

Attachment G  
Participation Agreement

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

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by and between

**BORGER INDEPENDENT SCHOOL DISTRICT**

and

**COMINCO FERTILIZER PARTNERSHIP**

*(Texas Taxpayer ID # 19115994501)*

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TEXAS COMPTROLLER APPLICATION NO. 317

Authorized by Board of Trustees

Dated

December 30, 2013

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

STATE OF TEXAS                   §

COUNTY OF HUTCHINSON       §

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 **BORGER 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 **COMINCO FERTILIZER PARTNERSHIP**, (*Texas Taxpayer ID # 19115994501*), hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on April 11, 2013, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Borger Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on April 11, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Cominco Fertilizer Partnership; and,

**WHEREAS**, on July 19, 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,

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

**WHEREAS**, the Application was determined deficient by the Comptroller on September 11, 2013; and,

**WHEREAS**, the Applicant submitted an Amended Application to the District on October 3, 2013, which was delivered to the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

**WHEREAS**, the Comptroller, via letter, has established October 11, 2013, as the completed Application date; and,

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

**WHEREAS**, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on November 8, 2013, the Comptroller, via letter, recommended that the Application be approved; and,

**WHEREAS**, the Comptroller conducted an economic impact evaluation pursuant to Texas Tax Code §313.026, which was presented to the Board of Trustees at a public hearing held in connection with the Board of Trustees' consideration of the Application; and,

**WHEREAS**, the Board of Trustees has carefully reviewed the economic impact evaluation and carefully considered the Comptroller's positive recommendation for the project; and,

**WHEREAS**, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on November 8, 2013, that the Application be approved; and,

**WHEREAS**, on December 30, 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 30, 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 referenced in Texas Tax Code §313.025(e) has been met; and,

**WHEREAS**, on December 30, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code §§313.022(b) and 313.052, as such Tax Limitation Amount was computed for the Effective Date of this Agreement; and,

**WHEREAS**, on December 30, 2013, the Board of Trustees approved the Application and the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Superintendent to execute and deliver such Agreement to the Applicant, but only after receipt of written confirmation of the Comptroller's approval of the form of this Agreement;

***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 Approval 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, as defined in Section 1.3 below, 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 and ending on December 31, 2015, is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 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):

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year Beginning on the Commencement Date (12/20/13)	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 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

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				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 of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement.

“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 7.3.

“Annual Limit” means the annual amount 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 for each relevant year shall be \$254,000, calculated so as not to exceed the District’s Average Daily Attendance for the 2012-2013 school year (2,546.96), times \$100.00, pursuant to Texas Education Code §42.005. .

“Applicant” means Cominco Fertilizer Partnership, *Texas Taxpayer Identification Number 19115994501*, the company listed in the Preamble of this Agreement who, on April 11, 2013, filed the Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, and on October 3, 2013 responded to supplemental requests for information issued by the Comptroller’s office, which materials were appended to the original Application. The term “Applicant” shall also include the Subsidiary and the Applicant’s assigns and successors-in-interest.

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

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on April 11, 2013 and the Amended Application filed on October 3, 2013, which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of October 11, 2013. The term also includes all other forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

“Appraisal District” means the Hutchinson County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Borger Independent School District.

"Commencement Date" means December 30, 2013, the date upon which this Agreement was approved by the District's Board of Trustees.

"Completed Application Date" means October 11, 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 Hutchinson County, Texas.

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

"District" or "School District" means the Borger 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 of at least twenty (20) New Jobs from the time they are created until the Final Termination Date; and (iii) the maintenance of at least eighty percent (80%) of such New Jobs as Qualifying Jobs from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of this Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code §45.002 and Article VII §3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Aggregate Limit" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement, less all amounts previously paid by the Applicant to or on behalf of the District under Article IV, below.

"Net Tax Benefit" means, (i) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Texas Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations *ad valorem* school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means at least twenty (20) "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, in effect as of the Completed Application Date, 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) in effect as of the Completed Application Date. 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 in effect as of the Completed Application Date, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Effective Date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the Commencement Date of December 30, 2013, and ends on December 31, 2015.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

“Substantive Document” means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Texas Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between the Applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under Texas Tax Code, Chapter 313, and any application requesting school Tax Credits under Texas Tax Code, §313.103.

“Tax Credit” means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant’s Qualified Property, as computed under the provisions of Subchapter D of the Act and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements imposed on the Applicant under such provisions, including the timely filing of a completed application under Texas Tax Code §313.103 and the duly adopted administrative rules relating thereto.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant’s Qualified Property 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 Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Effective Date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052, as applicable.

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

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

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

## ARTICLE II

### PROPERTY DESCRIPTION

#### **Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE**

The Applicant's Qualified Property and the Applicant's Qualified Investment will be located is 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 (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The land described in **EXHIBIT 2** (the "Land") qualifies as Qualified Property, and the Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

#### **Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2 above and the definition of Qualifying Time Period set forth in Section 1.3 above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the Land described in **EXHIBIT 2**, which: (1) is owned or leased by the Applicant; (2) is first placed in service after October 11, 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 7.3 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; and,
- (d) obtains all required approvals from both the Comptroller and the District for the inclusion of the newly listed property as Qualified Property.

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

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

At the end of the Qualifying Time Period, or at any other time thereafter 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 Property 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 4.1), 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. Subject to the limitations contained in this Agreement (including Section 4.1), 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 4.1 and 4.2, 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 District-adopted tax rate for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such

school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

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

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

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 5.3, 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 lease of portable classrooms and the hiring

of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment.

- (c) All non-reimbursed increases in District costs paid to the Appraisal District caused by increased appraised values arising solely from the project described in the Application.

#### **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") approved each year by the Parties.

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

The calculations for payments under this Agreement shall be initially based upon the valuations that are 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 selected 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 and/or Section 4.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the Applicant, 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, work papers, calculations and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's

books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

### **Section 3.7. PAYMENT BY APPLICANT**

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the February 1 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party under Section 3.6 below, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or Tax Credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

### **Section 3.8. RESOLUTION OF DISPUTES**

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the 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 the certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

### **Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT**

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

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using

the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

### **Section 3.10. EFFECT OF STATUTORY CHANGES**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 4.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District reasonably determines that it will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any actual negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation.

## **ARTICLE IV**

### **Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS**

In interpreting the provisions of Article IV, the Parties agree as follows:

(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 only for Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023. 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 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to such limitations as are contained in Section 5.1.

(b) **Adherence to Statutory Limits on Supplemental Payments**

It is the express intent of the parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the Annual Limit.

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

In any year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the Annual Limit. The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7, except that the Annual Limit payments for Tax Years 2013, 2014, and 2015, shall accrue without interest and shall be due on February 1, 2016, but shall not be paid prior to January 1, 2016.

**Section 4.3. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 6.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Supplemental Payments described in Section 4.2, above.

**ARTICLE V**

**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS**

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after Tax Year 2016, 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 Article III 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 Article III 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 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties' respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

### **ARTICLE VI**

#### **TAX CREDITS**

##### **Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS**

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

## **Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS**

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their respective obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and the Comptroller's Rules and/or Texas Education Agency's rules, as applicable.

## **Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES**

If after the Applicant has actually received the benefit of a Tax Credit under Section 5.1, 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 5.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof. Upon the failure by either Party to make a payment within the time frame allowed herein, interest on the unpaid amount shall accrue at the rate specified by Texas Tax Code § 33.01(c).

## **ARTICLE VII**

### **ADDITIONAL OBLIGATIONS OF APPLICANT**

#### **Section 7.1. DATA REQUESTS**

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections shall be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business

information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

### **Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES**

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

### **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 4.2 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 MATERIAL BREACH BY APPLICANT**

(a) In the event of a Material Breach of this Agreement as defined by Section ~~7.5~~<sup>RB</sup> 7.5, except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, where applicable, 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 calculated pursuant to Tax Code Section 313.027 & 313.0275, and 34 Texas Administrative Code Section 9.1053(f)(2)(K) & 9.1054(h)(11) as applicable, together with the payment of penalty and interest, as calculated in

accordance with Section 7.5, on that recaptured ad valorem tax revenue that otherwise would have been paid to the District, without the benefit of this Agreement. For purposes of this calculation the Applicant shall be entitled to a credit for any payments made to the District as protection against loss of revenue pursuant to Article III of this Agreement. The penalty imposed becomes delinquent if not paid on or before February 1 of the tax year immediately following its imposition. Tax Code Section 33.01 applies to the delinquent penalty in the manner that section applies to delinquent taxes. Interest on a delinquent penalty, or any portion thereof, shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. Upon payment, the Applicant's obligations under this Agreement shall be deemed fully satisfied.

(b) In the event of a Material Breach of this Agreement defined by Sections 7.5(c) or (g) that results in the District not receiving monies to which it is otherwise entitled by this Agreement, interest on the unpaid amount shall accrue at the rate specified by Texas Tax Code § 33.01(c).

#### **Section 7.5. MATERIAL BREACH OF AGREEMENT**

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

- (a) The Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (b) Subject to Section 5.2, the Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) The Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date, and after notice and an opportunity to cure under Section 7.8 herein.
- (d) Subject to Section 5.2, the Applicant fails to create and maintain at least twenty (20) New Jobs.
- (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 intentionally 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 or IV above.

Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or in consideration for this Agreement are not barred by this provision.

- (g) The Applicant fails to materially comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

#### **Section 7.6. 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 7.5(d) and 7.5(e) or 7.5(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Subsections 7.5(d) and 7.5(e) or 7.5(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 7.7. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT**

Prior to making a determination under Section 7.4 or Section 7.5 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 their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such 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 7.6, 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 penalty owed under Section 7.4(a) and, if applicable, the unpaid amount owed, including interest, under Section 7.4(b).

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 7.8. DISPUTE RESOLUTION**

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.7, the Applicant shall, unless prohibited by statute or Comptroller's Rules, 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 7.7, 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 Hutchinson 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 7.7 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of reasonable attorney's fees 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 7.8, 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 7.9. LIMITATION OF OTHER DAMAGES**

Notwithstanding anything contained in this Agreement to the contrary, damages for any default shall under no circumstances exceed the greater of any amounts calculated under Sections 7.4(a) and 7.4(b) above. Upon termination of this Agreement by either Party, Applicant's duty to make payments under Articles III and IV are extinguished for any Tax Years remaining after the date of termination. 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 7.9 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

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

In the event that Applicant makes a payment to the District under this Article and subsequent to that payment, the State validly requests payment for the same, the District shall immediately forward said payment to the State. In the event that Applicant makes a payment to the State, a District validly requests payment for the same, the District, upon proof of payment by Applicant, shall credit that payment against any obligation by Applicant to District.

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

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

### **ARTICLE VIII**

#### **MISCELLANEOUS PROVISIONS**

##### **Section 8.1. INFORMATION AND NOTICES**

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

Notices to the District shall be addressed as follows:

Chance Welch, Superintendent  
**BORGER INDEPENDENT SCHOOL DISTRICT**  
200 E Ninth Street  
P.O. Box 1177  
Borger, Texas 79008  
Fax: (806) 273-1066  
E-mail: chance.welch@borgerisd.net

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

Notices to the Applicant shall be addressed as follows:

Adam Diamond  
Government Relations Manger  
Agrium US, Inc.  
9201 FM 1551  
Borger, Texas 79007  
Fax: (303) 267-1319  
Email: adam.diamond@agrium.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 Applicant shall meet all requirements of 34 Tex. Admin 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**

With the prior approval of the Board of Trustees, which approval shall not be unreasonably withheld, delayed or conditioned, the Applicant may assign this Agreement, or a portion of this Agreement, to a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment. Upon notice to the Board of Trustees, but without requiring the prior approval of the Board of Trustees, Applicant may assign this Agreement in its entirety to an Affiliate. Upon any assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

#### **Section 8.5. MERGER**

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

#### **Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS**

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser

of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

**Section 8.7. GOVERNING LAW**

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Hutchinson County, Texas.

**Section 8.8. AUTHORITY TO EXECUTE AGREEMENT**

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 8.9. SEVERABILITY**

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 8.10. PAYMENT OF EXPENSES**

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the litigation of any such dispute shall be entitled to full recovery of all reasonable and

necessary attorneys' fees, costs, and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

#### **Section 8.11. INTERPRETATION**

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

#### **Section 8.12. EXECUTION OF COUNTERPARTS**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

#### **Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that to the best of Applicant's knowledge all material representations, material information, and material facts contained in the Application are true and correct in all material respects. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full; provided, however, that to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.7 and 7.8 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 7.7 or any other section of this Agreement; if any such material representation, material information or material fact remains uncured after the written notice and cure periods specified herein, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative Code §9.1053(f)(2)(K).

**Section 8.14. PUBLICATION OF DOCUMENTS**

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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 30<sup>th</sup> day of December, 2013.

**COMINCO FERTILIZER PARTNERSHIP**

By:   
Name: Glenn Stroud  
Title: Vice President

**BORGER INDEPENDENT SCHOOL DISTRICT**

By:   
**ROBERT BRADLEY**  
President  
Board of Trustees

**Attest:**

By:   
**TODD HARRIS**  
Secretary  
Board of Trustees

## EXHIBIT 1

### DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Hutchinson County Reinvestment Zone Cominco/Agrium 2013-1* was originally created on June 10, 2013, by action of the Hutchinson County Commissioner's Court. A map of the *Hutchinson County Reinvestment Zone Cominco/Agrium 2013-1* is attached as the next page of this **EXHIBIT 1**. The legal description of the *Hutchinson County Reinvestment Zone Cominco/Agrium 2013-1* is as follows:

A tract or parcel of land out of Section 25 and 26, Block Y, Arnold and Barnett, Original Grantee, Abstract Number 676, Certificate Number 50, Hutchinson County, Texas, more fully described by metes and bounds as follows:

BEGINNING at the Northwest corner of said Section 25, said corner being common to Sections 25 and 26;

THENCE South  $0^{\circ} 11' 30''$  East along the West line of said Section 25 a distance of 1719.33 feet to a point in the North Right of Way line of Farm To Market Road 1551;

THENCE South  $73^{\circ} 15' 40''$  East along said North Farm to Market Road Right of Way line a distance of 1347.93 feet to the point of curvature of a curve bearing to the left and having a radius of 2814.79 feet;

THENCE along said North Farm to Market Road Right of Way curve to the left a distance of 796.75 feet to the point of tangency of said curve;

THENCE South  $89^{\circ} 28' 45''$  East along said North Farm to Market Road Right of Way a distance of 1325.92 feet to the point of curvature of a curve bearing to the right and having a radius of 5779.58 feet;

THENCE along said North Farm to Market Road Right of Way curve to the right a distance of 631.29 feet to the point of tangency of said curve;

THENCE South  $83^{\circ} 13' 15''$  East along said North Farm to Market Road Right of Way a distance of 42.04 feet to a point;

THENCE North  $0^{\circ} 08' 30''$  West a distance of 1309.50 feet to a point on the South Right of Way line of the Panhandle and Santa Fe Railway Co. Track No. 109;

THENCE North  $57^{\circ} 20' 45''$  West along said South Railroad Right of Way a distance of 4.85 feet to the point of curvature of a curve bearing to the right and having a radius of 2914.79 feet;

THENCE along said South Railroad Right of Way curve to the right a distance of 716.24 feet to the point of tangency of said curve;

THENCE North 43° 16' 00" West along said South Railroad Right of Way a distance of 3103.14 feet to the point of curvature of a curve bearing to the left and having a radius of 1859.86 feet;

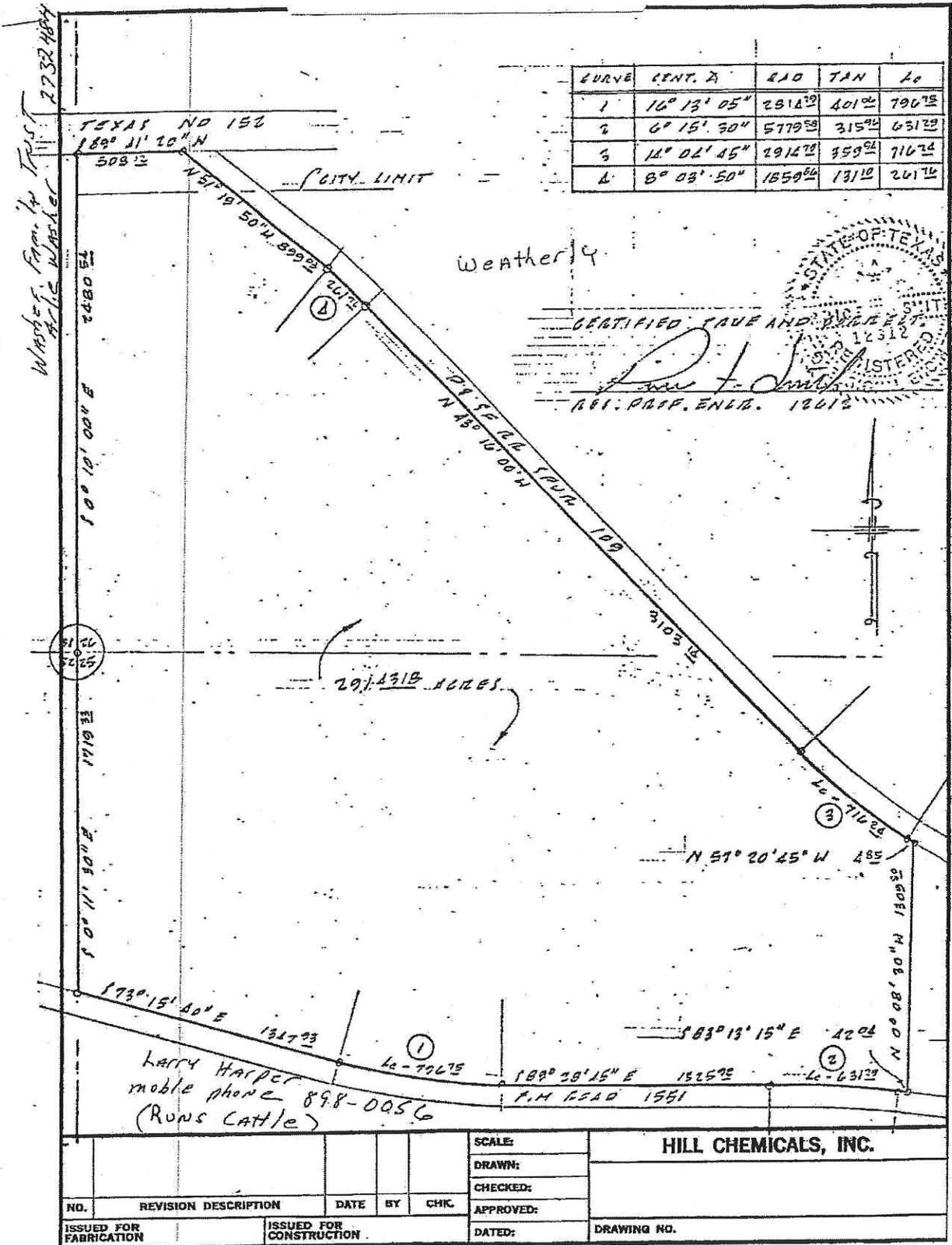
THENCE along said South Railroad Right of Way curve to the left a distance of 261.76 feet to the point of tangency of said curve;

THENCE North 51° 19' 50" West along said South Railroad Right of Way a distance of 899.03 feet to a point in the South Right of Way line of Texas State Highway No. 136;

THENCE South 89° 41' 20" West a distance of 508.12 feet to a point in the West line of Section 26, Block Y, Arnold and Barnett Survey;

THENCE South 0° 10' 00" East along said West line of Section 26 a distance of 2480.54 feet to the Southwest corner of said Section 26 and the POINT OF BEGINNING, said corner being common to Sections 25 and 26 containing 291.4318 acres more or less.

# Attachment G



## **EXHIBIT 2**

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

All Qualified Property owned or leased by the Applicant or its Affiliates and located within the boundaries of both the Borger Independent School District and the *Hutchinson County Reinvestment Zone Cominco/Agrium 2013-1* described in **EXHIBIT 1** will be included in and subject to this Agreement, except as expressly excluded by the terms of **EXHIBIT 3** of this Agreement.

### EXHIBIT 3

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

Applicant's Qualified Property and/or Applicant's Qualified Investment shall include the buildings and improvements and all fixtures and personal property, as further described below under the heading "Project Description," which are owned by Applicant or its Affiliates and located within the boundaries of the *Hutchinson County Reinvestment Zone Cominco/Agrium 2013-1* described in EXHIBIT 1, with the exception of the listed property described below under the heading "Excluded Property" which shall be excluded:

#### PROJECT DESCRIPTION

The project includes construction of new improvements and acquiring new machinery, equipment and other tangible personal property. The project shall include, as described herein, real and personal property to be used in connection with the expansion of the existing nitrogen fertilizer manufacturing facility, located just outside the City of Borger in Hutchinson County, Texas.

The proposed expansion project, involves:

- a) debottlenecking the existing ammonia plant to produce 1,900 tons/day (30% increase);
- b) constructing a new 1,980 ton/day urea plant which replaces our existing 275 ton/day urea plant; and
- c) constructing a new urea storage and loading facilities and expanding our rail/truck transport infrastructure.

And includes the following main processing units:

- Reformer upgrades
- Waste heat boiler
- Significant internal upgrades to converters
- Heat Exchangers
- Mole Sieves
- Significant upgrades to syngas and Ammonia compressors
- Ammonia Unitized Chiller
- Process Air Compressor

- Flare systems
- Urea melt production equipment
- Urea Granulation equipment
- CO2 compressor
- Steam generation equipment
- Raw Water purification equipment
- Cooling towers
- Urea Storage Building
- MCC Bldg for Urea Melt and Granulation
- Security/Scale House
- Injection Well
- MCC Bldg for Urea Storage Bldg with Space Provided for Future Expansion
- Operator's Room
- Analyzer Shelter

**EXCLUDED PROPERTY**

Excluded from the definition of Applicant's Qualified Property and/or Applicant's Qualified Investment are certain items of pre-existing machinery, equipment and other tangible personal property which are owned by Applicant. For purposes of identification and appraisal, both the tax payer and appraisal district will take notice of the following account numbers and property type.

<b>Account Number</b>	<b>2013 Market Value</b>
0003563-0-9900240	\$82,230.00
0003563-0-9900140	\$5,859,940.00
0003563-0-9900141	\$59,940.00
0003563-0-9900200	\$4,330.00
0003563-0-9900210	\$199,050.00
0003563-0-9900170	\$298,280.00 TNRCC
0003563-0-9900171	\$347,830.00 TNRCC
0003563-0-9900190	\$366,920.00 TNRCC
0003563-0-9900260	\$4,295,270.00
0003563-0-9998010	\$0
0003563-0-9998040	\$77,070.00 TNRCC
0003563-0-9900220	\$193,720.00
0003563-0-9900100	\$291,430
0003563-0-9900120	\$387,860.00
0003563-0-9900160	\$19,084,350.00
0003563-0-9900165	\$2,493,210.00
0003563-0-9900166	\$501,970.00
0003563-0-9900180	\$10,878,510.00
0003563-0-9900185	\$234,240.00
0003563-0-9998000	\$0

**Agreement for Limitation on Appraised Value**  
 Between Borger Independent School District and Cominco Fertilizer Partnership  
 Texas Comptroller Application No. 317  
 December 30, 2013

0003563-0-9998020

\$46,370.00 TNRCC

The preceding accounts are existing accounts as of this date, October 11, 2013, and do not and will not contain any property or property value to be included as part of the new property delivered, installed, constructed or otherwise put in service after the date of the issuance of a substantially complete application letter and will not be eligible for any value limitation under the Chapter 313 program. All existing accounts will continue to be appraised as in the past including consideration for depreciation, functional or economic obsolescence and legally entitled exemptions. Beginning on January 1, 2014, entirely new accounts will be created by the Hutchinson Central Appraisal District chief appraiser to identify business personal property and real property improvements delivered, installed, constructed or otherwise put in service from the date of the substantially complete letter through December 31, 2015. Each new account number and appraisal record created during the qualifying period for property eligible for the Chapter 313 school district value limitation will list two values for Borger Independent School District:

1. The value according to the Chapter 313 school district value limitation agreement in each year that Cominco Fertilizer Partnership remains eligible for the value limitation. This value will be utilized in determining the taxable value for the maintenance & operations portion of the school district's tax rate; and
2. The value according to the market value of all property without the application of the Chapter 313 value limitation which will be derived by determining the replacement cost new less depreciation and any other appropriate factors including, but not limited to, economic or functional obsolescence, pollution control exemptions and/or freeport exemptions. This value will be utilized in determining the taxable value for the interest & sinking fund portion of the school district's tax rate.

Beginning on January 1, 2014, all property, real and personal, existing and new, shall be listed under the legal ownership name of such property. The legal owner of the property is and will be Cominco Fertilizer Partnership. All accounts, both existing and new, shall list Cominco Fertilizer Partnership as the owner until the ownership of the property is legally transferred to another entity evidenced by a written document filed at the Hutchinson County Courthouse.