipment that will be replaced and/or modified to handle increased production rates includes, but is not limited to, the following:

Cracking furnace coils	Primary fractionator	Caustic scrubber	Demeth prefractionator	Ethylene tower
Aftercoolers	Caustic scrubber feed heater	Subcoolers	Suction drums	Discharge drum
Precooler separator	Surge drum	Reflux drum	Process gas dryer	Process gas compressor
Ethylene compressor				

ATTACHMENT 4A

Equistar Chemicals, LP is wholly owned indirectly by LyondellBasell Industries, N.V. (a Netherlands entity), a global manufacturer of petrochemicals. The Corpus Christi plant is an olefins plant that produces ethylene, propylene, and other related hydrocarbon byproducts. Equistar Chemicals, LP has other plants that produce similar products in Channelview, Texas, La Porte, Texas, Morris, Illinois, and Clinton, Iowa. Another subsidiary of LyondellBasell Industries produces similar products in Germany.

LyondellBasell has the ability to and does invest in new or existing facilities in many countries around the world including the United States.

ATTACHMENT 5

The project is located in the following taxing jurisdictions:

- Nueces County (100%)
- Calallen ISD (100%)
- Nueces County Hospital District (100%)
- Del Mar Jr. College (100%)

ATTACHMENT 6

Equistar plans to expand its Corpus Christi plant located at 1501 McKinzie Road, Corpus Christi, Texas by debottlenecking the existing olefins plant and changing the feed slate. New improvements will be added to seven existing cracking furnaces to increase the plant's ethylene production by an incremental 810 million pounds per year. This is a 49% increase in plant capacity. The planned total cost of the debottleneck expansion is \$465,990,000. New equipment and improvements that will be installed includes, but is not limited to, the following:

Steam superheater	Residue gas rectifier	Hot water secondary coolers	Process gas aftercoolers	Demeth bottoms vaporizers
Demeth feed cooler	Subcoolers	Feed coolers	Rectifier condenser	Hydrogen cores
Demeth tower reboiler	Residue gas cooler	Effluent exchangers	Ethylene tower condenser	Refrigerant Desuperheater
Ethane vaporizers	Recycle heaters	Acetylene converter	Fuel gas coalescers	Knock out drums
Reflux drum	Hydrogen drums	Expander KO drums	Flash drums	Green oil KO drum
Suction separators	Driers	Reflux pumps	Product pumps	Circulation pumps
Hot water belt pumps	Expander/recompressor	Propylene compressor	Low NOx burners	

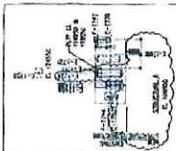
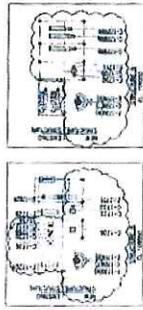
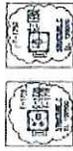
Existing equipment that will be replaced and/or modified to handle increased production rates includes, but is not limited to, the following:

Cracking furnace coils	Primary fractionator	Caustic scrubber	Demeth prefractionator	Ethylene tower
Aftercoolers	Caustic scrubber feed heater	Subcoolers	Suction drums	Discharge drum
Precooler separator	Surge drum	Reflux drum	Process gas dryer	Process gas compressor
Ethylene compressor				

ATTACHMENT 7

See attached maps

**EXPANDED VIEW OF
PROJECT AREA
EXHIBIT B**



**PLANNED LOCATIONS OF QUALIFIED
INVESTMENT INDICATED BY AREAS
SURROUNDED BY CLOUDS
CRACKING QUENCHING = YELLOW
COMPRESSION = GREEN
RECOVERY = PINK
UTILITIES = BLUE**

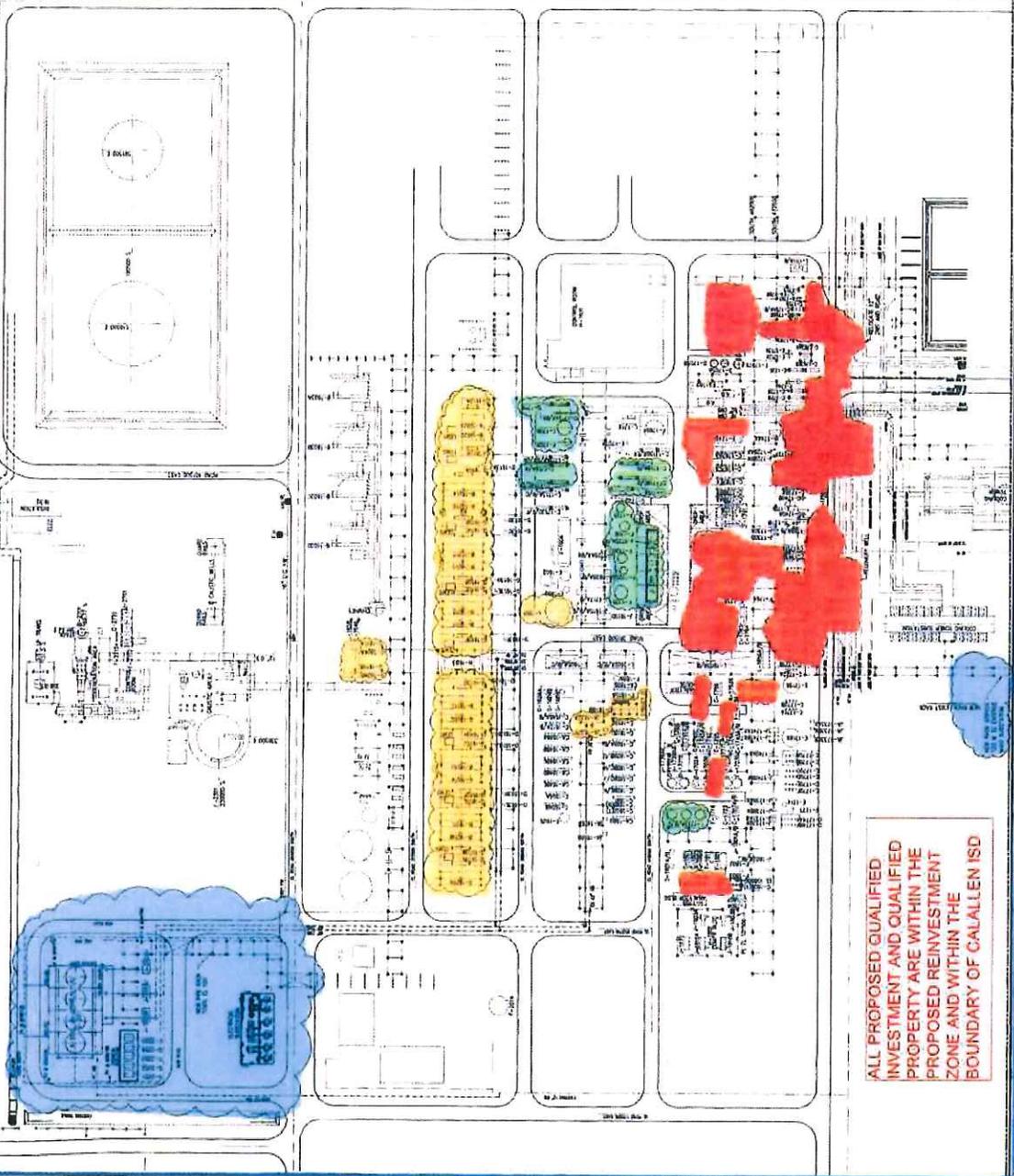
NO.	DESCRIPTION	DATE	BY	CHKD.
1	ISSUED FOR PERMITS	02/20/03	DL	DL
2	ISSUED FOR APPROVAL	04/27/03	DL	DL
3	ISSUED FOR REVIEW AND COMMENT	07/16/03	DL	DL
4	REVISIONS			
5	REVISIONS			
6	REVISIONS			
7	REVISIONS			
8	REVISIONS			
9	REVISIONS			
10	REVISIONS			

UNIVERSITY
CAMPUS CREDIT REINVESTING PROJECT
CAMPUS CREDIT, TEXAS

CAMPUS CREDIT REINVESTING PROJECT
PLAT PLAN

Technip

140929
 140929-P-0001

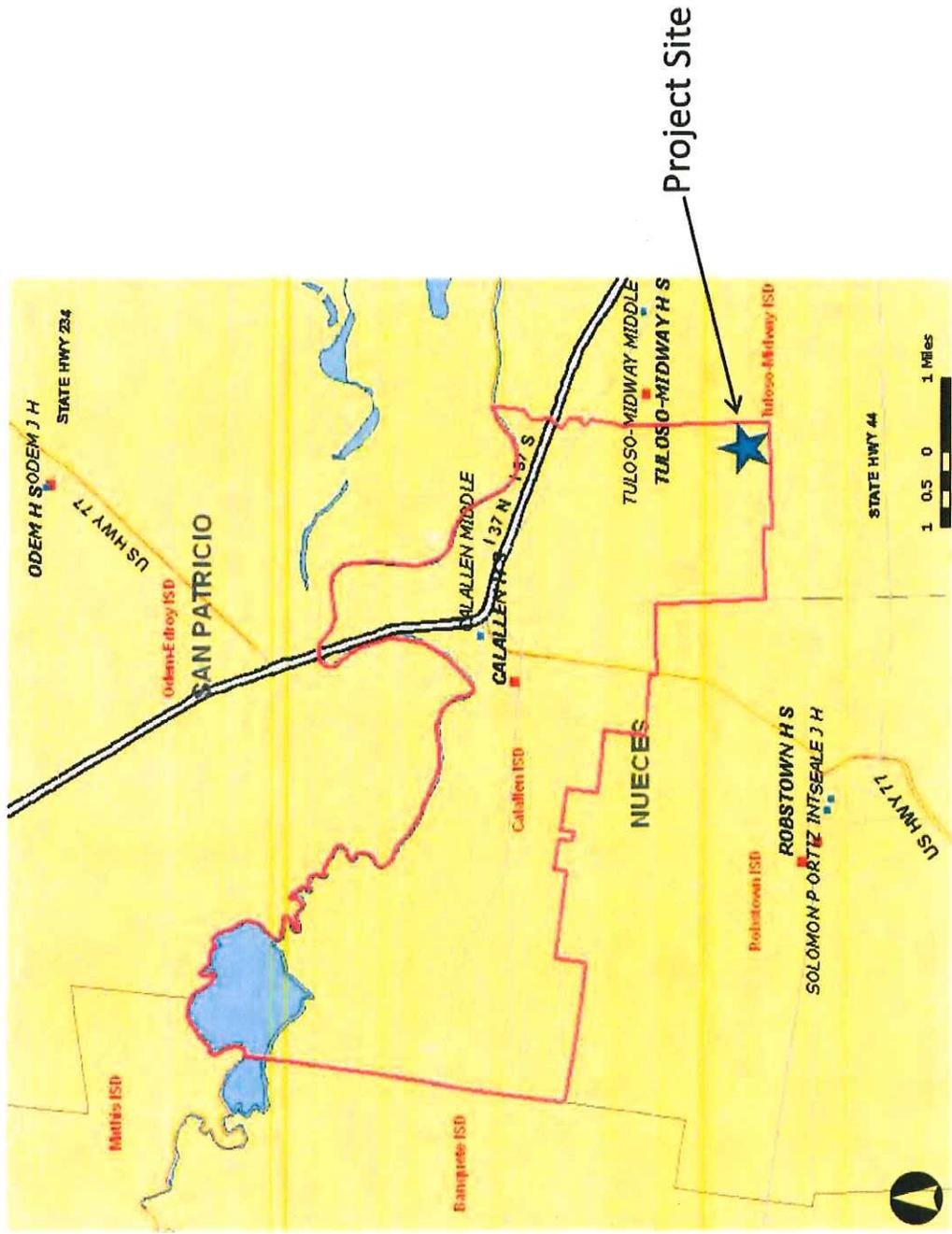


**ALL PROPOSED QUALIFIED
INVESTMENT AND QUALIFIED
PROPERTY ARE WITHIN THE
PROPOSED REINVESTMENT
ZONE AND WITHIN THE
BOUNDARY OF CALLEEN ISD**

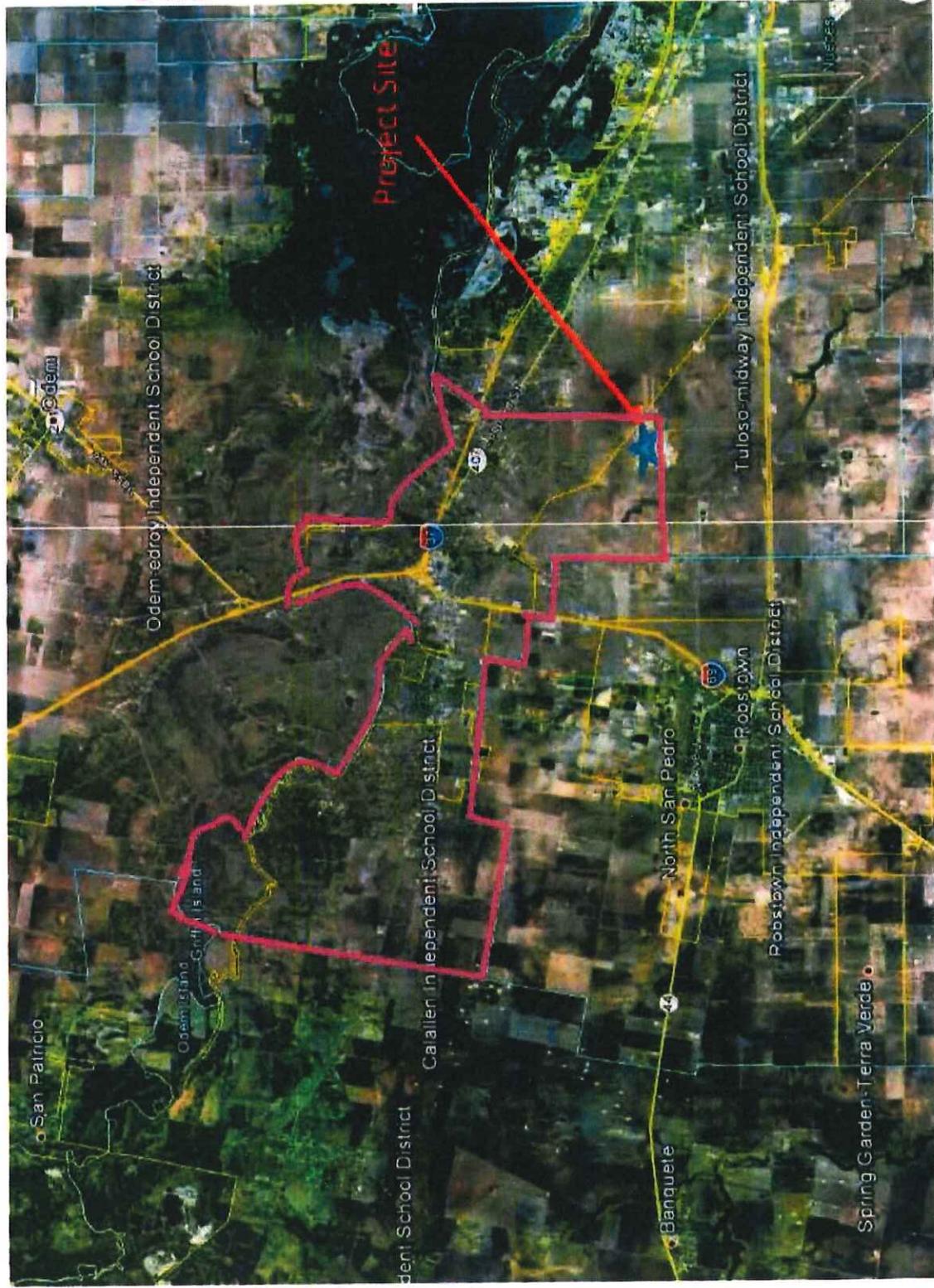
FRONT VIEW

DATE: 02/20/03
 BY: DL

Calallen ISD Map



Equistar Chemicals, LP Vicinity Map



ATTACHMENT 8

Equistar plans to expand its Corpus Christi plant located at 1501 McKinzie Road, Corpus Christi, Texas by debottlenecking the existing olefins plant and changing the feed slate. New improvements will be added to seven existing cracking furnaces to increase the plant's ethylene production by an incremental 810 million pounds per year. This is a 49% increase in plant capacity. The planned total cost of the debottleneck expansion is \$465,990,000. New equipment and improvements that will be installed includes, but is not limited to, the following:

Steam superheater	Residue gas rectifier	Hot water secondary coolers	Process gas aftercoolers	Demeth bottoms vaporizers
Demeth feed cooler	Subcoolers	Feed coolers	Rectifier condenser	Hydrogen cores
Demeth tower reboiler	Residue gas cooler	Effluent exchangers	Ethylene tower condenser	Refrigerant Desuperheater
Ethane vaporizers	Recycle heaters	Acetylene converter	Fuel gas coalescers	Knock out drums
Reflux drum	Hydrogen drums	Expander KO drums	Flash drums	Green oil KO drum
Suction separators	Driers	Reflux pumps	Product pumps	Circulation pumps
Hot water belt pumps	Expander/recompressor	Propylene compressor	Low NOx burners	

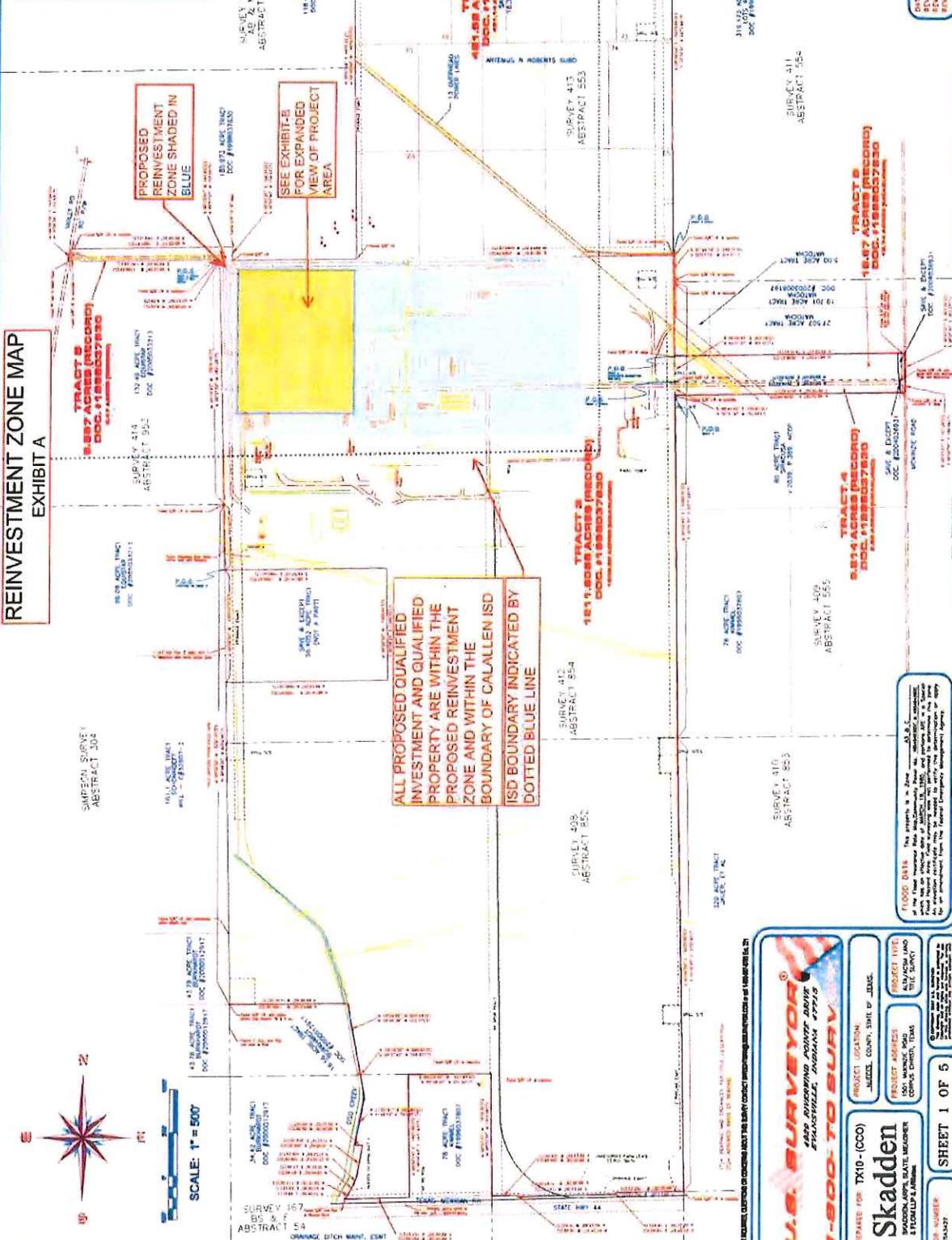
Existing equipment that will be replaced and/or modified to handle increased production rates includes, but is not limited to, the following:

Cracking furnace coils	Primary fractionator	Caustic scrubber	Demeth prefractionator	Ethylene tower
Aftercoolers	Caustic scrubber feed heater	Subcoolers	Suction drums	Discharge drum
Precooler separator	Surge drum	Reflux drum	Process gas dryer	Process gas compressor
Ethylene compressor				

ATTACHMENT 9

See attached maps.

REINVESTMENT ZONE MAP EXHIBIT A



U.S. SURVEYOR®
1-800-TO-SURV

PREPARED FOR: TX10-(000)
PROJECT TITLE: Skadden
PROJECT ADDRESS: 1000 MAIN STREET
STYLLUM & ASSOCIATES

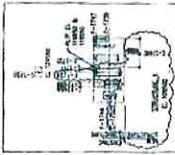
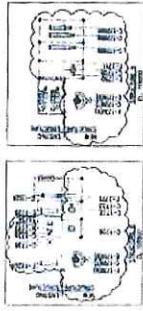
PROJECT LOCATION:
JACOBI, COMPANY, PART OF JACOBI.

JOB NUMBER: 000007
SHEET 1 OF 5

DATE OF ORIGINAL	REVISION	DATE

10/07/2007 10:00 AM - 10/07/2007 10:00 AM

**EXPANDED VIEW OF
PROJECT AREA
EXHIBIT B**



**PLANNED LOCATIONS OF QUALIFIED
INVESTMENT INDICATED BY AREAS
SURROUNDED BY CLOUDS
CRACKING QUENCHING = YELLOW
COMPRESSION = GREEN
RECOVERY = PINK
UTILITIES = BLUE**

NO.	DESCRIPTION	DATE	BY	CHK.
1	DESIGN FOR PERMITS	1/25/13	DL	AL
2	DESIGN FOR PERMITS	2/20/13	DL	AL
3	DESIGN FOR PERMITS	3/20/13	DL	AL
4	DESIGN FOR PERMITS	4/17/13	DL	AL
5	DESIGN FOR PERMITS	5/17/13	DL	AL
6	DESIGN FOR PERMITS	6/17/13	DL	AL
7	DESIGN FOR PERMITS	7/17/13	DL	AL
8	DESIGN FOR PERMITS	8/17/13	DL	AL
9	DESIGN FOR PERMITS	9/17/13	DL	AL
10	DESIGN FOR PERMITS	10/17/13	DL	AL
11	DESIGN FOR PERMITS	11/17/13	DL	AL
12	DESIGN FOR PERMITS	12/17/13	DL	AL
13	DESIGN FOR PERMITS	1/17/14	DL	AL
14	DESIGN FOR PERMITS	2/17/14	DL	AL
15	DESIGN FOR PERMITS	3/17/14	DL	AL
16	DESIGN FOR PERMITS	4/17/14	DL	AL
17	DESIGN FOR PERMITS	5/17/14	DL	AL
18	DESIGN FOR PERMITS	6/17/14	DL	AL
19	DESIGN FOR PERMITS	7/17/14	DL	AL
20	DESIGN FOR PERMITS	8/17/14	DL	AL
21	DESIGN FOR PERMITS	9/17/14	DL	AL
22	DESIGN FOR PERMITS	10/17/14	DL	AL
23	DESIGN FOR PERMITS	11/17/14	DL	AL
24	DESIGN FOR PERMITS	12/17/14	DL	AL
25	DESIGN FOR PERMITS	1/17/15	DL	AL
26	DESIGN FOR PERMITS	2/17/15	DL	AL
27	DESIGN FOR PERMITS	3/17/15	DL	AL
28	DESIGN FOR PERMITS	4/17/15	DL	AL
29	DESIGN FOR PERMITS	5/17/15	DL	AL
30	DESIGN FOR PERMITS	6/17/15	DL	AL
31	DESIGN FOR PERMITS	7/17/15	DL	AL
32	DESIGN FOR PERMITS	8/17/15	DL	AL
33	DESIGN FOR PERMITS	9/17/15	DL	AL
34	DESIGN FOR PERMITS	10/17/15	DL	AL
35	DESIGN FOR PERMITS	11/17/15	DL	AL
36	DESIGN FOR PERMITS	12/17/15	DL	AL
37	DESIGN FOR PERMITS	1/17/16	DL	AL
38	DESIGN FOR PERMITS	2/17/16	DL	AL
39	DESIGN FOR PERMITS	3/17/16	DL	AL
40	DESIGN FOR PERMITS	4/17/16	DL	AL
41	DESIGN FOR PERMITS	5/17/16	DL	AL
42	DESIGN FOR PERMITS	6/17/16	DL	AL
43	DESIGN FOR PERMITS	7/17/16	DL	AL
44	DESIGN FOR PERMITS	8/17/16	DL	AL
45	DESIGN FOR PERMITS	9/17/16	DL	AL
46	DESIGN FOR PERMITS	10/17/16	DL	AL
47	DESIGN FOR PERMITS	11/17/16	DL	AL
48	DESIGN FOR PERMITS	12/17/16	DL	AL
49	DESIGN FOR PERMITS	1/17/17	DL	AL
50	DESIGN FOR PERMITS	2/17/17	DL	AL
51	DESIGN FOR PERMITS	3/17/17	DL	AL
52	DESIGN FOR PERMITS	4/17/17	DL	AL
53	DESIGN FOR PERMITS	5/17/17	DL	AL
54	DESIGN FOR PERMITS	6/17/17	DL	AL
55	DESIGN FOR PERMITS	7/17/17	DL	AL
56	DESIGN FOR PERMITS	8/17/17	DL	AL
57	DESIGN FOR PERMITS	9/17/17	DL	AL
58	DESIGN FOR PERMITS	10/17/17	DL	AL
59	DESIGN FOR PERMITS	11/17/17	DL	AL
60	DESIGN FOR PERMITS	12/17/17	DL	AL
61	DESIGN FOR PERMITS	1/17/18	DL	AL
62	DESIGN FOR PERMITS	2/17/18	DL	AL
63	DESIGN FOR PERMITS	3/17/18	DL	AL
64	DESIGN FOR PERMITS	4/17/18	DL	AL
65	DESIGN FOR PERMITS	5/17/18	DL	AL
66	DESIGN FOR PERMITS	6/17/18	DL	AL
67	DESIGN FOR PERMITS	7/17/18	DL	AL
68	DESIGN FOR PERMITS	8/17/18	DL	AL
69	DESIGN FOR PERMITS	9/17/18	DL	AL
70	DESIGN FOR PERMITS	10/17/18	DL	AL
71	DESIGN FOR PERMITS	11/17/18	DL	AL
72	DESIGN FOR PERMITS	12/17/18	DL	AL
73	DESIGN FOR PERMITS	1/17/19	DL	AL
74	DESIGN FOR PERMITS	2/17/19	DL	AL
75	DESIGN FOR PERMITS	3/17/19	DL	AL
76	DESIGN FOR PERMITS	4/17/19	DL	AL
77	DESIGN FOR PERMITS	5/17/19	DL	AL
78	DESIGN FOR PERMITS	6/17/19	DL	AL
79	DESIGN FOR PERMITS	7/17/19	DL	AL
80	DESIGN FOR PERMITS	8/17/19	DL	AL
81	DESIGN FOR PERMITS	9/17/19	DL	AL
82	DESIGN FOR PERMITS	10/17/19	DL	AL
83	DESIGN FOR PERMITS	11/17/19	DL	AL
84	DESIGN FOR PERMITS	12/17/19	DL	AL
85	DESIGN FOR PERMITS	1/17/20	DL	AL
86	DESIGN FOR PERMITS	2/17/20	DL	AL
87	DESIGN FOR PERMITS	3/17/20	DL	AL
88	DESIGN FOR PERMITS	4/17/20	DL	AL
89	DESIGN FOR PERMITS	5/17/20	DL	AL
90	DESIGN FOR PERMITS	6/17/20	DL	AL
91	DESIGN FOR PERMITS	7/17/20	DL	AL
92	DESIGN FOR PERMITS	8/17/20	DL	AL
93	DESIGN FOR PERMITS	9/17/20	DL	AL
94	DESIGN FOR PERMITS	10/17/20	DL	AL
95	DESIGN FOR PERMITS	11/17/20	DL	AL
96	DESIGN FOR PERMITS	12/17/20	DL	AL
97	DESIGN FOR PERMITS	1/17/21	DL	AL
98	DESIGN FOR PERMITS	2/17/21	DL	AL
99	DESIGN FOR PERMITS	3/17/21	DL	AL
100	DESIGN FOR PERMITS	4/17/21	DL	AL

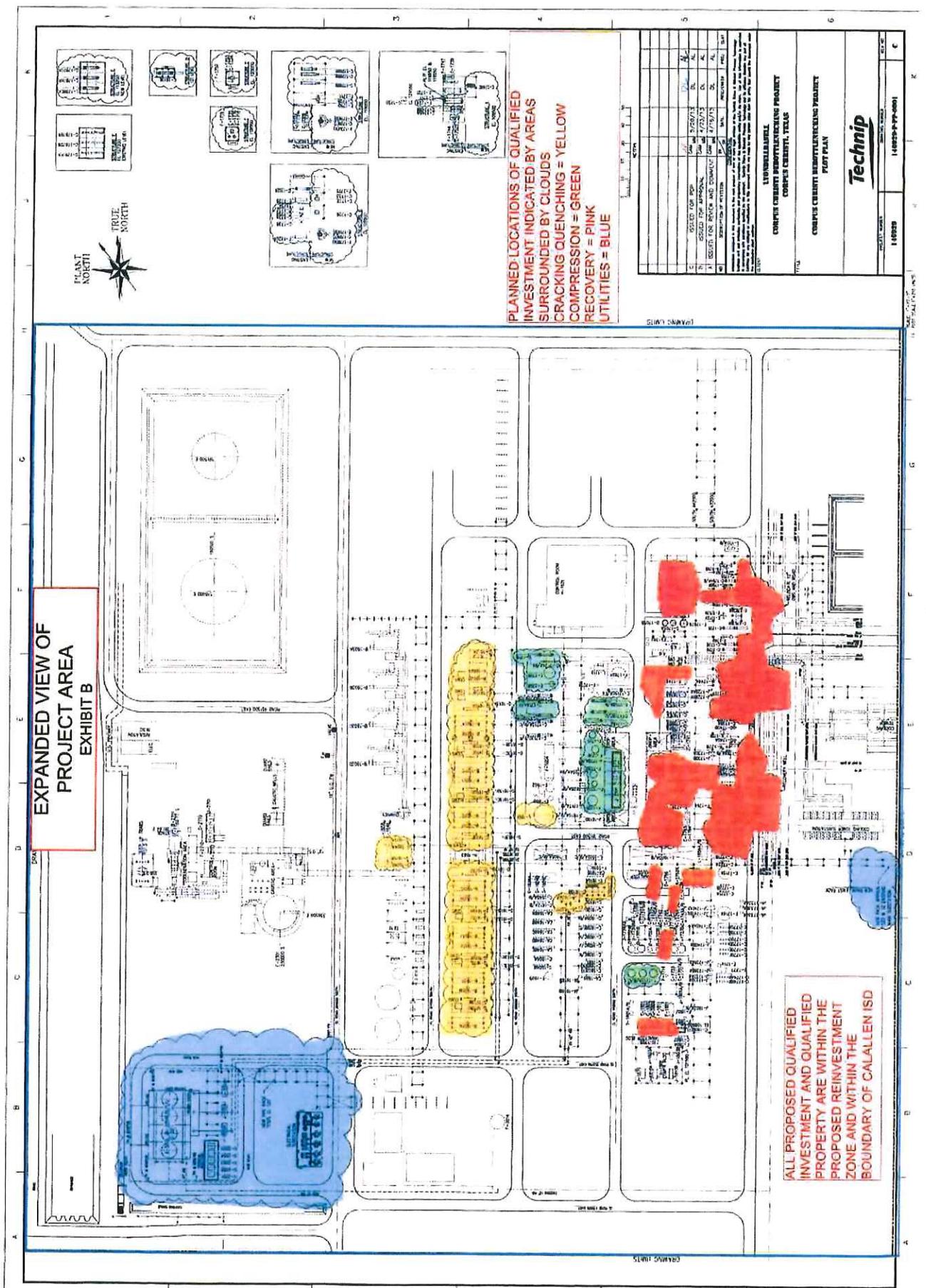
**LYONDALELLER
COMPLEX CHERRY REINVESTING PROJECT
COMPLEX CHERRY, TEXAS**

**COMPLEX CHERRY REINVESTING PROJECT
PLAY PLAN**

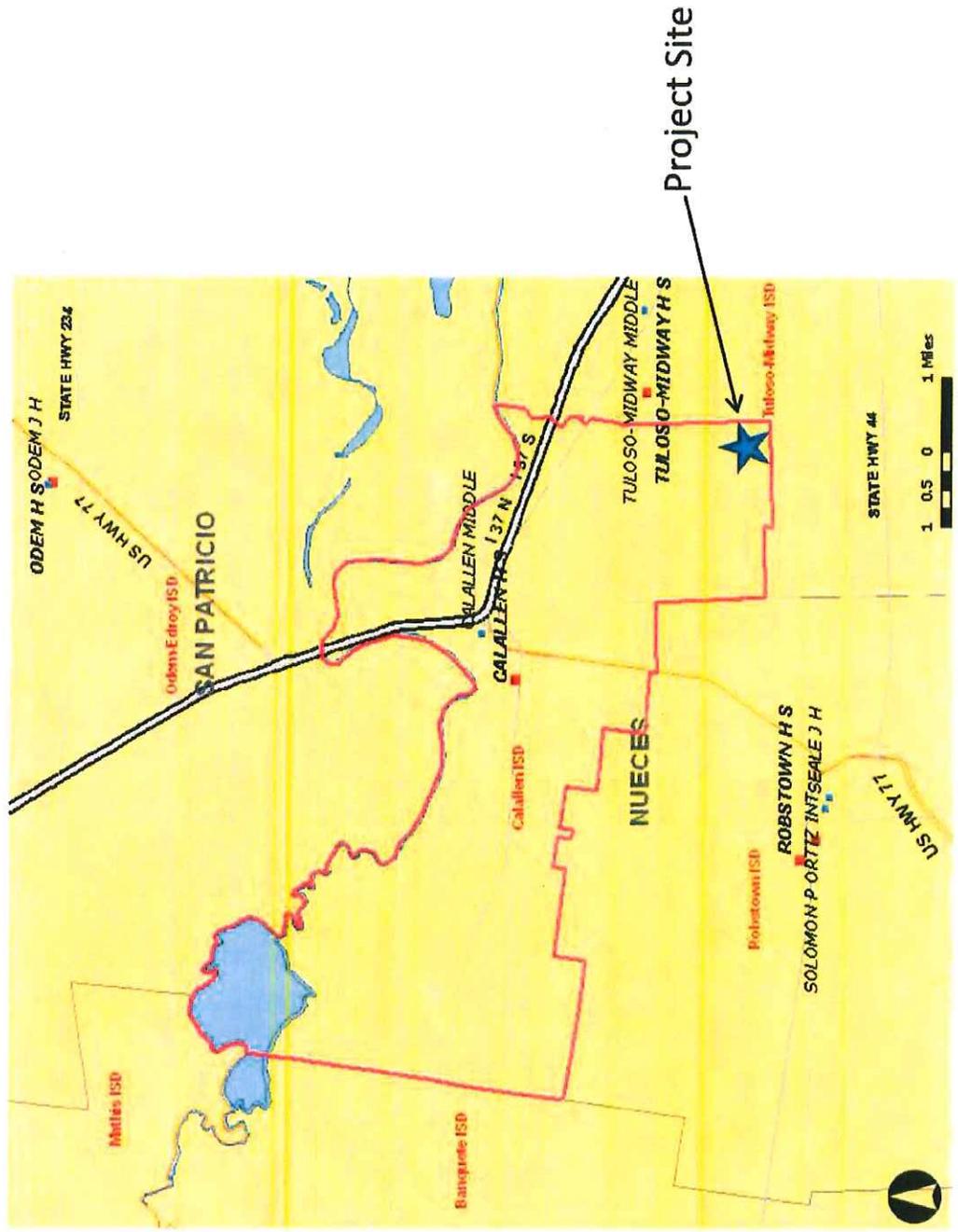
Technip

140000
140000-PP-0001

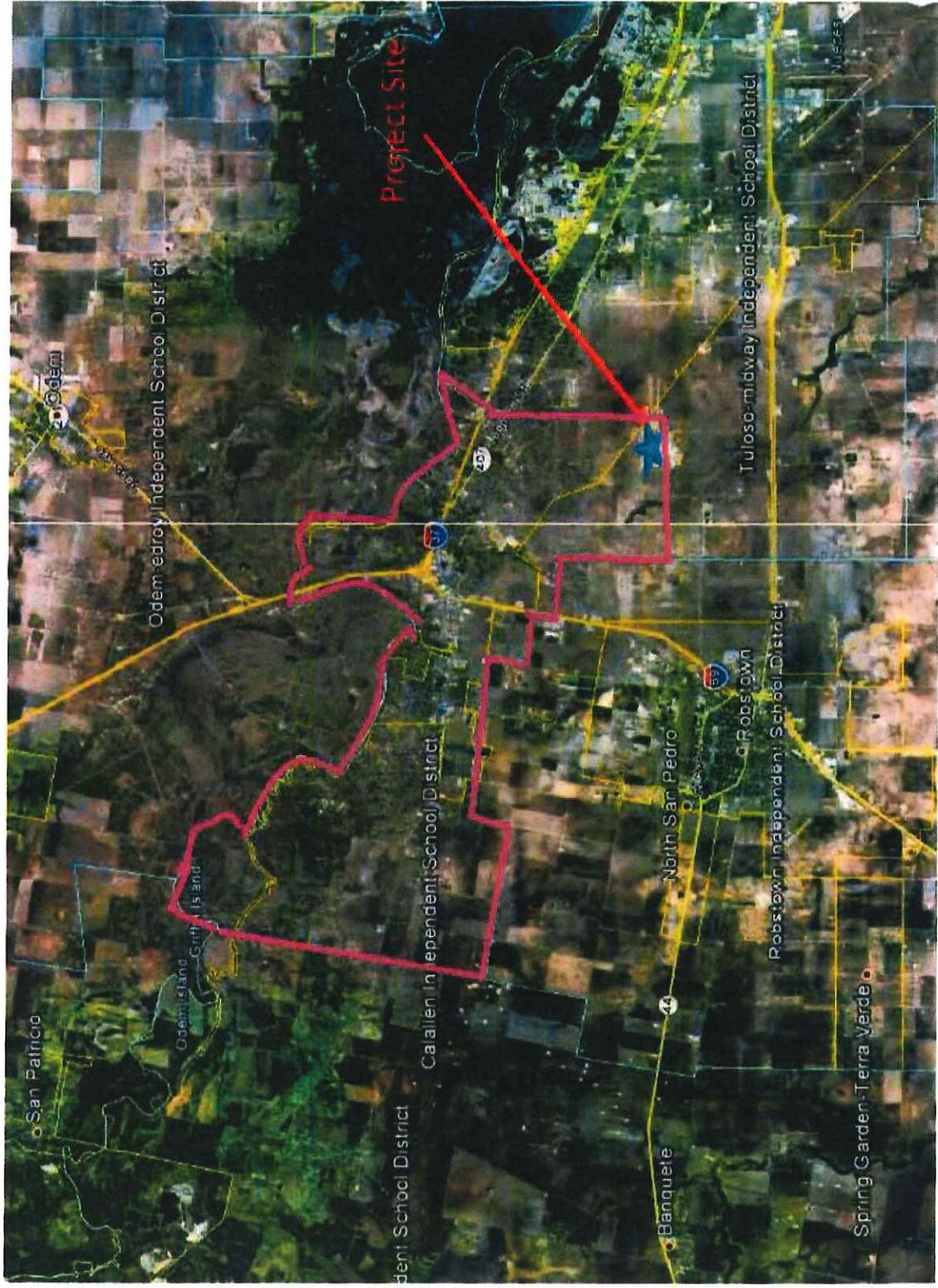
**ALL PROPOSED QUALIFIED
INVESTMENT AND QUALIFIED
PROPERTY ARE WITHIN THE
PROPOSED REINVESTMENT
ZONE AND WITHIN THE
BOUNDARY OF CALLEN ISD**



Calallen ISD Map



Equistar Chemicals, LP Vicinity Map



ATTACHMENT 10

The legal description of the proposed reinvestment zone will be provided upon completion of the survey.

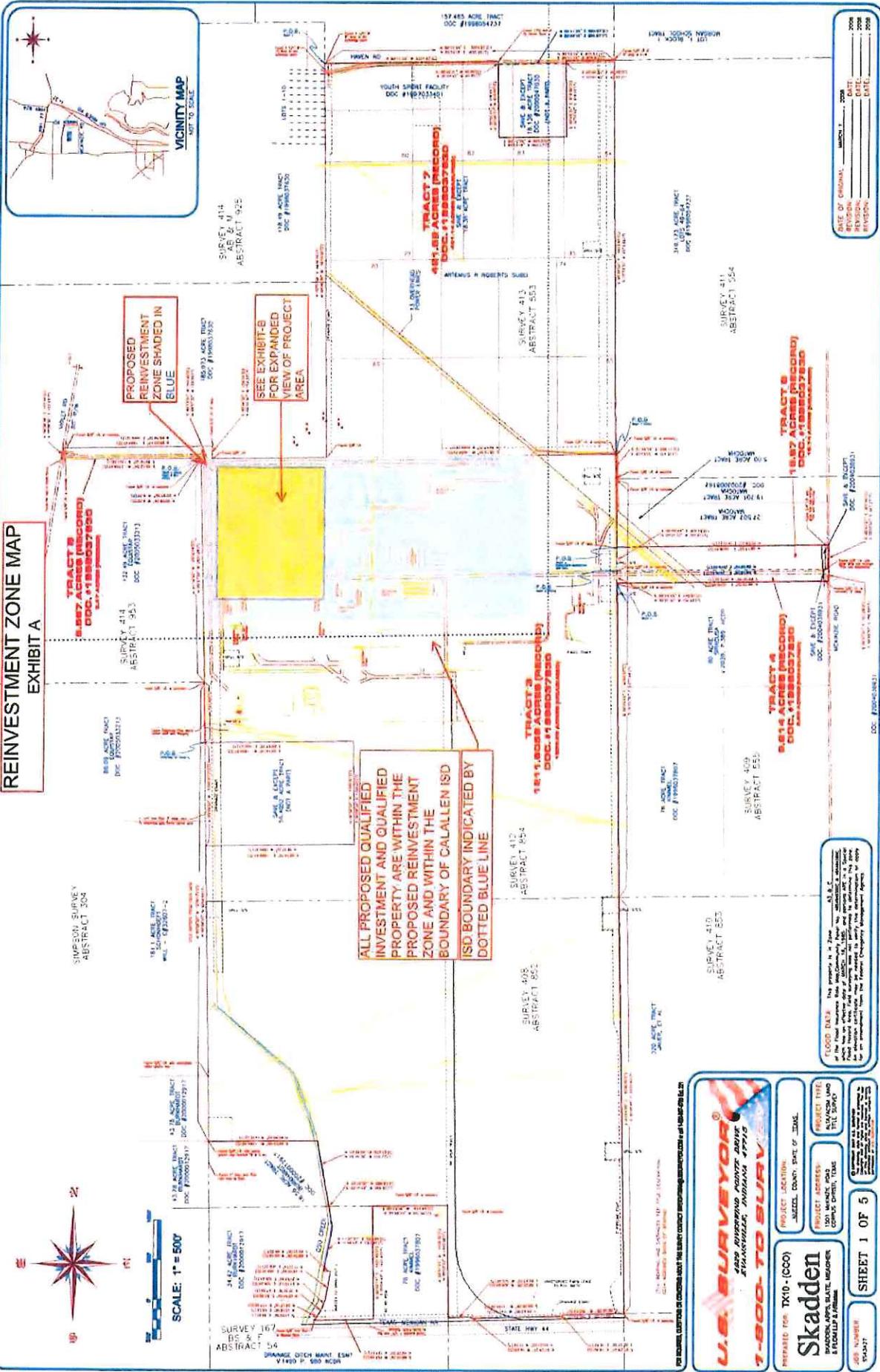
The reinvestment zone will consist of property owned by Equistar Chemicals, LP. No qualified investment or qualified property will be constructed on any land that Equistar does not own.

ATTACHMENT 11

Please see attached maps.



REINVESTMENT ZONE MAP EXHIBIT A



ALL PROPOSED QUALIFIED INVESTMENT AND QUALIFIED PROPERTY ARE WITHIN THE PROPOSED REINVESTMENT ZONE AND WITHIN THE BOUNDARY OF CALLEEN ISD INDICATED BY DOTTED BLUE LINE

PROPOSED REINVESTMENT ZONE SHADDED IN BLUE

SEE EXHIBIT-B FOR EXPANDED VIEW OF PROJECT AREA

DATE OF ORIGINAL	MARCH 7, 2008
REVISION	DATE
PROPOSED	DATE

FLOOD DATA: This property is in Zone 1 of the Flood Insurance Rate Map (FIRM) No. 48023C0101, effective 08/01/07. Flood Hazard Zone and any other information shown on this map is for informational purposes only. The Flood Insurance Administration Agency is the authoritative source for flood hazard information.

U.S. SURVEYOR
1-800-TO-SURV

PREPARED FOR: TX10-1000

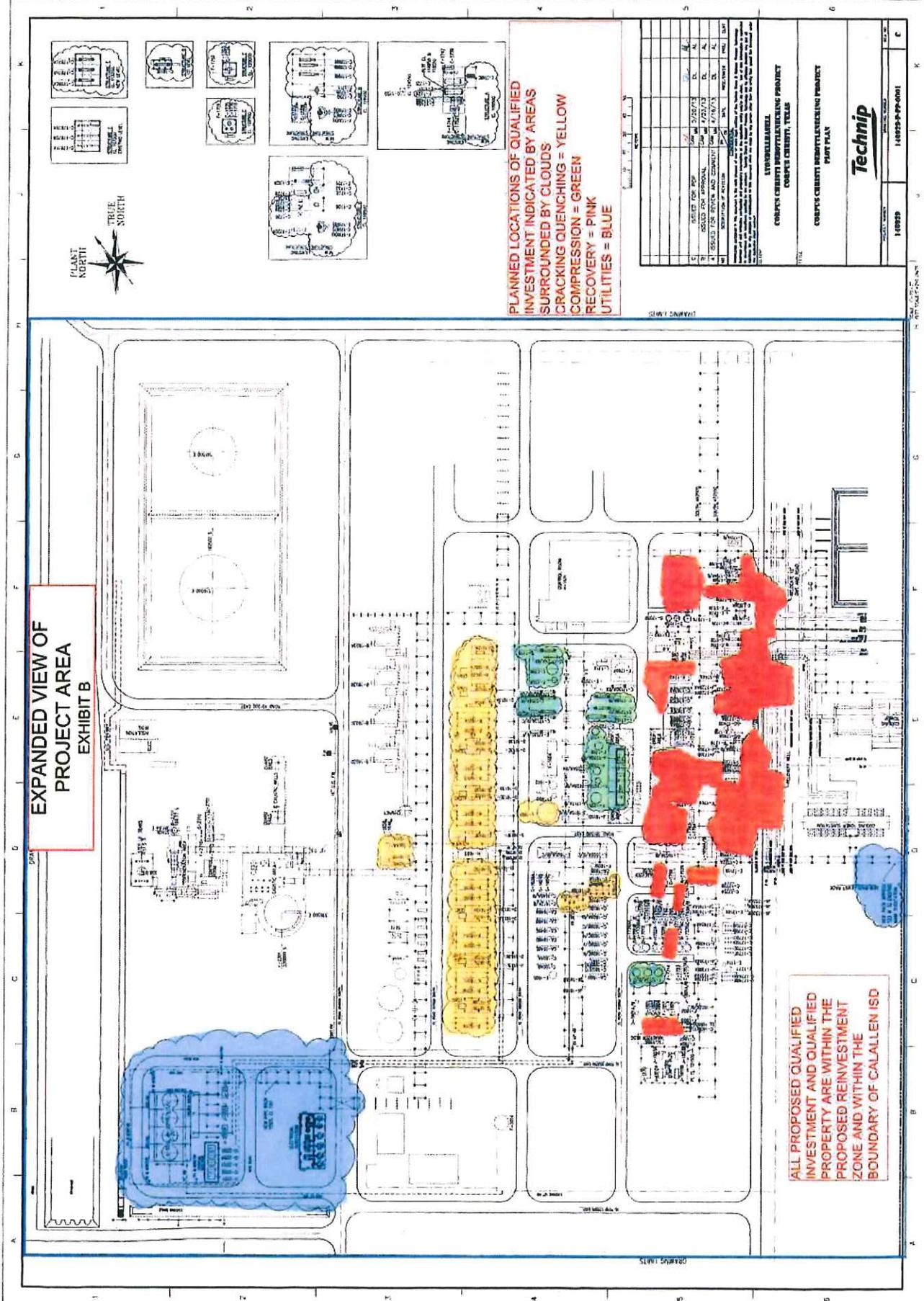
Skadden
SHADDEN, ARPS, BLAKE, MORGAN & FLORES LLP

PROJECT ADDRESS: 1501 WINDY ROAD, COMUS CENTER, TEXAS

PROJECT LOCATION: HAZEL, COUNTY, STATE OF TEXAS

SHEET 1 OF 5

**EXPANDED VIEW OF
PROJECT AREA
EXHIBIT B**



Technip

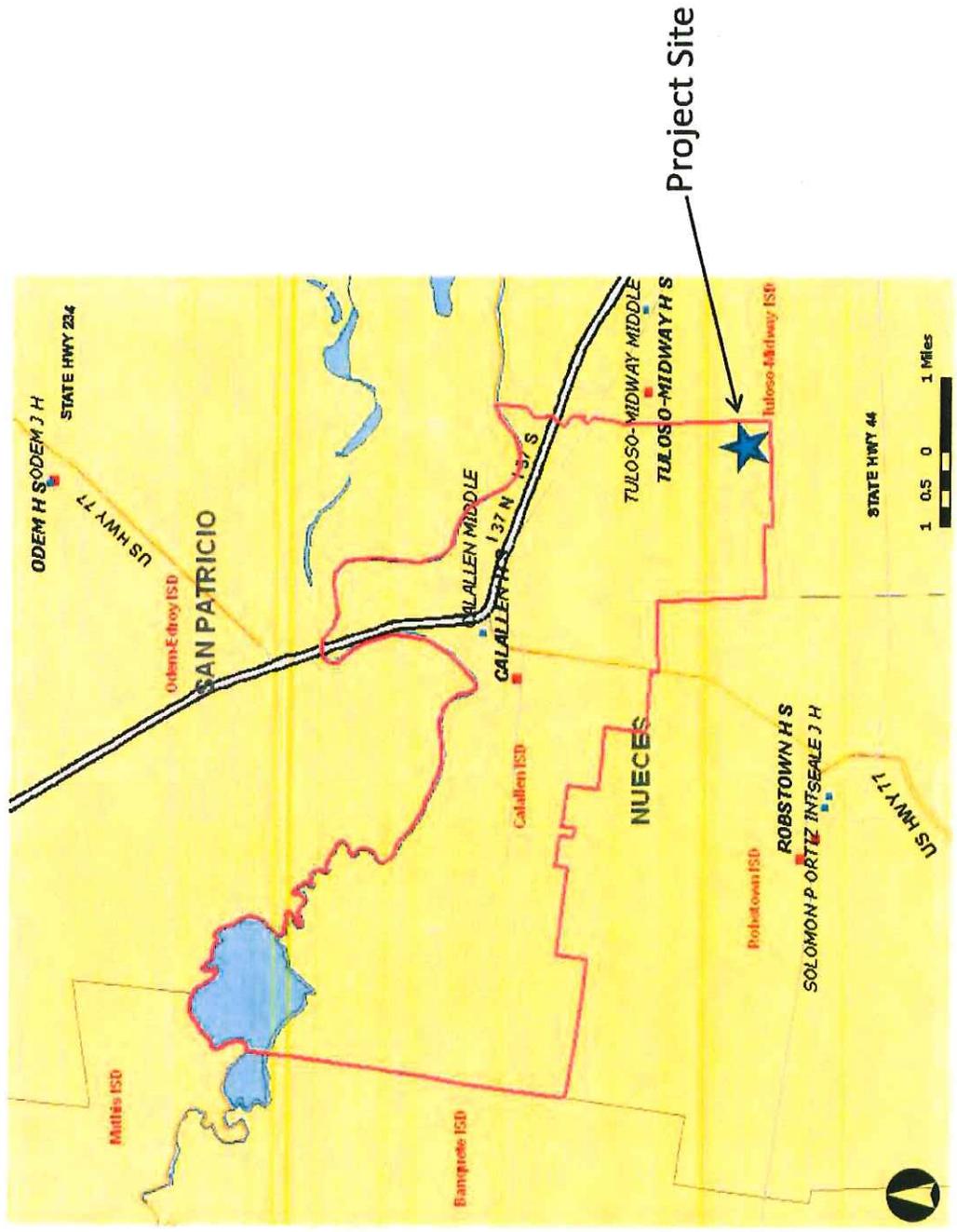
LYNNELLE LABEL
CORPUS CHRISTI REINVESTMENT PROJECT
CORPUS CHRISTI, TEXAS

CORPUS CHRISTI REINVESTMENT PROJECT
PART PLAN

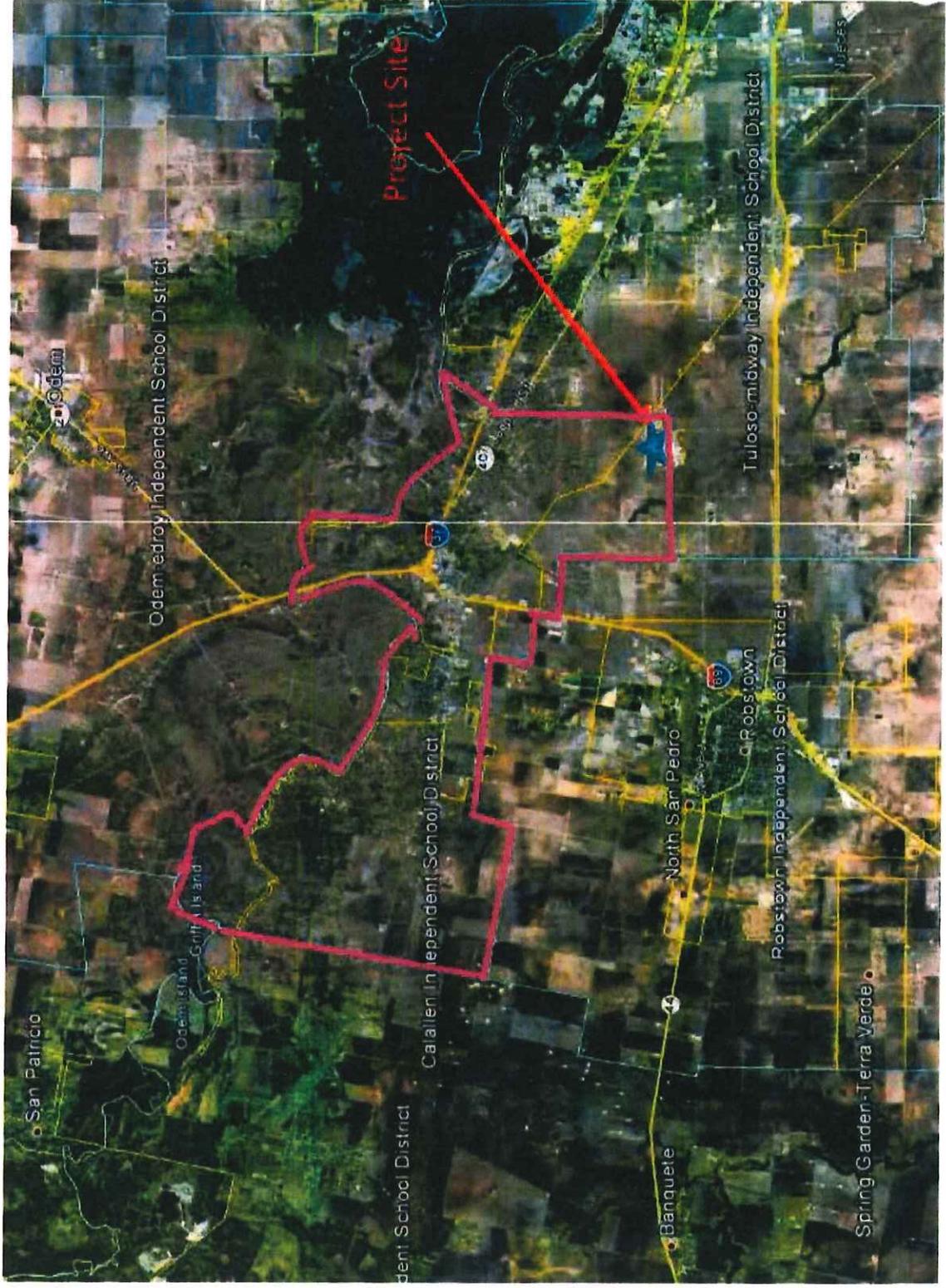
140889-PP-0001

ALL PROPOSED QUALIFIED INVESTMENT AND QUALIFIED PROPERTY ARE WITHIN THE PROPOSED REINVESTMENT ZONE AND WITHIN THE BOUNDARY OF CALLEEN ISD

Calallen ISD Map



Equistar Chemicals, LP Vicinity Map



Calallen
District
Boundaries

ATTACHMENT 12

Equistar's has existing chemical processing units at the Corpus Christi plant within Calallen ISD. These assets consist of the following:

- Olefins unit
- Tank Farms
- Utilities
- Waste water treatment plant
- Various buildings
- Pollution Control Equipment

The improvements listed above are assessed by Nueces County Appraisal District. The Nueces County Appraisal District account numbers and the most recent property values are shown in Exhibit 12A.

Equistar will request that Nueces County Appraisal District create new property account numbers for the property that is the subject of this application so as to be able to track the increased value attributable to the qualified property.

ATTACHMENT 12 A

Nueces County Appraisal District account numbers and 2013 property values for Equistar's plant improvement property tax accounts in Calallen ISD are shown below and in the supporting attachments.

NCAD Property Account Number	Property Description	2013 Appraised Value
IE-2259500-0101	Petrochemical plant	\$123,432,300
IE-2259500-0103	Butadiene plant/loading facilities	\$1,839,330
IE-2259500-0104	BD Vent minimization project	\$98,050
IE-2259500-0105	Cooling tower	\$231,500
Total		\$125,601,180

Nueces CAD

Property Search Results > 9901015 EQUISTAR CHEMICALS LP for Year 2013

Property

Account

Property ID: 9901015 Legal Description: PETR-CHEM PLANT
 Geographic ID: IE-2259500-0101 Agent Code: ID:643569
 Type: Personal
 Property Use Code:
 Property Use Description:

Location

Address: 78401 Mapsco:
 Neighborhood: Map ID:
 Neighborhood CD:

Owner

Name: EQUISTAR CHEMICALS LP Owner ID: 648538
 Mailing Address: %TAX DEPARTMENT % Ownership: 100.0000000000%
 PO BOX 3646
 HOUSTON , TX 77253-3646

Exemptions:

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
<hr/>			
(=) Market Value:	=	\$123,432,300	
(-) Ag or Timber Use Value Reduction:	-	\$0	
<hr/>			
(=) Appraised Value:	=	\$123,432,300	
(-) HS Cap:	-	\$0	
<hr/>			
(=) Assessed Value:	=	\$123,432,300	

Taxing Jurisdiction

Owner: EQUISTAR CHEMICALS LP
 % Ownership: 100.0000000000%
 Total Value: \$123,432,300

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	0.000000	\$123,432,300	\$123,432,300	\$0.00
GNU	NUECES COUNTY	0.340999	\$123,432,300	\$123,432,300	\$420,902.91
HOSP	HOSPITAL DISTRICT	0.148077	\$123,432,300	\$123,432,300	\$182,774.85
JRC	DEL MAR JR COLL	0.250666	\$123,432,300	\$123,432,300	\$309,402.81
RFM	FARM TO MKT ROAD	0.004188	\$123,432,300	\$123,432,300	\$5,169.34
SL	CALALLEN ISD	1.358500	\$123,432,300	\$123,432,300	\$1,676,827.80
Total Tax Rate:		2.102430			

Taxes w/Current Exemptions: \$2,595,077.71

Nueces CAD

Property Search Results > 9901016 EQUSTAR CHEMICALS LP for Year 2013

Property

Account

Property ID: 9901016 Legal Description: BUTADIENE PLANT/LOADNG FAC
 Geographic ID: IE-2259500-0103 Agent Code: ID:643569
 Type: Personal
 Property Use Code:
 Property Use Description:

Location

Address: 78401 Mapsco:
 Neighborhood: Map ID:
 Neighborhood CD:

Owner

Name: EQUSTAR CHEMICALS LP Owner ID: 648538
 Mailing Address: %TAX DEPARTMENT % Ownership: 100.0000000000%
 PO BOX 3646
 HOUSTON , TX 77253-3646

Exemptions:

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
<hr/>			
(=) Market Value:	=	\$1,839,330	
(-) Ag or Timber Use Value Reduction:	-	\$0	
<hr/>			
(=) Appraised Value:	=	\$1,839,330	
(-) HS Cap:	-	\$0	
<hr/>			
(=) Assessed Value:	=	\$1,839,330	

Taxing Jurisdiction

Owner: EQUSTAR CHEMICALS LP
 % Ownership: 100.0000000000%
 Total Value: \$1,839,330

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	0.000000	\$1,839,330	\$1,839,330	\$0.00
GNU	NUECES COUNTY	0.340999	\$1,839,330	\$1,839,330	\$6,272.10
HOSP	HOSPITAL DISTRICT	0.148077	\$1,839,330	\$1,839,330	\$2,723.62
JRC	DEL MAR JR COLL	0.250666	\$1,839,330	\$1,839,330	\$4,610.57
RFM	FARM TO MKT ROAD	0.004188	\$1,839,330	\$1,839,330	\$77.03
SF	T-M ISD	1.317100	\$1,839,330	\$1,839,330	\$24,225.81
Total Tax Rate:		2.061030			
Taxes w/Current Exemptions:					\$37,909.13

Nueces CAD

Property Search Results > 9901017 EQUISTAR CHEMICALS LP for Year 2013

Property

Account

Property ID: 9901017 Legal Description: B-D VENT MINIMIZATION PROJ
 Geographic ID: IE-2259500-0104 Agent Code: ID:643569
 Type: Personal
 Property Use Code:
 Property Use Description:

Location

Address: 78401 Mapsco:
 Neighborhood: Map ID:
 Neighborhood CD:

Owner

Name: EQUISTAR CHEMICALS LP Owner ID: 648538
 Mailing Address: %TAX DEPARTMENT % Ownership: 100.0000000000%
 PO BOX 3648
 HOUSTON , TX 77253-3648

Exemptions:

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
<hr/>			
(=) Market Value:	=	\$98,050	
(-) Ag or Timber Use Value Reduction:	-	\$0	
<hr/>			
(=) Appraised Value:	=	\$98,050	
(-) HS Cap:	-	\$0	
<hr/>			
(=) Assessed Value:	=	\$98,050	

Taxing Jurisdiction

Owner: EQUISTAR CHEMICALS LP
 % Ownership: 100.0000000000%
 Total Value: \$98,050

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	0.000000	\$98,050	\$98,050	\$0.00
GNU	NUECES COUNTY	0.340999	\$98,050	\$98,050	\$334.35
HOSP	HOSPITAL DISTRICT	0.148077	\$98,050	\$98,050	\$145.19
JRC	DEL MAR JR COLL	0.250666	\$98,050	\$98,050	\$245.78
RFM	FARM TO MKT ROAD	0.004188	\$98,050	\$98,050	\$4.11
SF	T-M ISD	1.317100	\$98,050	\$98,050	\$1,291.42
Total Tax Rate:		2.061030			
				Taxes w/Current Exemptions:	\$2,020.85

Nueces CAD

Property Search Results > 9901018 EQUISTAR CHEMICALS LP for Year 2013

Property

Account

Property ID: 9901018 Legal Description: COOLING TOWER
 Geographic ID: IE-2259500-0105 Agent Code: ID:643569
 Type: Personal
 Property Use Code:
 Property Use Description:

Location

Address: 78401 Mapsco:
 Neighborhood: Map ID:
 Neighborhood CD:

Owner

Name: EQUISTAR CHEMICALS LP Owner ID: 648538
 Mailing Address: %TAX DEPARTMENT % Ownership: 100.0000000000%
 PO BOX 3646
 HOUSTON , TX 77253-3646

Exemptions:

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$0	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
<hr/>			
(=) Market Value:	=	\$231,500	
(-) Ag or Timber Use Value Reduction:	-	\$0	
<hr/>			
(=) Appraised Value:	=	\$231,500	
(-) HS Cap:	-	\$0	
<hr/>			
(=) Assessed Value:	=	\$231,500	

Taxing Jurisdiction

Owner: EQUISTAR CHEMICALS LP
 % Ownership: 100.0000000000%
 Total Value: \$231,500

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	APPRAISAL DISTRICT	0.000000	\$231,500	\$231,500	\$0.00
GNU	NUECES COUNTY	0.340999	\$231,500	\$231,500	\$789.41
HOSP	HOSPITAL DISTRICT	0.148077	\$231,500	\$231,500	\$342.80
JRC	DEL MAR JR COLL	0.250666	\$231,500	\$231,500	\$580.29
RFM	FARM TO MKT ROAD	0.004188	\$231,500	\$231,500	\$9.70
SL	CALLEN ISD	1.358500	\$231,500	\$231,500	\$3,144.93
Total Tax Rate:		2.102430			

Taxes w/Current Exemptions: \$4,867.13

ATTACHMENT 13

Please see the attached letter requesting a waiver of the jobs requirement.

CUMMINGS WESTLAKE LLC

12837 Lonetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 713-266-2333 (Fax)

June 6, 2013

Dr. Arturo Almendarez
Superintendent
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, TX 78410

Re: Chapter 313 Job Waiver Request

Dear Dr. Almendarez,

Equistar Chemicals, LP requests that the Calallen Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Tax Code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Equistar Chemicals, LP requests that the Board of Trustees make such a finding and waive the job creation requirement for ten permanent jobs. Equistar operates olefins plants similar to the Corpus Christi plant at two other locations in Texas and one location each in Iowa and Illinois. As a leading global producer in the production of ethylene, propylene, and downstream derivative products Equistar has determined that the expansion of the Corpus Christi plant will require the creation of three new jobs.

The debottleneck project for the Corpus Christi plant involves expanding the plant capacity by 49% or 810 million pounds of ethylene capacity per year. The seven existing cracking furnaces will be upgraded with new equipment, including furnace coils, to provide additional ethylene production capacity. Other equipment will be replaced or modified to handle increased production rates. All of the new equipment will be operated from Equistar's existing control room.

Sincerely,



D. Dale Cummings

ATTACHMENT 14

The calculation of the three possible wage requirements with TWC documentation is attached. Equistar has chosen to use \$65,000 as the wage rate for permanent jobs. This amount exceeds 110% of the current regional wage rate of \$47,786 ($\$47,786 \times 110\% = \$52,565$).

**EQUISTAR CHEMICALS, LP
ATTACHMENT 14**

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
THIRD	2012	\$ 799	\$ 41,548
FOURTH	2012	\$ 886	\$ 46,072
FIRST	2013	\$ 835	\$ 43,420
SECOND	2013	\$ 809	\$ 42,068
AVERAGE		\$ 832	\$ 43,277
		X 110%	110%
		\$ 915	\$ 47,605

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
THIRD	2012	\$ 1,209	\$ 62,868
FOURTH	2012	\$ 1,431	\$ 74,412
FIRST	2013	\$ 1,443	\$ 75,036
SECOND	2013	\$ 1,272	\$ 66,144
AVERAGE		\$ 1,339	\$ 69,615
		X 110%	110%
		\$ 1,473	\$ 76,577

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

REGION	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
COASTAL BEND	2012	\$ 919	\$ 47,786
		X 110%	110%
		\$ 1,011	\$ 52,565

* SEE ATTACHED TWC DOCUMENTATION

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
2012	1st Qtr	Nueces County	Total All	00	0	10	Total, All Industries	\$820
2013	1st Qtr	Nueces County	Total All	00	0	10	Total, All Industries	\$835
2012	2nd Qtr	Nueces County	Total All	00	0	10	Total, All Industries	\$804
2013	2nd Qtr	Nueces County	Total All	00	0	10	Total, All Industries	\$809
2012	3rd Qtr	Nueces County	Total All	00	0	10	Total, All Industries	\$799
2012	4th Qtr	Nueces County	Total All	00	0	10	Total, All Industries	\$886

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
2012	1st Qtr	Nueces County	Total All	31	2	31-33	Manufacturing	\$1,382
2013	1st Qtr	Nueces County	Total All	31	2	31-33	Manufacturing	\$1,443
2012	2nd Qtr	Nueces County	Total All	31	2	31-33	Manufacturing	\$1,277
2013	2nd Qtr	Nueces County	Total All	31	2	31-33	Manufacturing	\$1,272
2012	3rd Qtr	Nueces County	Total All	31	2	31-33	Manufacturing	\$1,209
2012	4th Qtr	Nueces County	Total All	31	2	31-33	Manufacturing	\$1,431

**2012 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$23.56	\$48,996
<u>1. Panhandle Regional Planning Commission</u>	\$20.12	\$41,850
<u>2. South Plains Association of Governments</u>	\$16.18	\$33,662
<u>3. NORTEX Regional Planning Commission</u>	\$17.83	\$37,076
<u>4. North Central Texas Council of Governments</u>	\$24.68	\$51,333
<u>5. Ark-Tex Council of Governments</u>	\$16.84	\$35,032
<u>6. East Texas Council of Governments</u>	\$19.61	\$40,797
<u>7. West Central Texas Council of Governments</u>	\$18.24	\$37,941
<u>8. Rio Grande Council of Governments</u>	\$16.17	\$33,631
<u>9. Permian Basin Regional Planning Commission</u>	\$21.93	\$45,624
<u>10. Concho Valley Council of Governments</u>	\$16.33	\$33,956
<u>11. Heart of Texas Council of Governments</u>	\$19.07	\$39,670
<u>12. Capital Area Council of Governments</u>	\$26.03	\$54,146
<u>13. Brazos Valley Council of Governments</u>	\$16.55	\$34,424
<u>14. Deep East Texas Council of Governments</u>	\$16.20	\$33,698
<u>15. South East Texas Regional Planning Commission</u>	\$29.38	\$61,118
<u>16. Houston-Galveston Area Council</u>	\$26.59	\$55,317
<u>17. Golden Crescent Regional Planning Commission</u>	\$21.03	\$43,742
<u>18. Alamo Area Council of Governments</u>	\$18.40	\$38,280
<u>19. South Texas Development Council</u>	\$13.54	\$28,170
<u>20. Coastal Bend Council of Governments</u>	\$22.97	\$47,786
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.33	\$33,961
<u>22. Texoma Council of Governments</u>	\$22.57	\$46,949
<u>23. Central Texas Council of Governments</u>	\$17.16	\$35,689
<u>24. Middle Rio Grande Development Council</u>	\$18.93	\$39,380

110% x \$47,786
= \$52,565

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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.

ATTACHMENT 15

Equistar provides its employees with benefits including but not limited to the following:

- Medical Coverage (company pays 80% of employee health insurance premiums)
- Dental Plan
- Group Life Insurance
- Paid Holidays
- Paid Vacation
- 401(k) Retirement Savings Plan

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. January 2013): Investment

Applicant Name: EQUISTAR CHEMICALS, LP
 ISD Name: CALLEEN ISD

Form 59-236

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 (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified 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) 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 Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period	1	2014-2015	\$ 170,399,000	\$ -	\$ 170,399,000	0	0	0	0	
	2	2015-2016	\$ 293,841,000	\$ -	\$ 293,841,000	0	0	0	0	
	3	2016-2017	\$ 1,750,000	\$ -	\$ 1,750,000	0	0	0	0	
	4	2017-2018								
	5	2018-2019								
	6	2019-2020								
	7	2020-2021								
	8	2021-2022								
	9	2022-2023								
	10	2023-2024								
	11	2024-2025								
	12	2025-2026								
	13	2026-2027								
	14	2027-2028								
	15	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 §313.02(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.)

Column B: 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 §313.02(1)(E).

Column D: 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 these amounts for future years.

Steph R. Woods
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

10/24/13
 DATE

ATTACHMENT 18

Please see attached Schedule B

Schedule B (Rev. January 2013): Estimated Market And Taxable Value
EQUISTAR CHEMICALS, LP
 CALALLEN ISD

Form 50-296

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				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 IAS - after all reductions	Final taxable value for MAC-after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Credit Period (with 50% cap on credit)	1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2	2015-2016	2015	\$ -	\$ -	\$85,200,000	\$4,260,000	\$ 80,940,000	\$ 80,940,000
	3	2016-2017	2016	\$ -	\$ -	\$464,000,000	\$23,200,000	\$ 440,800,000	\$ 20,000,000
	4	2017-2018	2017	\$ -	\$ -	\$465,990,000	\$23,300,000	\$ 442,690,000	\$ 20,000,000
	5	2018-2019	2018	\$ -	\$ -	\$447,350,000	\$22,368,000	\$ 424,982,000	\$ 20,000,000
	6	2019-2020	2019	\$ -	\$ -	\$429,456,000	\$21,473,000	\$ 407,983,000	\$ 20,000,000
	7	2020-2021	2020	\$ -	\$ -	\$412,278,000	\$20,614,000	\$ 391,664,000	\$ 20,000,000
	8	2021-2022	2021	\$ -	\$ -	\$395,787,000	\$19,789,000	\$ 375,998,000	\$ 20,000,000
	9	2022-2023	2022	\$ -	\$ -	\$379,956,000	\$18,998,000	\$ 360,958,000	\$ 20,000,000
	10	2023-2004	2023	\$ -	\$ -	\$364,758,000	\$18,238,000	\$ 346,520,000	\$ 20,000,000
	11	2024-2025	2024	\$ -	\$ -	\$350,168,000	\$17,508,000	\$ 332,660,000	\$ 332,660,000
	12	2025-2026	2025	\$ -	\$ -	\$336,161,000	\$16,808,000	\$ 319,353,000	\$ 319,353,000
	13	2026-2027	2026	\$ -	\$ -	\$322,715,000	\$16,136,000	\$ 306,579,000	\$ 306,579,000
	14	2027-2028	2027	\$ -	\$ -	\$309,806,000	\$15,490,000	\$ 294,316,000	\$ 294,316,000
	15	2028-2029	2028	\$ -	\$ -	\$297,414,000	\$14,871,000	\$ 282,543,000	\$ 282,543,000

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

Steph K. W.J.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

10/24/13

DATE

ATTACHMENT 19

Please see attached Schedule C

Schedule C- Application: Employment Information

Applicant Name
ISD Name

EQUISTAR CHEMICALS, LP
CALALLEN ISD

Form 50-296

		Construction			New Jobs		Qualifying Jobs	
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
pre-year 1	2013-2014	2013	0 FTEs	\$0	0	\$0	0	\$0
1	2014-2015	2014	200 FTEs	\$100,000	0	\$0	0	\$0
2	2015-2016	2015	335 FTEs	\$100,000	3	\$65,000	3	\$65,000
3	2016-2017	2016			3	\$65,000	3	\$65,000
4	2017-2018	2017			3	\$65,000	3	\$65,000
5	2018-2019	2018			3	\$65,000	3	\$65,000
6	2019-2020	2019			3	\$65,000	3	\$65,000
7	2020-2021	2020			3	\$65,000	3	\$65,000
8	2021-2022	2021			3	\$65,000	3	\$65,000
9	2022-2023	2022			3	\$65,000	3	\$65,000
10	2023-2024	2023			3	\$65,000	3	\$65,000
11	2024-2025	2024			3	\$65,000	3	\$65,000
12	2025-2026	2025			3	\$65,000	3	\$65,000
13	2026-2027	2026			3	\$65,000	3	\$65,000
14	2027-2028	2027			3	\$65,000	3	\$65,000
15	2028-2029	2028			3	\$65,000	3	\$65,000
Complete tax years of qualifying time period								
Tax Credit Period (with 50% cap on credit)								
Credit Settle-Up Period								
Post- Settle-Up Period								
Post- Settle-Up Period								

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

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

Signature
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Date
DATE

ATTACHMENT 20

Please see attached Schedule D

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name				ISD Name			Form 50-296			
EQUISTAR CHEMICALS, LP				CALLEN ISD			Other Property Tax Abatements Sought			
				Sales Tax Information			Franchise Tax			
				Sales Taxable Expenditures			Franchise Tax			
				Column F:	Column G:	Column H:	County	City	Hospital	Other
				Estimate of total annual expenditures* subject to state sales tax	Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY								
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013		0	0	0				
Complete tax years of qualifying time period	1	2014-2015	2014	\$ 15,762,000	\$ 154,637,000	0	n/a	n/a	n/a	n/a
	2	2015-2016	2015	\$ 27,180,000	\$ 266,661,000	35,000	n/a	n/a	n/a	n/a
	3	2016-2017	2016	\$ 162,000	\$ 1,588,000	900,000	n/a	n/a	n/a	n/a
	4	2017-2018	2017	\$ -	\$ -	465,000	n/a	n/a	n/a	n/a
	5	2018-2019	2018	\$ -	\$ -	575,000	n/a	n/a	n/a	n/a
	6	2019-2020	2019	\$ -	\$ -	500,000	n/a	n/a	n/a	n/a
	7	2020-2021	2020	\$ -	\$ -	435,000	n/a	n/a	n/a	n/a
	8	2021-2022	2021	\$ -	\$ -	395,000	n/a	n/a	n/a	n/a
	9	2022-2023	2022	\$ -	\$ -	560,000	n/a	n/a	n/a	n/a
	10	2023-2004	2023	\$ -	\$ -	510,000	n/a	n/a	n/a	n/a
	11	2024-2025	2024	\$ -	\$ -	550,000	n/a	n/a	n/a	n/a
	12	2025-2026	2025	\$ -	\$ -	585,000	n/a	n/a	n/a	n/a
	13	2026-2027	2026	\$ -	\$ -	630,000	n/a	n/a	n/a	n/a
	14	2027-2028	2027	\$ -	\$ -	560,000	n/a	n/a	n/a	n/a
	15	2028-2029	2028	\$ -	\$ -	710,000	n/a	n/a	n/a	n/a

*For planning, construction and operation of the facility.

Signature

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

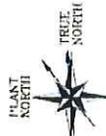
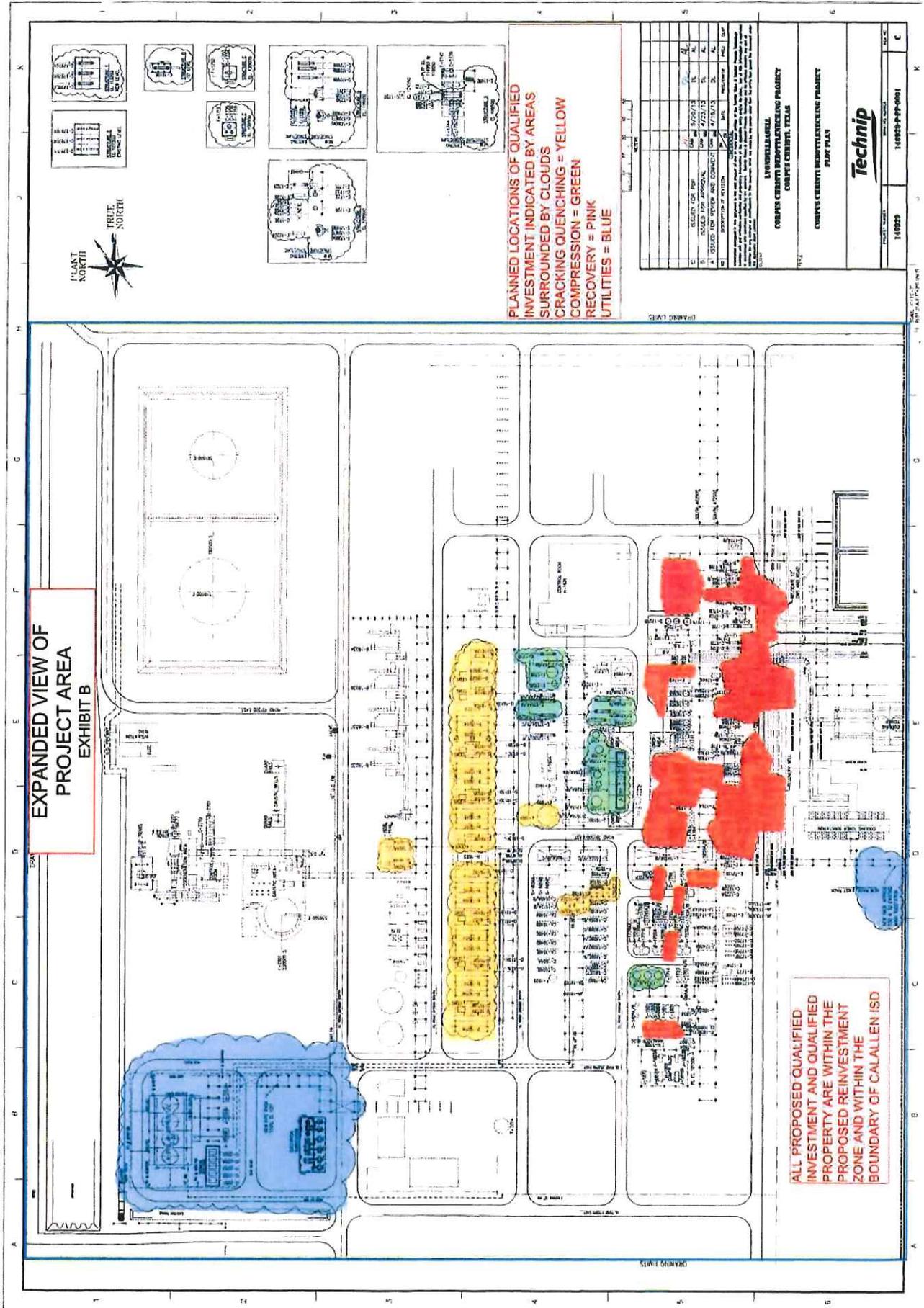
10/21/13

DATE

ATTACHMENT 21

A map of the proposed reinvestment zone is attached as is a vicinity map. The reinvestment zone will be established by the Board of Trustees of Calallen ISD at a later date.

**EXPANDED VIEW OF
PROJECT AREA
EXHIBIT B**



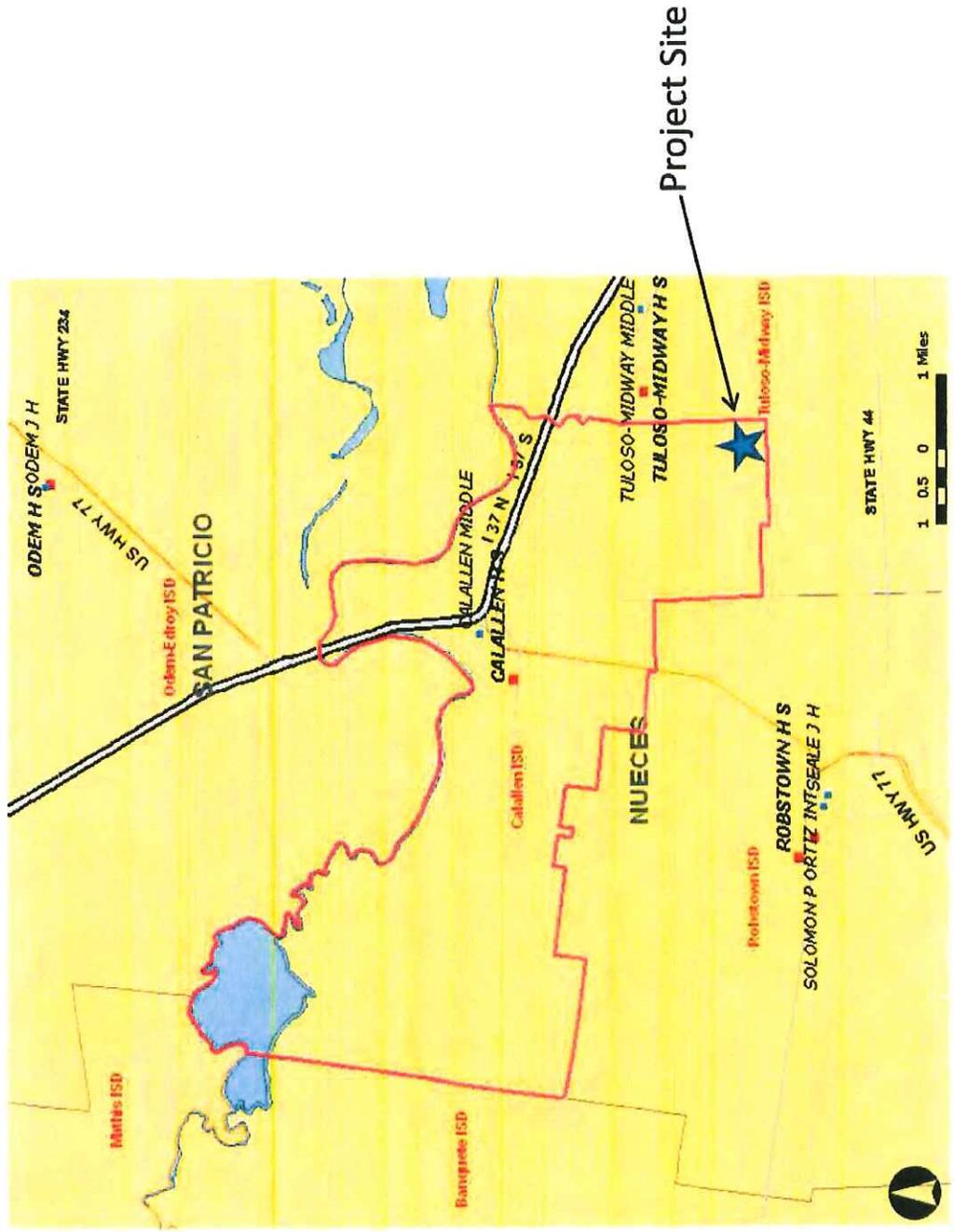
**PLANNED LOCATIONS OF QUALIFIED INVESTMENT INDICATED BY AREAS SURROUNDED BY CLOUDS
CRACKING QUENCHING = YELLOW
COMPRESSION = GREEN
RECOVERY = PINK
UTILITIES = BLUE**

NO.	DESCRIPTION	DATE	BY	CHKD.
1	ISSUED FOR PERMITS	11/20/13	AL	AL
2	ISSUED FOR PERMITS	11/20/13	AL	AL
3	ISSUED FOR PERMITS	11/20/13	AL	AL
4	ISSUED FOR PERMITS	11/20/13	AL	AL
5	ISSUED FOR PERMITS	11/20/13	AL	AL
6	ISSUED FOR PERMITS	11/20/13	AL	AL
7	ISSUED FOR PERMITS	11/20/13	AL	AL
8	ISSUED FOR PERMITS	11/20/13	AL	AL
9	ISSUED FOR PERMITS	11/20/13	AL	AL
10	ISSUED FOR PERMITS	11/20/13	AL	AL

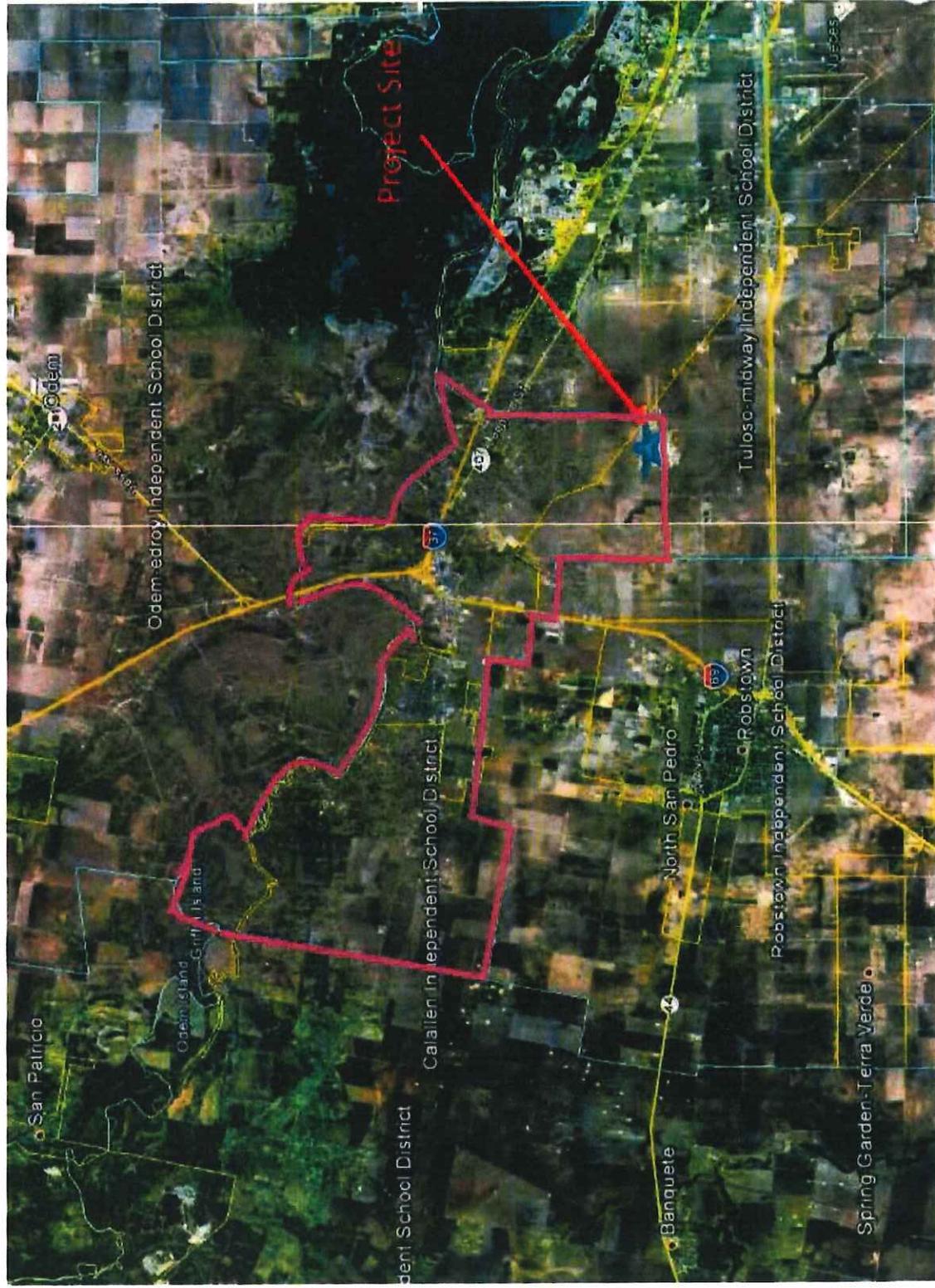
LYNDELLABELL
 CORPUS CHRISTI REINVESTING FACILITY
 CORPUS CHRISTI, TEXAS
 PLOT PLAN
 Technip
 148828
 148828-PP-001

ALL PROPOSED QUALIFIED INVESTMENT AND QUALIFIED PROPERTY ARE WITHIN THE PROPOSED REINVESTMENT ZONE AND WITHIN THE BOUNDARY OF CALLEEN ISD

Calallen ISD Map



Equistar Chemicals, LP Vicinity Map



Calallen
District
Boundaries

ATTACHMENT 22

The resolution of the Board of Trustees of Calallen ISD establishing the reinvestment zone will be provided at a later date.

ATTACHMENT 23

The legal description of the proposed reinvestment zone will be provided upon completion of the survey.

ATTACHMENT 24

Not applicable. No guidelines and criteria are required for Calallen ISD to create the reinvestment zone.

Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of 12/17/2013 09:00:32 AM

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

EQUISTAR CHEMICALS, LP	
Texas Taxpayer Number	17605504814
Mailing Address	1221 MCKINNEY ST STE 300 HOUSTON, TX 77010-2036
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	11/04/1997
Texas SOS File Number	0010258111
Registered Agent Name	CT CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Attachment C

State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 16, 2013

Arturo Almendarez
Superintendent
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, TX 78410

Dear Superintendent Almendarez:

On Nov. 6, 2013, the Comptroller received the completed application (Application # 305) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in June 2013 to the Calallen Independent School District (the school district) by Equistar Chemicals, LP (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 2 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 (\$464 million) is consistent with the proposed appraised value limitation sought (\$20 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

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

Note that any new building or other improvement existing as of the application review start date of Nov. 6, 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 or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Equistar Chemicals, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calallen ISD
2011-2012 Enrollment in School District	3,954
County	Nueces
Total Investment in District	\$465,990,000
Qualified Investment	\$464,240,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	3*
Number of qualifying jobs committed to by applicant	3
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,250
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,011
Minimum Annual Wage committed to by applicant for qualified jobs	\$65,000
Investment per Qualifying Job	\$155,330,000
Estimated 15 year M&O levy without any limit or credit:	\$56,253,436
Estimated gross 15 year M&O tax benefit	\$36,182,661
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$30,818,015
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$712,998
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$25,435,421
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	54.8%
Percentage of tax benefit due to the limitation	98.0%
Percentage of tax benefit due to the credit.	2.0%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Equistar Chemicals, LP (the project) applying to Calallen 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 three new jobs when fully operational. All three 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 \$47,786 in 2012. The annual average manufacturing wage for 2012 through 2013 for Nueces County is \$69,615. That same year, the county annual average wage for all industries was \$43,277. In addition to an annual average salary of \$65,000 each qualifying position will receive benefits such as the company pays 80% of employee health insurance premiums, dental plan, group life insurance, paid holidays, paid vacation and 401(k) retirement savings plan. The project's total investment is \$466 million, resulting in a relative level of investment per qualifying job of \$155.3 million.

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

According to Equistar Chemicals, LP's application, "Equistar Chemicals, LP is wholly owned indirectly by LyondellBasell Industries, N.V. (a Netherlands entity), a global manufacturer of petrochemicals. The Corpus Christi plant is an olefins plant that produces ethylene, propylene, and other related hydrocarbon byproducts. Equistar Chemicals, LP has other plants that produce similar products in Channelview, Texas, La Porte, Texas, Morris, Illinois, and Clinton, Iowa." The application also states "LyondellBasell has the ability to and does invest in new or existing facilities in many countries around the world including the United States."

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

During the past two years, ten 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 Equistar Chemicals, LP 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 Equistar Chemicals, LP's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Equistar Chemicals, LP

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	0	435	435	\$0	\$27,000,000	\$27,000,000
2014	200	1,966	2166	\$20,000,000	\$120,000,000	\$140,000,000
2015	338	8,365	8703	\$33,695,000	\$551,305,000	\$585,000,000
2016	3	11,118	11121	\$195,000	\$800,805,000	\$801,000,000
2017	3	4,829	4832	\$195,000	\$421,805,000	\$422,000,000
2018	3	304	307	\$195,000	\$109,805,000	\$110,000,000
2019	3	(73)	-70	\$195,000	\$65,805,000	\$66,000,000
2020	3	(222)	-219	\$195,000	\$39,805,000	\$40,000,000
2021	3	(253)	-250	\$195,000	\$23,805,000	\$24,000,000
2022	3	(208)	-205	\$195,000	\$15,805,000	\$16,000,000
2023	3	(124)	-121	\$195,000	\$15,805,000	\$16,000,000
2024	3	(87)	-84	\$195,000	\$12,805,000	\$13,000,000
2025	3	(9)	-6	\$195,000	\$15,805,000	\$16,000,000
2026	3	65	68	\$195,000	\$20,805,000	\$21,000,000
2027	3	136	139	\$195,000	\$26,805,000	\$27,000,000
2028	3	198	201	\$195,000	\$33,805,000	\$34,000,000

Source: CPA, REMI, Equistar Chemicals, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012 to 2013. Calallen ISD's ad valorem tax base in 2012 to 2013 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012 to 2013. During that same year, Calallen ISD's estimated wealth per WADA was \$225,858. 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, Nueces County Hospital District and Del Mar College with all property tax incentives sought being granted using estimated market value from Equistar Chemicals, LP's application. Equistar Chemicals, LP has only applied for a value limitation under Chapter 313, Tax Code. Table 3 illustrates the estimated tax impact of the Equistar Chemicals, LP project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calallen ISD I&S Levy	Calallen ISD M&O Levy	Calallen ISD M&O and I&S Tax Levies (Before Credit Credited)	Calallen ISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
				0.188500	1.170000			0.340999	0.250666	0.148077	
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$80,940,000	\$80,940,000		\$152,572	\$946,998	\$1,099,570	\$1,099,570	\$276,005	\$202,889	\$119,854	\$1,698,317
2016	\$440,800,000	\$20,000,000		\$830,908	\$234,000	\$1,064,908	\$1,064,908	\$1,503,124	\$1,104,936	\$652,723	\$4,325,691
2017	\$442,690,000	\$20,000,000		\$834,471	\$234,000	\$1,068,471	\$966,614	\$1,509,568	\$1,109,673	\$655,522	\$4,241,378
2018	\$424,982,000	\$20,000,000		\$801,091	\$234,000	\$1,035,091	\$933,234	\$1,449,184	\$1,065,285	\$629,301	\$4,077,004
2019	\$407,983,000	\$20,000,000		\$769,048	\$234,000	\$1,003,048	\$901,191	\$1,391,218	\$1,022,675	\$604,129	\$3,919,213
2020	\$391,664,000	\$20,000,000		\$738,287	\$234,000	\$972,287	\$870,430	\$1,335,570	\$981,768	\$579,964	\$3,767,733
2021	\$375,998,000	\$20,000,000		\$708,756	\$234,000	\$942,756	\$840,899	\$1,282,149	\$942,499	\$556,767	\$3,622,314
2022	\$360,958,000	\$20,000,000		\$680,406	\$234,000	\$914,406	\$812,549	\$1,230,863	\$904,799	\$534,496	\$3,482,707
2023	\$346,520,000	\$20,000,000		\$653,190	\$234,000	\$887,190	\$785,333	\$1,181,630	\$868,608	\$513,116	\$3,348,687
2024	\$332,660,000	\$332,660,000		\$627,064	\$3,892,122	\$4,519,186	\$4,519,186	\$1,134,367	\$833,866	\$492,593	\$6,980,012
2025	\$319,353,000	\$319,353,000		\$601,980	\$3,736,430	\$4,338,411	\$4,338,411	\$1,088,991	\$800,509	\$472,888	\$6,700,799
2026	\$306,579,000	\$306,579,000		\$577,901	\$3,586,974	\$4,164,876	\$4,164,876	\$1,045,431	\$768,489	\$453,973	\$6,432,769
2027	\$294,316,000	\$294,316,000		\$554,786	\$3,443,497	\$3,998,283	\$3,998,283	\$1,003,615	\$737,750	\$435,814	\$6,175,462
2028	\$282,543,000	\$282,543,000		\$532,594	\$3,305,753	\$3,838,347	\$3,838,347	\$963,469	\$708,239	\$418,381	\$5,928,436
						Total	\$29,133,829	\$16,395,184	\$12,051,986	\$7,119,521	\$64,700,521

Assumes School Value Limitation and no other property tax incentives

Source: CPA, Equistar Chemicals, LP

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calallen ISD I&S Levy	Calallen ISD M&O Levy	Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Del Mar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes	
				0.188500	1.170000		0.340999	0.250666	0.148077		
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2015	\$80,940,000	\$80,940,000		\$152,572	\$946,998	\$1,099,570	\$276,005	\$202,889	\$119,854	\$1,578,464	
2016	\$440,800,000	\$440,800,000		\$830,908	\$5,157,360	\$5,988,268	\$1,503,124	\$1,104,936	\$652,723	\$8,596,327	
2017	\$442,690,000	\$442,690,000		\$834,471	\$5,179,473	\$6,013,944	\$1,509,568	\$1,109,673	\$655,522	\$8,633,185	
2018	\$424,982,000	\$424,982,000		\$801,091	\$4,972,289	\$5,773,380	\$1,449,184	\$1,065,285	\$629,301	\$8,287,850	
2019	\$407,983,000	\$407,983,000		\$769,048	\$4,773,401	\$5,542,449	\$1,391,218	\$1,022,675	\$604,129	\$7,956,342	
2020	\$391,664,000	\$391,664,000		\$738,287	\$4,582,469	\$5,320,755	\$1,335,570	\$981,768	\$579,964	\$7,638,094	
2021	\$375,998,000	\$375,998,000		\$708,756	\$4,399,177	\$5,107,933	\$1,282,149	\$942,499	\$556,767	\$7,332,581	
2022	\$360,958,000	\$360,958,000		\$680,406	\$4,223,209	\$4,903,614	\$1,230,863	\$904,799	\$534,496	\$7,039,277	
2023	\$346,520,000	\$346,520,000		\$653,190	\$4,054,284	\$4,707,474	\$1,181,630	\$868,608	\$513,116	\$6,757,712	
2024	\$332,660,000	\$332,660,000		\$627,064	\$3,892,122	\$4,519,186	\$1,134,367	\$833,866	\$492,593	\$6,487,419	
2025	\$319,353,000	\$319,353,000		\$601,980	\$3,736,430	\$4,338,411	\$1,088,991	\$800,509	\$472,888	\$6,227,910	
2026	\$306,579,000	\$306,579,000		\$577,901	\$3,586,974	\$4,164,876	\$1,045,431	\$768,489	\$453,973	\$5,978,796	
2027	\$294,316,000	\$294,316,000		\$554,786	\$3,443,497	\$3,998,283	\$1,003,615	\$737,750	\$435,814	\$5,739,648	
2028	\$282,543,000	\$282,543,000		\$532,594	\$3,305,753	\$3,838,347	\$963,469	\$708,239	\$418,381	\$5,510,055	
						Total	\$65,316,490	\$16,395,184	\$12,051,986	\$7,119,521	\$93,763,660

Source: CPA, Equistar Chemicals, LP

¹Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$56,253,436. The estimated gross 15 year M&O tax benefit, or levy loss, is \$36,182,660.

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.



TEXAS EDUCATION AGENCY

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

Michael Williams
Commissioner

December 13, 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 Equistar Chemicals LP project (application #305) for the Calallen Independent School District (CISD). 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 their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Equistar Chemicals LP project on CISD are correct.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk



TEXAS EDUCATION AGENCY

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

Michael Williams
Commissioner

December 13, 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 Equistar Chemicals LP project (application #305) on the number and size of school facilities in Calallen Independent School District (CISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the CISD superintendent, Arturo Almendarez, the TEA has found that the Equistar Chemicals LP project would not have a significant impact on the number or size of school facilities in CISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about 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

Attachment 3

Nueces County

Population

- Total county population in 2010 for Nueces County: 323,196 , 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
Petronila:	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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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.
Petronila:	\$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

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED EQUISTAR
CHEMICALS, LP PROJECT (APPLICATION NO. 305) ON THE
FINANCES OF THE CALLEN ISD INDEPENDENT SCHOOL
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY
VALUE LIMITATION**

November 22, 2013

Final Report - Revised

PREPARED BY



Estimated Impact of the Proposed Equistar Chemicals, LP Project (Application No. 305) on the Finances of the Calallen ISD Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Equistar Chemicals, LP (Equistar) has requested that the Calallen ISD Independent School District (CISD) 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 CISD on October 24, 2013, Equistar proposes to invest \$466 million to construct a new manufacturing project in CISD.

The Equistar 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, CISD may offer a minimum value limitation of \$20 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning with the 2016-17 school year, the project would go on the local tax roll at \$20 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 CISD currently levying a \$0.1885 per \$100 I&S tax rate. The full value of the investment is expected to reach \$443 million in the 2017-18 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Equistar 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. CISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$5,339,763) under current law, with a small revenue loss expected in the 2017-18 school year.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$30.8 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

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

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

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

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted during the First Called Session in 2011 made \$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 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83rd Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

While the discussion of ASATR funding is important in the overall context of funding public education, CISD is classified as a formula district under the estimates presented below. The

District is not expected to receive ASATR funds under any of the scenarios presented here. It is classified as a formula district throughout the forecast period.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A 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 Equistar project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

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

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. The anticipated ASATR changes are reflected in these models but do not appear to affect these results. The projected taxable values of the Equistar Chemicals, LP project are factored into the base model used here in order to simulate the financial impact of having constructed the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed Equistar project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 3,741 students in average daily attendance (ADA) in analyzing the effects of the Equistar project on the finances of CISD. The District's local tax base reached \$1.1 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.17 per \$100 is used throughout this analysis. CISD has estimated state property wealth per weighted ADA or WADA of approximately \$225,609 for the 2012-13 school year, classifying it as a modest-wealth district. 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 CISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property

value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Equistar 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 Equistar 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, CISD would experience a revenue loss of \$5.3 million as a result of the implementation of the value limitation in the 2016-17 school year. The revenue reduction results chiefly from the mechanics of the one-year lag associated with the state property value study.

The formula loss of \$5,339,763 cited above between the base and the limitation models is based on an assumption that Equistar would receive \$4.9 million in M&O taxes savings when the \$20 million limitation is implemented. Given CISD’s position as a formula district, there is no state aid offset for this reduction until the 2017-18 school year. In addition, the District is expected to lose \$416,403 in Tier II state aid as a result of the lower M&O tax effort as a result of the first-year value limitation in 2016-17.

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 state property value determinations are made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.17 per \$100 of taxable value M&O rate is assumed in 2013-14 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$35.5 million over the life of the agreement. In addition, Equistar would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$0.7 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 CISD revenue losses are expected to total approximately \$5.4 million over the course of the agreement, concentrated in the initial value limitation year under current law. The potential

total net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$30.8 million over the life of the agreement.

Facilities Funding Impact

The Equistar project remains fully taxable for debt services taxes, with CISD currently levying a \$0.1885 per \$100 I&S rate. The value of the Equistar project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth per ADA to a level that exceeds the level of support provided by the two state facilities programs. This should provide the option for tax relief as a result of the construction of the Equistar program.

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

Conclusion

The proposed Equistar manufacturing project enhances the tax base of CISD. 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 \$30.8 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of CISD in meeting its future debt service obligations.

Table 1 – Base District Information with Equistar Chemicals, LP Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2013-14	3,741.08	4,899.00	\$1.1700	\$0.1885	\$1,115,614,128	\$1,115,614,128	\$1,102,090,075	\$1,102,090,075	\$224,962	\$224,962
1	2014-15	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,267,614,128	\$1,267,614,128	\$1,102,090,075	\$1,102,090,075	\$224,995	\$224,995
2	2015-16	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,337,914,128	\$1,337,914,128	\$1,254,090,075	\$1,254,090,075	\$256,026	\$256,026
3	2016-17	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,576,414,128	\$1,155,614,128	\$1,324,390,075	\$1,324,390,075	\$270,378	\$270,378
4	2017-18	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,578,304,128	\$1,155,614,128	\$1,562,890,075	\$1,142,090,075	\$319,069	\$233,161
5	2018-19	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,560,596,128	\$1,155,614,128	\$1,564,780,075	\$1,142,090,075	\$319,454	\$233,161
6	2019-20	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,543,597,128	\$1,155,614,128	\$1,547,072,075	\$1,142,090,075	\$315,839	\$233,161
7	2020-21	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,527,278,128	\$1,155,614,128	\$1,530,073,075	\$1,142,090,075	\$312,369	\$233,161
8	2021-22	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,511,612,128	\$1,155,614,128	\$1,513,754,075	\$1,142,090,075	\$309,037	\$233,161
9	2022-23	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,496,572,128	\$1,155,614,128	\$1,498,088,075	\$1,142,090,075	\$305,839	\$233,161
10	2023-24	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,482,134,128	\$1,155,614,128	\$1,483,048,075	\$1,142,090,075	\$302,769	\$233,161
11	2024-25	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,524,274,128	\$1,524,274,128	\$1,468,610,075	\$1,142,090,075	\$299,821	\$233,161
12	2025-26	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,503,367,128	\$1,503,367,128	\$1,510,750,075	\$1,510,750,075	\$308,424	\$308,424
13	2026-27	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,482,993,128	\$1,482,993,128	\$1,489,843,075	\$1,489,843,075	\$304,156	\$304,156
14	2027-28	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,463,130,128	\$1,463,130,128	\$1,469,469,075	\$1,469,469,075	\$299,996	\$299,996
15	2028-29	3,741.08	4,898.29	\$1.1700	\$0.1885	\$1,443,757,128	\$1,443,757,128	\$1,449,606,075	\$1,449,606,075	\$295,941	\$295,941

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	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	\$11,008,438	\$14,709,850	\$0	\$0	\$1,871,434	\$1,608,657	\$0	\$29,198,379
1	2014-15	\$12,498,038	\$15,163,563	\$0	\$0	\$2,124,666	\$1,888,287	\$0	\$31,674,554
2	2015-16	\$13,186,978	\$13,643,563	\$0	\$0	\$2,241,787	\$1,502,322	\$0	\$30,574,650
3	2016-17	\$15,608,438	\$12,940,563	\$0	\$0	\$2,653,434	\$1,542,346	\$0	\$32,744,781
4	2017-18	\$15,627,338	\$10,555,563	\$0	\$0	\$2,656,647	\$903,507	\$0	\$29,743,055
5	2018-19	\$15,450,258	\$10,536,663	\$0	\$0	\$2,626,543	\$888,290	\$0	\$29,501,754
6	2019-20	\$15,280,268	\$10,713,743	\$0	\$0	\$2,597,646	\$919,522	\$0	\$29,511,179
7	2020-21	\$15,117,079	\$10,883,733	\$0	\$0	\$2,569,904	\$948,099	\$0	\$29,518,815
8	2021-22	\$14,960,419	\$11,046,923	\$0	\$0	\$2,543,271	\$975,514	\$0	\$29,526,127
9	2022-23	\$14,810,019	\$11,203,583	\$0	\$0	\$2,517,703	\$1,001,833	\$0	\$29,533,138
10	2023-24	\$14,665,639	\$11,353,983	\$0	\$0	\$2,493,158	\$1,027,182	\$0	\$29,539,962
11	2024-25	\$15,013,306	\$11,498,363	\$0	\$0	\$2,552,262	\$1,086,944	\$0	\$30,150,875
12	2025-26	\$14,808,418	\$11,076,963	\$0	\$0	\$2,517,431	\$972,301	\$0	\$29,375,113
13	2026-27	\$14,608,753	\$11,286,033	\$0	\$0	\$2,483,488	\$1,007,207	\$0	\$29,385,481
14	2027-28	\$14,414,095	\$11,489,773	\$0	\$0	\$2,450,396	\$1,042,767	\$0	\$29,397,031
15	2028-29	\$14,224,240	\$11,688,403	\$0	\$0	\$2,418,120	\$1,075,898	\$0	\$29,406,661

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

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	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	\$11,008,438	\$14,709,850	\$0	\$0	\$1,871,434	\$1,608,657	\$0	\$29,198,379
1	2014-15	\$12,498,038	\$15,163,563	\$0	\$0	\$2,124,666	\$1,888,287	\$0	\$31,674,554
2	2015-16	\$13,186,978	\$13,643,563	\$0	\$0	\$2,241,787	\$1,502,322	\$0	\$30,574,650
3	2016-17	\$11,400,438	\$12,940,563	\$0	\$0	\$1,938,074	\$1,125,943	\$0	\$27,405,018
4	2017-18	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
5	2018-19	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
6	2019-20	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
7	2020-21	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
8	2021-22	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
9	2022-23	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
10	2023-24	\$11,400,438	\$14,763,563	\$0	\$0	\$1,938,074	\$1,616,098	\$0	\$29,718,173
11	2024-25	\$15,013,306	\$14,763,563	\$0	\$0	\$2,552,262	\$2,128,598	\$0	\$34,457,729
12	2025-26	\$14,808,418	\$11,076,963	\$0	\$0	\$2,517,431	\$972,301	\$0	\$29,375,113
13	2026-27	\$14,608,753	\$11,286,033	\$0	\$0	\$2,483,488	\$1,007,207	\$0	\$29,385,481
14	2027-28	\$14,414,095	\$11,489,773	\$0	\$0	\$2,450,396	\$1,042,767	\$0	\$29,397,031
15	2028-29	\$14,224,240	\$11,688,403	\$0	\$0	\$2,418,120	\$1,075,898	\$0	\$29,406,661

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

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	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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$4,208,000	\$0	\$0	\$0	-\$715,360	-\$416,403	\$0	-\$5,339,763
4	2017-18	-\$4,226,900	\$4,208,000	\$0	\$0	-\$718,573	\$712,591	\$0	-\$24,882
5	2018-19	-\$4,049,820	\$4,226,900	\$0	\$0	-\$688,469	\$727,808	\$0	\$216,419
6	2019-20	-\$3,879,830	\$4,049,820	\$0	\$0	-\$659,572	\$696,576	\$0	\$206,994
7	2020-21	-\$3,716,641	\$3,879,830	\$0	\$0	-\$631,830	\$667,999	\$0	\$199,358
8	2021-22	-\$3,559,981	\$3,716,640	\$0	\$0	-\$605,197	\$640,584	\$0	\$192,046
9	2022-23	-\$3,409,581	\$3,559,980	\$0	\$0	-\$579,629	\$614,265	\$0	\$185,035
10	2023-24	-\$3,265,201	\$3,409,580	\$0	\$0	-\$555,084	\$588,916	\$0	\$178,211
11	2024-25	\$0	\$3,265,200	\$0	\$0	\$0	\$1,041,654	\$0	\$4,306,854
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

Table 5 - Estimated Financial Impact of the Equistar Chemicals, LP Project Property Value Limitation Request Submitted to CISD at \$1.17 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	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$80,940,000	\$80,940,000	\$0	\$1.170	\$946,998	\$946,998	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$440,800,000	\$20,000,000	\$420,800,000	\$1.170	\$5,157,360	\$234,000	\$4,923,360	\$0	\$4,923,360	-\$5,339,763	-\$416,403
4	2017-18	\$442,690,000	\$20,000,000	\$422,690,000	\$1.170	\$5,179,473	\$234,000	\$4,945,473	\$101,857	\$5,047,330	-\$24,882	\$5,022,448
5	2018-19	\$424,982,000	\$20,000,000	\$404,982,000	\$1.170	\$4,972,289	\$234,000	\$4,738,289	\$101,857	\$4,840,146	\$0	\$4,840,146
6	2019-20	\$407,983,000	\$20,000,000	\$387,983,000	\$1.170	\$4,773,401	\$234,000	\$4,539,401	\$101,857	\$4,641,258	\$0	\$4,641,258
7	2020-21	\$391,664,000	\$20,000,000	\$371,664,000	\$1.170	\$4,582,469	\$234,000	\$4,348,469	\$101,857	\$4,450,326	\$0	\$4,450,326
8	2021-22	\$375,998,000	\$20,000,000	\$355,998,000	\$1.170	\$4,399,177	\$234,000	\$4,165,177	\$101,857	\$4,267,033	\$0	\$4,267,033
9	2022-23	\$360,958,000	\$20,000,000	\$340,958,000	\$1.170	\$4,223,209	\$234,000	\$3,989,209	\$101,857	\$4,091,065	\$0	\$4,091,065
10	2023-24	\$346,520,000	\$20,000,000	\$326,520,000	\$1.170	\$4,054,284	\$234,000	\$3,820,284	\$101,857	\$3,922,141	\$0	\$3,922,141
11	2024-25	\$332,660,000	\$332,660,000	\$0	\$1.170	\$3,892,122	\$3,892,122	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$319,353,000	\$319,353,000	\$0	\$1.170	\$3,736,430	\$3,736,430	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$306,579,000	\$306,579,000	\$0	\$1.170	\$3,586,974	\$3,586,974	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$294,316,000	\$294,316,000	\$0	\$1.170	\$3,443,497	\$3,443,497	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$282,543,000	\$282,543,000	\$0	\$1.170	\$3,305,753	\$3,305,753	\$0	\$0	\$0	\$0	\$0
						\$56,253,436	\$20,783,775	\$35,469,662	\$712,998	\$36,182,660	-\$5,364,645	\$30,818,015

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	\$0	\$712,998	\$712,998
Credits Earned			\$712,998
Credits Paid			\$712,998
Excess Credits Unpaid			\$0

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

Attachment F

Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

178/Nueces

178-903/Calallen ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	758,407,628	.9730	779,452,855	758,407,628
B. Multi-Family Residences	25,057,641	N/A	25,057,641	25,057,641
C. Vacant Lots	19,184,003	N/A	19,184,003	19,184,003
D. Rural Real(Taxable)	17,203,974	.9787	17,578,589	17,203,974
F1. Commercial Real	151,638,117	.9813	154,527,787	151,638,117
F2. Industrial Real	114,990,589	N/A	114,990,589	114,990,589
G. Oil, Gas, Minerals	1,889,140	N/A	1,889,140	1,889,140
J. Utilities	38,486,017	N/A	38,486,017	38,486,017
L1. Commercial Personal	89,478,435	1.0111	88,496,128	89,478,435
L2. Industrial Personal	56,554,579	N/A	56,554,579	56,554,579
M. Other Personal	5,665,584	N/A	5,665,584	5,665,584
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	4,671,590	N/A	4,671,590	4,671,590

S. Special Inventory	7,672,844	N/A	7,672,844	7,672,844
Subtotal	1,290,900,141		1,314,227,346	1,290,900,141
Less Total Deductions	188,810,066		193,943,504	188,810,066
Total Taxable Value	1,102,090,075		1,120,283,842	1,102,090,075 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	14,238,235	N/A	14,238,235
Prod Value Qualified Acres	2,965,739	.8879	3,340,354
Taxable Value	17,203,974		17,578,589

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
1,149,109,636	1,102,090,075	1,149,109,636	1,102,090,075	1,102,090,075	1,102,090,075

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
47,019,561	0

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
1,149,109,636	1,102,090,075	1,149,109,636	1,102,090,075	1,102,090,075	1,102,090,075

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

CALLEN INDEPENDENT SCHOOL DISTRICT

and

EQUISTAR CHEMICALS, LP

(Texas Taxpayer ID # 17605504814)

TEXAS COMPTROLLER APPLICATION NUMBER 305

Dated

December 20, 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 **CALLEN 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 **EQUISTAR CHEMICALS, LP**, a Delaware limited partnership (*Texas Taxpayer Identification Number 17605504814*), hereinafter referred to as the "Applicant." The Applicant and the District are each 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 June 17, 2013, the Superintendent of Schools of the Calallen Independent School District (the "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 June 17, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Equistar Chemicals, LP, a Delaware limited partnership (*Texas Taxpayer Identification Number 17605504814*); and,

WHEREAS, on June 21, 2013, the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local), and determined the Application to be complete; and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the "Comptroller") for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, on or about November 1, 2013, the Superintendent, acting as agent of the Board of Trustees, received from the Applicant an amended Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, which was delivered to the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller, via letter, has established November 6, 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,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on November 6, 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 December 20, 2013, in connection with the Board of Trustees' consideration of the Application; and,

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

WHEREAS, on December 20, 2013, 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 November 6, 2013, that the Application be approved: and,

WHEREAS, on December 20, 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 December 20, 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 of the Applicant's Qualified Property; and (iv) each criterion listed in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on December 20, 2013, pursuant to the provisions of Texas Tax Code §313.025(f-1), the Board of Trustees waived the new jobs creation requirement set forth in Texas Tax Code §313.051(b) based upon its factual finding, made on December 20, 2013, that if the new jobs creation requirement in Texas Tax Code §313.051(b) (*i.e.* ten (10) new jobs) was applied to the Applicant's project, given its size and scope as described in the Application and in **EXHIBIT 3**, the new jobs creation requirement in Texas Tax Code §313.051(b) will exceed the

industry standard for the number of employees reasonably necessary for the operation of the facility that is described in the Application; and,

WHEREAS, under the provisions of Texas Tax Code §313.051(a)(1), the District qualifies as a rural school district subject to Subchapter C of Chapter 313 of the Texas Tax Code; and,

WHEREAS, on December 20, 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 §313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 20, 2013, the Board of Trustees approved the Application and the form of this Agreement for 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 December 20, 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 (12/10/13)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date. 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	\$ 20 Million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 20 Million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 20 Million property value limitation. Possible Tax Credit

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

Section 1.3. DEFINITIONS

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

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

“Affiliate” 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 Equistar Chemicals, LP (*Texas Taxpayer Identification Number ID #17605504814*), the company listed in the Preamble of this Agreement who, on June 17, 2013, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, and on or about November 1, 2013, filed the Amended Application with the District for an Appraised Value Limitation on Qualified Property, all pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest, and its 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 June 17, 2013 (the "Original Application"), as amended by 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 or about November 1, 2013 (the "Amended Application"), which have been certified by the Comptroller to collectively constitute a complete final Application as of the date of November 6, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant to the District or the Comptroller 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 Calallen Independent School District.

"Commencement Date" means December 20, 2013, the date upon which this Agreement was approved by the District's Board of Trustees and the Qualifying Time Period begins.

"Completed Application Date" means November 6, 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 Calallen 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 (but not less than zero) equal to: (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by the 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 (i.e., December 20, 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.

“Supplemental Payments” shall have the meaning assigned to such term in Section 4.1(a).

“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) Twenty Million Dollars (\$20,000,000.00).

The amount set forth in the immediately preceding clause (b) is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052, as applicable.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

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

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Qualified Property upon which the Applicant's Qualified Investment will be located (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all

purposes. 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 the 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 November 6, 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 Twenty Million Dollars (\$20,000,000.00), 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) Twenty Million Dollars (\$20,000,000.00).

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 are set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

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

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

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

Where:

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

may contest any such costs certified by the District's external auditor under the provisions of Section 3.8.

- (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 Article III 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 reasonable amount billed by the Third Party under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or Tax Credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Sections 3.3(b), 3.4, 3.6 and 3.9, 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. Any dispute by Applicant with respect to this new calculation shall be appealable to the Board of Trustees in accordance with the provisions of Section 3.8.

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 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article IV shall 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 4.2(a) and (b).

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

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

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as forty percent (40%) of the "Net Tax Benefit," as such term is defined in Section 1.3 above; or
- (b) the "Aggregate Limit," as such term is defined in Section 1.3 above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year following the Commencement Date (Tax Year 2016), the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 4.2, 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 each 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 Section 4.2 and this Section 4.3 with respect to such Tax Year.

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

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

For each Tax Year during the term of this Agreement beginning with 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 4.6 below shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 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 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) 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 (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.

- (c) The payment of all amounts due under this Article IV shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that the Applicant's 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 a 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. 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 4.6 shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4 above.

Notwithstanding the foregoing, any payments made by the Applicant shall be made in the manner and to the party designated in this Agreement unless the 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 portion of 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 the 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 five (5) business days 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 or with the Applicant's adjacent or surrounding property or operations. 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 and rules. 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. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of 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 or to the extent such Material Breach of this Agreement is caused by Force Majeure, 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 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 INTEREST

In determining the amount of interest 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 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. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 MATERIAL BREACH OF AGREEMENT

The Applicant shall be in "Material Breach of this Agreement" (herein so called) if it commits one or more of the following acts or omissions:

- (a) 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 8.14 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. Such payments to any other person or persons do not include payments to attorneys, consultants, or advisors retained by the Applicant in connection with applying for, negotiating and entering into this Agreement. 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 material term of this Agreement, or the Applicant materially 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 Subsections 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 Subsections 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 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 7.9, 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, in the event of any default or breach of this Agreement by the Applicant, the District's damages for such default or breach shall under no circumstances exceed the applicable amounts calculated under Sections 7.4 and 7.5 above. 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 to the District's Authorized Representative as follows:

Dr. Arturo Almendarez, Superintendent
CALLEN INDEPENDENT SCHOOL DISTRICT
4205 Wildcat Drive
Corpus Christi, Texas 78410
Fax: (361) 242-5620
Email: aalmendarez@calallen.org

With a copy to:

Kevin O'Hanlon
O'Hanlon, McCollom & Demerath
808 West Avenue
Austin, Texas 78701
Fax: (512) 494-9919
Email: kohanlon@808west.com

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:

Stephen R. Wessels
Assistant Secretary & Chief Tax Counsel
EQUISTAR CHEMICALS, LP
P.O. Box 3646
Houston, Texas 77253-3646
Fax: (713) 951-1628
Email: stephen.wessels@lyondellbasell.com

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

Section 8.2. EFFECTIVE DATE; TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees.

- (b) Subject to 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 Twenty Million Dollars (\$20,000,000.00), 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 prior to such approval, the Applicant shall meet all requirements of 34 Tex. Administrative Code § 9.1053(f)(2)(O), or any successor rule adopted by the Comptroller, and report 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.

Notwithstanding the foregoing, 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. FORCE MAJEURE

The Applicant shall not be considered in default or breach in the performance of its obligations hereunder if such performance is prevented or delayed because of an event constituting Force Majeure, provided that the Applicant shall (i) give notice thereof to the District as soon as reasonably practicable after the occurrence of such event of Force Majeure, and (ii) use commercially reasonable efforts to overcome such event of Force Majeure. In an event constituting Force Majeure, the Parties shall consult with each other to determine how best to overcome the effect of such event of Force Majeure on the Parties' respective obligations under this Agreement.

Section 8.6. 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 8.7. 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 8.8. 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 8.9. 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 8.10. 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 8.10, 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 8.11. 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 8.12. 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 8.13. 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 8.14. 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 8.15. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish all Substantive Documents, including 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 the adoption, submission, or approval of any 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 8.15 does not require the publication of information that is confidential under Texas Tax Code §313.028.

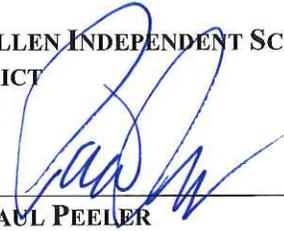
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 20th day of December, 2013.

EQUISTAR CHEMICALS, LP

By: 
Name: KARIN F. OVERMEN
Title: Executive VP + CFO

Kly

CALLEN INDEPENDENT SCHOOL DISTRICT

By: 
PAUL PEELER
President
Board of Trustees

Attest:

By: 
BRENT BURKHART
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Equistar Chemicals, LP Reinvestment Zone* was created on December 20, 2013, by action of the Board of Trustees of the Calallen Independent School District. All real property within the boundaries of the *Equistar Chemicals, LP Reinvestment Zone* is located within the boundaries of the Calallen Independent School District and Nueces County, Texas. A map of the *Equistar Chemicals, LP Reinvestment Zone* is attached as the next page following this EXHIBIT 1.

As a result of the action of the Board of Trustees of the Calallen Independent School District, all real property within the boundaries of the *Equistar Chemicals, LP Reinvestment Zone*, which is described in this EXHIBIT 1, will be eligible to be included in this Agreement. The legal description of the boundaries of the *Equistar Chemicals, LP Reinvestment Zone* is attached following the map attached as the next page following this EXHIBIT 1.



A Tract of Land in Survey 412, Abstract 854, Nueces County, Texas. Being a part of the Tract of Land Recorded as Tract 3 in Document # 1998037630, Official Records of Nueces County, Texas.

Boundary Being More Fully Described by Metes and Bounds as Follows:

BEGINNING at a 5/8" Iron rod found at the northwest corner of said Survey 412, the northeast corner of a 132.49 acre tract as recorded in Document # 2005033213, Official Records of Nueces County and in the south line of a 6.567 acre tract recorded as Tract 5 in said Document # 1998037630, being the northwest corner of this tract;

THENCE, North 89°15'01" East with the north line of said survey 412, a distance of 4,251.82 feet;

THENCE, South 00°44'59" East a distance of 2093.66 feet;

Thence, South 89°15'01" West a distance of 4,230.67 feet to a point on the west line of said tract;

THENCE, North 01°19'43" West with the west line of said tract, a distance of 2,093.76 feet to the Place of Beginning, containing 203.8501 acres more or less.

This description prepared by
Michael F. Feldbusch, PLS
Texas Reg. No. 5213
November 11, 2013

A handwritten signature in black ink, appearing to read "M. Feldbusch".



EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned or leased under a capitalized lease by the Applicant and located within the boundaries of both the Calallen Independent School District and the *Equistar Chemicals, LP Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located within the area described on the map and/or legal description set forth in **EXHIBIT 1**.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The Applicant plans to expand its Corpus Christi plant located at 1501 McKinzie Road, Corpus Christi, Texas by debottlenecking the existing olefins plant and changing the feed slate. New improvements will be added to seven existing cracking furnaces to increase the plant's ethylene production by an incremental 810 million pounds per year. This is a 49% increase in plant capacity. The planned total cost of the debottleneck expansion is \$465,990,000. New equipment and improvements that will be installed include, but are not limited to, the following:

Steam superheater	Residue gas rectifier	Hot water secondary coolers	Process gas aftercoolers	Demeth bottoms vaporizers
Demeth feed cooler	Subcoolers	Feed coolers	Rectifier condenser	Hydrogen cores
Demeth tower reboiler	Residue gas cooler	Effluent exchangers	Ethylene tower condenser	Refrigerant Desuperheater
Ethane vaporizers	Recycle heaters	Acetylene converter	Fuel gas coalescers	Knock out drums
Reflux drum	Hydrogen drums	Expander KO drums	Flash drums	Green oil KO drum
Suction separators	Driers	Reflux pumps	Product pumps	Circulation pumps
Hot water belt pumps	Expander/recompressor	Propylene compressor	Low NOx burners	

Existing equipment that will be replaced and/or modified to handle increased production rates includes, but is not limited to, the following:

Cracking furnace coils	Primary fractionator	Caustic scrubber	Demeth prefractionator	Ethylene tower
Aftercoolers	Caustic scrubber feed heater	Subcoolers	Suction drums	Discharge drum
Precooler separator	Surge drum	Reflux drum	Process gas dryer	Process gas compressor
Ethylene compressor				

**EXHIBIT 3
(CONTINUED)**

DESCRIPTION OF THE EXISTING PROPERTY

The Applicant has existing chemical processing units at the Corpus Christi plant within Calallen ISD. These assets consist of the following:

- Olefins unit
- Tank Farms
- Utilities
- Waste water treatment plant
- Various buildings
- Pollution Control Equipment

The improvements listed above are assessed by Nueces County Appraisal District. The Nueces County Appraisal District property account numbers, property descriptions, and appraised values for the most recent Tax Year (i.e. Tax Year 2013) and relating to the improvements listed above are shown below:

NCAD Property Account Number	Property Description	2013 Appraised Value
IE-2259500-0101	Petrochemical plant	\$123,432,300
IE-2259500-0103	Butadiene plant/loading facilities	\$1,839,330
IE-2259500-0104	BD Vent minimization project	\$98,050
IE-2259500-0105	Cooling tower	\$231,500
Total		\$125,601,180

The Applicant will request that the Nueces County Appraisal District create a new property account number or numbers for the property that is the subject of this Agreement so as to be able to track the increased value attributable to the Applicant's Qualified Property and the Applicant's Qualified Investment.