

**FINDINGS OF THE INGLESIDE
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
INGLESIDE ETHYLENE LLC AND OCCIDENTAL
CHEMICAL CORPORATION**



December 30, 2013

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OF THE
INGLESIDE INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
INGLESIDE ETHYLENE, LLC AND OCCIDENTAL
CHEMICAL CORPORATION**

DECEMBER 30, 2013

Board Findings of the Ingleside Independent School District

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SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
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INGLESIDE ETHYLENE, LLC AND OCCIDENTAL
CHEMICAL CORPORATION

STATE OF TEXAS

§

COUNTY OF SAN PATRICIO

§

On the 30th day of December, 2013, a public meeting of the Board of Trustees of the Ingleside 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 Ingleside Ethylene, LLC and Occidental Chemical Corporation (Ingleside Ethylene) 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 Ingleside Independent School District makes the following findings with respect to the application of Ingleside Ethylene, and the economic impact of that application:

On September 9, 2013, the Superintendent of Schools of the Ingleside Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Ingleside Ethylene 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, Ingleside Ethylene (Texas Taxpayer Id. 11604847324), 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 Ingleside 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 Ingleside 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 November 22, 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 Ingleside 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 Ingleside 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 Ingleside Ethylene, 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 Ingleside Independent School District

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

Board Finding Number 1.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Ingleside Ethylene, LLC & Occidental Chemical Corporation 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 Ingleside, Texas is in need of long-term improvement, based on the state's analysis of San Patricio County data.

Based on information provided by the Comptroller's Office that focused on the county level, San Patricio County is the 50th largest county in the state in terms of population. Population growth in San Patricio County is down, based on these data. The population of San Patricio County decreased by 1.4 percent between 2009 and 2010, whereas the state population increased 1.8 percent during the same period.

September 2011 employment for San Patricio County was up 2.7 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in San Patricio County was 9.3 percent in September 2011, however, higher than the state average of 8.5 percent.

Board Findings of the Ingleside Independent School District

San Patricio County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, San Patricio City's \$33,068 in 2009 ranked 121st among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in San Patricio County will benefit from economic activity like that associated with the Ingleside Ethylene project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$52,565 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. Ingleside Ethylene indicates that total employment will be approximately 100 new jobs, 80 of which will be qualifying jobs.

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

After construction, the project will create 100 new jobs when fully operational. Eighty (80) of these 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 San Patricio County is located was \$47,786 in 2012. The annual average manufacturing wage for 2012-2013 for San Patricio County is \$71,747. That same year, the county annual average wage for all industries was \$44,213. In addition to an annual average salary of \$52,565 each qualifying position will receive benefits such as medical and dental insurance for employee-only coverage, life insurance, 401K savings plans, vacation and holiday pay.

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 \$15 million on the basis of the goal of 80 new qualifying positions for the entire Ingleside Ethylene project.

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

The project's total investment is \$1.2 billion, resulting in a relative level of investment per qualifying job of \$15 million.

Board Finding Number 5.

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

Table 1 depicts Ingleside Ethylene, LLC & Occidental Chemical Corporation'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 Ingleside Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Ingleside Ethylene, LLC & Occidental Chemical Corporation

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|---------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2014 | 200 | 214 | 414 | \$11,200,000 | \$14,800,000 | \$26,000,000 |
| 2015 | 1015 | 1,098 | 2113 | \$56,788,475 | \$77,211,525 | \$134,000,000 |
| 2016 | 1090 | 1,340 | 2430 | \$60,730,850 | \$104,269,150 | \$165,000,000 |
| 2017 | 100 | 379 | 479 | \$5,256,500 | \$43,743,500 | \$49,000,000 |
| 2018 | 100 | 359 | 459 | \$5,256,500 | \$41,743,500 | \$47,000,000 |
| 2019 | 100 | 345 | 445 | \$5,256,500 | \$39,743,500 | \$45,000,000 |
| 2020 | 100 | 343 | 443 | \$5,256,500 | \$38,743,500 | \$44,000,000 |
| 2021 | 100 | 355 | 455 | \$5,256,500 | \$39,743,500 | \$45,000,000 |
| 2022 | 100 | 373 | 473 | \$5,256,500 | \$40,743,500 | \$46,000,000 |
| 2023 | 100 | 394 | 494 | \$5,256,500 | \$43,743,500 | \$49,000,000 |
| 2024 | 100 | 412 | 512 | \$5,256,500 | \$46,743,500 | \$52,000,000 |
| 2025 | 100 | 418 | 518 | \$5,256,500 | \$47,743,500 | \$53,000,000 |
| 2026 | 100 | 406 | 506 | \$5,256,500 | \$48,743,500 | \$54,000,000 |
| 2027 | 100 | 414 | 514 | \$5,256,500 | \$50,743,500 | \$56,000,000 |
| 2028 | 100 | 416 | 516 | \$5,256,500 | \$53,743,500 | \$59,000,000 |
| 2029 | 100 | 427 | 527 | \$5,256,500 | \$56,743,500 | \$62,000,000 |

Source: CPA, REMI, Ingleside Ethylene, LLC & Occidental Chemical Corporation

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Ingleside ISD's ad valorem tax base in 2012-2013 was \$1.16 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Ingleside ISD's estimated wealth per WADA was \$418,491. 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, San Patricio County and San Patricio County Drainage District. with all property tax incentives sought being granted using estimated market value from Ingleside Ethylene, LLC & Occidental Chemical Corporation's application. Ingleside Ethylene, LLC & Occidental Chemical Corporation has applied for a value limitation under Chapter 313, Tax Code, and a tax rebate with the county and tax abatement with the drainage

Board Findings of the Ingleside Independent School District

district. Table 3 illustrates the estimated tax impact of the Ingleside Ethylene, LLC & Occidental Chemical Corporation project on the region if all taxes are assessed.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | Ingleside ISD I&S Levy | Ingleside ISD M&O Levy | Ingleside ISD M&O and I&S Tax Levies (Before Credit Credited) | Ingleside ISD M&O and I&S Tax Levies (After Credit Credited) | San Patricio County Tax Levy | San Patricio County Drainage District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------------|------------------------|------------------------|---|--|------------------------------|--|--------------------------------|
| | | | Tax Rate¹ | 0.050000 | 1.040000 | | | 0.550000 | 0.066905 | |
| 2015 | \$121,403,849 | \$121,403,849 | | \$60,702 | \$1,262,600 | \$1,323,302 | \$1,323,302 | \$0 | \$0 | \$1,323,302 |
| 2016 | \$601,403,849 | \$601,403,849 | | \$300,702 | \$6,254,600 | \$6,555,302 | \$6,555,302 | \$0 | \$0 | \$6,555,302 |
| 2017 | \$1,144,355,614 | \$30,000,000 | | \$572,178 | \$312,000 | \$884,178 | \$884,178 | \$0 | \$0 | \$884,178 |
| 2018 | \$1,110,067,061 | \$30,000,000 | | \$555,034 | \$312,000 | \$867,034 | \$489,021 | \$0 | \$0 | \$489,021 |
| 2019 | \$1,076,807,165 | \$30,000,000 | | \$538,404 | \$312,000 | \$850,404 | \$479,043 | \$0 | \$0 | \$479,043 |
| 2020 | \$1,044,545,065 | \$30,000,000 | | \$522,273 | \$312,000 | \$834,273 | \$469,364 | \$0 | \$0 | \$469,364 |
| 2021 | \$1,013,250,829 | \$30,000,000 | | \$506,625 | \$312,000 | \$818,625 | \$459,975 | \$557,288 | \$67,792 | \$1,085,055 |
| 2022 | \$982,895,420 | \$30,000,000 | | \$491,448 | \$312,000 | \$803,448 | \$450,869 | \$810,889 | \$131,521 | \$1,393,279 |
| 2023 | \$953,450,672 | \$30,000,000 | | \$476,725 | \$312,000 | \$788,725 | \$442,035 | \$1,048,796 | \$191,372 | \$1,682,203 |
| 2024 | \$924,889,268 | \$30,000,000 | | \$462,445 | \$312,000 | \$774,445 | \$433,467 | \$1,271,723 | \$247,519 | \$1,952,708 |
| 2025 | \$897,184,705 | \$897,184,705 | | \$448,592 | \$9,330,721 | \$9,779,313 | \$5,399,294 | \$1,480,355 | \$600,261 | \$7,479,910 |
| 2026 | \$870,311,279 | \$870,311,279 | | \$435,156 | \$9,051,237 | \$9,486,393 | \$9,486,393 | \$1,675,349 | \$582,282 | \$11,744,024 |
| 2027 | \$844,244,057 | \$844,244,057 | | \$422,122 | \$8,780,138 | \$9,202,260 | \$9,202,260 | \$1,857,337 | \$564,841 | \$11,624,439 |
| 2028 | \$818,958,850 | \$818,958,850 | | \$409,479 | \$8,517,172 | \$8,926,651 | \$8,926,651 | \$2,026,923 | \$547,924 | \$11,501,499 |
| 2029 | \$794,432,200 | \$794,432,200 | | \$397,216 | \$8,262,095 | \$8,659,311 | \$8,659,311 | \$2,184,689 | \$531,515 | \$11,375,514 |
| | | | | | | Total | \$53,660,464 | \$12,913,348 | \$3,465,027 | \$70,038,840 |

Assumes School Value Limitation, a Tax Abatement with the Drainage District, and a Tax Rebate with the County.

Source: CPA, Ingleside Ethylene, LLC & Occidental Chemical Corporation

¹Tax Rate per \$100 Valuation

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | Ingleside ISD I&S Levy | Ingleside ISD M&O Levy | | Ingleside ISD M&O and I&S Tax Levies | San Patricio County Tax Levy | San Patricio County Drainage District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------------|------------------------|------------------------|--------------|--------------------------------------|------------------------------|--|--------------------------------|
| | | | Tax Rate¹ | 0.050000 | 1.040000 | | | 0.550000 | 0.066905 | |
| 2015 | \$121,403,849 | \$121,403,849 | | \$60,702 | \$1,262,600 | | \$1,323,302 | \$667,721 | \$81,225 | \$2,072,248 |
| 2016 | \$601,403,849 | \$601,403,849 | | \$300,702 | \$6,254,600 | | \$6,555,302 | \$3,307,721 | \$402,369 | \$10,265,392 |
| 2017 | \$1,144,355,614 | \$1,144,355,614 | | \$572,178 | \$11,901,298 | | \$12,473,476 | \$6,293,956 | \$765,631 | \$19,533,063 |
| 2018 | \$1,110,067,061 | \$1,110,067,061 | | \$555,034 | \$11,544,697 | | \$12,099,731 | \$6,105,369 | \$742,690 | \$18,947,790 |
| 2019 | \$1,076,807,165 | \$1,076,807,165 | | \$538,404 | \$11,198,795 | | \$11,737,198 | \$5,922,439 | \$720,438 | \$18,380,075 |
| 2020 | \$1,044,545,065 | \$1,044,545,065 | | \$522,273 | \$10,863,269 | | \$11,385,541 | \$5,744,998 | \$698,853 | \$17,829,392 |
| 2021 | \$1,013,250,829 | \$1,013,250,829 | | \$506,625 | \$10,537,809 | | \$11,044,434 | \$5,572,880 | \$677,915 | \$17,295,229 |
| 2022 | \$982,895,420 | \$982,895,420 | | \$491,448 | \$10,222,112 | | \$10,713,560 | \$5,405,925 | \$657,606 | \$16,777,091 |
| 2023 | \$953,450,672 | \$953,450,672 | | \$476,725 | \$9,915,887 | | \$10,392,612 | \$5,243,979 | \$637,906 | \$16,274,497 |
| 2024 | \$924,889,268 | \$924,889,268 | | \$462,445 | \$9,618,848 | | \$10,081,293 | \$5,086,891 | \$618,797 | \$15,786,981 |
| 2025 | \$897,184,705 | \$897,184,705 | | \$448,592 | \$9,330,721 | | \$9,779,313 | \$4,934,516 | \$600,261 | \$15,314,091 |
| 2026 | \$870,311,279 | \$870,311,279 | | \$435,156 | \$9,051,237 | | \$9,486,393 | \$4,786,712 | \$582,282 | \$14,855,387 |
| 2027 | \$844,244,057 | \$844,244,057 | | \$422,122 | \$8,780,138 | | \$9,202,260 | \$4,643,342 | \$564,841 | \$14,410,444 |
| 2028 | \$818,958,850 | \$818,958,850 | | \$409,479 | \$8,517,172 | | \$8,926,651 | \$4,504,274 | \$547,924 | \$13,978,850 |
| 2029 | \$794,432,200 | \$794,432,200 | | \$397,216 | \$8,262,095 | | \$8,659,311 | \$4,369,377 | \$531,515 | \$13,560,203 |
| | | | | | | Total | \$143,860,379 | \$72,590,099 | \$8,830,256 | \$225,280,734 |

Source: CPA, Ingleside Ethylene, LLC & Occidental Chemical Corporation

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$1.1 billion to the tax base for debt service purposes at the peak investment level for the 2017-18 school year. The Ingleside Ethylene project remains fully taxable for debt services taxes, with Ingleside ISD levying a \$0.10 per \$100 I&S rate. While the value of the Ingleside Ethylene 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.

Board Finding Number 7.

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

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

Board Finding Number 8.

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

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

According to Ingleside Ethylene, LLC & Occidental Chemical Corporation's application, "OxyChem consumes ethylene at multiple manufacturing facilities located along the Texas Gulf Coast and in Louisiana. OxyChem has two other Vinyl Chloride Monomer manufacturing sites that are also large ethylene

Board Findings of the Ingleside Independent School District

consumers located in the Houston industrial area. As with all major projects, regional tax incentives contribute to the overall viability of the proposed project, including its site selection. This is a major project for OxyChem. The internal competition for capital is significant. Whether or not this project becomes a reality depends on meeting certain economic and practical feasibility targets including permits approvals, economic feasibility targets and economic incentives.”

Board Finding Number 9.

During the past two years, 15 projects in the Coastal Bend Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Board Finding Number 11.

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

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Ingleside ISD is \$972.7 million. Ingleside 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. Ingleside ISD is classified as a “rural” district due to its population characteristics. Given that the value of industrial property in Ingleside ISD is more

Board Findings of the Ingleside Independent School District

than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 11604847324) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 13.

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

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

Board Finding Number 14.

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

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

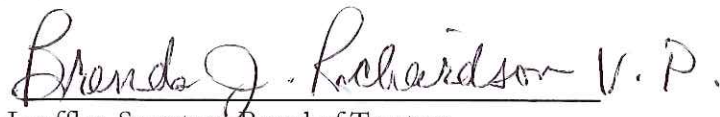
Board Findings of the Ingleside Independent School District

Dated the 30th day of December 2013.

INGLESIDE INDEPENDENT SCHOOL DISTRICT

By: 
Teresa Flores, President, Board of Trustees

ATTEST:

By: 
Joe Loeffler, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 9, 2013

President and Members
Board of Trustees
Ingleside Independent School District
2664 San Angelo
Ingleside, Texas 78362

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

Dear President Flores 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 Ingleside Independent School District, with respect to the pending Application of Ingleside Ethylene, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

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

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878

400 W. 15th Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

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 9, 2013

President and Members
Of the Board of Trustees
Ingleside Independent School District
2664 San Angelo
Ingleside, Texas 78362

Re: Recommendations and Findings of the Firm Concerning Application of Ingleside Ethylene, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2015

Dear President Flores 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 Ingleside Independent School District, with respect to the pending Application of Ingleside Ethylene, LLC 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 2015. 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 Ingleside Ethylene, LLC 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 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 Ingleside Ethylene, LLC 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

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

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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

September 18, 2013

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

RE: Application to the Ingleside Independent School District from Ingleside Ethylene, LLC and Occidental Chemical Corporation

FIRST QUALIFYING YEAR 2015

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Ingleside Consolidated Independent School District is notifying the Applicants Ingleside Ethylene, LLC and Occidental Chemical Corporation of its intent to consider Ingleside Ethylene, LLC and Occidental Chemical Corporation's application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on September 9, 2013. The Board voted at a properly posted Board meeting to accept the application on September 9, 2013. The application was determined complete by the school district on September 18, 2013. Please prepare the economic impact report.

The project is located in a reinvestment zone and spans into another school district. The property that is in the other school district is not currently the subject of a value limitation application.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. The wage the Applicant has committed to paying on this project is above the required statutory minimums.

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

Letter to Local Government Assistance & Economic Analysis Division
September 18, 2013
Page 2 of 2

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", with a stylized flourish at the end.

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
San Patricio County Appraisal District

Ingleside Ethylene, LLC and Occidental Chemical Corporation

Troy Mircovich, Ingleside ISD



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

Form 50-296
(Revised July 2013)

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 website. 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 website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. 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 September 9, 2013 | |
| First Name Troy | | Last Name Mircovich | |
| Title Superintendent | | | |
| School District Name Ingleside ISD | | | |
| Street Address 2664 San Angelo | | | |
| Mailing Address P. O. Box 1320 | | | |
| City Ingleside | | State TX | ZIP 78362 |
| Phone Number 361-776-7631 | | Fax Number 361-776-0267 | |
| Mobile Number (optional) | | Email Address troy.mircovich@inglesideisd.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 Dan | Last Name Casey | |
| Title Partner | | |
| Firm Name Moak, Casey & Associates | | |
| Street Address 400 W. 15th Street, Suite 1410 | | |
| Mailing Address Same | | |
| City Austin | State TX | ZIP 78701-1648 |
| Phone Number (512) 485-7878 | Fax Number (512) 485-7888 | |
| Mobile Number (Optional) | Email 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 9/11/13 |
|--|------------------------|

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

If yes, date determined complete. **9/17/13**

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION – CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

| | | | |
|--|--|---|-------------------|
| First Name William | | Last Name Shock | |
| Title Sr. Tax Agent | | | |
| Organization Occidental Petroleum Corporation | | | |
| Street Address 5 Greenway Plaza, Suite 110, Houston TX 77046-0521 | | | |
| Mailing Address P.O. Box 27570 | | | |
| City Houston | | State TX | ZIP 77227-7570 |
| Phone Number (713) 840-3031 | | Fax Number (713) 840-3043 | |
| Mobile Number (optional) (713) 516-0042 | | Business Email Address william_e_shock@oxy.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 NOT APPLICABLE | | Last Name | |
| Title | | | |
| Organization | | | |
| Street Address | | | |
| Mailing Address | | | |
| City | | State | ZIP |
| Phone Number | | Fax Number | |
| Mobile Number (optional) | | Email Address | |

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

Will consultant be primary contact? ☒ Yes ☐ No



APPLICANT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

| | | |
|--|-------------------------------------|--------------------------|
| First Name Stephen | Last Name Kuntz | |
| Title Partner | | |
| Firm Name Fulbright & Jaworski LLP (Norton Rose Fulbright) | | |
| Street Address 1301 McKinney, Suite 5100, Houston, TX 77010-3095 | | |
| Mailing Address 1301 McKinney, Suite 5100 | | |
| City Houston | State TX | ZIP 77010-3095 |
| Phone Number (713) 651-5241 | Fax Number (713) 651-5246 | |
| Business Email Address stephen.kuntz@nortonrosefulbright.com | | |

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 9/15/13 |
|---|------------------------|

GIVEN under my hand and seal of office this 5th day of September, 2013



Judy A. Roswell
Notary Public, State of Texas

My commission expires March 18, 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

Ingleside Ethylene, LLC and its affiliate, Occidental Chemical Corporation

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

Ingleside Ethylene, LLC - Not yet assigned / Occidental Chemical Corporation - 11604847324

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.

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.)

Ingleside Ethylene, LLC - Limited Liability Company / Occidental Chemical Corporation - Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? ☒ Yes ☐ No

If so, please attach documentation of the combined group membership and contact information.

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

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

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

* Ingleside Ethylene, LLC will qualify to do business in Texas upon project approval.

**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**

Are you an entity to which Tax Code, Chapter 171 applies? ☒ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

- (1) manufacturing ☒ Yes ☐ No
- (2) research and development ☐ Yes ☒ No
- (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
- (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
- (5) renewable energy electric generation ☐ Yes ☒ No
- (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
- (7) nuclear electric power generation ☐ Yes ☒ No
- (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No

Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No

Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No

Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No

Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

PROJECT DESCRIPTION

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

See Attachment 4

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

See Attachment 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- | | | | |
|---|--|--|---|
| <input checked="" type="checkbox"/> New Jobs | <input checked="" type="checkbox"/> Construct New Facility | <input type="checkbox"/> New Business / Start-up | <input type="checkbox"/> Expand Existing Facility |
| <input type="checkbox"/> Relocation from Out-of-State | <input type="checkbox"/> Expansion | <input checked="" type="checkbox"/> Purchase Machinery & Equipment | |
| <input type="checkbox"/> Consolidation | <input type="checkbox"/> Relocation within Texas | | |

PROJECTED TIMELINE

Begin Construction 3Q 2014 Begin Hiring New Employees 1Q 2015

Construction Complete 3Q 2016 Fully Operational 4Q 2016

Purchase Machinery & Equipment 3Q 2014

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☐ Yes ☒ No

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? 4Q 2016

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

Texas Enterprise Fund

appx. \$1,000,000

Total

\$1,000,000

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.)

We will be seeking a 381 Agreement with San Patricio County and a 312 Agreement with the Drainage District.

THE PROPERTYIdentify county or counties in which the proposed project will be located San Patricio CountyCentral Appraisal District (CAD) that will be responsible for appraising the property San Patricio County Appraisal DistrictWill 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: San Patricio 100% City: None
(Name and percent of project) (Name and percent of project)Hospital District: None Water District: San Patricio Co Drainage Dist 100%
(Name and percent of project) (Name and percent of project)Other (describe): _____ Other (describe): _____
(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.

A small portion of the project will be in Gregory-Portland ISD but is not included in this application. See attachment 5.

**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 website at www.texasahead.org/tax_programs/chapter313/.

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

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

What is your total estimated *qualified* investment? \$1,200,000,000

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

What is the anticipated date of application approval? November 2013

What is the anticipated date of the beginning of the qualifying time period? Jan. 2, 2014

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? \$1,200,000,000

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

Attach the following items to this application:

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

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

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

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

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

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

Land

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

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

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

Will the project be on leased land? ☒ Yes ☐ No

* Land will be leased from Occidental Chemical Corporation to Ingleside Ethylene, LLC

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. \$1,403,849 - land only (see atch #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)? 0

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? 1,120 (OxyChem)

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

Total number of new jobs that will have been created when fully operational 100

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? 80

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 www.texasahead.org/tax_programs/chapter313/)

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 website. 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 | \$935.27 |
| 110% of the county average weekly wage for manufacturing jobs in the county is | \$1,517.72 |
| 110% of the county average weekly wage for manufacturing jobs in the region is | \$1,010.85 |

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?

\$52,564.60

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property?

\$52,564.60

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 | N/A |
| 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 | N/A |
| 17 | Schedule A completed and signed | 13 of 16 | ✓ |
| 18 | Schedule B completed and signed | 14 of 16 | ✓ |
| 19 | Schedule C (Application) completed and signed | 15 of 16 | ✓ |
| 20 | Schedule D completed and signed | 16 of 16 | ✓ |
| 21 | Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)* | 9 of 16 | ✓ |
| 22 | Order, Resolution, or Ordinance Establishing the Zone (Attachment)* | 9 of 16 | ✓ |
| 23 | Legal Description of Reinvestment Zone (Attachment)* | 9 of 16 | ✓ |
| 24 | Guidelines and Criteria for Reinvestment Zone(Attachment)* | 9 of 16 | ✓ |

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

ATTACHMENT 2

See following Proof of Payment of Application Fee

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

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

ATTACHMENT 3

See attached Texas Franchise Tax Extension Affiliate List

TX2013 05-165

Texas Franchise Tax Extension Affiliate List

Ver. 4.0 (Rev.9-11/3)

Tcode 13298

Reporting entity taxpayer number

Report year

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19430519264

2013

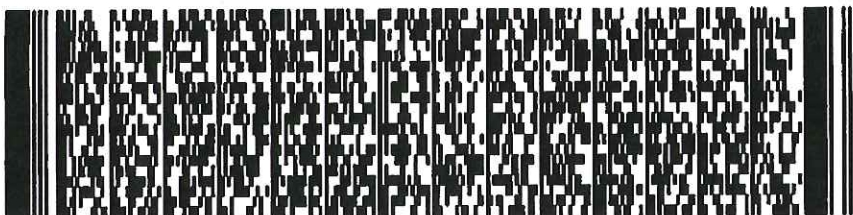
OCCIDENTAL ENERGY MARKETING, INC.

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|--|--|---|
| 1. OCCIDENTAL ENERGY MARKETING, INC. | 19430519264 | <input type="checkbox"/> |
| 2. OCCIDENTAL PETROLEUM CORPORATION | 32048312808 | <input type="checkbox"/> |
| 3. SWIFLITE AIRCRAFT CORPORATION | 135519445 | <input checked="" type="checkbox"/> |
| 4. OXY INC. | 19529082497 | <input type="checkbox"/> |
| 5. GLENN SPRINGS HOLDINGS, INC. | 19544083975 | <input type="checkbox"/> |
| 6. MARIANA PROPERTIES, INC. | 954471381 | <input checked="" type="checkbox"/> |
| 7. MILLER SPRINGS REMEDIATION MANAGEMENT, INC. | 954440338 | <input checked="" type="checkbox"/> |
| 8. OCCIDENTAL PETROLEUM INVESTMENT CO. | 952584267 | <input checked="" type="checkbox"/> |
| 9. OXY LNG, INC | 203218221 | <input checked="" type="checkbox"/> |
| 10. OCCIDENTAL INTERNATIONAL CORPORATION | 19525736955 | <input type="checkbox"/> |
| 11. OXY WESTWOOD CORPORATION | 954124078 | <input checked="" type="checkbox"/> |
| 12. OXY EXPATRIATE SERVICES INC | 12639514053 | <input type="checkbox"/> |
| 13. OCCIDENTAL OIL SHALE, INC. | 952864973 | <input checked="" type="checkbox"/> |
| 14. OCCIDENTAL RESOURCE RECOVERY SYSTEMS, INC. | 953009242 | <input checked="" type="checkbox"/> |
| 15. OCCIDENTAL RESEARCH CORPORATION | 952149707 | <input checked="" type="checkbox"/> |
| 16. OPCAL INSURANCE, INC. | 954437852 | <input checked="" type="checkbox"/> |
| 17. INDSPEC HOLDING CORPORATION | 251720938 | <input checked="" type="checkbox"/> |
| 18. ICC RESIN TECHNOLOGY, INC. | 510377309 | <input checked="" type="checkbox"/> |
| 19. OCCIDENTAL TOWER CORPORATION | 17524600826 | <input type="checkbox"/> |
| 20. NATURAL GAS ODORIZING INC | 17601206281 | <input type="checkbox"/> |
| 21. CAIN CHEMICAL INC. | 30113574179 | <input type="checkbox"/> |

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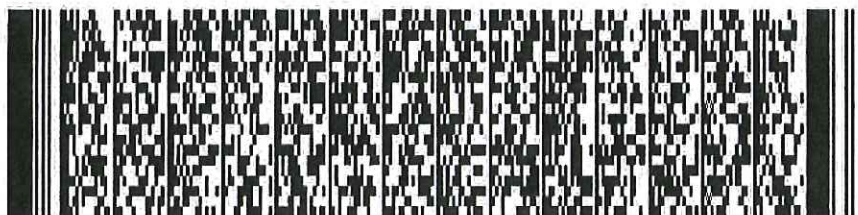
OCCIDENTAL ENERGY MARKETING, INC.

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---|--|---|
| 1. INDSPEC CHEMICAL CORPORATION | 12517209370 | <input type="checkbox"/> |
| 2. OCCIDENTAL CHEMICAL HOLDING CORPORATION | 952865897 | <input checked="" type="checkbox"/> |
| 3. OCCIDENTAL CHEMICAL CORPORATION | 11604847324 | <input type="checkbox"/> |
| 4. OCCIDENTAL INTERNATIONAL SERVICES, INC. | 954443549 | <input checked="" type="checkbox"/> |
| 5. OCCIDENTAL OF BANGLADESH, INC. | 954395527 | <input checked="" type="checkbox"/> |
| 6. OCCIDENTAL OIL AND GAS HOLDING CORPORATION | 952864974 | <input checked="" type="checkbox"/> |
| 7. OCCIDENTAL OIL AND GAS CORPORATION | 17419501410 | <input type="checkbox"/> |
| 8. VINTAGE PETROLEUM INTERNATIONAL HOLDINGS, INC. | 651162058 | <input checked="" type="checkbox"/> |
| 9. VINTAGE PETROLEUM ITALY, INC. | 731590346 | <input checked="" type="checkbox"/> |
| 10. OCCIDENTAL CIS SERVICES, INC. | 954386429 | <input checked="" type="checkbox"/> |
| 11. CITIES SERVICE EUROPE-AFRICA PETROLEUM CORP. | 30002505615 | <input checked="" type="checkbox"/> |
| 12. GRAND BASSA TANKERS, INC. | 131995847 | <input checked="" type="checkbox"/> |
| 13. OCCIDENTAL OOOI HOLDER, INC. | 954411775 | <input checked="" type="checkbox"/> |
| 14. OCCIDENTAL TRANSPORTATION HOLDING CORPORATION | 200250950 | <input checked="" type="checkbox"/> |
| 15. OXY PIPELINE I COMPANY | 200251022 | <input checked="" type="checkbox"/> |
| 16. OXY TRANSPORT I COMPANY | 12034678552 | <input type="checkbox"/> |
| 17. OXY HOLDING COMPANY (PIPELINE) INC | 262741534 | <input checked="" type="checkbox"/> |
| 18. OXY BT HOLDINGS GP, INC | 32049438883 | <input type="checkbox"/> |
| 19. OXY BT HOLDINGS LP, INC | 32049438909 | <input type="checkbox"/> |
| 20. CENTURION PIPELINE GP, INC. | 12002510829 | <input type="checkbox"/> |
| 21. CENTURION PIPELINE LP, INC. | 200251144 | <input checked="" type="checkbox"/> |

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CHECK YOUR ID NUMBERS FOR TYPOS**
Texas Franchise Tax Extension Affiliate List

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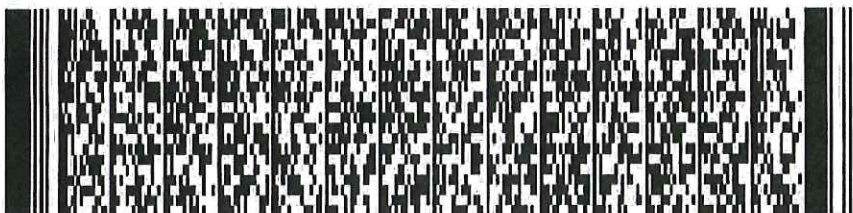
OCCIDENTAL ENERGY MARKETING, INC.

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---------------------------------------|--|---|
| 1. OXY TIDELANDS, INC. | 12041101929 | <input type="checkbox"/> |
| 2. LOMITA GASOLINE COMPANY, INC. | 330429362 | <input checked="" type="checkbox"/> |
| 3. OXY LONG BEACH, INC. | 954236046 | <input checked="" type="checkbox"/> |
| 4. OCCIDENTAL OF ELK HILLS, INC. | 954657310 | <input checked="" type="checkbox"/> |
| 5. OXY LOST HILLS, INC. | 980234630 | <input checked="" type="checkbox"/> |
| 6. THUMS LONG BEACH COMPANY | 952381774 | <input checked="" type="checkbox"/> |
| 7. OXY USA WTP LP | 17315988018 | <input type="checkbox"/> |
| 8. VINTAGE GAS, INC. | 17313823845 | <input type="checkbox"/> |
| 9. LAGUNA PETROLEUM CORPORATION | 17516922642 | <input type="checkbox"/> |
| 10. BRAVO PIPELINE COMPANY | 13632152511 | <input type="checkbox"/> |
| 11. OXY USA INC. | 17311668804 | <input type="checkbox"/> |
| 12. MARICO EXPLORATION INC | 850279720 | <input checked="" type="checkbox"/> |
| 13. OXY Y-1 COMPANY | 18501399556 | <input type="checkbox"/> |
| 14. RIO DE VIENTO INC | 850430396 | <input checked="" type="checkbox"/> |
| 15. CONN CREEK SHALE COMPANY | 731222143 | <input checked="" type="checkbox"/> |
| 16. OXY PBLP HOLDER, INC. | 32038485812 | <input type="checkbox"/> |
| 17. OXY VPP INVESTMENTS, INC. | 32038485820 | <input type="checkbox"/> |
| 18. TROY POTTER INC. | 17514477904 | <input type="checkbox"/> |
| 19. OXY OIL PARTNERS, INC. | 943356244 | <input checked="" type="checkbox"/> |
| 20. OCCIDENTAL PERMIAN SERVICES, INC. | 19548066646 | <input type="checkbox"/> |
| 21. OXY TULSA INC. | 730776873 | <input checked="" type="checkbox"/> |

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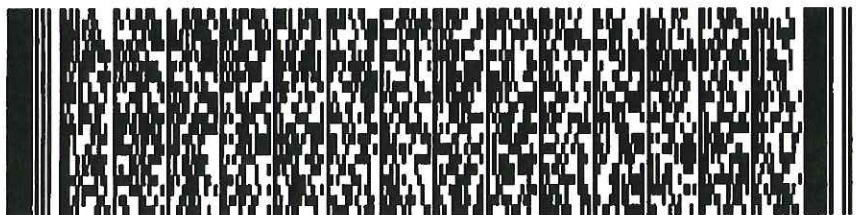
OCCIDENTAL ENERGY MARKETING, INC.

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---|--|---|
| 1. MONUMENT PRODUCTION, INC. | 481260782 | <input checked="" type="checkbox"/> |
| 2. OCCIDENTAL PERMIAN MANAGER LLC | 17605285992 | <input type="checkbox"/> |
| 3. TENBY, INC. | 956069751 | <input checked="" type="checkbox"/> |
| 4. PLACID OIL COMPANY | 17203951748 | <input type="checkbox"/> |
| 5. OCCIDENTAL POWER SERVICES, INC. | 10107037359 | <input type="checkbox"/> |
| 6. OXY ENERGY SERVICES, INC. | 19546756313 | <input type="checkbox"/> |
| 7. OCCIDENTAL SPECIALTY MARKETING, INC. | 19547136408 | <input type="checkbox"/> |
| 8. OCCIDENTAL ADVANCE SALE FINANCE | 954714847 | <input checked="" type="checkbox"/> |
| 9. OPM GP, INC. | 19547547430 | <input type="checkbox"/> |
| 10. OCCIDENTAL ENERGY VENTURES CORP. | 19544981707 | <input type="checkbox"/> |
| 11. EHPP HOLDINGS, INC. | 954728027 | <input checked="" type="checkbox"/> |
| 12. OCCIDENTAL CRUDE SALES, INC. (INTERNATIONAL) | 32037843920 | <input type="checkbox"/> |
| 13. OXY COGENERATION HOLDING COMPANY, INC. | 954659736 | <input checked="" type="checkbox"/> |
| 14. INGLESIDE COGENERATION GP, INC. | 19546597394 | <input type="checkbox"/> |
| 15. INGLESIDE COGENERATION GP 2, INC. | 17605539802 | <input type="checkbox"/> |
| 16. INGLESIDE COGENERATION LIMITED PARTNERSHIP | 17428615649 | <input type="checkbox"/> |
| 17. OCCIDENTAL CHEMICAL INTERNATIONAL, INC. | 953170077 | <input checked="" type="checkbox"/> |
| 18. HOOKER CHEMICAL INVESTMENT CO. | 952864975 | <input checked="" type="checkbox"/> |
| 19. OCCIDENTAL CHEMICAL INVESTMENT (CANADA) 1, INC. | 32002290669 | <input type="checkbox"/> |
| 20. OCCIDENTAL ANGOLA, INC. | 954307202 | <input checked="" type="checkbox"/> |
| 21. OCCIDENTAL OVERSEAS OPERATIONS, INC. | 954111366 | <input checked="" type="checkbox"/> |

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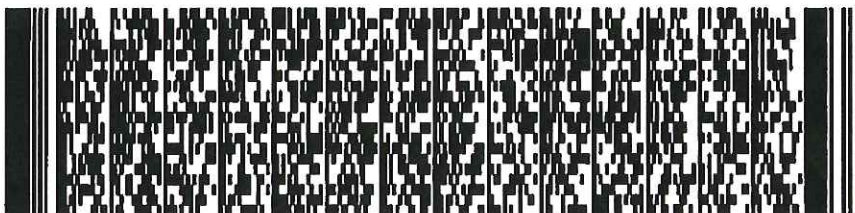
OCCIDENTAL ENERGY MARKETING, INC.

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|--|--|---|
| 1. OCCIDENTAL INTERNATIONAL (LIBYA), INC. | 953981617 | <input checked="" type="checkbox"/> |
| 2. MC2 TECHNOLOGIES INC | 061340757 | <input checked="" type="checkbox"/> |
| 3. SCANPORTS SHIPPING INC | 061173731 | <input checked="" type="checkbox"/> |
| 4. OXYMAR | 17522524895 | <input type="checkbox"/> |
| 5. OXY VINYLs LP | 17315614267 | <input type="checkbox"/> |
| 6. OXY INGLESIDE ENERGY CENTER, LLC | 32047539948 | <input type="checkbox"/> |
| 7. OXY LPG TERMINAL, LLC | 32049782983 | <input type="checkbox"/> |
| 8. OCCIDENTAL PVC LLC | 17528121316 | <input type="checkbox"/> |
| 9. DMM FINANCIAL LLC | 522144735 | <input checked="" type="checkbox"/> |
| 10. OXY VINYLs EXPORT SALES LLC | 13836663750 | <input type="checkbox"/> |
| 11. OXY MIDSTREAM STRATEGIC DEVELOPMENT, LLC | 32045669440 | <input type="checkbox"/> |
| 12. OCCIDENTAL ENERGY TRANSPORTATION LLC | 12034692918 | <input type="checkbox"/> |
| 13. OXY WILMINGTON, LLC | 12041102638 | <input type="checkbox"/> |
| 14. TIDELANDS OIL PRODUCTION COMPANY | 13303357647 | <input type="checkbox"/> |
| 15. NGL VENTURES LLC | 12009741567 | <input type="checkbox"/> |
| 16. VINTAGE PRODUCTION CALIFORNIA LLC | 770535342 | <input checked="" type="checkbox"/> |
| 17. OXY NM LP | 32035427577 | <input type="checkbox"/> |
| 18. TRANSOK PROPERTIES, LLC | 32000446776 | <input type="checkbox"/> |
| 19. VINTAGE PETROLEUM LLC | 13003392183 | <input type="checkbox"/> |
| 20. LP 260 LLC | 205614268 | <input checked="" type="checkbox"/> |
| 21. OXY CV PIPELINE LLC | 260248559 | <input checked="" type="checkbox"/> |

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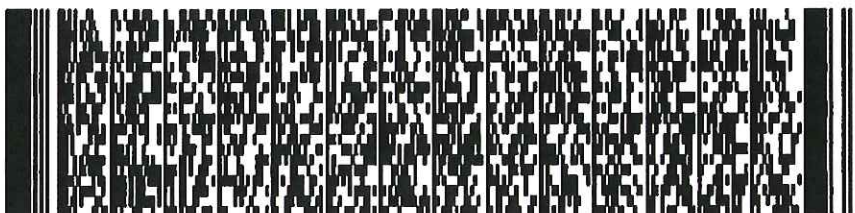
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|---|--|---|
| 1. YT RANCH LLC | 203975377 | <input checked="" type="checkbox"/> |
| 2. OXY LITTLE KNIFE, LLC | 32045325746 | <input type="checkbox"/> |
| 3. OOG PARTNER LLC | 954819072 | <input checked="" type="checkbox"/> |
| 4. SOUTHERN SAN JOAQUIN PRODUCTION, LLC | 371694423 | <input checked="" type="checkbox"/> |
| 5. PERMIAN VPP MANAGER, LLC | 12027744734 | <input type="checkbox"/> |
| 6. OXY PBLP MANAGER, LLC | 12027745699 | <input type="checkbox"/> |
| 7. OXY WEST, LLC | 13200663402 | <input type="checkbox"/> |
| 8. OXY C & I BULK SALES, LLC | 204863184 | <input checked="" type="checkbox"/> |
| 9. PHIBRO SERVICES LLC | 271186607 | <input checked="" type="checkbox"/> |
| 10. OEVC ENERGY, LLC | 17606978553 | <input type="checkbox"/> |
| 11. OEVC MIDSTREAM PROJECTS, LLC | 12008746815 | <input type="checkbox"/> |
| 12. SAN PATRICIO PIPELINE LLC | 12008746989 | <input type="checkbox"/> |
| 13. OXY LPG LLC | 32036948001 | <input type="checkbox"/> |
| 14. ELK HILLS POWER LLC | 954729983 | <input checked="" type="checkbox"/> |
| 15. OXY OLEODUCTO SOP LLC | 264596320 | <input checked="" type="checkbox"/> |
| 16. OXY BRIDGETEX L.P. | 32049460242 | <input type="checkbox"/> |
| 17. CENTURION PIPELINE L.P. | 12002511892 | <input type="checkbox"/> |
| 18. DOWNTOWN PLAZA II | 731423459 | <input checked="" type="checkbox"/> |
| 19. INDIAN BASIN GAS PLANT | 341745577 | <input checked="" type="checkbox"/> |
| 20. OCCIDENTAL PERMIAN LTD. | 17605286032 | <input type="checkbox"/> |
| 21. PERMIAN BASIN LIMITED PARTNERSHIP | 32035411597 | <input type="checkbox"/> |

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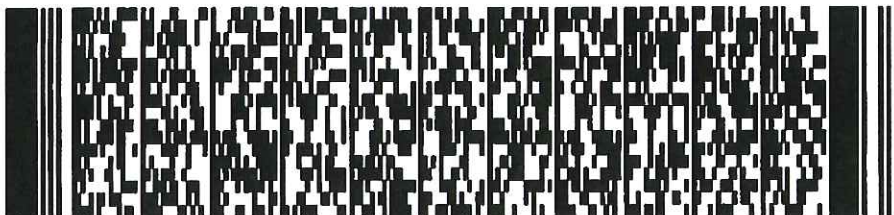
OCCIDENTAL ENERGY MARKETING, INC.

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|-------------------------------------|--|---|
| 1. PERMAN VPP HOLDER, LP | 32035334070 | <input type="checkbox"/> |
| 2. OCCIDENTAL POWER MARKETING, L.P. | 17315704852 | <input type="checkbox"/> |
| 3. PHIBRO TRADING LLC | 12711548300 | <input type="checkbox"/> |
| 4. PHIBRO LLC | 13522724015 | <input type="checkbox"/> |
| 5. PHIBRO CLEARING LLC | 272545642 | <input checked="" type="checkbox"/> |
| 6. | | <input type="checkbox"/> |
| 7. | | <input type="checkbox"/> |
| 8. | | <input type="checkbox"/> |
| 9. | | <input type="checkbox"/> |
| 10. | | <input type="checkbox"/> |
| 11. | | <input type="checkbox"/> |
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| 18. | | <input type="checkbox"/> |
| 19. | | <input type="checkbox"/> |
| 20. | | <input type="checkbox"/> |
| 21. | | <input type="checkbox"/> |

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ATTACHMENT 4

Detailed description of the project:

Overview:

OxyChem proposes to design and construct an ethylene plant on land currently owned by OxyChem in San Patricio County/ Ingleside ISD adjacent to existing plant operations. OxyChem will operate the plant on behalf of the LLC for purposes of supplying ethylene to OxyChem's Vinyl Chloride Monomer production facilities. In conjunction with the project, a 115 mile pipeline will be constructed to ethylene storage facilities in Markham, Texas. The pipeline is not included in the project for purposes of this application.

Plant Scope:

Construct an ethane cracking facility and related equipment and appurtenances for the production of up to 1.2 billion pounds per year of ethylene. The ethylene unit will receive an ethane feedstock from pipeline sources and be designed to produce polymer grade ethylene, together with fuel gas, Hydrogenated C3/C4s and C5+ liquids as byproducts.

Facility:

- Feed Systems, Cracking Heaters and Quench Water System
- Charge Gas Compression and Acid Gas Removal
- Charge Gas Drying and Regeneration Facilities
- Hydrogen Compression and Purification
- Charge Gas Chilling, Front End Deethanizer, and Acetylene Converters
- Demethanizer
- Ethylene Fractionation
- Debutanizer
- C3/C4 Hydrogenation
- Propylene Refrigeration System
- Binary Refrigeration System

Supporting Facilities:

- Treated Water
- Demineralization and Boiler Feedwater
- Cooling Water System
- Steam and Condensate
- Power Supply
- Fuel Gas
- Plant and Instrument Air
- Nitrogen
- Breathing Air
- Fuel Gas/Natural Gas
- Flare

- Waste Water Treatment
- Sanitary System
- Firewater
- Chemical Storage
- Product Storage and Handling

Pipeline & Storage:

- Approx. 115 mile 8-inch bi-directional pipeline to Markham storage
- Ethylene Storage
- Surface Equipment

In addition, the project will have related process facilities, auxiliaries and equipment, including, but not limited to air compressors, electrical sub-stations, road improvements, utilities (including steam lines), tankage, pipe connections, process control systems, cooling towers, control buildings, and infrastructure additions, upgrades and modifications related to the proposed project, and tools, vehicles, furnishings and moveable personal property.

Timeline:

Construction to begin in the 3rd quarter, 2014 with completion estimated in the 3rd quarter, 2016.

Ability to Locate in Another State or Region of Texas:

OxyChem consumes ethylene at multiple manufacturing facilities located along the Texas Gulf Coast and in Louisiana. OxyChem has two other Vinyl Chloride Monomer manufacturing sites that are also large ethylene consumers located in the Houston industrial area. As with all major projects, regional tax incentives contribute to the overall viability of the proposed project, including its site selection.

This is a major project for OxyChem. The internal competition for capital is significant. Whether or not this project becomes a reality depends on meeting certain economic and practical feasibility targets including:

- Permit approvals
- Meet economic feasibility targets
 - Includes economic incentives

ATTACHMENT 5

A small portion of this project will be in Gregory-Portland ISD. There will be a flare, a Shop/Warehouse, some minor miscellaneous equipment, and a parking lot in GPISD. The costs for these items are not included in our \$1.2 billion estimate. All of the investment on this application is for Ingleside ISD.

ATTACHMENT 6

Qualified Investment:

Overview:

OxyChem proposes to design and construct an ethylene plant on land currently owned by OxyChem in San Patricio County/ Ingleside ISD adjacent to existing plant operations. OxyChem will operate the plant on behalf of the LLC for purposes of supplying ethylene to OxyChem's Vinyl Chloride Monomer production facilities. In conjunction with the project, a 115 mile pipeline will be constructed to ethylene storage facilities in Markham, Texas. The pipeline is not included in the project for purposes of this application.

Plant Scope:

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Facility:

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- Charge Gas Compression and Acid Gas Removal
- Charge Gas Drying and Regeneration Facilities
- Hydrogen Compression and Purification
- Charge Gas Chilling, Front End Deethanizer, and Acetylene Converters
- Demethanizer
- Ethylene Fractionation
- Debutanizer
- C3/C4 Hydrogenation
- Propylene Refrigeration System
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Supporting Facilities:

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- Cooling Water System
- Steam and Condensate
- Power Supply
- Fuel Gas
- Plant and Instrument Air
- Nitrogen

- Breathing Air
- Fuel Gas/Natural Gas
- Flare
- Waste Water Treatment
- Sanitary System
- Firewater
- Chemical Storage
- Product Storage and Handling

Pipeline & Storage:

- Approx. 115 mile 8-inch bi-directional pipeline to Markham storage
- Ethylene Storage
- Surface Equipment

In addition, the project will have related process facilities, auxiliaries and equipment, including, but not limited to air compressors, electrical sub-stations, road improvements, utilities (including steam lines), tankage, pipe connections, process control systems, cooling towers, control buildings, and infrastructure additions, upgrades and modifications related to the proposed project, and tools, vehicles, furnishings and moveable personal property.

Timeline:

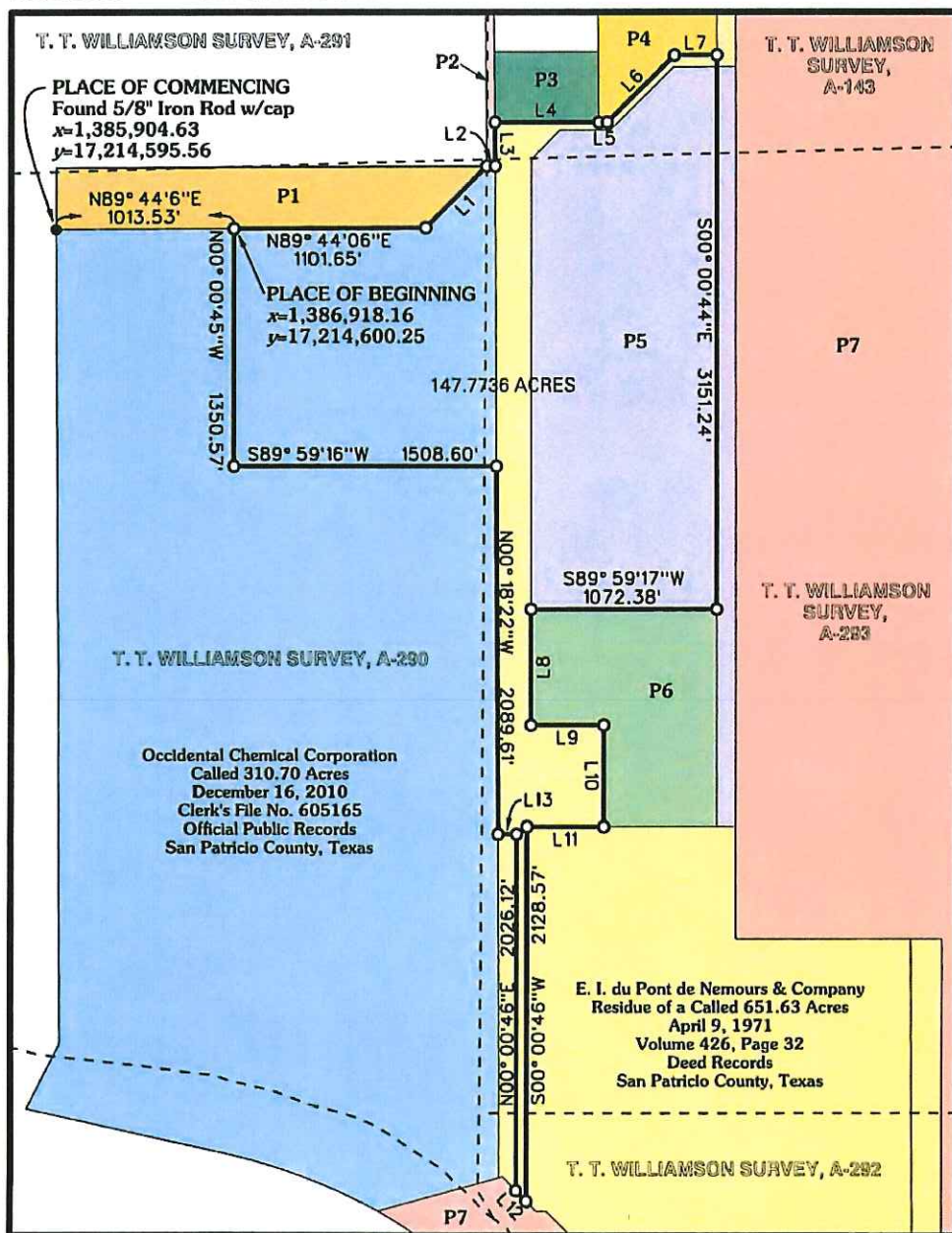
Construction to begin in the 3rd quarter, 2014 with completion estimated in the 3rd quarter, 2016.

ATTACHMENT 7

See Attached Survey, Map, and Plot Plan.

Thick black line shows the boundary of the Reinvestment Zone containing 147.7736 Acres

JOHN GRIFFIN, Surveyors
212 BRYAN STREET POST OFFICE BOX 1437
(936) 258-2639 DAYTON, TEXAS 77535



| POINT | BEARING | DISTANCE |
|-------|-------------|----------|
| L1 | N44°42'13"E | 494.99' |
| L2 | N89°42'19"E | 49.94' |
| L3 | N00°32'56"W | 250.01' |
| L4 | S89°57'48"E | 603.93' |
| L5 | N89°43'06"E | 47.82' |
| L6 | N45°26'49"E | 541.66' |
| L7 | N89°39'59"E | 247.57' |
| L8 | S00°00'02"W | 656.57' |
| L9 | N89°57'56"E | 422.48' |
| L10 | S00°01'37"E | 578.39' |
| L11 | S89°58'47"W | 445.15' |
| L12 | N44°46'33"W | 85.17' |
| L13 | N89°59'14"W | 108.50' |

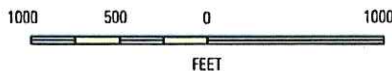
- P1 Reynolds Metals Company
Called 18.4 Acres
October 1, 1974
Clerk's File No. 238785
Deed Records
San Patricio County, Texas
- P2 San Patricio Municipal
Water District
Called 3.331 Acres
November 25, 1998
Clerk's File No. 468583
RPRSPC*
- P3 San Patricio Municipal
Water District
Called 5.541 Acres
April 24, 1991
Clerk's File No. 396350
RPRSPC
- P4 San Patricio Municipal
Water District
Called 29.278 Acres
November 25, 1998
Clerk's File No. 468583
RPRSPC
- P5 Occidental Chemical
Corporation
Called 81.149 Acres
February 17, 1998
Clerk's File No. 459563
RPRSPC
- P6 Ingleside Cogeneration
Limited Partnership
Called 24.797 Acres
December 5, 1997
Clerk's File No. 457204
RPRSPC
- P7 Occidental Electrochemicals
Corporation
Called 592.751 Acres
September 30, 1987
Clerk's File No. 364008
RPRSPC

NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983 (CORS), south zone, all distances are surface distance.

*RPRSPC - Real Property Records San Patricio County, Texas



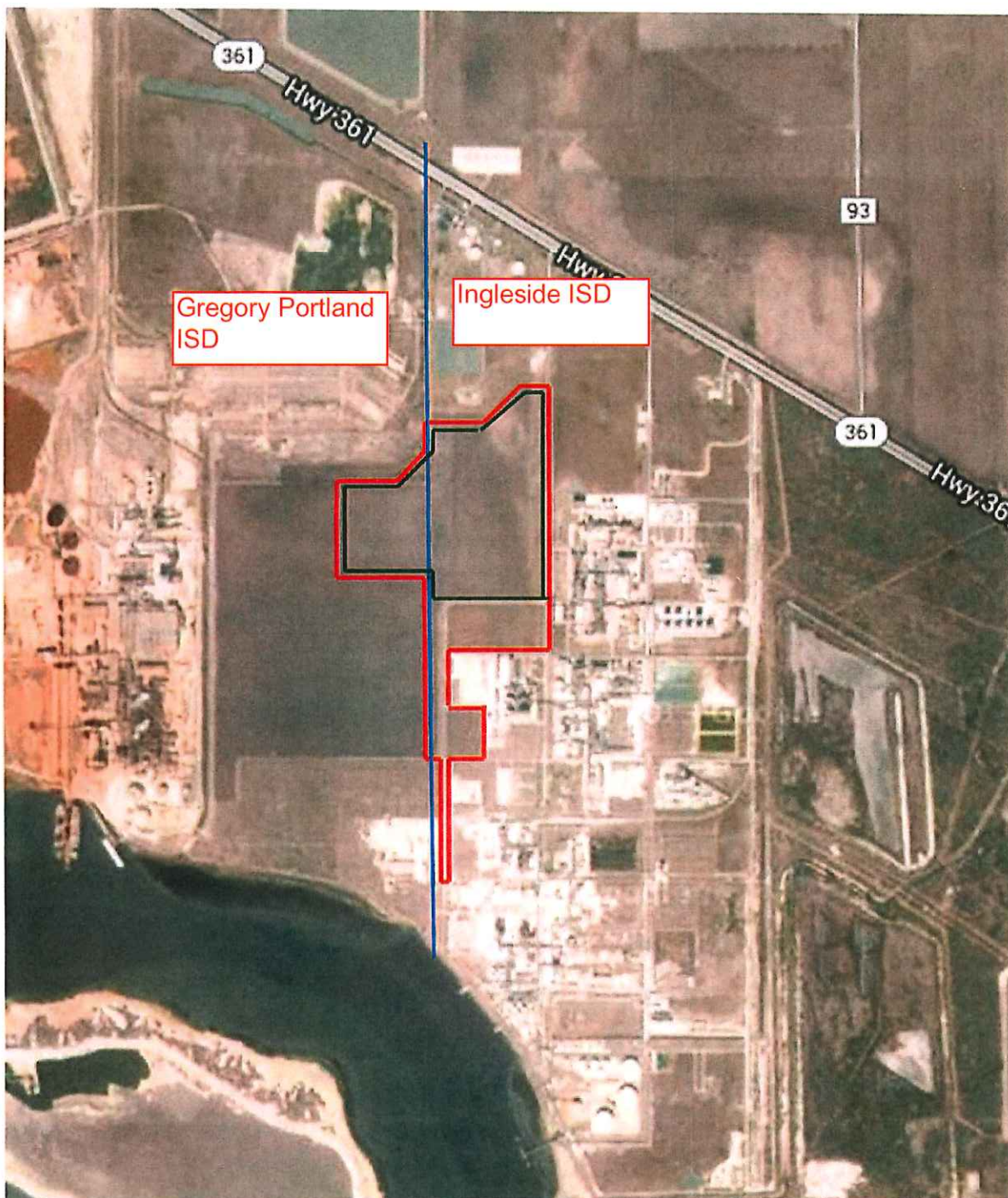
SCALE: 1" = 1000'



MAP OF A 147.7736 Acre Tract

Located in the
T. T. WILLIAMSON SURVEY, A-143
T. T. WILLIAMSON SURVEY, A-290
T. T. WILLIAMSON SURVEY, A-293
T. T. WILLIAMSON SURVEY, A-292
San Patricio County, Texas

August 30, 2013

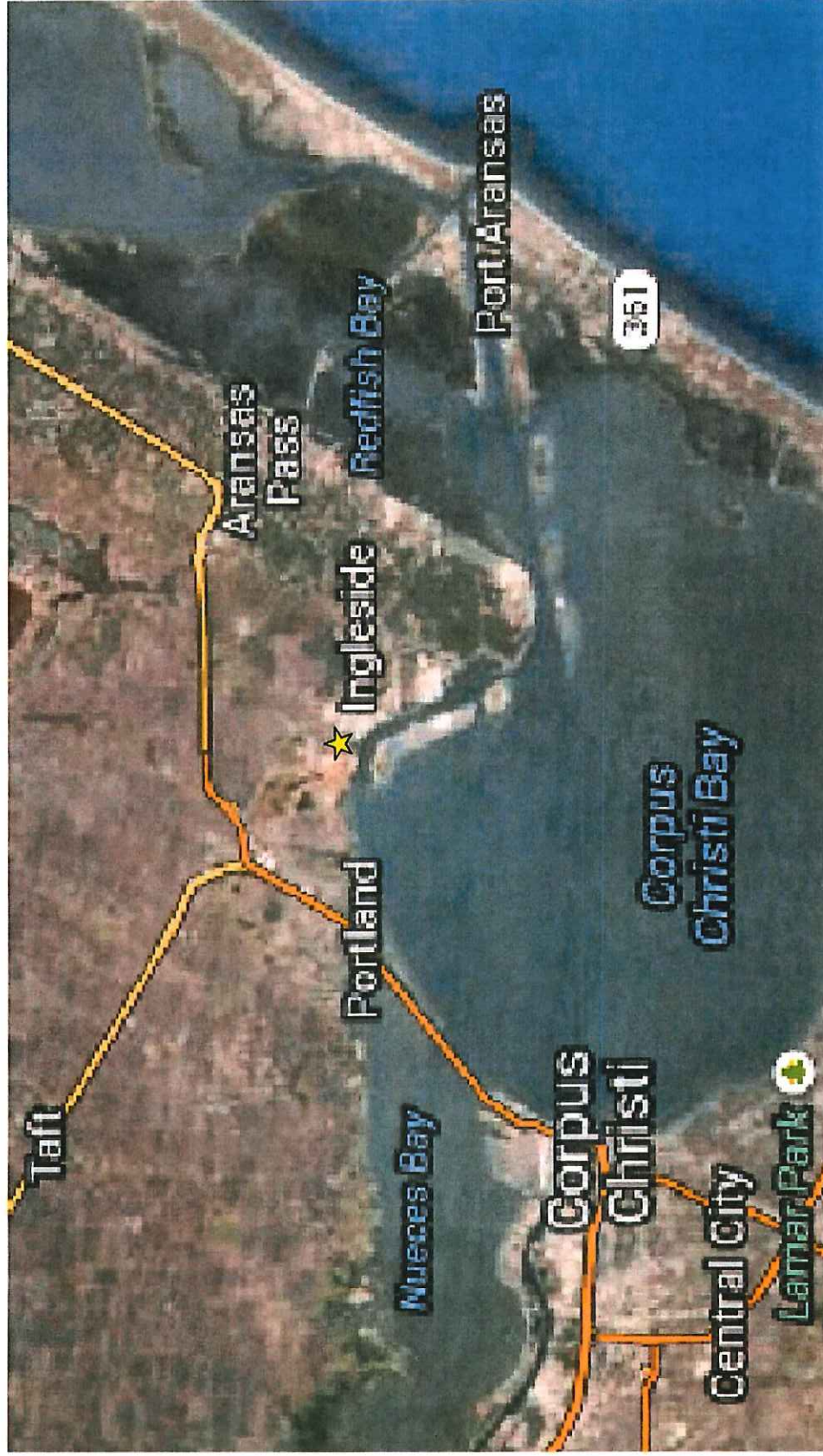


- Reinvestment Zone
- Ethylene Cracker Site
- Gregory Portland/Ingleside ISD Border

Project Layout – OxyChem Ethylene Cracker Project



Region Map with Project Location



★ Project Location

ATTACHMENT 8

Overview:

OxyChem proposes to design and construct an ethylene plant on land currently owned by OxyChem in San Patricio County/ Ingleside ISD adjacent to existing plant operations. OxyChem will operate the plant on behalf of the LLC for purposes of supplying ethylene to OxyChem's Vinyl Chloride Monomer production facilities. In conjunction with the project, a 115 mile pipeline will be constructed to ethylene storage facilities in Markham, Texas. The pipeline is not included in the project for purposes of this application.

Plant Scope:

Construct an ethane cracking facility and related equipment and appurtenances for the production of up to 1.2 billion pounds per year of ethylene. The ethylene unit will receive an ethane feedstock from pipeline sources and be designed to produce polymer grade ethylene, together with fuel gas, Hydrogenated C3/C4s and C5+ liquids as byproducts.

Facility:

- Feed Systems, Cracking Heaters and Quench Water System
- Charge Gas Compression and Acid Gas Removal
- Charge Gas Drying and Regeneration Facilities
- Hydrogen Compression and Purification
- Charge Gas Chilling, Front End Deethanizer, and Acetylene Converters
- Demethanizer
- Ethylene Fractionation
- Debutanizer
- C3/C4 Hydrogenation
- Propylene Refrigeration System
- Binary Refrigeration System

Supporting Facilities:

- Treated Water
- Demineralization and Boiler Feedwater
- Cooling Water System
- Steam and Condensate
- Power Supply
- Fuel Gas
- Plant and Instrument Air
- Nitrogen
- Breathing Air
- Fuel Gas/Natural Gas
- Flare
- Waste Water Treatment

- Sanitary System
- Firewater
- Chemical Storage
- Product Storage and Handling

Pipeline & Storage:

- Approx. 115 mile 8-inch bi-directional pipeline to Markham storage
- Ethylene Storage
- Surface Equipment

In addition, the project will have related process facilities, auxiliaries and equipment, including, but not limited to air compressors, electrical sub-stations, road improvements, utilities (including steam lines), tankage, pipe connections, process control systems, cooling towers, control buildings, and infrastructure additions, upgrades and modifications related to the proposed project, and tools, vehicles, furnishings and moveable personal property.

Timeline:

Construction to begin in the 3rd quarter, 2014 with completion estimated in the 3rd quarter, 2016.

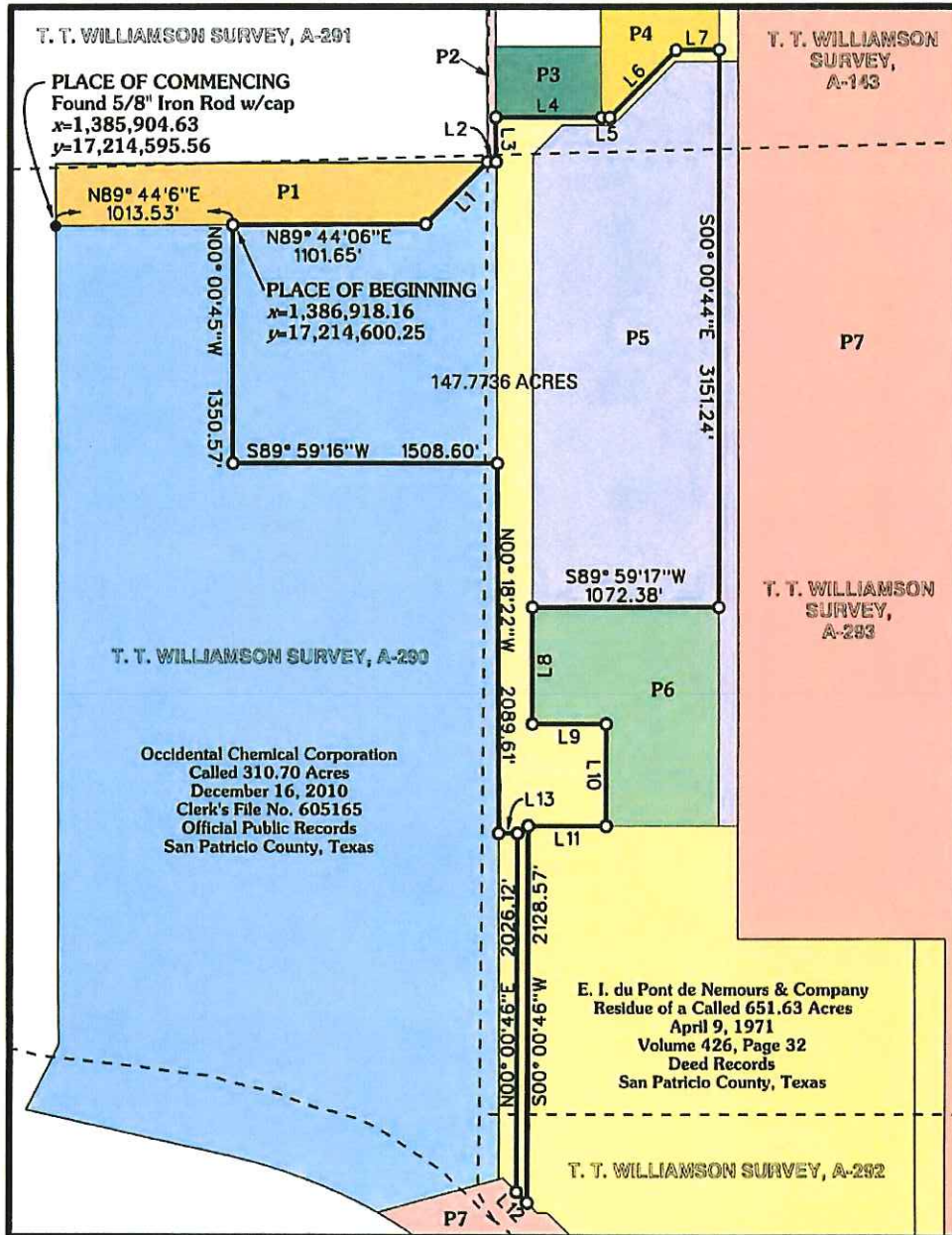
ATTACHMENT 9

See Attached Survey, Map, and Plot Plan.

Thick black line shows the boundary of the Reinvestment Zone containing 147.7736 Acres

JOHN GRIFFIN, Surveyors

212 BRYAN STREET POST OFFICE BOX 1437
(936) 258-2639 DAYTON, TEXAS 77535



| POINT | BEARING | DISTANCE |
|-------|-------------|----------|
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| L2 | N89°42'19"E | 49.94' |
| L3 | N00°32'56"W | 250.01' |
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RPRSPC

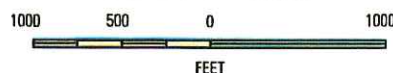
P7 Occidental Electrochemicals
Corporation
Called 592.751 Acres
September 30, 1987
Clerk's File No. 364008
RPRSPC

NOTE: All bearings and coordinates
are grid based on the Texas Coordinate
System of 1983 (CORS), south zone,
all distances are surface distance.

*RPRSPC - Real Property Records
San Patricio County, Texas



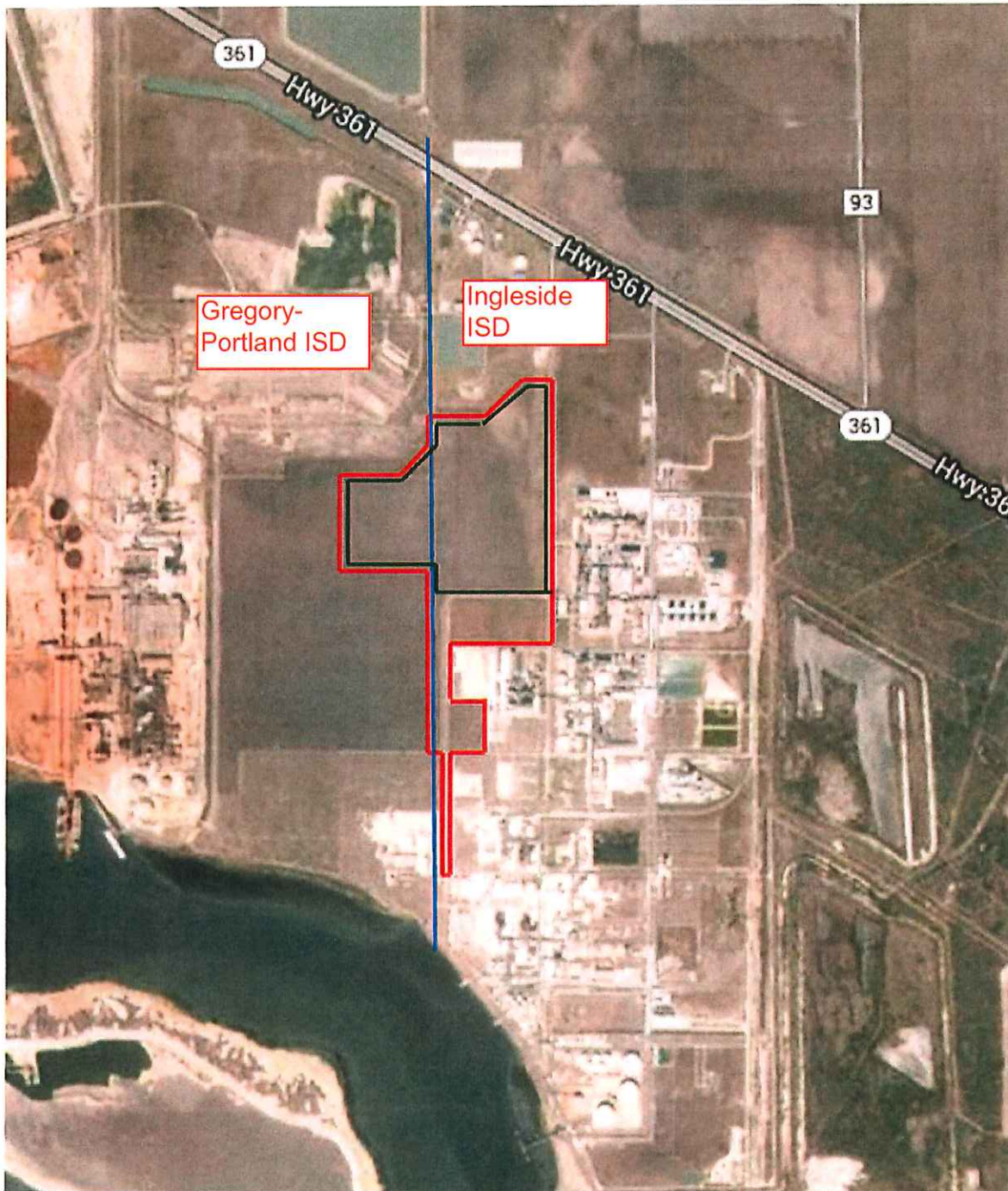
SCALE: 1" = 1000'



MAP OF A
147.7736 Acre Tract

Located in the
T. T. WILLIAMSON SURVEY, A-143
T. T. WILLIAMSON SURVEY, A-290
T. T. WILLIAMSON SURVEY, A-293
T. T. WILLIAMSON SURVEY, A-292
San Patricio County, Texas

August 30, 2013

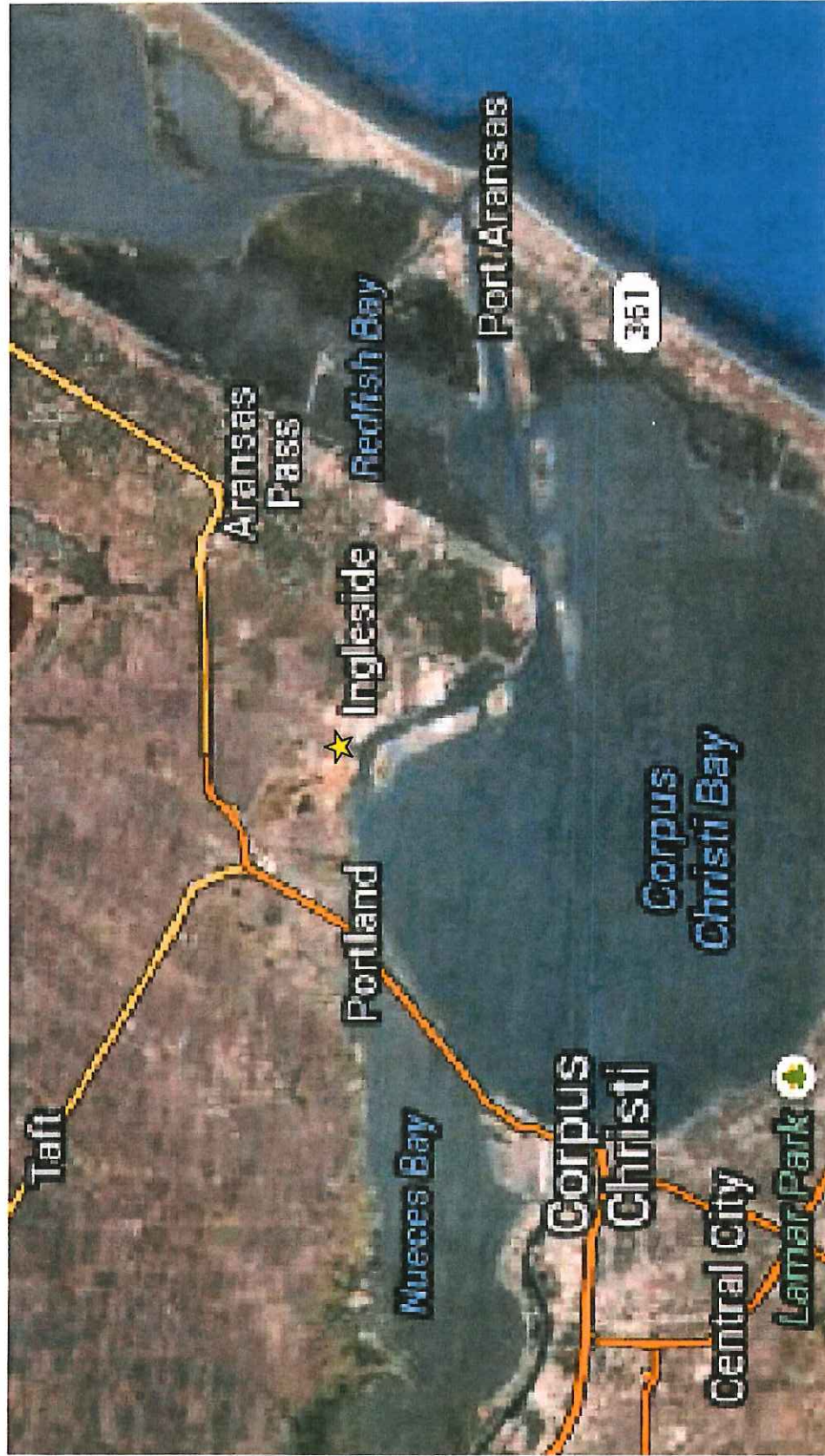


- Reinvestment Zone
- Ethylene Cracker Site
- Gregory Portland/Ingleside ISD Border


Project Layout – OxyChem Ethylene Cracker Project



Region Map with Project Location



★ Project Location



Occidental Chemical Corporation
A subsidiary of Occidental Petroleum Corporation

100

TEXAS REGISTERED ENGINEERING FIRM F-10296



THIS DOCUMENT IS THE PROPERTY OF CHICAGO BRIDGE & IRON COMPANY CORP., IT MAY CONTAIN INFORMATION DESCRIBING TECHNOLOGY OWNED BY CBI AND IT MAY BE COMMERCIALLY SENSITIVE. IT IS TO BE USED ONLY IN CONNECTION WITH WORK BEING PERFORMED BY CBI. REPRODUCTION IN WHOLE OR IN PART FOR ANY PURPOSE OTHER THAN WORK PERFORMED BY CBI IS FORBIDDEN EXCEPT BY EXPRESS WRITTEN PERMISSION OF CBI. IT IS TO BE SECURELY KEPT AND BY EXPRESS WRITTEN PERMISSION OF CBI IT IS TO BE RECLASSIFIED ACCORDING TO BOTH DECLASSIFICATION AND INADVERTENT DISCLOSURE TO ANY THIRD PARTY.

Occidental Chemical Corporation

PROJECT NO: 181872 DWG NO: 181872-40-PI-01-000001

| | | |
|--------------------|--------------------------------|--------|
| PROJECT NO: 181872 | DWG NO: 181872-40-PI-01-000001 | REV: G |
|--------------------|--------------------------------|--------|

[illegible]

Attachment 10

See the attached legal description of the Reinvestment Zone.

STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

A 147.7736 ACRE TRACT LOCATED IN THE T. T. WILLIAMSON SURVEY, ABSTRACT 143, THE T. T. WILLIAMSON SURVEY, ABSTRACT 290, THE T. T. WILLIAMSON SURVEY, ABSTRACT 293, AND THE T. T. WILLIAMSON SURVEY, ABSTRACT 292, SAN PATRICIO COUNTY, TEXAS

DESCRIPTION of an 147.7736 acre tract, out of and a part of that certain called 81.149 acre tract described in Deed from E. I. du Pont de Nemours and Company to Occidental Chemical Corporation, dated February 17, 1998, and recorded in Clerk's File No. 459563 of the Real Property Records of San Patricio, Texas, that certain called 310.70 acre tract described in Deed from Vista Del Sol LNG LP to Occidental Chemical Corporation dated December 16, 2010, and recorded in Clerk's File No. 605165 of the Real Property Records of San Patricio County, Texas, and the residue of that certain called 651.63 acre tract described in Deed from J. Carter Goodloe, et al. to E. I. du Pont de Nemours & Company dated April 9, 1971, and recorded in Volume 426, Page 32 of the Deed Records of San Patricio County, Texas located in the T. T. WILLIAMSON SURVEY, Abstract 143, the T. T. WILLIAMSON SURVEY, Abstract 290, the T. T. WILLIAMSON SURVEY, Abstract 293, and the T. T. WILLIAMSON SURVEY, Abstract 292, San Patricio County, Texas, and is described as follows:

NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983(CORS), south zone, all distances are surface distance.

TO FIND the place of beginning, COMMENCE at a 5/8-inch iron rod found at the southwest corner of that certain called 18.4 acre tract described in Deed from E. I. du Pont de Nemours and Company to Reynolds Metal Company, dated October 1, 1974, and recorded in Clerk's File No. 238785 of the Deed Records of San Patricio County, Texas (the "Reynolds 18.4 acre tract"), said point having coordinates of $x = 1,385,904.63$ and $y = 17,214,595.56$;

THENCE North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1013.53 feet to the PLACE OF BEGINNING of this herein described 147.7736 acre tract, having coordinates of $x = 1,386,918.16$ and $y = 17,214,600.25$;

JOHN GRIFFIN, Surveyors
212 BRYAN STREET
POST OFFICE BOX 1437
DAYTON, TEXAS 77535
PHONE 936 258-2639

THENCE continuing North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1101.65 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 44 degrees 42 minutes 13 seconds East, along and with the southeast line of the Reynolds 18.4 acre tract, a distance of 494.99 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 89 degrees 42 minutes 19 seconds East, along and with the south line of that certain called 3.331 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated November 25, 1998, and recorded in Clerk's File No. 468583 of the Real Property Records of San Patricio, Texas (the "Water District 3.331 acre tract"), a distance of 49.94 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 00 degrees 32 minutes 56 seconds West, along and with the east line of the Water District 3.331 acre tract, a distance of 250.01 feet to a found 5/8-inch iron rod;

THENCE South 89 degrees 57 minutes 48 seconds East, along and with the south line of that certain called 5.541 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated April 24, 1991, and recorded in Clerk's File No. 396350 of the Real Property Records of San Patricio, Texas, a distance of 603.93 feet to a found 5/8-inch iron rod;

THENCE along and with the south line of that certain called 29.278 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated November 25, 1998, and recorded in Clerk's File No. 468583 of the Real Property Records of San Patricio, Texas, the following three (3) courses and distances:

1. North 89 degrees 43 minutes 06 seconds East, a distance of 47.82 feet to a found 5/8-inch iron rod with cap stamped "NAISMITH ENG. C.C., TX";
2. North 45 degrees 26 minutes 49 seconds East, a distance of 541.66 feet to a found 5/8-inch iron rod with cap stamped "NAISMITH ENG. C.C., TX";
3. North 89 degrees 39 minutes 59 seconds East, at a distance of 247.09 feet a found 5/8-inch iron rod with cap stamped "NEI RPLS 4700", in all a total distance of 247.57 feet;

THENCE South 00 degrees 00 minutes 44 seconds East, a distance of 3151.24 feet to a 5/8-inch iron rod found for the northeast corner of that certain called 24.797 acre tract described in Deed from Conoco Global Power

Assets Inc. to Ingleside Cogeneration Limited Partnership, dated December 5, 1997, and recorded in Clerk's File No. 457204 of the Real Property Records of San Patricio County, Texas (the "Cogen 24.797 acre tract");

THENCE along and with the Cogen 24.797 acre tract, the following four (4) courses and distances:

1. South 89 degrees 59 minutes 17 seconds West, a distance of 1072.38 feet to a found 5/8-inch iron rod;
2. South 00 degrees 00 minutes 02 seconds West, a distance of 656.57 feet to a found 5/8-inch iron rod;
3. North 89 degrees 57 minutes 56 seconds East, a distance of 422.48 feet to a found 5/8-inch iron rod;
4. South 00 degrees 01 minutes 37 seconds East, a distance of 578.39 feet to a found 5/8-inch iron rod;

THENCE South 89 degrees 58 minutes 47 seconds West, a distance of 445.15 feet;

THENCE South 00 degrees 00 minutes 46 seconds West, a distance of 2128.57 feet;

THENCE North 44 degrees 46 minutes 33 seconds West, along and with the north line of that certain called 592.751 acre tract described in Deed from Du Pont Chlorine, Inc. to Occidental Electrochemicals Corporation, dated September 30, 1987, and recorded in Clerk's File No. 364008 of the Real Property Records of San Patricio, Texas, a distance of 85.17 feet;

THENCE North 00 degrees 00 minutes 46 seconds East, a distance of 2026.12 feet;

THENCE North 89 degrees 59 minutes 14 seconds West, a distance of 108.50 feet to a point in the west line of the residue of that certain called 651.63 acre tract described in Deed from J. Carter Goodloe, et al. to E. I. du Pont de Nemours & Company dated April 9, 1971, and recorded in Volume 426, Page 32 of the Deed Records of San Patricio County, Texas (the "Du Pont 651.63 acre tract");

THENCE North 00 degrees 18 minutes 22 seconds West, along and with the west line of the Du Pont 651.63 acre tract, a distance of 2089.61 feet;

THENCE South 89 degrees 59 minutes 16 seconds West, a distance of 1508.60 feet;

THENCE North 00 degrees 00 minutes 45 seconds West, a distance of 1350.57 feet to the PLACE OF BEGINNING, containing 147.7736 acres.

REFERENCE is hereby made to the plat titled "MAP OF A 147.7736 ACRE TRACT" dated August 30, 2013.

SURVEYED August 13, 2013.

By

John P. Griffin
John P. Griffin
Registered Professional
Land Surveyor No. 2032

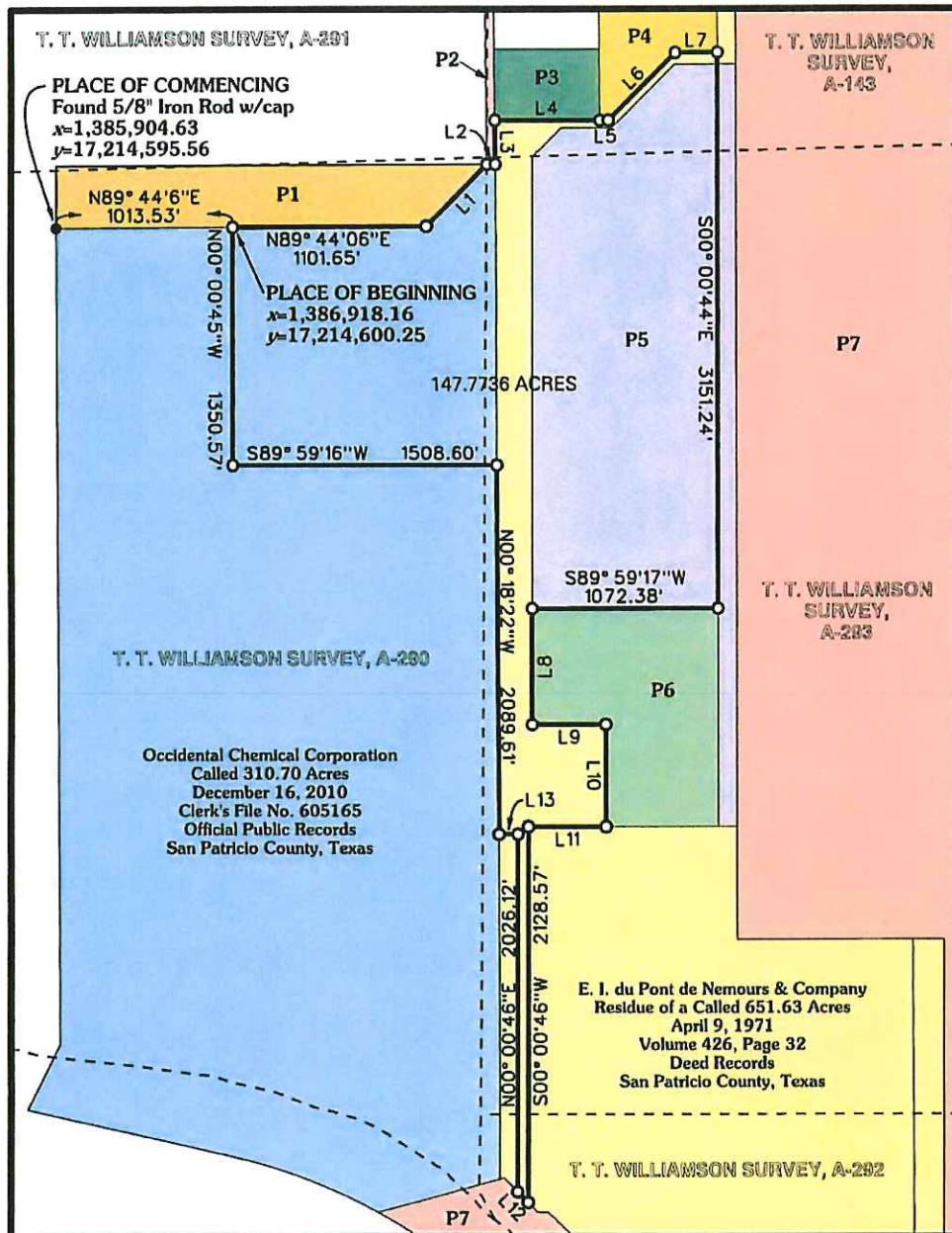


ATTACHMENT 11

See attached Survey and Map.

Thick black line shows the boundary of the Reinvestment Zone containing 147.7736 Acres

JOHN GRIFFIN, Surveyors
212 BRYAN STREET POST OFFICE BOX 1437
(936) 258-2639 DAYTON, TEXAS 77535



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| L1 | N44°42'13"E | 494.99' |
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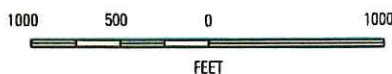
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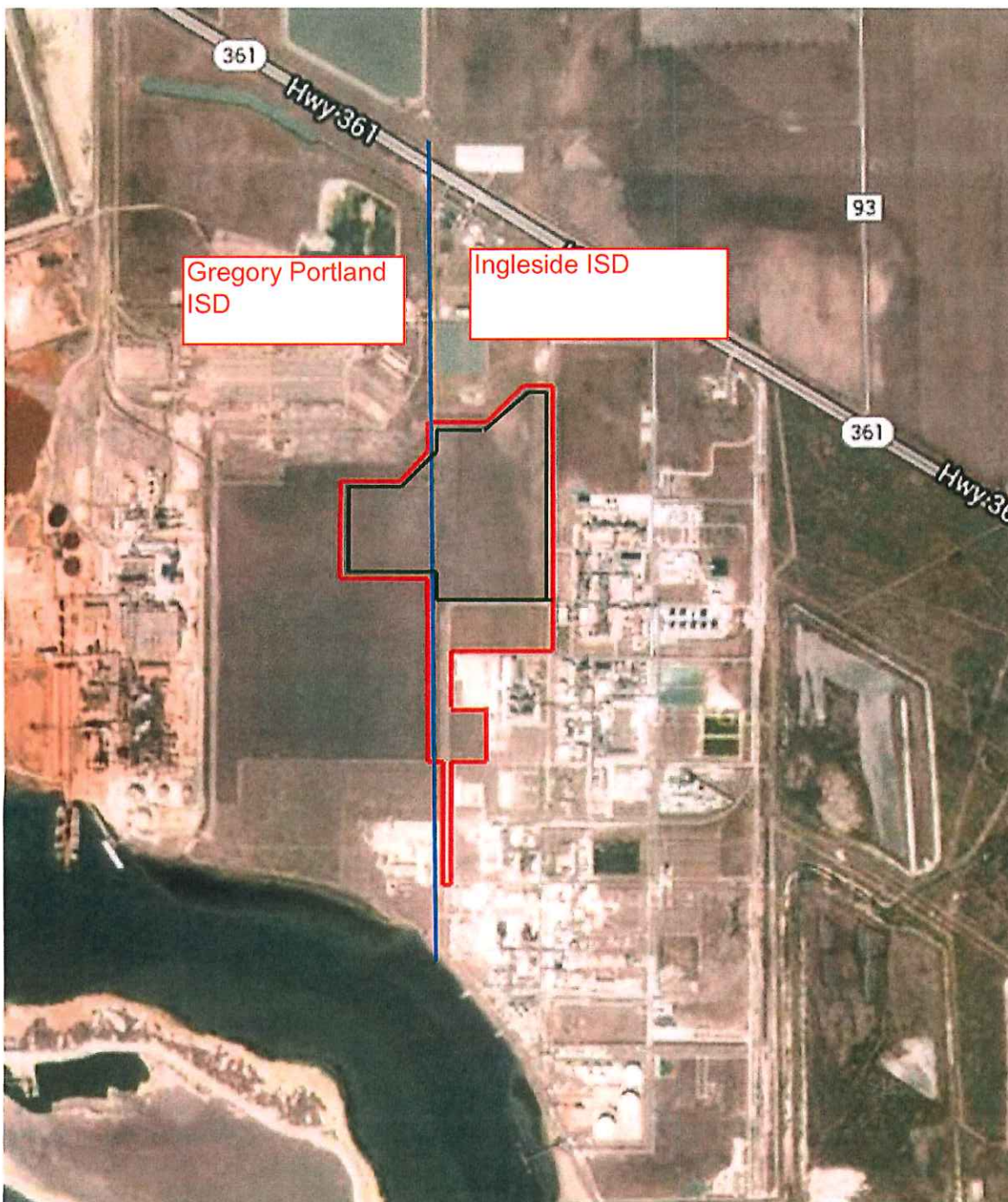
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MAP OF A 147.7736 Acre Tract

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August 30, 2013

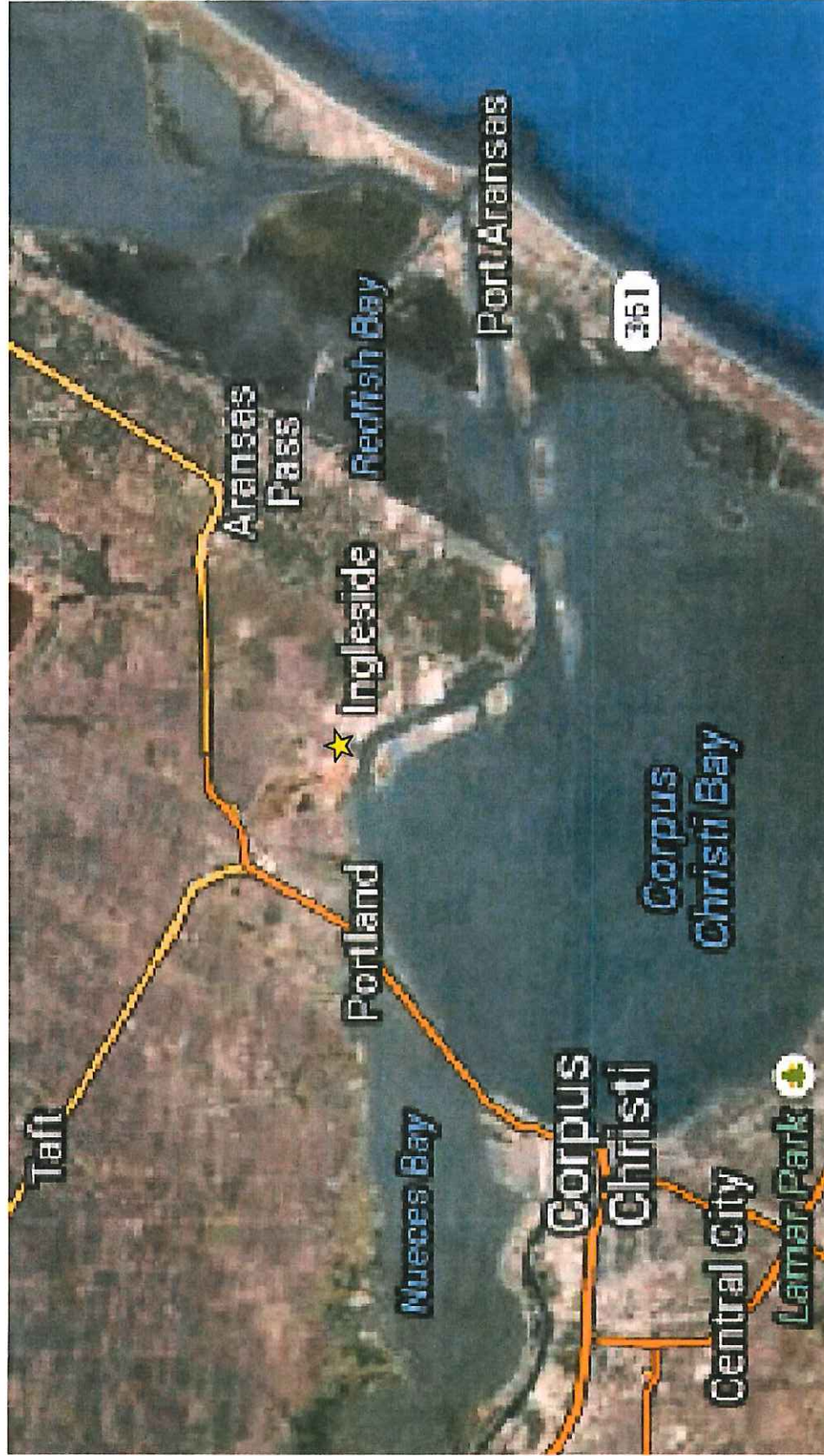


- Reinvestment Zone
- Ethylene Cracker Site
- Gregory Portland/Ingleside ISD Border

Project Layout – OxyChem Ethylene Cracker Project



Region Map with Project Location



★ Project Location

ATTACHMENT 12

There are currently no buildings or improvements at this site. The project will be built on vacant land. The 147.7736 Acre tract is included in the 307.457 acres identified by San Patricio CAD account #2139-0290-0000-000. The 147.7736 acres will be broken out and assigned a new account number. The market value of land is \$9,500 per acre which when applied to the 147.7746 acres translates to a market value of \$1,403,849.

See Assessment following.

(12)

San Patricio County Appraisal District

Chief Appraiser - Rufino H. Lozano, RPA/RTA



Official Website

Hosted By Pritchard & Abbott



General Real Estate Property Details

[New Property Search](#)[Go To Previous Page](#)Property ID:

Account / Geo Number:

Property Legal Description:

Survey / Sub Division Abstract:

Property Location:

Block:

Section / Lot:

Owner Information:

[View Building Detail Information](#)[View Land Detail Information](#)

Previous Owner:

[View Previous Owner Information](#)

Deed Information:

Volume:

Page:

File Number:

Deed Date:

Property Detail:

Agent:

Property Exempt:

Category/SPTB Code:

Total Acres:

Total Living Sqft:

Owner Interest:

Homestead Exemption:

Homestead Cap Value:

[Printer Friendly Version](#)

Click the button above for a printable version of this record with all available details.

[Ag Form 1-d-1](#)[Timber Form 1-d-1](#)

| | |
|------------------------|-----------|
| Land Ag/Timber Value: | 116,246 |
| Land Market Value: | 2,920,841 |
| Improvement Value: | 0 |
| Property Market Value: | 2,920,841 |

| Jur Code | Description | Market Value | Homestead | Total Exemption | Taxable |
|----------|-----------------------------|--------------|-----------|-----------------|---------|
| CAD | San Patricio CAD | 2,920,841 | | 0 | 116,246 |
| DCS | County Special | 2,920,841 | | 0 | 116,246 |
| GSP | San Patricio County | 2,920,841 | | 0 | 116,246 |
| SGP | Gregory-Portland Cisd | 2,920,841 | | 0 | 116,246 |
| MUD | San Patricio Co Drain Dist. | 2,920,841 | | 0 | 116,246 |

[New Property Search](#)[Go To Previous Page](#)[Home](#) | [Contact Us](#) | [Location](#) | [Forms](#) | [Disclaimer](#)

Real Estate Appraisal Information is the 2013 CERTIFIED Appraisal Values. © SAN PATRICIO
COUNTY APPRAISAL DISTRICT | Last Data Update: 07/30/2013



PRITCHARD & ABBOTT, INC.
VALUATION CONSULTANTS

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Version 1.8.7

ATTACHMENT 13

Not Applicable – We will not be seeking a waiver of the job requirements.

ATTACHMENT 14

Please see the attached calculation of three possible wage requirements with TWC documentation.

(14)

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 |
|------|---------|---------------------|-----------|----------|-------|----------|-----------------------|------------------|
| 2013 | 1st Qtr | San Patricio County | Private | 00 | 0 | 10 | Total, All Industries | \$856 |
| 2012 | 2nd Qtr | San Patricio County | Private | 00 | 0 | 10 | Total, All Industries | \$830 |
| 2012 | 3rd Qtr | San Patricio County | Private | 00 | 0 | 10 | Total, All Industries | \$880 |
| 2012 | 4th Qtr | San Patricio County | Private | 00 | 0 | 10 | Total, All Industries | \$855 |

\$3,401.00

÷ 4

\$ 850.25

x 110%

\$ 935.27

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 |
|------|---------|---------------------|-----------|----------|-------|----------|---------------|------------------|
| 2013 | 1st Qtr | San Patricio County | Private | 31 | 2 | 31-33 | Manufacturing | \$1,514 |
| 2012 | 2nd Qtr | San Patricio County | Private | 31 | 2 | 31-33 | Manufacturing | \$1,267 |
| 2012 | 3rd Qtr | San Patricio County | Private | 31 | 2 | 31-33 | Manufacturing | \$1,344 |
| 2012 | 4th Qtr | San Patricio County | Private | 31 | 2 | 31-33 | Manufacturing | \$1,394 |

| |
|--------------------|
| \$5,519.00 |
| ÷ 4 |
| \$ 1,379.75 |
| x 110% |
| <u>\$ 1,517.72</u> |

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 |

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.

\$47,786.00
 x 110%
 \$52,564.60
 ÷ 52 weeks
 \$ 1,010.85

ATTACHMENT 15

Description of Benefits:

All full time employees will be offered medical & dental insurance for which the applicants offer to pay at least 80% of the premiums or other charges assessed for employee-only coverage under the plan. In addition, all full time employees will be offered life insurance, 401K savings plans, vacation & holiday pay.

ATTACHMENT 16

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

ATTACHMENT 17 – SEE SCHEDULE A

ATTACHMENT 18 – SEE SCHEDULE B

ATTACHMENT 19 – SEE SCHEDULE C

ATTACHMENT 20 – SEE SCHEDULE D

SEE FOLLOWING SCHEDULES

Schedule A (Rev. May 2010): Investment

Applicant Name
ISD Name

IngleSide Ethylene, LLC and Occidental Chemical Corporation
IngleSide ISD

Form 50-256

| 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) | | | | | | | | |
| | 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) | 2013-2014 | 2013 | 0 | 0 | 0 | 0 | 0 | |
| | Complete tax years of qualifying time period | 2014-2015 | 2014 | 114,096,470 | 5,903,531 | 120,000,000 | 0 | 120,000,000 | |
| | | 2015-2016 | 2015 | 456,365,878 | 23,614,122 | 480,000,000 | 0 | 480,000,000 | |
| | | 2016-2017 | 2016 | 570,482,348 | 29,517,652 | 600,000,000 | 0 | 600,000,000 | |
| | | 2017-2018 | 2017 | | | | | | |
| | | 2018-2019 | 2018 | | | | | | |
| | | 2019-2020 | 2019 | | | | | | |
| | | 2020-2021 | 2020 | | | | | | |
| | | 2021-2022 | 2021 | | | | | | |
| | | 2022-2023 | 2022 | | | | | | |
| | | 2023-2024 | 2023 | | | | | | |
| Tax Credit Period (with 50% cap on credit) | Value Limitation Period | 2024-2025 | 2024 | | | | | | |
| | | 2025-2026 | 2025 | | | | | | |
| | | 2026-2027 | 2026 | | | | | | |
| | | 2027-2028 | 2027 | | | | | | |
| | | 2028-2029 | 2028 | | | | | | |
| | | 2029-2030 | 2029 | | | | | | |
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| 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.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.
The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column 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.

9/5/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

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

Applicant Name
Ingleside Ethylene, LLC and Occidental Chemical Corporation

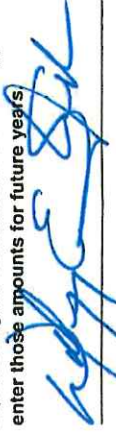
Ingleside ISD

Form 50-296

| | | | | | Qualified Property | | | Reductions from Market Value | Estimated Taxable Value | |
|--|----|--|--|--|--------------------|--|--|------------------------------|-------------------------|--|
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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.



9/5/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

Ingleside Ethylene, LLC and Occidental Chemical Corporation
Ingleside ISD

Form 50-296

| | | 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 |
| | Year | | | | | | |
| | pre-year 1 | | | 0 | 0 | 0 | 0 |
| | pre-year 1 | 200 FTEs | 56,000 | 0 | 0 | 0 | 0 |
| | 1 | 1,000 FTEs | 56,000 | 15 | 52,565 | 15 | 52,565 |
| | 2 | 1,000 FTEs | 56,000 | 90 | 52,565 | 80 | 52,565 |
| | 3 | | | 100 | 52,565 | 80 | 52,565 |
| | 4 | | | 100 | 52,565 | 80 | 52,565 |
| | 5 | | | 100 | 52,565 | 80 | 52,565 |
| | 6 | | | 100 | 52,565 | 80 | 52,565 |
| | 7 | | | 100 | 52,565 | 80 | 52,565 |
| | 8 | | | 100 | 52,565 | 80 | 52,565 |
| | 9 | | | 100 | 52,565 | 80 | 52,565 |
| | 10 | | | 100 | 52,565 | 80 | 52,565 |
| | 11 | | | 100 | 52,565 | 80 | 52,565 |
| | 12 | | | 100 | 52,565 | 80 | 52,565 |
| | 13 | | | 100 | 52,565 | 80 | 52,565 |
| | 14 | | | 100 | 52,565 | 80 | 52,565 |
| | 15 | | | 100 | 52,565 | 80 | 52,565 |
| Tax Credit Period (with 50% cap on credit) | | | | | | | |
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| Credit Settle-Up Period | | | | | | | |
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| Post-Settle-Up Period | | | | | | | |
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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.

9/5/13

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

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

| Applicant Name | | | | Ingleside Ethylene, LLC and its affiliate, Occidental Chemical Corporation | | ISD Name | | Ingleside ISD | | | | Form 50-296 | | | |
|--|------|----------------------------|----------------------------------|--|---|--|----------|--------------------------------------|----------|---------------------|--|-------------|--|--|--|
| | | | | Sales Tax Information | | Franchise Tax | | Other Property Tax Abatements Sought | | | | | | | |
| | | | | Sales Taxable Expenditures | | Franchise Tax | | | | | | | | | |
| | Year | School Year (YYYY-YYYY) | Tax/ Calendar Year YYYY | 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 | Column H: Estimate of Franchise tax due from (or attributable to) the applicant | County * | City | Hospital | Other (Drainage) | | | | | |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | | 2013-2014 | 2013 | 0 | 0 | 0 | 0 | n/a | n/a | 0 | | | | | |
| | | 2014-2015 | 2014 | 23,793,580 | 96,206,420 | 0 | 0 | n/a | n/a | 0 | | | | | |
| Complete tax years of qualifying time period | 1 | 2015-2016 | 2015 | 95,174,321 | 384,825,679 | 0 | 100% | n/a | n/a | 100% | | | | | |
| | 2 | 2016-2017 | 2016 | 118,967,902 | 481,032,099 | 182,500 | 100% | n/a | n/a | 100% | | | | | |
| | 3 | 2017-2018 | 2017 | 1,387,959 | 5,612,041 | 365,000 | 100% | n/a | n/a | 100% | | | | | |
| | 4 | 2018-2019 | 2018 | 1,387,959 | 5,612,041 | 365,000 | 100% | n/a | n/a | 100% | | | | | |
| | 5 | 2019-2020 | 2019 | 1,387,959 | 5,612,041 | 365,000 | 100% | n/a | n/a | 100% | | | | | |
| | 6 | 2020-2021 | 2020 | 1,387,959 | 5,612,041 | 365,000 | 100% | n/a | n/a | 100% | | | | | |
| | 7 | 2021-2022 | 2021 | 1,387,959 | 5,612,041 | 365,000 | 90% | n/a | n/a | 90% | | | | | |
| | 8 | 2022-2023 | 2022 | 2,775,918 | 11,224,082 | 365,000 | 85% | n/a | n/a | 80% | | | | | |
| | 9 | 2023-2024 | 2023 | 2,775,918 | 11,224,082 | 365,000 | 80% | n/a | n/a | 70% | | | | | |
| | 10 | 2024-2025 | 2024 | 2,775,918 | 11,224,082 | 365,000 | 75% | n/a | n/a | 60% | | | | | |
| | 11 | 2025-2026 | 2025 | 2,775,918 | 11,224,082 | 365,000 | 70% | n/a | n/a | - | | | | | |
| | 12 | 2026-2027 | 2026 | 2,775,918 | 11,224,082 | 365,000 | 65% | n/a | n/a | - | | | | | |
| | 13 | 2027-2028 | 2027 | 2,775,918 | 11,224,082 | 365,000 | 60% | n/a | n/a | - | | | | | |
| | 14 | 2028-2029 | 2028 | 2,775,918 | 11,224,082 | 365,000 | 55% | n/a | n/a | - | | | | | |
| | 15 | 2029-2030 | 2029 | 2,775,918 | 11,224,082 | 365,000 | 50% | n/a | n/a | - | | | | | |

*For planning, construction and operation of the facility.

9/5/13

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

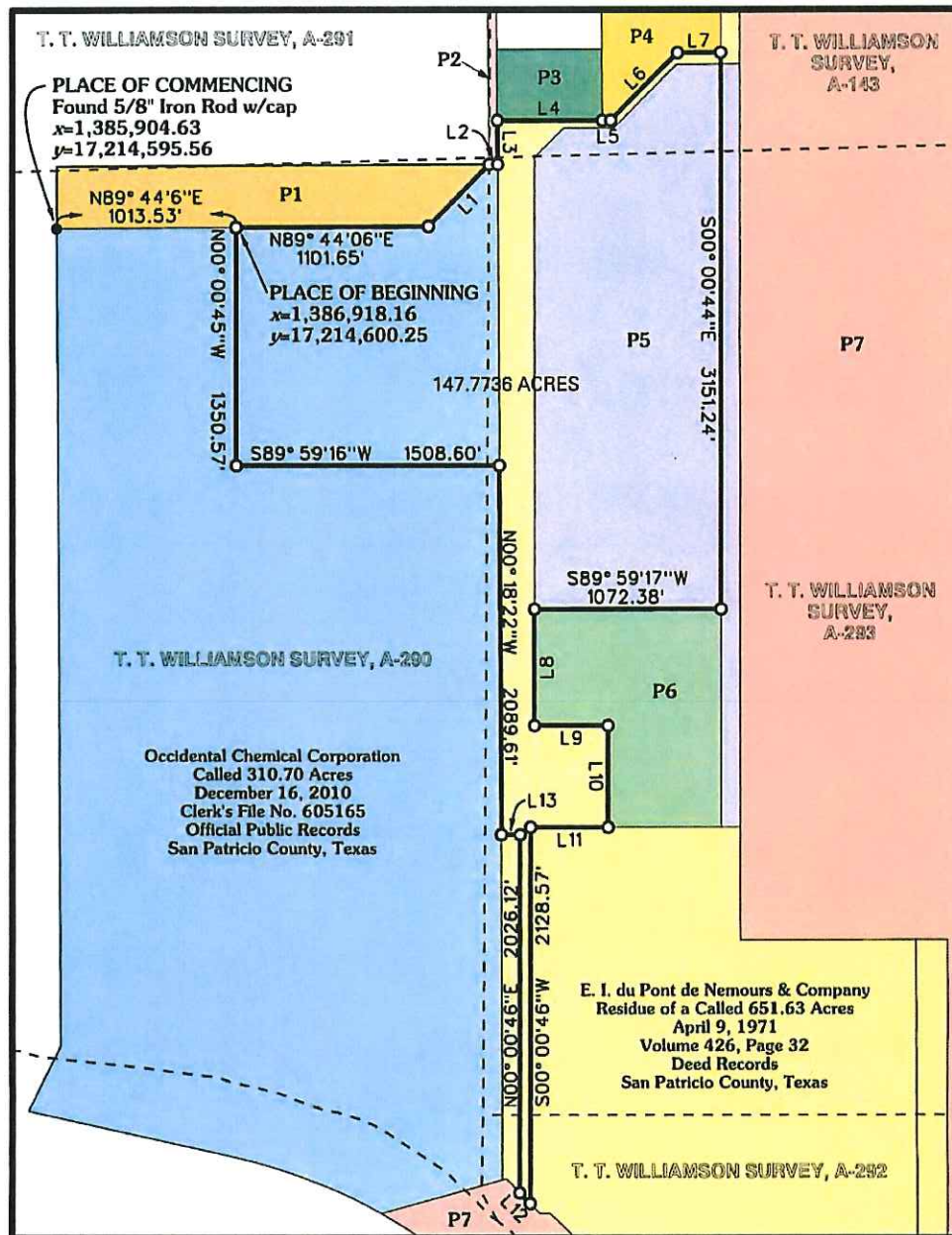
* Note: A Chapter 381 agreement will be sought from San Patricio County. A Chapter 381 agreement is not a tax abatement agreement under Chapter 312 of the Texas Tax Code.

ATTACHMENT 21

See the attached survey and map.

Thick black line shows the boundary of the Reinvestment Zone containing 147.7736 Acres

JOHN GRIFFIN, Surveyors
 212 BRYAN STREET POST OFFICE BOX 1437
 (936) 258-2639 DAYTON, TEXAS 77535



| POINT | BEARING | DISTANCE |
|-------|-------------|----------|
| L1 | N44°42'13"E | 494.99' |
| L2 | N89°42'19"E | 49.94' |
| L3 | N00°32'56"W | 250.01' |
| L4 | S89°57'48"E | 603.93' |
| L5 | N89°43'06"E | 47.82' |
| L6 | N45°26'49"E | 541.66' |
| L7 | S89°39'59"E | 247.57' |
| L8 | S00°00'02"W | 656.57' |
| L9 | N89°57'56"E | 422.48' |
| L10 | S00°01'37"E | 578.39' |
| L11 | S89°58'47"W | 445.15' |
| L12 | N44°46'33"W | 85.17' |
| L13 | N89°59'14"W | 108.50' |

P1 Reynolds Metals Company
 Called 18.4 Acres
 October 1, 1974
 Clerk's File No. 238785
 Deed Records
 San Patricio County, Texas

P2 San Patricio Municipal
 Water District
 Called 3.331 Acres
 November 25, 1998
 Clerk's File No. 468583
 RPRSPC

P3 San Patricio Municipal
 Water District
 Called 5.541 Acres
 April 24, 1991
 Clerk's File No. 396350
 RPRSPC

P4 San Patricio Municipal
 Water District
 Called 29.278 Acres
 November 25, 1998
 Clerk's File No. 468583
 RPRSPC

P5 Occidental Chemical
 Corporation
 Called 81.149 Acres
 February 17, 1998
 Clerk's File No. 459563
 RPRSPC

P6 Ingleside Cogeneration
 Limited Partnership
 Called 24.797 Acres
 December 5, 1997
 Clerk's File No. 457204
 RPRSPC

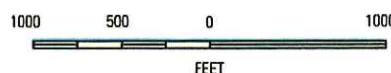
P7 Occidental Electrochemicals
 Corporation
 Called 592.751 Acres
 September 30, 1987
 Clerk's File No. 364008
 RPRSPC

NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983 (CORS), south zone, all distances are surface distance.

*RPRSPC - Real Property Records
 San Patricio County, Texas



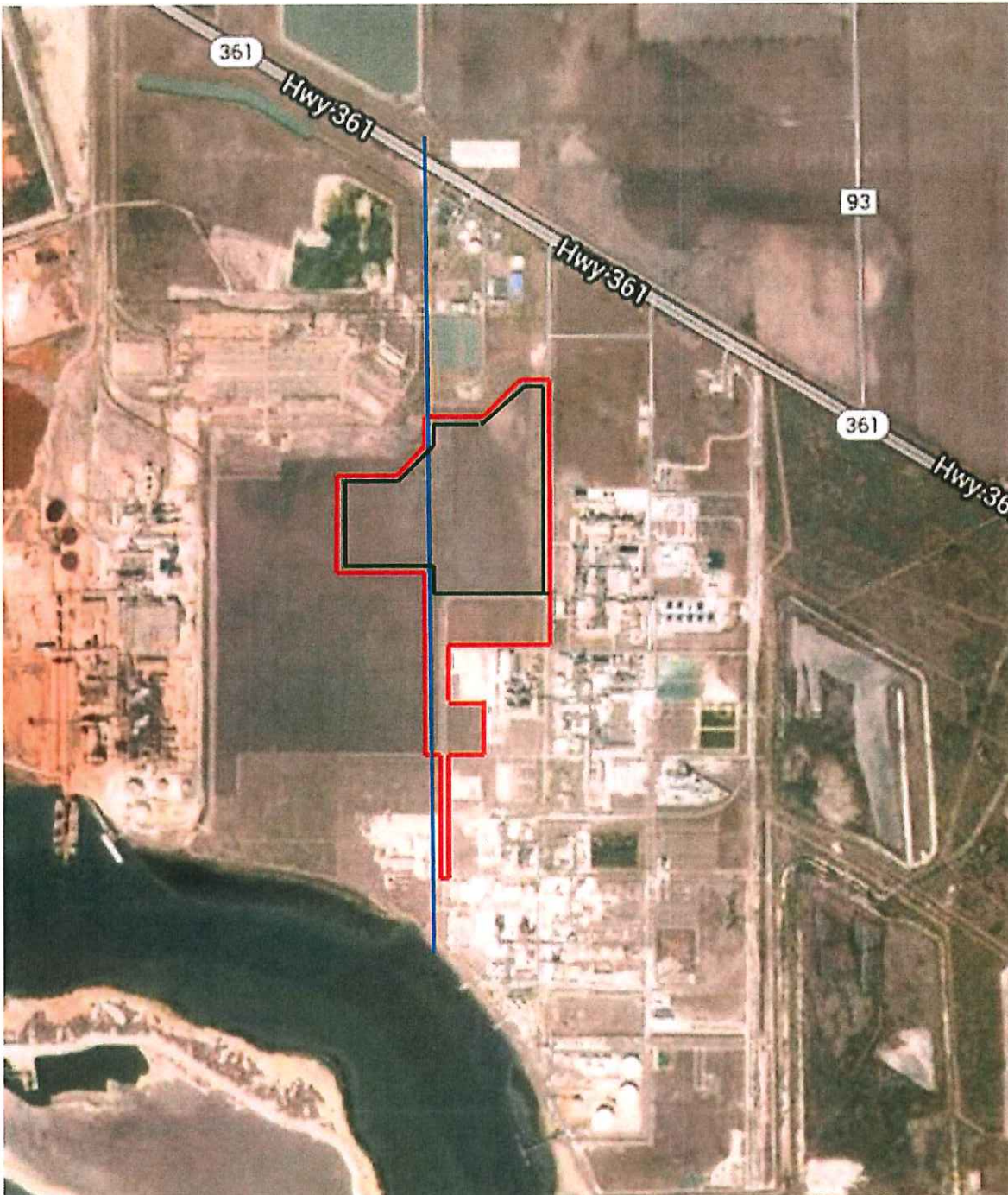
SCALE: 1" = 1000'



**MAP OF A
 147.7736 Acre Tract**

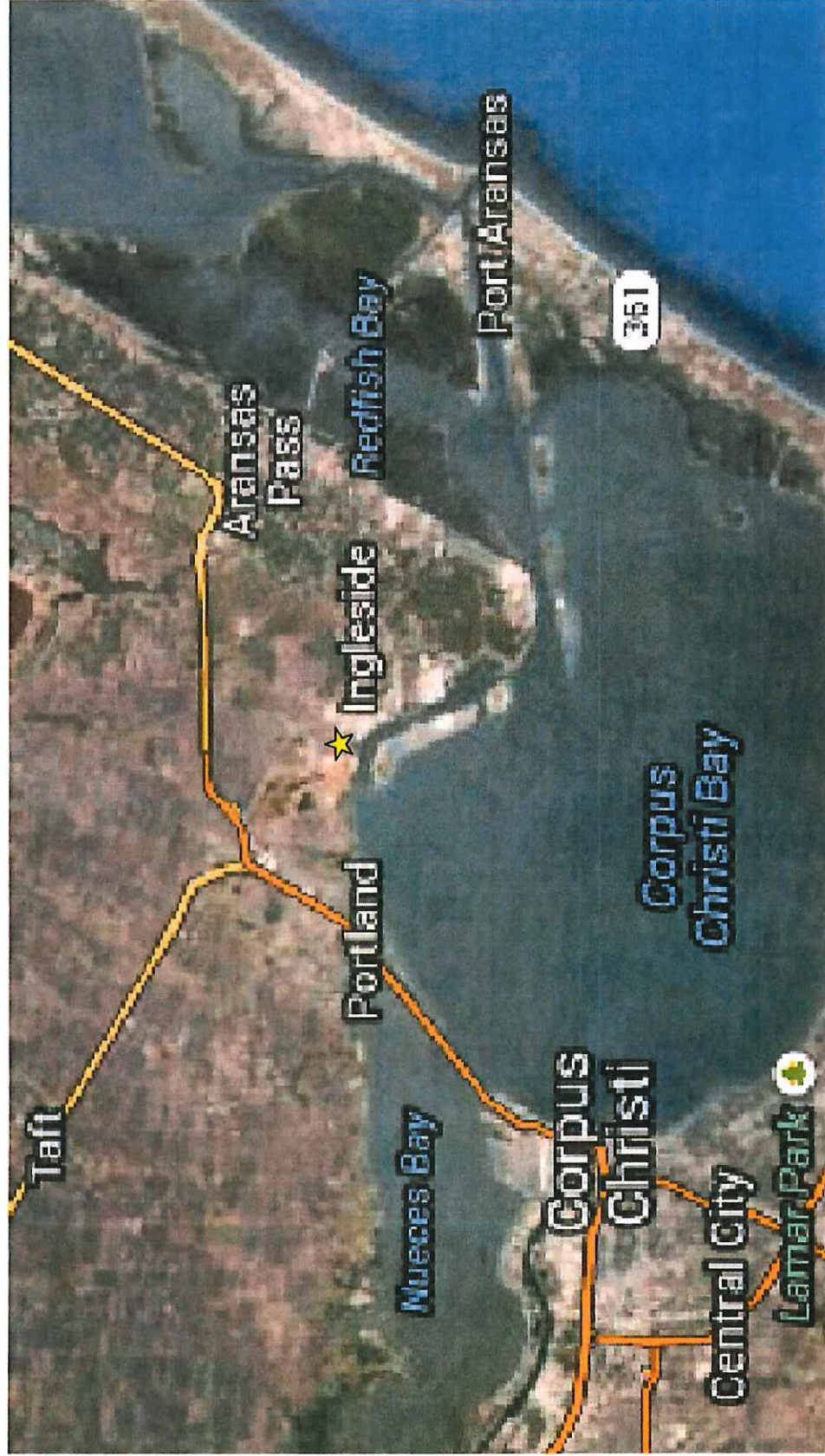
Located in the
 T. T. WILLIAMSON SURVEY, A-143
 T. T. WILLIAMSON SURVEY, A-290
 T. T. WILLIAMSON SURVEY, A-293
 T. T. WILLIAMSON SURVEY, A-292
 San Patricio County, Texas

August 30, 2013



- Reinvestment Zone
- Ethylene Cracker Site
- Gregory Portland/Ingleside ISD Border

Region Map with Project Location



★ Project Location

ATTACHMENT 22

The resolution of the County of San Patricio establishing the reinvestment zone

THE STATE OF TEXAS

COMMISSIONERS' COURT

COUNTY OF SAN PATRICIO

**RESOLUTION
ORDER FOR DESIGNATION OF REINVESTMENT ZONE**

WHEREAS, the San Patricio County Commissioner's Court has determined that the economic well being of San Patricio County is of primary concern to the Commissioners' Court, and;

WHEREAS, Chapter 312 Texas Tax Code, known as the Texas Property redevelopment and Tax Abatement Act Provides that San Patricio County has the authority to create reinvestment zones within the County for the purpose of economic development, and;

WHEREAS, Occidental has requested the designation of a reinvestment zone for purposes of tax abatement of real property for the purposes of economic development as defined under the Texas Property Redevelopment and Tax Abatement Act, and;

WHEREAS, on the 30th day of August, 2013, proper notice was published, stating that a public hearing would be conducted by the San Patricio County Commissioners' Court on the 9th day of September 2013, to consider the request by Occidental to have property herein described in Exhibit "A" designated as a reinvestment zone, and;


WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the creation of a reinvestment zone for the above stated property would be a benefit to the said property and the development anticipated to occur in the proposed zone would contribute to the economic development of San Patricio County, and;

WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the designation of the reinvestment zone would contribute to the retention or expansion of primary employment within San Patricio County, and;

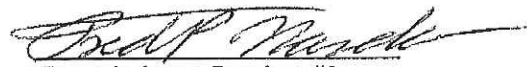
WHEREAS, it is the finding of the Commissioners' Court of San Patricio County that the designation of the reinvestment zone would attract major investment in the zone, and;

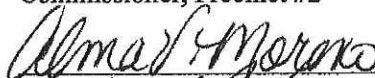
WHEREAS, the above stated property is not in the taxing jurisdiction of an incorporated municipality;

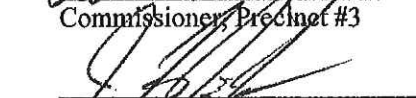
BE IT THEREFORE ORDERED that the Commissioners' Court of San Patricio County designates as a reinvestment zone, property herein described in Exhibit "A" pursuant to the authority contained in Section 312.401 of the Texas Property Redevelopment and Tax Abatement Act.


Terry Simpson, County Judge
San Patricio County, Texas



Commissioner, Precinct #1


Commissioner, Precinct #2


Commissioner, Precinct #3


Commissioner, Precinct #4




Gracie Alaniz-Gonzales
County Clerk
San Patricio County, Texas

**Property Description
Occidental Petroleum**

A 147.7736 ACRE TRACT LOCATED IN THE T. T. WILLIAMSON SURVEY, ABSTRACT 143, THE T. T. WILLIAMSON SURVEY, ABSTRACT 290, THE T. T. WILLIAMSON SURVEY, ABSTRACT 293, AND THE T. T. WILLIAMSON SURVEY, ABSTRACT 292, SAN PATRICIO COUNTY, TEXAS

DESCRIPTION of an 147.7736 acre tract, out of and a part of that certain called 81.149 acre tract described in Deed from E. I. du Pont de Nemours and Company to Occidental Chemical Corporation, dated February 17, 1998, and recorded in Clerk's File No. 459563 of the Real Property Records of San Patricio, Texas, that certain called 310.70 acre tract described in Deed from Vista Del Sol LNG LP to Occidental Chemical Corporation dated December 16, 2010, and recorded in Clerk's File No. 605165 of the Real Property Records of San Patricio County, Texas, and the residue of that certain called 651.63 acre tract described in Deed from J. Carter Goodloe, et al. to E. I. du Pont de Nemours & Company dated April 9, 1971, and recorded in Volume 426, Page 32 of the Deed Records of San Patricio County, Texas located in the T. T. WILLIAMSON SURVEY, Abstract 143, the T. T. WILLIAMSON SURVEY, Abstract 290, the T. T. WILLIAMSON SURVEY, Abstract 293, and the T. T. WILLIAMSON SURVEY, Abstract 292, San Patricio County, Texas, and is described as follows:

NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983 (CORS), south zone, all distances are surface distance.

TO FIND the place of beginning, COMMENCE at a 5/8-inch iron rod found at the southwest corner of that certain called 18.4 acre tract described in Deed from E. I. du Pont de Nemours and Company to Reynolds Metal Company, dated October 1, 1974, and recorded in Clerk's File No. 238785 of the Deed Records of San Patricio County, Texas (the "Reynolds 18.4 acre tract"), said point having coordinates of $x = 1,385,904.63$ and $y = 17,214,595.56$;

THENCE North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1013.53 feet to the PLACE OF BEGINNING of this herein described 147.7736 acre tract, having coordinates of $x = 1,386,918.16$ and $y = 17,214,600.25$;

THENCE continuing North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1101.65 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 44 degrees 42 minutes 13 seconds East, along and with the southeast line of the Reynolds 18.4 acre tract, a distance of 494.99 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 89 degrees 42 minutes 19 seconds East, along and with the south line of that certain called 3.331 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated November 25, 1998, and recorded in Clerk's File No. 468583 of the Real Property Records of San Patricio, Texas (the "Water District 3.331 acre tract"), a distance of 49.94 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 00 degrees 32 minutes 56 seconds West, along and with the east line of the Water District 3.331 acre tract, a distance of 250.01 feet to a found 5/8-inch iron rod;

THENCE South 89 degrees 57 minutes 48 seconds East, along and with the south line of that certain called 5.541 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated April 24, 1991, and recorded in Clerk's File No. 396350 of the Real

Property Records of San Patricio, Texas, a distance of 603.93 feet to a found 5/8-inch iron rod;

THENCE along and with the south line of that certain called 29.278 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated November 25, 1998, and recorded in Clerk's File No. 468583 of the Real Property Records of San Patricio, Texas, the following three (3) courses and distances:

1. North 89 degrees 43 minutes 06 seconds East, a distance of 47.82 feet to a found 5/8-inch iron rod with cap stamped "NAISMITH ENG. C.C., TX";

2. North 45 degrees 26 minutes 49 seconds East, a distance of 541.66 feet to a found 5/8-inch iron rod with cap stamped "NAISMITH ENG. C.C., TX";

3. North 89 degrees 39 minutes 59 seconds East, at a distance of 247.09 feet a found 5/8-inch iron rod with cap stamped "NEI RPLS 4700", in all a total distance of 247.57 feet;

THENCE South 00 degrees 00 minutes 44 seconds East, a distance of 3151.24 feet to a 5/8-inch iron rod found for the northeast corner of that certain called 24.797 acre tract described in Deed from Conoco Global Power Assets Inc. to Ingleside Cogeneration Limited Partnership, dated December 5, 1997, and recorded in Clerk's File No. 457204 of the Real Property Records of San Patricio County, Texas (the "Cogen 24.797 acre tract");

THENCE along and with the Cogen 24.797 acre tract, the following four (4) courses and distances:

1. South 89 degrees 59 minutes 17 seconds West, a distance of 1072.38 feet to a found 5/8-inch iron rod;

2. South 00 degrees 00 minutes 02 seconds West, a distance of 656.57 feet to a found 5/8-inch iron rod;

3. North 89 degrees 57 minutes 56 seconds East, a distance of 422.48 feet to a found 5/8-inch iron rod;

4. South 00 degrees 01 minutes 37 seconds East, a distance of 578.39 feet to a found 5/8-inch iron rod;

THENCE South 89 degrees 58 minutes 47 seconds West, a distance of 445.15 feet;

THENCE South 00 degrees 00 minutes 46 seconds West, a distance of 2128.57 feet;

THENCE North 44 degrees 46 minutes 33 seconds West, along and with the north line of that certain called 592.751 acre tract described in Deed from Du Pont Chlorine, Inc. to Occidental Electrochemicals Corporation, dated September 30, 1987, and recorded in Clerk's File No. 364008 of the Real Property Records of San Patricio, Texas, a distance of 85.17 feet;

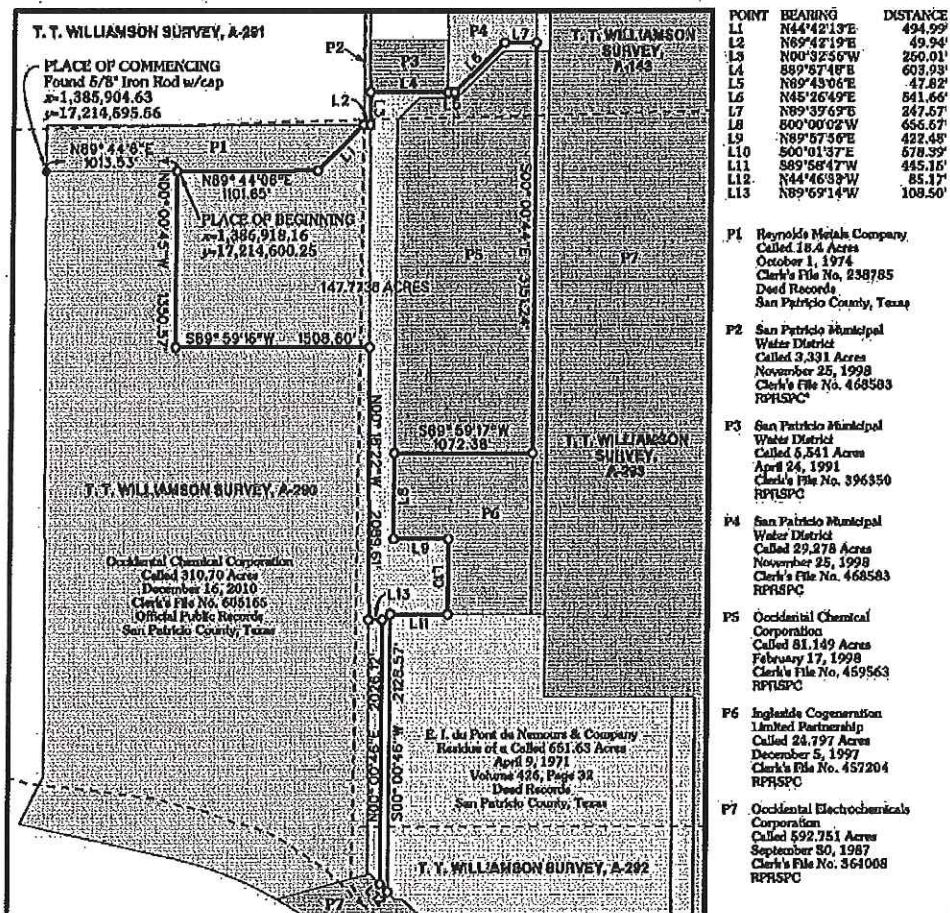
THENCE North 00 degrees 00 minutes 46 seconds East, a distance of 2026.12 feet;

THENCE North 89 degrees 59 minutes 14 seconds West, a distance of 108.50 feet to a point in the west line of the residue of that certain called 651.63 acre tract described in Deed from J. Carter Goodloe, et al. to E. I. du Pont de Nemours & Company dated April 9, 1971, and recorded in Volume 426, Page 32 of the Deed Records of San Patricio County, Texas (the "Du Pont 651.63 acre tract");

THENCE North 00 degrees 18 minutes 22 seconds West, along and with the west line of the Du Pont 651.63 acre tract, a distance of 2089.61 feet;

THENCE South 89 degrees 59 minutes 16 seconds West, a distance of 1508.60 feet;

REFERENCE is hereby made to the plat titled "MAP OF A 147.7736 ACRE TRACT" dated August 30, 2013.



NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983 (CORS), south zone, all distances are surface distance.



SCALE: 1"= 1000'

1000 500 0 1000

1000 500 0 1000

FEET

**MAP OF A
147.7736 Acre Tract**

Located in the
T. T. WILLIAMSON SURVEY, A-143
T. T. WILLIAMSON SURVEY, A-290
T. T. WILLIAMSON SURVEY, A-293
T. T. WILLIAMSON SURVEY, A-292
San Patricio County, Texas

August 30, 2013

ATTACHMENT 23

See the attached legal description of the Reinvestment Zone.

STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

A 147.7736 ACRE TRACT LOCATED IN THE T. T. WILLIAMSON SURVEY, ABSTRACT 143, THE T. T. WILLIAMSON SURVEY, ABSTRACT 290, THE T. T. WILLIAMSON SURVEY, ABSTRACT 293, AND THE T. T. WILLIAMSON SURVEY, ABSTRACT 292, SAN PATRICIO COUNTY, TEXAS

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JOHN GRIFFIN, Surveyors
212 BRYAN STREET
POST OFFICE BOX 1437
DAYTON, TEXAS 77535
PHONE 936 258-2639

THENCE continuing North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1101.65 feet to a found 1 1/2-inch iron rod in concrete;

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THENCE North 00 degrees 18 minutes 22 seconds West, along and with the west line of the Du Pont 651.63 acre tract, a distance of 2089.61 feet;

THENCE South 89 degrees 59 minutes 16 seconds West, a distance of 1508.60 feet;

THENCE North 00 degrees 00 minutes 45 seconds West, a distance of 1350.57 feet to the PLACE OF BEGINNING, containing 147.7736 acres.

REFERENCE is hereby made to the plat titled "MAP OF A 147.7736 ACRE TRACT" dated August 30, 2013.

SURVEYED August 13, 2013.

By



John P. Griffin
Registered Professional
Land Surveyor No. 2032



ATTACHMENT 24

Guidelines and criteria for San Patricio County are attached.

GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT

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

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

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

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

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

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

WHEREAS, to assure a common, coordinated effort to promote economic development, these Guidelines and Criteria have been circulated among San Patricio County and other governmental entities for consideration as a common policy for all jurisdictions which choose to participate in tax abatement agreements;

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

Section 1. Definitions.

(a) "Abatement" means the temporary, full or partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designed for economic development purposes pursuant to the Act.

(b) "Added Value" means the increase in the assessed value of an eligible property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility." It does not mean or include "deferred maintenance."

- (c) "Agreement" means a contract between a property owner and/or lessee and an Eligible jurisdiction for the purposes of temporary tax abatement.
- (d) "Base Year Value" means the assessed value of eligible property as of the January 1 preceding the execution of an Agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the Agreement.
- (e) "Basic Industrial, Manufacturing or Service Facility" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which derive a majority of revenue from points beyond a 50-mile radius of San Patricio County.
- (f) "Deferred Maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Economic Life" means the number of years a property improvement is expected to be in service in a Facility.
- (h) "Eligible Jurisdiction" means San Patricio County and any municipality or school district, the majority of which is located in San Patricio County, that levies ad valorem taxes upon and provides services to property located within the proposed or existing zone designated pursuant to the Act.
- (i) "Expansion" means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.
- (j) "Facility" means property improvements completed or in the process of construction which together compromise an integral whole.
- (k) "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or completion of deferred maintenance.
- (l) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with an Expansion or Modernization.
- (m) "Owner" means the owner of a Facility subject to abatement. If the Facility is constructed on a leased property, the owner shall be the party which owns the property subject to tax abatement. The other party to the lease shall join in the execution of Agreement but shall not be obligated to assure performance of the party receiving abatement.

Section 2. Abatement Authorized.

- (a) Authorized Facilities. A Facility may be eligible for abatement if it is a Basic Industrial, Manufacturing or Service Facility. Abatement may be granted for new facilities and

improvements to existing facilities for the purpose of Modernization or Expansion.

(b) Tangible Personal Property. Equipment and/or tools used, or bought or leased for use, in the operations of the business applying for tax abatement, other than that which was located on the real property at any time before the period covered by the tax abatement agreement, and other than inventory, supplies, and/or office equipment.

(c) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subject to and listed in an abatement Agreement between the Eligible jurisdiction and the property owner and lessee (if required), subject to such limitations as said jurisdiction may require. The economic life of the improvements must exceed the term of the abatement Agreement.

(d) Eligible Property. Abatement may be extended to the value of the improvements to real property, including buildings, structures, fixed machinery and equipment, and site improvements, plus that office space and related fixed improvements necessary to the operation and administration of the Facility. Abatements may also extend to tangible personal property that is located within the zone.

(e) Period of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the Agreement. Abatement shall be allowed for a period of ten years.

(f) Abatement Percentage. Temporary property tax abatement shall be authorized for the development of a Facility or the addition of tangible personal property that meets either a qualification criteria of capital investment or a qualification criteria based upon a combination of the number of new jobs created plus salary.

(1) The capital investment qualification criteria is as follows:

| Capital Investment | Abatement Level |
|--------------------------------|-----------------|
| \$2,000,000 to \$10,000,000 | Level 1 |
| \$10,000,001 to \$50,000,000 | Level 2 |
| \$50,000,001 to \$150,000,000 | Level 3 |
| \$150,000,001 to \$500,000,000 | Level 4 |
| Over \$500,000,000 | Level 5 |

(2) The combination of new jobs and salary criteria is as follows:

| | Salary \$35,000 to \$50,000 | Salary \$50,001 to \$70,000 | Salary Over \$70,000 |
|----------------------|--------------------------------|--------------------------------|-------------------------|
| 20 to 99 New Jobs | Level 1 | Level 2 | Level 3 |
| 100 to 199 New Jobs | Level 2 | Level 3 | Level 4 |
| 200 or more New Jobs | Level 3 | Level 4 | Level 5 |

(3) Upon compliance with the above criteria, the percentage of tax abated shall be in accordance with the following schedule:

| Year | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 |
|---------|---------|---------|---------|---------|---------|
| Year 1 | 60% | 70% | 80% | 90% | 100% |
| Year 2 | 50% | 60% | 70% | 80% | 90% |
| Year 3 | 40% | 50% | 60% | 70% | 80% |
| Year 4 | 30% | 40% | 50% | 60% | 70% |
| Year 5 | 20% | 30% | 40% | 50% | 60% |
| Year 6 | 10% | 20% | 30% | 40% | 50% |
| Year 7 | | 10% | 20% | 30% | 40% |
| Year 8 | | | 10% | 20% | 30% |
| Year 9 | | | | 10% | 20% |
| Year 10 | | | | | 10% |

(4) In order to be counted as a permanent job under these Guidelines, the job must be a full-time position providing regular work schedules of at least 35 hours per week and the employer must cover over 51% of the employee's health insurance costs. Any jobs filled by H1B and H2B workers will be excluded as permanent jobs. The percentage of abatement provided each year under the Agreement shall be based upon the employment information as of January 1 of such year. As a result, the actual amount of abatement may vary from year to year based upon employment levels and property valuations.

(5) During the period of construction of the Facility, the Owner shall receive an abatement percentage based upon the criteria set forth in the Owner's application for abatement approved by the governing body of the Eligible jurisdiction. The construction period may last up to two years.

(6) For example, Company A has an abatement Agreement entered 5/1/2011 and projects to create 250 permanent jobs at a \$50,000 to \$55,000 salary average. If the actual experience of Company A involves fluctuating job and salary levels, the actual abatement under the Agreement could follow the following pattern:

| <u>Year</u> | <u>New Jobs</u> | <u>Salary Level</u> | <u>Abatement Percentage</u> | <u>Abatement Level</u> |
|-------------|-----------------|---------------------|-----------------------------|------------------------|
| 1/1/12* | 0 | \$ 0 | 90% | Level 4 |
| 1/1/13* | 0 | \$ 0 | 80% | Level 4 |
| 1/1/14 | 150 | \$55,000 | 60% | Level 3 |
| 1/1/15 | 250 | \$60,000 | 60% | Level 4 |
| 1/1/16 | 300 | \$65,000 | 50% | Level 4 |
| 1/1/17 | 150 | \$45,000 | 20% | Level 2 |
| 1/1/18 | 250 | \$55,000 | 30% | Level 4 |
| 1/1/19 | 300 | \$65,000 | 20% | Level 4 |
| 1/1/20 | 350 | \$75,000 | 20% | Level 5 |
| 1/1/21 | 400 | \$80,000 | 10% | Level 5 |

*Construction Underway

(g) Properties in Industrial Districts. For eligible property to be constructed in an area which is covered by an executed industrial district agreement with San Patricio County, the method of calculating payments in lieu of property taxes for such eligible property shall be as set forth in the industrial district agreement. As an alternative to an industrial district agreement, an eligible property may be covered by a tax abatement agreement, but such shall constitute an election by the Owner that the land and improvements shall not be included within the type of industrial district arrangement following the expiration of the tax abatement agreement.

(h) Economic Qualification. In order to be eligible for tax abatement, the planned improvement:

(1) must create no later than the January 1 following the completion of construction and maintain throughout the remainder of the term of the Agreement the minimum number of 20 permanent jobs in San Patricio County;

(2) must not adversely affect competition in the local market with established local businesses.

(i) Taxability. From the execution of the Agreement to the end of the abatement period, taxes shall be payable as follows:

(1) The value of any property other than Eligible Property shall be fully taxable (except for personal property added in connection with a Rehabilitation Project);

(2) The Base Year Value of existing Eligible Property as determined each year shall be fully taxable; and

(3) The Added Value of new Eligible Property shall be taxable in the manner described in Section 2(f) above.

Section 3. Application

(a) Written Application. Any present or potential owner of taxable property may request tax abatement by filing a written application with: (i) the City Manager of the City, if such property is within the city limits, or (ii) the County Judge of San Patricio County, if such property is in the unincorporated areas of San Patricio County.

(b) Contents of Application. The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of a Modernization or Expansion project, a statement of the assessed value of the Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the County or other Eligible jurisdiction, as applicable, deems appropriate for evaluating the financial capacity and other relevant factors of the applicant.

(c) Written Notification to Governing Bodies. Upon receipt of a completed application, the City Manager or County Judge, as the case may be, shall forward a copy of the application to the presiding officer of the governing body of each Eligible jurisdiction having jurisdiction of the property covered by the application.

(d) Feasibility. After receipt of an application for abatement, the City or the County, as applicable, shall consider the feasibility and the impact of the proposed tax abatement. The study of feasibility shall include, but not be limited to, an estimate of the economic effect of the abatement of taxes and the benefit to the Eligible jurisdiction and the property to be covered by such abatement.

(e) No Abatement if Construction has Commenced. No tax abatement Agreement shall be approved if the application for the abatement was filed after the commencement of construction, alteration or installation of improvements related to the proposed Modernization, Expansion or New Facility.

(f) Variance. Requests for variance from the provisions of Section 2 may be made in written form, provided, however, that no variance may extend the term of abatement beyond ten years after completion of construction. Such requests shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for variance requires a three-fourths (3/4) vote of the governing body of each Eligible jurisdiction providing abatement.

Section 4. Public Hearing and Approval.

(a) Designation of Zone. A resolution designating a zone for tax abatement under the Act may not be adopted by the City or the County until a public hearing has been held at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be provided to each Eligible jurisdiction and to the public in the manner required by the Act.

(b) Required Findings. In order to enter into a tax abatement Agreement, the County, the City and any school district must find that the terms of the proposed Agreement meet these Guidelines and Criteria.

(c) Reservation of Rights. Nothing herein shall be construed to limit the authority of the City, the County or any other jurisdiction to examine each application for tax abatement before it on a case-by-case basis and determine in its sole and absolute discretion whether or not the proposed project should be granted temporary tax abatement and whether or not it complies with these Guidelines and Criteria, is feasible, and whether or not the proposed temporary abatement of taxes will inure to the long-term benefit of such Eligible jurisdiction.

Section 5. Agreement.

- (a) Contents of Tax Abatement Agreement. The tax abatement Agreement with the Owner of the Facility shall include:
- (1) the estimated value to be subject to abatement and the Base Year Value;
 - (2) the percentage of value to be abated each year as provided in Section 2(f);
 - (3) the commencement date and termination date of abatement;
 - (4) a provision that the term of the Agreement shall extend until five (5) years after the expiration of the period of tax abatement;
 - (5) the proposed use of the Facility, nature of construction, time schedule, map, property description and improvements list as provided in the application as required;
 - (6) the contractual obligations in the event of default, delinquent taxes, recapture, administration and assignment as provided in these Guidelines or other provisions that may be required for uniformity or by state law; and
 - (7) the amount of Added Value and required number of permanent jobs.
- (b) Time of Execution. The tax abatement Agreement shall normally be executed within 60 days after the applicant has provided all necessary information and documentation.
- (c) Attorney's Fees. In the event any attorney's fees are incurred by the Eligible jurisdiction in the preparation of a tax abatement Agreement, said fees shall be paid by the applicant upon execution of the Agreement.

Section 6. Recapture.

- (a) Failure to Commence Operations During Term of Agreement. In the event that the Facility is not completed and does not begin operation with the minimum number of 20 permanent jobs by the January 1 following the completion of construction, no abatement shall be given for that tax year, and the full amount of taxes assessed against the property shall be due and payable for that tax year. In the event that the Owner of such a Facility fails to begin operation with the minimum number of 20 permanent jobs by the next January 1, then the abatement Agreement shall terminate and all abated taxes during the period of construction shall be recaptured and paid within 60 days of such termination.
- (b) Discontinuance of Operations During Term of Agreement. In the event the Facility is completed and begins operation with the required minimum number of 20 permanent jobs but subsequently discontinues operations and the minimum number of 20 permanent jobs is not maintained during any four (4) consecutive weeks during the term of the Agreement after the completion of construction, for any reason except on a temporary basis due to fire, explosion or

other casualty or accident or natural disaster, the Agreement may be terminated by the Eligible jurisdiction providing abatement, and all taxes previously abated by virtue of the Agreement shall be recaptured and paid within 60 days of such termination.

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

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

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

- (g) Continuation of Tax Lien. The amount of tax abated each year under the terms of these Guidelines and the Agreement shall be secured by a first and prior tax lien which shall continue in existence from year to year throughout the entire term of the Agreement or until all taxes, whether assessed or recaptured, are paid in full.
- (h) Automatic Termination. The Agreement shall automatically terminate on and as of the date any of the following events occur: the filing of a petition in bankruptcy by Owner; or the making by the Owner of an assignment for the benefit of creditors; or if any involuntary petition in bankruptcy or petition for an arrangement pursuant to the federal bankruptcy code is filed against the Owner; or if a receiver is appointed for the business of the Owner. In the event of automatic termination for any of the above reasons, the prior notice of default provisions in subsection (d) above shall not apply.

Section 7. Administration.

- (a) Annual Assessment. The San Patricio County Appraisal District shall annually determine an assessment of the real and personal property subject to an Agreement. Each year, the Owner shall furnish the Appraisal District with such information as may be necessary for the abatement. Once value has been established, the Appraisal District shall notify the affected jurisdictions which levy taxes of the amount of the assessment and the abatement.
- (b) Access to Facility. The Agreement shall stipulate that employees and/or designated representatives of the Eligible jurisdiction will have access to the Facility during the term of the Agreement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the Owner and in accordance with its safety standards.
- (c) Annual Evaluation. Upon completion of construction, the Eligible jurisdiction individually or in conjunction with other affected jurisdictions, shall annually evaluate each Facility receiving abatement to ensure compliance with the Agreement and report possible violations of the Agreement.
- (d) Annual Reports. The Owner shall certify to the governing body of the Eligible Jurisdiction on or before April 1 each year that the Owner is in compliance with each applicable term of the agreement. Additionally, during the initial four years of the term of property tax abatement, the Owner shall provide to the Eligible Jurisdiction approving the abatement an annual report covering those items listed on Schedule 1 in order to document its efforts to acquire goods and

services on a local basis. Such annual report shall be prepared on a calendar year basis and shall be submitted to the Eligible jurisdiction no later than ninety (90) days following the end of each such calendar year. The annual report shall be accompanied by an audit letter prepared by an independent accounting firm which has reviewed the report.

- (e) **"Buy Local" Provisions.** Each recipient of property tax abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception cases involving purchases over \$10,000.00 a justification for such purchase shall be included in the annual report. Each such recipient shall further acknowledge that it is a legal and moral obligation of persons receiving property tax abatements to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. For the purposes of this provision, the term "local" as used to describe manufacturers, suppliers, contractors and labor shall include firms, businesses, and persons who reside in or maintain an office in either San Patricio County, Aransas County, or Nueces County. In the event of a breach of the buy-local provision, the percentage of abatement shall be proportionately reduced equal to the amount the disqualified contract bears to the total construction cost for the project.
- (f) **Right to Modify or Cancel.** Notwithstanding anything herein or in any agreement to the contrary, the governing body of the Eligible Jurisdiction may cancel or modify the agreement if the Owner fails to comply with the Agreement.

SCHEDULE 1

"Buy Local" Annual Reports

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

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

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

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

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

APPLICATION FOR TAX ABATEMENT IN SAN PATRICIO COUNTY

INSTRUCTIONS:

Applicants and projects must meet the requirements established by the San Patricio County Guidelines and Criteria in order to receive positive consideration. Section 2 of the Guidelines sets out regulations governing eligible facilities, eligible and ineligible improvements, terms, and economic qualifications. Conformance with all applicable sections is required for eligibility.

APPLICANTS INFORMATION:

The taxing unity may consider the applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned business of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name of contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

PROJECT INFORMATION:

Only facilities listed in Section 2(a) of the Guidelines may receive abatement without applying for a variance. Check guideline definitions in Section 1 to see if the project qualifies. If the project is a Regional Entertainment Facility or other Basic Industry, the application should include market studies, business plans, agreements or other materials demonstrating that the facility is intended to serve a market the majority of which is substantially outside of the San Patricio County region.

ECONOMIC INFORMATION

Permanent Employment Estimates. In estimating the permanent employment of the projects, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

Estimated appraised Value 'on Site.' The value January 1 preceding abatement should be the value established by the San Patricio County Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least two million dollars after the period of abatement expires. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plan administration, housing, etc.

Applications for Tax Abatement in San Patricio County Fill-in Instructions

This application should be filed at least THIRTY (30) DAYS prior to the beginning of construction or the installation of equipment. This application will become a part of any later agreement or contract and known false representations thereon will be grounds for the voiding of any later agreement or contract.

ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED

To: San Patricio County Judge – 400 W. Sinton Street, Room 109, Sinton, TX 78387

APPLICANT INFORMATION

Submittal Date

Company Name

Company Address

Company Phone

Contact of this Project

Number employed

Annual Sales Per Year

Annual Report Submitted? Yes _____

No _____ (See instructions)

Type of Structure: Corporation ()
Proprietorship ()

Partnership ()

PROJECT INFORMATION

Type of Facility to be abated: Manufacturing () Regional Distribution ()

Regional Service () Regional Entertainment Center () Research () Other ()

Basic Industry () Multi-family housing ()

Proposed Facility Address and Legal Description:
Attach map showing site

School District _____

Other District(s) ___ drainage

City _____

Describe product or service to be provided

This application is for new construction () expansion ()

Modernization ()

Project Description:

Please attach a statement fully explaining the project: describing the site and existing improvements; describing all proposed improvements; providing a list of improvements and fixed equipment for which abatement is requested. Equipment list attached.

ECONOMIC AND IMPACT INFORMATION

Permanent Employment Estimates

If any existing Facility, please present a report indicating the total number of permanent employees at the Facility on the first day of each month for the past twelve months.

Estimated Number of Plant Jobs Retained () Created () at Start

SAN PATRICIO COUNTY
07/12/2011

Estimated Operational Date and or opening of improvements

Construction and employment estimated

Construction Start (month/year) _____

Construction Completion (month/year) _____

Number of Construction jobs start _____ peak _____ finish _____

Number of Construction jobs per year _____

School District Impact Estimates

Number of families transferred to area _____

Number of children added to ISD _____

City Impact Estimates

Volume of treated water required from city _____

Volume of effluent to be treated by city _____

Estimated Appraised Value on Site

Land

Personal Property

Improvements

Valuations January 1

Preceding abatement \$ _____ \$ _____ \$ _____

Value, upon completion of project, of personal property and improvements not
subject to abatements \$ _____ \$ _____ \$ _____

Estimated value of eligible improvements after abatement agreement expires \$ _____

Variance:

Is a variance being sought under Section 3 (f) of the Guidelines?

_____ Yes _____ No

If "yes" attach any supplementary information required. Letter attached asking for variance

Other Agreement Applications

Has the company made application for abatement of this project to
other taxing jurisdictions within the San Patricio County?

_____ Yes _____ No

To other taxing jurisdictions or counties?

_____ Yes _____ No

SAN PATRICK COUNTY
07/12/2011

If "yes," please provide dates of application; hearing dates; names of Jurisdiction(s) and contact; and any letters of intent to abate.

Declaration

To the best of my knowledge the above information is an accurate description of project details.

Company Official Signature

Printed Name of Company Official

Title of Company Official: Property Tax Manager

ACTION

DO NOT WRITE HERE

FOR OFFICIAL USE

1. EDC Contact
2. San Patricio County Precinct _____
3. School District _____
4. City _____
5. Other District _____
6. Jurisdictions Notified (date) _____
7. Initial Review Complete (date) _____
8. Review Circulated (date) _____
9. Concurrence
 ISD _____
 Other District(s) _____
 City _____
10. Letter of Intent (date) _____
11. Hearing Notice on Agenda (date) _____
12. Public Hearing (date) _____
13. Action
 ISD _____
 Other District(s) _____
 City _____
14. Agreement Signed (date) _____

COUNTY TAX ABATEMENTS

Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code
312.001, *et seq.*

Procedure

- Adopt Guidelines and Criteria
- Pass Resolution declaring itself to be eligible to participate in abatements
- Establish Reinvestment Zone only after: (a) seven days advance notice published in local newspaper; (b) delivery of notice to presiding officer of governing bodies of taxing units within proposed reinvestment zone
- Finding by San Patricio County that: (a) improvements are feasible, practical and would benefit land within zone after expiration of agreement; and (b) reasonably likely to contribute to retention or expansion of primary employment or to attract major investment
- At least seven days prior to signing, give notice of intent to enter into agreement

The Abatement Agreement

- Contain a list of the kind, number and location of all proposed improvements;
- Provide access to and authorize inspection to ensure that the improvements are made according to the agreement;
- Limit the uses of the property consistent with encouraging development within the reinvestment zone;
- Provide for recapture of tax revenue lost if the owner fails to make the improvements;
- Contain each term agreed to by the owner;
- Require an annual certification by the owner to the governing body that owner is in compliance; and
- Provide that the governing body may cancel or modify the agreement if the owner fails to comply with the agreement.

Job Creation

Company agrees to create at least 20 permanent full time jobs at the Project and make reasonable efforts to employ persons who are residents of San Patricio County, Texas in such jobs; provided, however, that Company shall not be required to employ San Patricio County residents who are not (i) equally or more qualified than nonresident applicants; (ii) available for employment on terms and/or salaries comparable to those required by nonresident applicants or (iii) able to become qualified with 72 hours of training. In the event a San Patricio County resident could become qualified with a maximum of 72 hours of training, Company shall provide for such training. Each of the persons employed in such jobs shall perform a portion of their work in San Patricio County, Texas.

Local Goods and Services

Company and its authorized vendors intend to make reasonable effort to purchase services and supplies from San Patricio County individuals and businesses during the construction of the Facility in San Patricio County, provided that such materials and supplies are of the same quality as those available from non-San Patricio County individuals or businesses and are available at comparable terms. Comparable terms shall mean a price that is less than or equal to 105% of the price of non-San Patricio County individual or businesses. Company will take reasonable steps to employ or have employed residents of San Patricio County, provided that such residents have the required skills and experience and are available at a competitive wage or salary, as applicable. In furtherance of that goal, the following provisions, or a reasonable derivation thereof, will be followed by Company.

Local Coordinator

Company or its construction contractor, if any, shall designate a coordinator of local services who will act as a liaison between any individuals, businesses and contractors residing or doing business in San Patricio County who are interested in obtaining information about providing goods or services related to the construction of the Project. Additionally, Company or its construction contractor, if any, shall advertise in local newspapers in San Patricio County for local contractors to perform work on the construction of the Project.

Protection of Roads

During construction of the Improvements, Company shall use commercially reasonable efforts to minimize the disruption to all public and San Patricio County roads caused by the construction of the Improvements and shall repair any damages caused to San Patricio County roads by the construction. The repairs shall be completed by Company in accordance with the published standards and specifications for road maintenance for other San Patricio County roads. Upon the completion of the construction, Company shall leave such public and San Patricio County roads in as close to the condition as they were prior to construction as is practicable, excepting normal wear and tear.

AG-0600

San Patricio County and Owner acknowledge that Texas Attorney General Opinion GA-0600, dated January 29, 2008, arguably may be interpreted to hold that certain provisions of Section 312 of the Texas Tax Code may not authorize a commissioners court to execute a tax abatement agreement for leasehold interests in or improvements on taxable real property, and that said opinion is currently under review and subject to challenge by interested parties. If, during the Term of this Agreement, should this Agreement, as a tax abatement agreement under Section 312 of the Texas Tax Code, or a similar tax abatement agreement wherein a San Patricio County granted a tax abatement to the owner/operator of a renewable energy project using wind turbines be declared invalid or

unenforceable under Texas law in a non-appealable judicial decision, then to the extent that taxes then previously abated hereunder shall be required by law to be repaid to the San Patricio County, all taxes abated hereunder shall be due and payable within ninety (90) days of receipt of written notice/demand.

Maintain Viable Presence

Company agrees that it will maintain a Viable Presence within the Reinvestment Zone for a period of twenty (20) years from the date that the portion of the Facility located in San Patricio County has commenced commercial operations.

Viable Presence means (i) the operation of the Facility, as the same may from time to time be expanded, upgraded, improved, modified, and changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered, over the term of this Agreement, and (ii) the retention over the term of this Agreement of not fewer than twenty (20) Qualifying Jobs to be located and performed within Company's entire project, which includes, but is not limited to, Company's Qualified Property, as set forth in the Application, with the minimum salaries required by Texas Tax Code §313.021(3)(E). As its sole and exclusive remedy for Company's failure to Maintain a Viable Presence, San Patricio County shall be entitled to cancel this Agreement pursuant to the provisions hereof and to recapture property tax revenue abated as a result of this Agreement, subject to the provisions hereof regarding notice and Company's right to cure.

Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 11/25/2013 03:09:01 PM

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

| OCCIDENTAL CHEMICAL CORPORATION | |
|-------------------------------------|---|
| Texas Taxpayer Number | 11604847324 |
| Mailing Address | PO BOX 300 TULSA, OK 74102-0300 |
| Right to Transact Business in Texas | ACTIVE |
| State of Formation | NY |
| Effective SOS Registration Date | 05/28/1958 |
| Texas SOS File Number | 0001889306 |
| Registered Agent Name | CT CORPORATION SYSTEM |
| Registered Office Street Address | 350 N. ST. PAUL ST. STE. 2900 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



November 22, 2013

Troy Mircovich
Superintendent
Ingleside Independent School District
P.O. Box 1320
Ingleside, TX 78362

Dear Superintendent Mircovich:

On October 24, 2013, the Comptroller received the completed application (Application # 346) for a limitation on appraised value, **with the first qualifying year in 2015**, under the provisions of Tax Code Chapter 313¹. This application was originally submitted in September 2013 to the Ingleside Independent School District (the school district) by Ingleside Ethylene, LLC & Occidental Chemical Corporation (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$1.2 billion) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in San Patricio 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. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of October 24, 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 | Ingleside Ethylene, LLC & Occidental Chemical Corporation |
| Tax Code, 313.024 Eligibility Category | Manufacturing |
| School District | Ingleside ISD |
| 2011-12 Enrollment in School District | 2,199 |
| County | San Patricio |
| Total Investment in District | \$1,200,000,000 |
| Qualified Investment | \$1,200,000,000 |
| Limitation Amount | \$30,000,000 |
| Number of total jobs committed to by applicant | 100 |
| Number of qualifying jobs committed to by applicant | 80 |
| Average Weekly Wage of Qualifying Jobs committed to by applicant | \$1,011 |
| Minimum Weekly Wage Required Tax Code, 313.021(5)(B) | \$1,011 |
| Minimum Annual Wage committed to by applicant for qualified jobs | \$52,565 |
| Investment per Qualifying Job | \$15,000,000 |
| Estimated 15 year M&O levy without any limit or credit: | \$137,261,279 |
| Estimated gross 15 year M&O tax benefit | \$90,199,915 |
| 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): | \$77,932,206 |
| Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program) | \$6,893,200 |
| Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection: | \$59,329,073 |
| Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted) | 56.8% |
| Percentage of tax benefit due to the limitation | 92.4% |
| Percentage of tax benefit due to the credit | 7.6% |

This presents the Comptroller's economic impact evaluation of Ingleside Ethylene, LLC & Occidental Chemical Corporation (the project) applying to Ingleside 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 100 new jobs when fully operational. Eighty (80) of these 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 San Patricio County is located was \$47,786 in 2012. The annual average manufacturing wage for 2012-2013 for San Patricio County is \$71,747. That same year, the county annual average wage for all industries was \$44,213. In addition to an annual average salary of \$52,565 each qualifying position will receive benefits such as medical and dental insurance for employee-only coverage, life insurance, 401K savings plans, vacation and holiday pay. The project's total investment is \$1.2 billion, resulting in a relative level of investment per qualifying job of \$15 million.

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

According to Ingleside Ethylene, LLC & Occidental Chemical Corporation's application, "OxyChem consumes ethylene at multiple manufacturing facilities located along the Texas Gulf Coast and in Louisiana. OxyChem has two other Vinyl Chloride Monomer manufacturing sites that are also large ethylene consumers located in the Houston industrial area. As with all major projects, regional tax incentives contribute to the overall viability of the proposed project, including its site selection. This is a major project for OxyChem. The internal competition for capital is significant. Whether or not this project becomes a reality depends on meeting certain economic and practical feasibility targets including permits approvals, economic feasibility targets and economic incentives."

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

During the past two years, 15 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 Ingleside Ethylene, LLC & Occidental Chemical Corporation 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 Ingleside Ethylene, LLC & Occidental Chemical Corporation'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. (REMEDI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Ingleside Ethylene, LLC & Occidental Chemical Corporation

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|---------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2014 | 200 | 214 | 414 | \$11,200,000 | \$14,800,000 | \$26,000,000 |
| 2015 | 1015 | 1,098 | 2113 | \$56,788,475 | \$77,211,525 | \$134,000,000 |
| 2016 | 1090 | 1,340 | 2430 | \$60,730,850 | \$104,269,150 | \$165,000,000 |
| 2017 | 100 | 379 | 479 | \$5,256,500 | \$43,743,500 | \$49,000,000 |
| 2018 | 100 | 359 | 459 | \$5,256,500 | \$41,743,500 | \$47,000,000 |
| 2019 | 100 | 345 | 445 | \$5,256,500 | \$39,743,500 | \$45,000,000 |
| 2020 | 100 | 343 | 443 | \$5,256,500 | \$38,743,500 | \$44,000,000 |
| 2021 | 100 | 355 | 455 | \$5,256,500 | \$39,743,500 | \$45,000,000 |
| 2022 | 100 | 373 | 473 | \$5,256,500 | \$40,743,500 | \$46,000,000 |
| 2023 | 100 | 394 | 494 | \$5,256,500 | \$43,743,500 | \$49,000,000 |
| 2024 | 100 | 412 | 512 | \$5,256,500 | \$46,743,500 | \$52,000,000 |
| 2025 | 100 | 418 | 518 | \$5,256,500 | \$47,743,500 | \$53,000,000 |
| 2026 | 100 | 406 | 506 | \$5,256,500 | \$48,743,500 | \$54,000,000 |
| 2027 | 100 | 414 | 514 | \$5,256,500 | \$50,743,500 | \$56,000,000 |
| 2028 | 100 | 416 | 516 | \$5,256,500 | \$53,743,500 | \$59,000,000 |
| 2029 | 100 | 427 | 527 | \$5,256,500 | \$56,743,500 | \$62,000,000 |

Source: CPA, REMI, Ingleside Ethylene, LLC & Occidental Chemical Corporation

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Ingleside ISD's ad valorem tax base in 2012-2013 was \$1.16 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Ingleside ISD's estimated wealth per WADA was \$418,491. 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, San Patricio County and San Patricio County Drainage District, with all property tax incentives sought being granted using estimated market value from Ingleside Ethylene, LLC & Occidental Chemical Corporation's application. Ingleside Ethylene, LLC & Occidental Chemical Corporation has applied for a value limitation under Chapter 313, Tax Code, and a tax rebate with the county and tax abatement with the drainage district. Table 3 illustrates the estimated tax impact of the Ingleside Ethylene, LLC & Occidental Chemical Corporation project on the region if all taxes are assessed.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | Ingleside ISD I&S Levy | Ingleside ISD M&O Levy | Ingleside ISD M&O and I&S Tax Levies (Before Credit Credited) | Ingleside ISD M&O and I&S Tax Levies (After Credit Credited) | San Patricio County Tax Levy | San Patricio County Drainage District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|------------------------|------------------------|---|--|------------------------------|--|--------------------------------|
| | | | Tax Rate ¹ | 0.050000 | 1.040000 | | | 0.550000 | 0.066905 | |
| 2015 | \$121,403,849 | \$121,403,849 | | \$60,702 | \$1,262,600 | \$1,323,302 | \$1,323,302 | \$0 | \$0 | \$1,323,302 |
| 2016 | \$601,403,849 | \$601,403,849 | | \$300,702 | \$6,254,600 | \$6,555,302 | \$6,555,302 | \$0 | \$0 | \$6,555,302 |
| 2017 | \$1,144,355,614 | \$30,000,000 | | \$572,178 | \$312,000 | \$884,178 | \$884,178 | \$0 | \$0 | \$884,178 |
| 2018 | \$1,110,067,061 | \$30,000,000 | | \$555,034 | \$312,000 | \$867,034 | \$489,021 | \$0 | \$0 | \$489,021 |
| 2019 | \$1,076,807,165 | \$30,000,000 | | \$538,404 | \$312,000 | \$850,404 | \$479,043 | \$0 | \$0 | \$479,043 |
| 2020 | \$1,044,545,065 | \$30,000,000 | | \$522,273 | \$312,000 | \$834,273 | \$469,364 | \$0 | \$0 | \$469,364 |
| 2021 | \$1,013,250,829 | \$30,000,000 | | \$506,625 | \$312,000 | \$818,625 | \$459,975 | \$557,288 | \$67,792 | \$1,085,055 |
| 2022 | \$982,895,420 | \$30,000,000 | | \$491,448 | \$312,000 | \$803,448 | \$450,869 | \$810,889 | \$131,521 | \$1,393,279 |
| 2023 | \$953,450,672 | \$30,000,000 | | \$476,725 | \$312,000 | \$788,725 | \$442,035 | \$1,048,796 | \$191,372 | \$1,682,203 |
| 2024 | \$924,889,268 | \$30,000,000 | | \$462,445 | \$312,000 | \$774,445 | \$433,467 | \$1,271,723 | \$247,519 | \$1,952,708 |
| 2025 | \$897,184,705 | \$897,184,705 | | \$448,592 | \$9,330,721 | \$9,779,313 | \$5,399,294 | \$1,480,355 | \$600,261 | \$7,479,910 |
| 2026 | \$870,311,279 | \$870,311,279 | | \$435,156 | \$9,051,237 | \$9,486,393 | \$9,486,393 | \$1,675,349 | \$582,282 | \$11,744,024 |
| 2027 | \$844,244,057 | \$844,244,057 | | \$422,122 | \$8,780,138 | \$9,202,260 | \$9,202,260 | \$1,857,337 | \$564,841 | \$11,624,439 |
| 2028 | \$818,958,850 | \$818,958,850 | | \$409,479 | \$8,517,172 | \$8,926,651 | \$8,926,651 | \$2,026,923 | \$547,924 | \$11,501,499 |
| 2029 | \$794,432,200 | \$794,432,200 | | \$397,216 | \$8,262,095 | \$8,659,311 | \$8,659,311 | \$2,184,689 | \$531,515 | \$11,375,514 |
| | | | | | | Total | \$53,660,464 | \$12,913,348 | \$3,465,027 | \$70,038,840 |

Assumes School Value Limitation, a Tax Abatement with the Drainage District, and a Tax Rebate with the County.

Source: CPA, Ingleside Ethylene, LLC & Occidental Chemical Corporation

¹Tax Rate per \$100 Valuation

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | Ingleside ISD I&S Levy | Ingleside ISD M&O Levy | | Ingleside ISD M&O and I&S Tax Levies | San Patricio County Tax Levy | San Patricio County Drainage District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|------------------------|------------------------|-------|--------------------------------------|------------------------------|--|--------------------------------|
| | | | Tax Rate ¹ | 0.050000 | 1.040000 | | | 0.550000 | 0.066905 | |
| 2015 | \$121,403,849 | \$121,403,849 | | \$60,702 | \$1,262,600 | | \$1,323,302 | \$667,721 | \$81,225 | \$2,072,248 |
| 2016 | \$601,403,849 | \$601,403,849 | | \$300,702 | \$6,254,600 | | \$6,555,302 | \$3,307,721 | \$402,369 | \$10,265,392 |
| 2017 | \$1,144,355,614 | \$1,144,355,614 | | \$572,178 | \$11,901,298 | | \$12,473,476 | \$6,293,956 | \$765,631 | \$19,533,063 |
| 2018 | \$1,110,067,061 | \$1,110,067,061 | | \$555,034 | \$11,544,697 | | \$12,099,731 | \$6,105,369 | \$742,690 | \$18,947,790 |
| 2019 | \$1,076,807,165 | \$1,076,807,165 | | \$538,404 | \$11,198,795 | | \$11,737,198 | \$5,922,439 | \$720,438 | \$18,380,075 |
| 2020 | \$1,044,545,065 | \$1,044,545,065 | | \$522,273 | \$10,863,269 | | \$11,385,541 | \$5,744,998 | \$698,853 | \$17,829,392 |
| 2021 | \$1,013,250,829 | \$1,013,250,829 | | \$506,625 | \$10,537,809 | | \$11,044,434 | \$5,572,880 | \$677,915 | \$17,295,229 |
| 2022 | \$982,895,420 | \$982,895,420 | | \$491,448 | \$10,222,112 | | \$10,713,560 | \$5,405,925 | \$657,606 | \$16,777,091 |
| 2023 | \$953,450,672 | \$953,450,672 | | \$476,725 | \$9,915,887 | | \$10,392,612 | \$5,243,979 | \$637,906 | \$16,274,497 |
| 2024 | \$924,889,268 | \$924,889,268 | | \$462,445 | \$9,618,848 | | \$10,081,293 | \$5,086,891 | \$618,797 | \$15,786,981 |
| 2025 | \$897,184,705 | \$897,184,705 | | \$448,592 | \$9,330,721 | | \$9,779,313 | \$4,934,516 | \$600,261 | \$15,314,091 |
| 2026 | \$870,311,279 | \$870,311,279 | | \$435,156 | \$9,051,237 | | \$9,486,393 | \$4,786,712 | \$582,282 | \$14,855,387 |
| 2027 | \$844,244,057 | \$844,244,057 | | \$422,122 | \$8,780,138 | | \$9,202,260 | \$4,643,342 | \$564,841 | \$14,410,444 |
| 2028 | \$818,958,850 | \$818,958,850 | | \$409,479 | \$8,517,172 | | \$8,926,651 | \$4,504,274 | \$547,924 | \$13,978,850 |
| 2029 | \$794,432,200 | \$794,432,200 | | \$397,216 | \$8,262,095 | | \$8,659,311 | \$4,369,377 | \$531,515 | \$13,560,203 |
| | | | | | | Total | \$143,860,379 | \$72,590,099 | \$8,830,256 | \$225,280,734 |

Source: CPA, Ingleside Ethylene, LLC & Occidental Chemical Corporation

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 \$137,261,279. The estimated gross 15 year M&O tax benefit, or levy loss, is \$90,199,915.

Attachment 3 is an economic overview of San Patricio County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.



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

Michael Williams
Commissioner

November 19, 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 Ingleside Ethylene LLC and Occidental Chemical Corporation project on the number and size of school facilities in Ingleside Independent School District (IISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the IISD superintendent, Troy Mircovich, the TEA has found that the Ingleside Ethylene LLC and Occidental Chemical Corporation project would not have a significant impact on the number or size of school facilities in IISD.

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", followed by a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk



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

Michael Williams
Commissioner

November 19, 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 Ingleside Ethylene LLC and Occidental Chemical Corporation project for the Ingleside Independent School District (IISD). 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 Ingleside Ethylene LLC and Occidental Chemical Corporation project on IISD 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", followed by a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk

San Patricio County

Population

- Total county population in 2010 for San Patricio County: 66,476 , down 1.4 percent from 2009. State population increased 1.8 percent in the same time period.
- San Patricio County was the state's 50th largest county in population in 2010 and the 246 th fastest growing county from 2009 to 2010.
- San Patricio County's population in 2009 was 42.4 percent Anglo (below the state average of 46.7 percent), 1.9 percent African-American (below the state average of 11.3 percent) and 53.6 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in San Patricio County:

| | | | |
|-----------------------|--------|------------|-------|
| Portland: | 16,450 | Ingleside: | 8,992 |
| Aransas Pass: | 8,754 | Sinton: | 5,303 |
| Mathis: | 5,246 | Taft: | 3,303 |
| Odem: | 2,495 | Gregory: | 2,177 |
| Ingleside on the Bay: | 681 | Lake City: | 512 |

Economy and Income

Employment

- September 2011 total employment in San Patricio County: 28,928 , 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 San Patricio County unemployment rate: 9.3 percent, down from 9.9 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(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

- San Patricio County's ranking in per capita personal income in 2009: 121st with an average per capita income of \$33,068, down 1.3 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 San Patricio County averaged \$87.49 million annually from 2007 to 2010. County total agricultural values in 2010 were up 1001.5 percent from 2009. Major agriculture related commodities in San Patricio County during 2010 included:

| | | | | |
|--------------|-------|----------|--------------|-----------|
| ▪ Other Crop | ▪ Hay | ▪ Cotton | ▪ Other Beef | ▪ Fishing |
|--------------|-------|----------|--------------|-----------|
- 2011 oil and gas production in San Patricio County: 279,704.0 barrels of oil and 7.0 million Mcf of gas. In September 2011, there were 149 producing oil wells and 203 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 San Patricio County during the fourth quarter 2010: \$118.56 million, up 15.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

| | |
|-----------------------|---|
| Portland: | \$39.92 million, up 19.4 percent from the same quarter in 2009. |
| Ingleside: | \$6.06 million, down 4.7 percent from the same quarter in 2009. |
| Aransas Pass: | \$31.93 million, up 2.7 percent from the same quarter in 2009. |
| Sinton: | \$7.65 million, up 1.1 percent from the same quarter in 2009. |
| Mathis: | \$7.90 million, up 36.6 percent from the same quarter in 2009. |
| Taft: | \$2.16 million, up 6.2 percent from the same quarter in 2009. |
| Odem: | \$2.12 million, up 12.2 percent from the same quarter in 2009. |
| Gregory: | \$1.27 million, up 11.7 percent from the same quarter in 2009. |
| Ingleside on the Bay: | \$183,119.00, up 44.7 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 San Patricio County through the fourth quarter of 2010: \$430.99 million, down 0.6 percent from the same period in 2009.

■ Taxable sales through the fourth quarter of 2010 in the city of:

| | |
|-----------------------|--|
| Portland: | \$132.69 million, up 4.8 percent from the same period in 2009. |
| Ingleside: | \$24.69 million, down 7.6 percent from the same period in 2009. |
| Aransas Pass: | \$124.82 million, down 2.9 percent from the same period in 2009. |
| Sinton: | \$30.92 million, up 5.9 percent from the same period in 2009. |
| Mathis: | \$28.32 million, up 19.3 percent from the same period in 2009. |
| Taft: | \$8.86 million, up 1.0 percent from the same period in 2009. |
| Odem: | \$8.12 million, down 1.5 percent from the same period in 2009. |
| Gregory: | \$4.51 million, up 5.3 percent from the same period in 2009. |
| Ingleside on the Bay: | \$743,516.00, up 19.8 percent from the same period in 2009. |

Annual (2010)

- Taxable sales in San Patricio County during 2010: \$430.99 million, down 0.6 percent from 2009.
- San Patricio County sent an estimated \$26.94 million (or 0.16 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

| | |
|-----------------------|---|
| Portland: | \$132.69 million, up 4.8 percent from 2009. |
| Ingleside: | \$24.69 million, down 7.6 percent from 2009. |
| Aransas Pass: | \$124.82 million, down 2.9 percent from 2009. |
| Sinton: | \$30.92 million, up 5.9 percent from 2009. |
| Mathis: | \$28.32 million, up 19.3 percent from 2009. |
| Taft: | \$8.86 million, up 1.0 percent from 2009. |
| Odem: | \$8.12 million, down 1.5 percent from 2009. |
| Gregory: | \$4.51 million, up 5.3 percent from 2009. |
| Ingleside on the Bay: | \$743,516.00, up 19.8 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 San Patricio County based on the sales activity month of August 2011: \$803,385.69, up 11.0 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

| | |
|-----------------------|--|
| Portland: | \$332,100.64, down 2.0 percent from August 2010. |
| Ingleside: | \$93,660.72, up 30.0 percent from August 2010. |
| Aransas Pass: | \$146,691.43, up 10.2 percent from August 2010. |
| Sinton: | \$83,841.11, up 26.5 percent from August 2010. |
| Mathis: | \$81,051.48, up 35.3 percent from August 2010. |
| Taft: | \$31,985.58, up 15.0 percent from August 2010. |
| Odem: | \$21,105.20, up 19.6 percent from August 2010. |
| Gregory: | \$12,307.24, up 64.8 percent from August 2010. |
| Ingleside on the Bay: | \$642.29, down 6.5 percent from August 2010. |

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in San Patricio County based on sales activity months from September 2010 through August 2011: \$8.35 million, up 9.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

| | |
|---------------|--|
| Portland: | \$3.35 million, up 10.9 percent from fiscal 2010. |
| Ingleside: | \$1.01 million, down 0.2 percent from fiscal 2010. |
| Aransas Pass: | \$1.69 million, up 8.8 percent from fiscal 2010. |
| Sinton: | \$845,990.38, up 5.3 percent from fiscal 2010. |
| Mathis: | \$794,400.33, up 12.4 percent from fiscal 2010. |
| Taft: | \$277,461.20, up 5.9 percent from fiscal 2010. |
| Odem: | \$248,728.18, up 30.2 percent from fiscal 2010. |
| Gregory: | \$117,253.68, up 38.5 percent from fiscal 2010. |

Ingleside on the Bay: \$13,280.83, up 122.1 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 San Patricio County based on sales activity months through August 2011: \$5.57 million, up 10.3 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Portland:** \$2.17 million, up 9.1 percent from the same period in 2010.
 - Ingleside:** \$694,331.12, up 5.7 percent from the same period in 2010.
 - Aransas Pass:** \$1.15 million, up 11.8 percent from the same period in 2010.
 - Sinton:** \$563,427.14, up 7.6 percent from the same period in 2010.
 - Mathis:** \$544,407.61, up 12.9 percent from the same period in 2010.
 - Taft:** \$181,508.07, up 1.2 percent from the same period in 2010.
 - Odem:** \$173,061.85, up 35.0 percent from the same period in 2010.
 - Gregory:** \$78,367.01, up 47.0 percent from the same period in 2010.
 - Ingleside on the Bay:** \$9,704.91, up 127.2 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 San Patricio County based on sales activity in the 12 months ending in August 2011: \$8.35 million, up 9.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Portland:** \$3.35 million, up 10.9 percent from the previous 12-month period.
 - Ingleside:** \$1.01 million, down 0.2 percent from the previous 12-month period.
 - Aransas Pass:** \$1.69 million, up 8.8 percent from the previous 12-month period.
 - Sinton:** \$845,990.38, up 5.3 percent from the previous 12-month period.
 - Mathis:** \$794,400.33, up 12.4 percent from the previous 12-month period.
 - Taft:** \$277,461.20, up 5.9 percent from the previous 12-month period.
 - Odem:** \$248,728.18, up 30.2 percent from the previous 12-month period.
 - Gregory:** \$117,253.68, up 38.5 percent from the previous 12-month period.
 - Ingleside on the Bay:** \$13,280.83, up 122.1 percent from the previous 12-month period.

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

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

- Portland:** \$2.80 million, up 10.0 percent from the same period in 2010.
- Ingleside:** \$848,542.25, up 3.5 percent from the same period in 2010.
- Aransas Pass:** \$1.43 million, up 10.8 percent from the same period in 2010.
- Sinton:** \$716,509.71, up 7.9 percent from the same period in 2010.
- Mathis:** \$669,630.71, up 13.2 percent from the same period in 2010.
- Taft:** \$228,053.50, up 4.4 percent from the same period in 2010.
- Odem:** \$210,417.51, up 31.5 percent from the same period in 2010.
- Gregory:** \$96,586.67, up 42.3 percent from the same period in 2010.
- Ingleside on the Bay:** \$11,583.88, up 150.4 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 San Patricio County based on sales activity months in 2010: \$7.83 million, up 1.2 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Portland:** \$3.17 million, up 4.6 percent from 2009.
 - Ingleside:** \$968,613.57, down 13.0 percent from 2009.
 - Aransas Pass:** \$1.57 million, up 0.4 percent from 2009.
 - Sinton:** \$806,279.08, up 1.5 percent from 2009.
 - Mathis:** \$732,091.45, up 7.8 percent from 2009.
 - Taft:** \$275,339.14, up 9.0 percent from 2009.
 - Odem:** \$203,873.79, up 3.0 percent from 2009.
 - Gregory:** \$92,187.93, up 1.7 percent from 2009.

Ingleside on the Bay: \$7,847.30, down 39.8 percent from 2009.

Property Tax

- As of January 2009, property values in San Patricio County: \$4.51 billion, up 0.2 percent from January 2008 values. The property tax base per person in San Patricio County is \$66,150, below the statewide average of \$85,809. About 3.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- San Patricio County's ranking in state expenditures by county in fiscal year 2010: 57th. State expenditures in the county for FY2010: \$222.49 million, down 0.1 percent from FY2009.
- In San Patricio County, 10 state agencies provide a total of 168 jobs and \$1.69 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Family and Protective Services
 - Department of Aging and Disability Services
 - Health & Human Services Commission
 - Department of Transportation
 - Parks & Wildlife Department

Higher Education

- Community colleges in San Patricio County fall 2010 enrollment:
 - None.
- San Patricio 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 San Patricio County fall 2010 enrollment:
 - None.

School Districts

- San Patricio County had 7 school districts with 34 schools and 14,338 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.)
 - Aransas Pass ISD had 1,879 students in the 2009-10 school year. The average teacher salary was \$44,821. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.
 - Gregory-Portland ISD had 4,193 students in the 2009-10 school year. The average teacher salary was \$45,281. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.
 - Ingleside ISD had 2,150 students in the 2009-10 school year. The average teacher salary was \$46,053. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
 - Mathis ISD had 1,736 students in the 2009-10 school year. The average teacher salary was \$43,744. The percentage of students meeting the 2010 TAKS passing standard for all tests was 60 percent.
 - Odem-Edroy ISD had 1,129 students in the 2009-10 school year. The average teacher salary was \$45,781. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.
 - Sinton ISD had 2,108 students in the 2009-10 school year. The average teacher salary was \$44,070. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.
 - Taft ISD had 1,143 students in the 2009-10 school year. The average teacher salary was \$42,880. The percentage of students meeting the 2010 TAKS passing standard for all tests was 55 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
INGLESIDE ETHYLENE LLC AND OCCIDENTAL CHEMICAL
CORPORATION PROJECT (#346) ON THE FINANCES OF THE
INGLESIDE INDEPENDENT SCHOOL DISTRICT INDEPENDENT
SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313
PROPERTY VALUE LIMITATION**

September 30, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Ingleside Ethylene LLC and Occidental Chemical Corporation Project (#346) on the Finances of the Ingleside Independent School District Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Ingleside Ethylene LLC and Occidental Chemical Corporation (Oxychem) has requested that the Ingleside Independent School District (IISD) 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 IISD on September 5, 2013, Oxychem proposes to invest \$1.2 billion to construct a new ethylene manufacturing project in IISD.

The Oxychem 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, IISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years. In this case, however, the Company has requested a one-year deferral of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2015-16 and 2016-17 school years. Beginning in the 2017-18 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project would be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with IISD currently levying a \$0.04 per \$100 I&S tax rate. The full taxable value of the investment is expected to reach \$1.1 billion in the 2017-18 school year, nearly doubling the I&S tax base of IISD.

In the case of the Oxychem 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. IISD would experience a revenue loss of \$9.1 million as a result of the implementation of the value limitation in the 2017-18 school year. The total revenue loss over the course of the agreement is estimated to be \$12.3 million.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$77.9 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 Legislature's resolution of target revenue issues and the movement to a formula-based system is important, IISD is classified as a formula district under all of the estimates presented below. ASATR funding is not a factor in these estimates.

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 Oxychem 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 base 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. (As noted previously, the provisions for ASATR funding do not have an impact on these estimates.) The projected taxable values of the Oxychem project are factored into the base model used here in order to simulate the financial impact of the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed Oxychem project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 2,115 students in average daily attendance (ADA) in analyzing the effects of the Oxychem project on the finances of IISD. The District's local tax base reached nearly \$1.3 billion for the 2012 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 per \$100 is used throughout this analysis. IISD has estimated state property wealth per weighted ADA or WADA of approximately \$446,565 for the 2014-15 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for IISD under the assumptions outlined above through the 2029-30 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 Oxychem 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 Oxychem value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 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, IISD would experience a revenue loss of \$9.1 million as a result of the implementation of the value limitation in the 2017-18 school year. Under the estimates presented here, it is assumed that Oxychem would save \$11.6 million in M&O taxes in the 2017-18 school year. At the same time, however, there is only a \$2.5 million reduction in recapture costs to offset the impact of this loss in M&O tax collections that year.

Beginning with the 2018-19 school year, the state property value study reflects the \$30 million value limitation amount and most of the M&O reduction is offset—at least for the first \$1.00 of tax effort—almost entirely from reduced recapture costs. (These estimates are reflected in Table 4.) For the last four cents of tax effort, there is a recurring revenue loss of approximately \$400,000-\$500,000 annually during the remainder of the value limitation agreement related to a reduction in Tier II revenue that is not addressed entirely by the reduction in the property value study.

The Comptroller’s state property value study clearly 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 also 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 \$1.04 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 \$83.3 million over the life of the agreement. In addition, Oxychem 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 \$6.9 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 IISD revenue losses are expected to total approximately \$12.3 million over the course of the agreement under what is now current law. Total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are expected to reach \$77.9 million over the life of the agreement.

Facilities Funding Impact

The Oxychem project remains fully taxable for debt services taxes, with IISD currently levying a \$0.04 per I&S rate. While the value of the Oxychem project is expected to depreciate over the life of the agreement and beyond, full access to the additional value is expected to increase the District's ability to meet its debt service needs, since its I&S tax base will nearly double in its peak value year.

The Oxychem project is not expected to affect IISD significantly in terms of enrollment. While the project is expected to add 100 new jobs when it goes into operation, it is difficult to determine location decisions for new employees, since there are a number of residential options available within the broader Corpus Christi area.

Conclusion

The proposed Oxychem manufacturing project enhances the tax base of IISD. 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 \$77.9 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also significantly enhances the tax I&S tax base of IISD in meeting its future debt service obligations.

Table 1 – Base District Information with Oxychem Ethylene 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 | 2014-15 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$1,291,467,237 | \$1,291,467,237 | \$1,272,134,392 | \$1,272,134,392 | \$446,565 | \$446,565 |
| 1 | 2015-16 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$1,411,467,237 | \$1,411,467,237 | \$1,272,134,392 | \$1,272,134,392 | \$446,565 | \$446,565 |
| 2 | 2016-17 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$1,891,467,237 | \$1,891,467,237 | \$1,392,134,392 | \$1,392,134,392 | \$488,689 | \$488,689 |
| 3 | 2017-18 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,434,419,002 | \$1,320,063,388 | \$1,872,134,392 | \$1,872,134,392 | \$657,186 | \$657,186 |
| 4 | 2018-19 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,400,130,449 | \$1,320,063,388 | \$2,415,086,157 | \$1,300,730,543 | \$847,782 | \$456,603 |
| 5 | 2019-20 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,366,870,553 | \$1,320,063,388 | \$2,380,797,604 | \$1,300,730,543 | \$835,746 | \$456,603 |
| 6 | 2020-21 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,334,608,453 | \$1,320,063,388 | \$2,347,537,708 | \$1,300,730,543 | \$824,070 | \$456,603 |
| 7 | 2021-22 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,303,314,217 | \$1,320,063,388 | \$2,315,275,608 | \$1,300,730,543 | \$812,745 | \$456,603 |
| 8 | 2022-23 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,272,958,808 | \$1,320,063,388 | \$2,283,981,372 | \$1,300,730,543 | \$801,760 | \$456,603 |
| 9 | 2023-24 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,243,514,060 | \$1,320,063,388 | \$2,253,625,963 | \$1,300,730,543 | \$791,104 | \$456,603 |
| 10 | 2024-25 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,214,952,656 | \$1,320,063,388 | \$2,224,181,215 | \$1,300,730,543 | \$780,768 | \$456,603 |
| 11 | 2025-26 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,187,248,093 | \$2,187,248,093 | \$2,195,619,811 | \$1,300,730,543 | \$770,742 | \$456,603 |
| 12 | 2026-27 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,160,374,667 | \$2,160,374,667 | \$2,167,915,248 | \$2,167,915,248 | \$761,016 | \$761,016 |
| 13 | 2027-28 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,134,307,445 | \$2,134,307,445 | \$2,141,041,822 | \$2,141,041,822 | \$751,583 | \$751,583 |
| 14 | 2028-29 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,109,022,238 | \$2,109,022,238 | \$2,114,974,600 | \$2,114,974,600 | \$742,432 | \$742,432 |
| 15 | 2029-30 | 2,115.36 | 2,848.71 | \$1.0400 | \$0.0400 | \$2,084,495,588 | \$2,084,495,588 | \$2,089,689,393 | \$2,089,689,393 | \$733,556 | \$733,556 |

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

Table 2– “Baseline Revenue Model”--Project Value Added with No Value Limitation

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Additional State Aid-Hold Harmless | 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 | 2014-15 | \$12,642,284 | \$2,222,096 | \$0 | \$0 | \$505,691 | \$195,052 | \$0 | \$15,565,123 |
| 1 | 2015-16 | \$13,818,284 | \$2,222,096 | \$0 | \$0 | \$552,731 | \$221,472 | \$0 | \$16,814,583 |
| 2 | 2016-17 | \$18,522,284 | \$1,022,096 | \$0 | \$0 | \$740,891 | \$207,642 | \$0 | \$20,492,913 |
| 3 | 2017-18 | \$24,066,083 | \$709,558 | \$0 | -\$5,329,186 | \$962,643 | \$0 | \$0 | \$20,409,098 |
| 4 | 2018-19 | \$23,723,197 | \$709,558 | \$0 | -\$9,335,066 | \$948,928 | \$0 | \$0 | \$16,046,617 |
| 5 | 2019-20 | \$23,390,598 | \$709,558 | \$0 | -\$8,999,925 | \$935,624 | \$0 | \$0 | \$16,035,855 |
| 6 | 2020-21 | \$23,067,977 | \$709,558 | \$0 | -\$8,674,768 | \$922,719 | \$0 | \$0 | \$16,025,486 |
| 7 | 2021-22 | \$22,755,035 | \$709,558 | \$0 | -\$8,359,296 | \$910,201 | \$0 | \$0 | \$16,015,498 |
| 8 | 2022-23 | \$22,451,481 | \$709,558 | \$0 | -\$8,053,219 | \$898,059 | \$0 | \$0 | \$16,005,879 |
| 9 | 2023-24 | \$22,157,034 | \$709,558 | \$0 | -\$7,756,258 | \$886,281 | \$0 | \$0 | \$15,996,615 |
| 10 | 2024-25 | \$21,871,419 | \$709,558 | \$0 | -\$7,468,140 | \$874,857 | \$0 | \$0 | \$15,987,694 |
| 11 | 2025-26 | \$21,420,937 | \$709,558 | \$0 | -\$7,128,578 | \$856,837 | \$0 | \$0 | \$15,858,754 |
| 12 | 2026-27 | \$21,157,577 | \$709,558 | \$0 | -\$6,860,627 | \$846,303 | \$0 | \$0 | \$15,852,810 |
| 13 | 2027-28 | \$20,902,118 | \$709,558 | \$0 | -\$6,600,602 | \$836,085 | \$0 | \$0 | \$15,847,159 |
| 14 | 2028-29 | \$20,654,323 | \$709,558 | \$0 | -\$6,348,266 | \$826,173 | \$0 | \$0 | \$15,841,788 |
| 15 | 2029-30 | \$20,413,962 | \$709,558 | \$0 | -\$6,103,393 | \$816,558 | \$0 | \$0 | \$15,836,685 |

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 | 2014-15 | \$12,642,284 | \$2,222,096 | \$0 | \$0 | \$505,691 | \$195,052 | \$0 | \$15,565,123 |
| 1 | 2015-16 | \$13,818,284 | \$2,222,096 | \$0 | \$0 | \$552,731 | \$221,472 | \$0 | \$16,814,583 |
| 2 | 2016-17 | \$18,522,284 | \$1,022,096 | \$0 | \$0 | \$740,891 | \$207,642 | \$0 | \$20,492,913 |
| 3 | 2017-18 | \$12,922,527 | \$709,558 | \$0 | -\$2,861,560 | \$516,901 | \$0 | \$0 | \$11,287,426 |
| 4 | 2018-19 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 5 | 2019-20 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 6 | 2020-21 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 7 | 2021-22 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 8 | 2022-23 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 9 | 2023-24 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 10 | 2024-25 | \$12,922,527 | \$1,936,135 | \$0 | \$0 | \$516,901 | \$191,238 | \$0 | \$15,566,801 |
| 11 | 2025-26 | \$21,420,937 | \$1,936,135 | \$0 | \$0 | \$856,837 | \$317,446 | \$0 | \$24,531,355 |
| 12 | 2026-27 | \$21,157,577 | \$709,558 | \$0 | -\$6,860,627 | \$846,303 | \$0 | \$0 | \$15,852,810 |
| 13 | 2027-28 | \$20,902,118 | \$709,558 | \$0 | -\$6,600,602 | \$836,085 | \$0 | \$0 | \$15,847,159 |
| 14 | 2028-29 | \$20,654,323 | \$709,558 | \$0 | -\$6,348,266 | \$826,173 | \$0 | \$0 | \$15,841,788 |
| 15 | 2029-30 | \$20,413,962 | \$709,558 | \$0 | -\$6,103,393 | \$816,558 | \$0 | \$0 | \$15,836,685 |

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 | 2014-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | 2015-16 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | 2016-17 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3 | 2017-18 | -\$11,143,556 | \$0 | \$0 | \$2,467,626 | -\$445,742 | \$0 | \$0 | -\$9,121,672 |
| 4 | 2018-19 | -\$10,800,670 | \$1,226,577 | \$0 | \$9,335,066 | -\$432,027 | \$191,238 | \$0 | -\$479,816 |
| 5 | 2019-20 | -\$10,468,071 | \$1,226,577 | \$0 | \$8,999,925 | -\$418,723 | \$191,238 | \$0 | -\$469,054 |
| 6 | 2020-21 | -\$10,145,450 | \$1,226,577 | \$0 | \$8,674,768 | -\$405,818 | \$191,238 | \$0 | -\$458,685 |
| 7 | 2021-22 | -\$9,832,508 | \$1,226,577 | \$0 | \$8,359,296 | -\$393,300 | \$191,238 | \$0 | -\$448,697 |
| 8 | 2022-23 | -\$9,528,954 | \$1,226,577 | \$0 | \$8,053,219 | -\$381,158 | \$191,238 | \$0 | -\$439,078 |
| 9 | 2023-24 | -\$9,234,507 | \$1,226,577 | \$0 | \$7,756,258 | -\$369,380 | \$191,238 | \$0 | -\$429,814 |
| 10 | 2024-25 | -\$8,948,892 | \$1,226,577 | \$0 | \$7,468,140 | -\$357,956 | \$191,238 | \$0 | -\$420,893 |
| 11 | 2025-26 | \$0 | \$1,226,577 | \$0 | \$7,128,578 | \$0 | \$317,446 | \$0 | \$8,672,601 |
| 12 | 2026-27 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | 2027-28 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | 2028-29 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 | 2029-30 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Table 5 - Estimated Financial Impact of the Oxychem Ethylene Project Property Value Limitation Request Submitted to IISD at \$1.04 per \$100 M&O Tax Rate

| 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 |
|--|-----------------|-------------------------|-----------------|----------------------|--------------------------|-------------------------|----------------------------------|---|--|--------------------------------|----------------------------|
| 2014-15 | \$0 | \$0 | \$0 | \$1.040 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2015-16 | \$121,403,849 | \$121,403,849 | \$0 | \$1.040 | \$1,262,600 | \$1,262,600 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2016-17 | \$601,403,849 | \$601,403,849 | \$0 | \$1.040 | \$6,254,600 | \$6,254,600 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2017-18 | \$1,144,355,614 | \$30,000,000 | \$1,114,355,614 | \$1.040 | \$11,901,298 | \$312,000 | \$11,589,298 | \$0 | \$11,589,298 | -\$9,121,672 | \$2,467,626 |
| 2018-19 | \$1,110,067,061 | \$30,000,000 | \$1,080,067,061 | \$1.040 | \$11,544,697 | \$312,000 | \$11,232,697 | \$378,013 | \$11,610,711 | -\$479,816 | \$11,130,895 |
| 2019-20 | \$1,076,807,165 | \$30,000,000 | \$1,046,807,165 | \$1.040 | \$11,198,795 | \$312,000 | \$10,886,795 | \$371,361 | \$11,258,156 | -\$469,054 | \$10,789,102 |
| 2020-21 | \$1,044,545,065 | \$30,000,000 | \$1,014,545,065 | \$1.040 | \$10,863,269 | \$312,000 | \$10,551,269 | \$364,909 | \$10,916,178 | -\$458,685 | \$10,457,492 |
| 2021-22 | \$1,013,250,829 | \$30,000,000 | \$983,250,829 | \$1.040 | \$10,537,809 | \$312,000 | \$10,225,809 | \$358,650 | \$10,584,459 | -\$448,697 | \$10,135,761 |
| 2022-23 | \$982,895,420 | \$30,000,000 | \$952,895,420 | \$1.040 | \$10,222,112 | \$312,000 | \$9,910,112 | \$352,579 | \$10,262,691 | -\$439,078 | \$9,823,614 |
| 2023-24 | \$953,450,672 | \$30,000,000 | \$923,450,672 | \$1.040 | \$9,915,887 | \$312,000 | \$9,603,887 | \$346,690 | \$9,950,577 | -\$429,814 | \$9,520,763 |
| 2024-25 | \$924,889,268 | \$30,000,000 | \$894,889,268 | \$1.040 | \$9,618,848 | \$312,000 | \$9,306,848 | \$340,978 | \$9,647,826 | -\$420,893 | \$9,226,933 |
| 2025-26 | \$897,184,705 | \$897,184,705 | \$0 | \$1.040 | \$9,330,721 | \$9,330,721 | \$0 | \$4,380,019 | \$4,380,019 | \$0 | \$4,380,019 |
| 2026-27 | \$870,311,279 | \$870,311,279 | \$0 | \$1.040 | \$9,051,237 | \$9,051,237 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2027-28 | \$844,244,057 | \$844,244,057 | \$0 | \$1.040 | \$8,780,138 | \$8,780,138 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2028-29 | \$818,958,850 | \$818,958,850 | \$0 | \$1.040 | \$8,517,172 | \$8,517,172 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2029-30 | \$794,432,200 | \$794,432,200 | \$0 | \$1.040 | \$8,262,095 | \$8,262,095 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | \$137,261,279 | \$53,954,563 | \$83,306,715 | \$6,893,200 | \$90,199,915 | -\$12,267,710 | \$77,932,206 |
| Tax Credit for Value Over Limit in First 2 Years | | | | | | | Year 1 | Year 2 | Max Credits | | |
| | | | | | | | \$950,600 | \$5,942,600 | \$6,893,200 | | |
| | | | | | | | Credits Earned | | \$6,893,200 | | |
| | | | | | | | Credits Paid | | \$6,893,200 | | |
| | | | | | | | 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

205/San Patricio

205-903/Ingleside ISD

| Category | Local Tax Roll Value | 2012 WTD Mean Ratio | 2012 PTAD Value Estimate | 2012 Value Assigned |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. Single-Family Residences | 297,919,861 | N/A | 297,919,861 | 297,919,861 |
| B. Multi-Family Residences | 14,688,237 | N/A | 14,688,237 | 14,688,237 |
| C. Vacant Lots | 21,502,291 | N/A | 21,502,291 | 21,502,291 |
| D. Rural Real(Taxable) | 29,321,749 | N/A | 29,321,749 | 29,321,749 |
| F1. Commercial Real | 35,348,632 | N/A | 35,348,632 | 35,348,632 |
| F2. Industrial Real | 756,282,543 | N/A | 756,282,543 | 756,282,543 |
| G. Oil, Gas, Minerals | 59,940 | N/A | 59,940 | 59,940 |
| J. Utilities | 20,107,789 | N/A | 20,107,789 | 20,107,789 |
| L1. Commercial Personal | 12,664,391 | N/A | 12,664,391 | 12,664,391 |
| L2. Industrial Personal | 216,414,510 | N/A | 216,414,510 | 216,414,510 |
| M. Other Personal | 642,437 | N/A | 642,437 | 642,437 |
| N. Intangible Pers/Uncert | 0 | N/A | 0 | 0 |
| O. Residential Inventory | 0 | N/A | 0 | 0 |

| | | | | |
|-----------------------|---------------|-----|---------------|---------------------|
| S. Special Inventory | 263,863 | N/A | 263,863 | 263,863 |
| Subtotal | 1,405,216,243 | | 1,405,216,243 | 1,405,216,243 |
| Less Total Deductions | 134,485,700 | | 134,485,700 | 134,485,700 |
| Total Taxable Value | 1,270,730,543 | | 1,270,730,543 | 1,270,730,543 T2 |

| Category D Detail | Local Tax Roll | Ratio | PTAD Value |
|---|----------------|-------|------------|
| Market Value Non-Qualified Acres And Farm/Ranch Imp | 28,559,733 | N/A | 28,559,733 |
| Prod Value Qualified Acres | 762,016 | N/A | 762,016 |
| Taxable Value | 29,321,749 | | 29,321,749 |

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 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 1,290,708,418 | 1,270,730,543 | 1,290,708,418 | 1,270,730,543 | 1,270,730,543 | 1,270,730,543 |

| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
|---|--|
| 19,977,875 | 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 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 1,290,708,418 | 1,270,730,543 | 1,290,708,418 | 1,270,730,543 | 1,270,730,543 | 1,270,730,543 |

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

INGLESIDE INDEPENDENT SCHOOL DISTRICT

and

INGLESIDE ETHYLENE, LLC
(Texas Taxpayer ID # 32052365171)

and its affiliate

OCCIDENTAL CHEMICAL CORPORATION
(Texas Taxpayer ID # 11604847324)

Texas Comptroller Application No. 346

Dated

December 30, 2013

WHEREAS, the Comptroller, via letter, has established October 24, 2013, as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the San Patricio County Appraisal District established in San Patricio 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 22, 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 on December 30, 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 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 22, 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 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

After a deferral period granted by the Board of Trustees pursuant to the provisions of Tex. Tax Code § 313.027(h), 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, 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: 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. 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, 2017, 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, 2016, is 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, 2024. 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 Deferral Year Beginning on the Approval Date (12/30/13) | January 1, 2013 | 2013-14 | 2013 | Deferral Period |
| Partial Deferral Year (January 1, 2014) | January 1, 2014 | 2014-15 | 2014 | Deferral Period (Partial Year) |
| Partial Year Beginning on the Commencement Date (01/02/14) | January 1, 2014 | 2014-15 | 2014 | Start of Qualifying Time Period beginning with Commencement Date (01/02/14). No limitation on value. First year for computation of Annual Limit. |
| 1 | January 1, 2015 | 2015-16 | 2015 | Qualifying Time Period. No limitation on value. Possible Tax Credit in future years. |
| 2 | January 1, 2016 | 2016-17 | 2016 | Qualifying Time Period. No limitation on value. Possible Tax Credit in future years. |
| 3 | January 1, 2017 | 2017-18 | 2017 | \$ 30 million property value limitation. |
| 4 | January 1, 2018 | 2018-19 | 2018 | \$ 30 million property value limitation. Possible Tax Credit due to Applicant. |
| 5 | January 1, 2019 | 2019-20 | 2019 | \$ 30 million property value limitation. Possible Tax Credit due to Applicant. |
| 6 | January 1, 2020 | 2020-21 | 2020 | \$ 30 million property value limitation. Possible Tax Credit |

Agreement for Limitation on Appraised Value

Between Ingleside Independent School District and Ingleside Ethylene, LLC And Its Affiliate, Occidental Chemical Corporation
Texas Comptroller Chapter 313 Application No. 346
December 30, 2013
Page 4

| Full Tax Year of Agreement | Date of Appraisal | School Year | Tax Year | Summary Description of Provisions |
|-------------------------------|----------------------|----------------|----------|---|
| | | | | due to Applicant. |
| 7 | January 1, 2021 | 2021-22 | 2021 | \$30 million property value limitation. Possible Tax Credit due to Applicant. |
| 8 | January 1, 2022 | 2022-23 | 2022 | \$ 30 million property value limitation. Possible Tax Credit due to Applicant. |
| 9 | January 1, 2023 | 2023-24 | 2023 | \$30 million property value limitation. Possible Tax Credit due to Applicant. |
| 10 | January 1, 2024 | 2024-25 | 2024 | \$30 million property value limitation. Possible Tax Credit due to Applicant. |
| 11 | 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. |
| 12 | 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. |
| 13 | January 1, 2027 | 2027-28 | 2027 | 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:

Agreement for Limitation on Appraised Value

Between Ingleside Independent School District and Ingleside Ethylene, LLC And Its Affiliate, Occidental Chemical Corporation
Texas Comptroller Chapter 313 Application No. 346
December 30, 2013
Page 5

"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 2014, which, by virtue of the deferral of the date on which the Qualifying Time Period for the project is to commence under this Agreement is the Tax Year that includes the date of January 2, 2014, on which the Qualifying Time Period commences under this Agreement.

"Applicant" means, collectively, Ingleside Ethylene, LLC (*Texas Taxpayer ID #32052365171*), and its affiliate, Occidental Chemical (*Texas Taxpayer ID #11604847324*), the companies listed in the Preamble of this Agreement who, on September 9, 2013, filed the Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest and their respective 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 September 9, 2013, which has been certified by the Comptroller's office to constitute a complete final Application as of the date of October 24, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining 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 San Patricio County Appraisal District.

"Approval Date" means December 30, 2013, the date upon which the Application and this Agreement were approved by the Board of Trustees.

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

"Commencement Date" means January 2, 2014, the date upon which the Qualifying Time Period begins. By agreement of the Parties pursuant to Texas Tax Code §313.027(h), the Commencement Date has been deferred, at the request of the Applicant, from the Approval Date.

"Completed Application Date" means October 24, 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 San Patricio 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 Ingleside 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, 2027. 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 one hundred (100) 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 Tax Benefit" means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by 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 at least one hundred (100) "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, after a deferral period as permitted by Texas Tax Code §313.027(h), the period that begins on the Commencement Date of January 2, 2014, and ends on December 31, 2016.

"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 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, the Appraised Value of the

Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

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

The 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 portion of 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 October 24, 2013, the Completed Application Date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and
- (c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Notwithstanding the foregoing, any replacement property that meets the definition of Qualified Property (including, but not limited to, any such replacement property installed as part of the project in connection with turnarounds, outages, planned, unplanned and emergency shutdowns, and scheduled and unscheduled maintenance, repairs, restorations, modifications or inspections) shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

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

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

Section 2.5. QUALIFYING USE

The Parties agree that the Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

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

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

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code, §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its

Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, such other payments as 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 fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the 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. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation.

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 thirty percent (30%) 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 2017), the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 4.2, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, 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 0.30;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

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

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

For each Tax Year during the term of this Agreement beginning with the third 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 2027), 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 2027) 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 any of the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity, provided that such decision and direction of the Board of Trustees does not result in additional costs to the Applicant. Such foundation or entity

may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 8.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section 4.6 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 2017 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 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 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 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Forms 50-772 and 50-773, respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) if it does not cancel the Agreement prior to the end of the Qualifying Time Period under Section 5.2 of this Agreement, it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and
- (c) it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2017 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 penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments

made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax Year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 7.6. MATERIAL BREACH OF AGREEMENT

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

- (a) The Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.14, 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 Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for any such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

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

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material Breach of this Agreement has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such Material Breach of this Agreement has occurred and, if so, whether such Material Breach of this Agreement has been cured. At any such hearing, the Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such Material Breach of this Agreement occurred, if any, and whether or not any such Material Breach of this Agreement has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a Material Breach of this Agreement has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged Material Breach of this Agreement, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in San Patricio 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.

Section 7.12. ADDITIONAL APPLICANT OBLIGATIONS PRIOR TO END OF DEFERRAL PERIOD

As set forth in section 1.2, above, the Parties have agreed to the deferral of the Commencement Date for this Agreement until January 2, 2014. The Applicant must, therefore, comply with the following additional requirements contained in this Section 7.12 in conformance with the provisions of 34 Texas Administrative Code § 9.1054(h)(13). Not later than December 31, 2013, the Applicant shall provide the District with an update on the project status, as follows: If there have been no material changes in the project schedule, cost projections, taxable value projections, or employment projections set forth in the Application, the Applicant shall, within the aforesaid time period, notify the District and the Comptroller that no change in the project status has occurred. In the event that there has been any material change in the project schedule, cost projections, taxable value projections, or employment projections set forth in the Application, then the Applicant shall, within the aforesaid time period, deliver to the District and the Comptroller an amendment and/or supplement to the Application informing the District and the Comptroller of any such material change. Additionally, prior to the Commencement Date, the Applicant shall diligently comply with any written request from the District or the Comptroller to provide additional information necessary to evaluate the economic impact analysis for the conditions prior to the start of the Qualifying Time Period.

In the event that any information submitted by the Applicant pursuant to this Section 7.12 results in the Comptroller's recommendation in favor of the project being changed to a negative recommendation by the Comptroller, then the Board of Trustees may, in its sole discretion, immediately terminate this Agreement by giving notice of such termination to the Applicant in accordance with the provisions of Section 8.1, below. After receiving such notice, the Applicant shall be entitled to dispute such termination in accordance with the dispute resolution procedures contained in Section 7.9, above.

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:

Troy Mircovich, Superintendent
INGLESIDE INDEPENDENT SCHOOL DISTRICT
2664 San Angelo Street
Ingleside, Texas 78362
Fax: (361) 776-0267
Email: troy.mircovich@inglesideisd.org

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

Notices to the Applicant shall be addressed as follows:

William E. Shock
Occidental Petroleum Corporation
5 Greenway Plaza, Suite 110
Houston, Texas 77046-0521
Fax: (713) 840-3043
Email: William_E._Shock@oxy.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 Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2016.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official

action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property or Qualified Investment not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property or Qualified Investment pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight-year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. 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 San Patricio 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 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 8.15 does not require the publication of information that is confidential under Texas Tax Code §313.028.

[SIGNATURE PAGE FOLLOWS]

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

INGLESIDE ETHYLENE, LLC

By: Michael Horne
Name: Michael Horne
Title: Assistant Secretary

INGLESIDE INDEPENDENT SCHOOL DISTRICT

By: Teresa Flores
TERESA FLORES
President
Board of Trustees

OCCIDENTAL CHEMICAL CORPORATION

By: Chuck Anderson
Name: Chuck Anderson
Title: President

ATTEST:

Brenda J. Richardson
JOE LOEFFLER V. P.
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Occidental Reinvestment Zone* was originally created on September 9, 2013, by action of the San Patricio County Commissioner's Court. As a result of the action of the San Patricio County Commissioner's Court, all of the following described real property within San Patricio County, Texas, is located within the boundaries of the *Occidental Reinvestment Zone*. A map of the *Occidental Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**. The legal description of the *Occidental Reinvestment Zone* is as follows:

STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

A 147.7736 ACRE TRACT LOCATED IN THE T. T. WILLIAMSON SURVEY, ABSTRACT 143, THE T. T. WILLIAMSON SURVEY, ABSTRACT 290, THE T. T. WILLIAMSON SURVEY, ABSTRACT 293, AND THE T. T. WILLIAMSON SURVEY, ABSTRACT 292, SAN PATRICIO COUNTY, TEXAS

DESCRIPTION of an 147.7736 acre tract, out of and a part of that certain called 81.149 acre tract described in Deed from E. I. du Pont de Nemours and Company to Occidental Chemical Corporation, dated February 17, 1998, and recorded in Clerk's File No. 459563 of the Real Property Records of San Patricio, Texas, that certain called 310.70 acre tract described in Deed from Vista Del Sol LNG LP to Occidental Chemical Corporation dated December 16, 2010, and recorded in Clerk's File No. 605165 of the Real Property Records of San Patricio County, Texas, and the residue of that certain called 651.63 acre tract described in Deed from J. Carter Goodloe, et al. to E. I. du Pont de Nemours & Company dated April 9, 1971, and recorded in Volume 426, Page 32 of the Deed Records of San Patricio County, Texas located in the T. T. WILLIAMSON SURVEY, Abstract 143, the T. T. WILLIAMSON SURVEY, Abstract 290, the T. T. WILLIAMSON SURVEY, Abstract 293, and the T. T. WILLIAMSON SURVEY, Abstract 292, San Patricio County, Texas, and is described as follows:

NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983(CORS), south zone, all distances are surface distance.

TO FIND the place of beginning, COMMENCE at a 5/8-inch iron rod found at the southwest corner of that certain called 18.4 acre tract described in Deed from E. I. du Pont de Nemours and Company to Reynolds Metal Company, dated October 1, 1974, and recorded in Clerk's File No. 238785 of the Deed Records of San Patricio County, Texas (the "Reynolds 18.4 acre tract"), said point having coordinates of $x = 1,385,904.63$ and $y = 17,214,595.56$;

THENCE North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1013.53 feet to the PLACE OF BEGINNING of this herein described 147.7736 acre tract, having coordinates of $x = 1,386,918.16$ and $y = 17,214,600.25$;

JOHN GRIFFIN, Surveyors
212 BRYAN STREET
POST OFFICE BOX 1437
DAYTON, TEXAS 77535
PHONE 936 258-2639

THENCE continuing North 89 degrees 44 minutes 06 seconds East, along and with the south line of the Reynolds 18.4 acre tract, a distance of 1101.65 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 44 degrees 42 minutes 13 seconds East, along and with the southeast line of the Reynolds 18.4 acre tract, a distance of 494.99 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 89 degrees 42 minutes 19 seconds East, along and with the south line of that certain called 3.331 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated November 25, 1998, and recorded in Clerk's File No. 468583 of the Real Property Records of San Patricio, Texas (the "Water District 3.331 acre tract"), a distance of 49.94 feet to a found 1 1/2-inch iron rod in concrete;

THENCE North 00 degrees 32 minutes 56 seconds West, along and with the east line of the Water District 3.331 acre tract, a distance of 250.01 feet to a found 5/8-inch iron rod;

THENCE South 89 degrees 57 minutes 48 seconds East, along and with the south line of that certain called 5.541 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated April 24, 1991, and recorded in Clerk's File No. 396350 of the Real Property Records of San Patricio, Texas, a distance of 603.93 feet to a found 5/8-inch iron rod;

THENCE along and with the south line of that certain called 29.278 acre tract described in Deed from E. I. du Pont de Nemours and Company to San Patricio Municipal Water District, dated November 25, 1998, and recorded in Clerk's File No. 468583 of the Real Property Records of San Patricio, Texas, the following three (3) courses and distances:

1. North 89 degrees 43 minutes 06 seconds East, a distance of 47.82 feet to a found 5/8-inch iron rod with cap stamped "NAISMITH ENG. C.C., TX";
2. North 45 degrees 26 minutes 49 seconds East, a distance of 541.66 feet to a found 5/8-inch iron rod with cap stamped "NAISMITH ENG. C.C., TX";
3. North 89 degrees 39 minutes 59 seconds East, at a distance of 247.09 feet a found 5/8-inch iron rod with cap stamped "NEI RPLS 4700", in all a total distance of 247.57 feet;

THENCE South 00 degrees 00 minutes 44 seconds East, a distance of 3151.24 feet to a 5/8-inch iron rod found for the northeast corner of that certain called 24.797 acre tract described in Deed from Conoco Global Power

Assets Inc. to Ingleside Cogeneration Limited Partnership, dated December 5, 1997, and recorded in Clerk's File No. 457204 of the Real Property Records of San Patricio County, Texas (the "Cogen 24.797 acre tract");

THENCE along and with the Cogen 24.797 acre tract, the following four (4) courses and distances:

1. South 89 degrees 59 minutes 17 seconds West, a distance of 1072.38 feet to a found 5/8-inch iron rod;
2. South 00 degrees 00 minutes 02 seconds West, a distance of 656.57 feet to a found 5/8-inch iron rod;
3. North 89 degrees 57 minutes 56 seconds East, a distance of 422.48 feet to a found 5/8-inch iron rod;
4. South 00 degrees 01 minutes 37 seconds East, a distance of 578.39 feet to a found 5/8-inch iron rod;

THENCE South 89 degrees 58 minutes 47 seconds West, a distance of 445.15 feet;

THENCE South 00 degrees 00 minutes 46 seconds West, a distance of 2128.57 feet;

THENCE North 44 degrees 46 minutes 33 seconds West, along and with the north line of that certain called 592.751 acre tract described in Deed from Du Pont Chlorine, Inc. to Occidental Electrochemicals Corporation, dated September 30, 1987, and recorded in Clerk's File No. 364008 of the Real Property Records of San Patricio County, Texas, a distance of 85.17 feet;

THENCE North 00 degrees 00 minutes 46 seconds East, a distance of 2026.12 feet;

THENCE North 89 degrees 59 minutes 14 seconds West, a distance of 108.50 feet to a point in the west line of the residue of that certain called 651.63 acre tract described in Deed from J. Carter Goodloe, et al. to E. I. du Pont de Nemours & Company dated April 9, 1971, and recorded in Volume 426, Page 32 of the Deed Records of San Patricio County, Texas (the "Du Pont 651.63 acre tract");

THENCE North 00 degrees 18 minutes 22 seconds West, along and with the west line of the Du Pont 651.63 acre tract, a distance of 2089.61 feet;

THENCE South 89 degrees 59 minutes 16 seconds West, a distance of 1508.60 feet;

THENCE North 00 degrees 00 minutes 45 seconds West, a distance of 1350.57 feet to the PLACE OF BEGINNING, containing 147.7736 acres.

REFERENCE is hereby made to the plat titled "MAP OF A 147.7736 ACRE TRACT" dated August 30, 2013.

SURVEYED August 13, 2013.

By

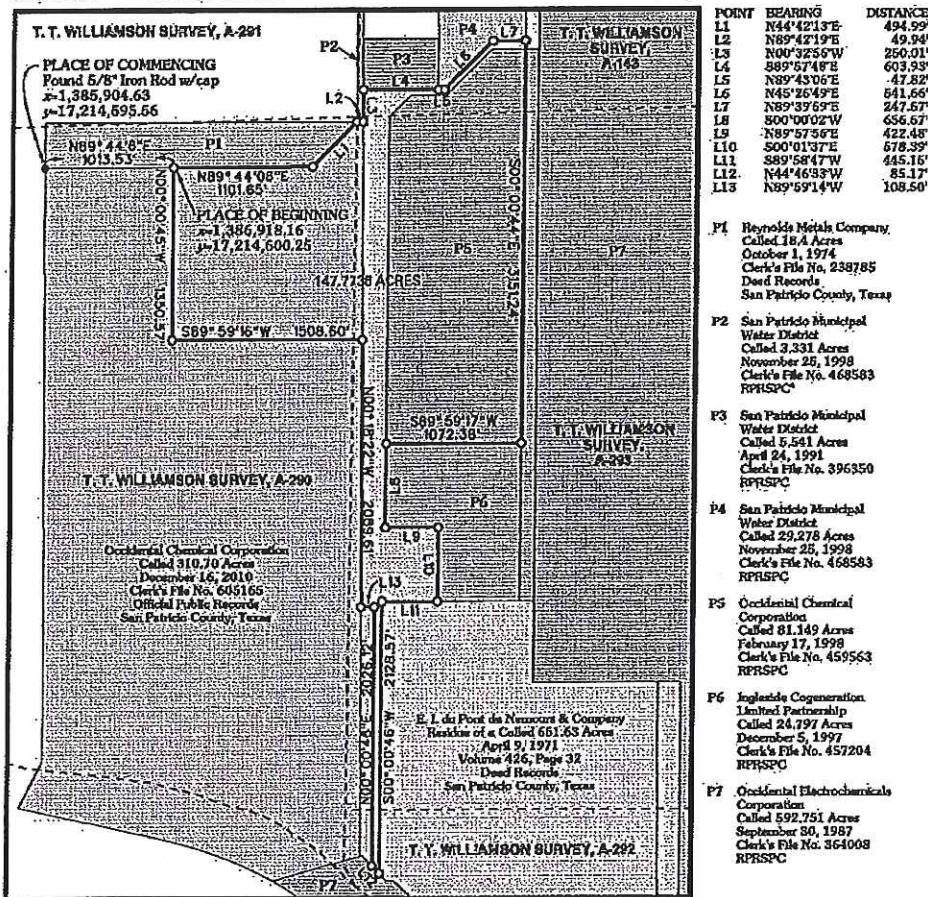
John P. Griffin
John P. Griffin
Registered Professional
Land Surveyor No. 2032



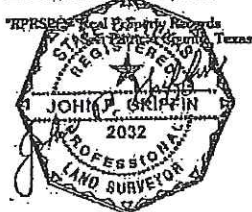
THENCE North 00 degrees 00 minutes 45 seconds West, a distance of 1350.57 feet to the PLACE OF BEGINNING, containing 147.7736 acres.

REFERENCE is hereby made to the plat titled "MAP OF A 147.7736 ACRE TRACT" dated August 30, 2013.

JOHN GRIFFIN, Surveyors
212 BRYAN STREET POST OFFICE BOX 1437
836 268-2638 DAYTON, TEXAS 77535



NOTE: All bearings and coordinates are grid based on the Texas Coordinate System of 1983 (CORS), south zone, all distances are surface distance.



SCALE: 1"= 1000'
1000 500 0 1000
FEET

MAP OF A 147.7736 Acre Tract

Located in the
T. T. WILLIAMSON SURVEY, A-143
T. T. WILLIAMSON SURVEY, A-290
T. T. WILLIAMSON SURVEY, A-293
T. T. WILLIAMSON SURVEY, A-292
San Patricio County, Texas

August 30, 2013

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned or leased by the Applicant and located within the boundaries of both the Ingleside Independent School District and the *Occidental Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located within the legal description of the *Occidental Reinvestment Zone* set forth in **EXHIBIT 1**.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The Applicant proposes to design and construct an ethylene plant on land currently owned by Occidental Chemical Corporation in San Patricio County/Ingleside ISD adjacent to existing plant operations. Occidental Chemical Corporation will operate the plant on behalf of Ingleside Ethylene, LLC for purposes of supplying ethylene to Occidental Chemical Corporation's Vinyl Chloride Monomer production facilities. In conjunction with the project, a 115 mile pipeline will be constructed to ethylene storage facilities in Markham, Texas. The pipeline is not included in the project for purposes of this Agreement.

Plant Scope:

Construct an ethane cracking facility and related equipment and appurtenances for the production of up to 1.2 billion pounds per year of ethylene. The ethylene unit will receive an ethane feedstock from pipeline sources and be designed to produce polymer grade ethylene, together with fuel gas, Hydrogenated C3/C4s and C5+ liquids as byproducts.

Facility:

- Feed Systems, Cracking Heaters and Quench Water System
- Charge Gas Compression and Acid Gas Removal
- Charge Gas Drying and Regeneration Facilities
- Hydrogen Compression and Purification
- Charge Gas Chilling, Front End Deethanizer, and Acetylene Converters
- Demethanizer
- Ethylene Fractionation
- Debutanizer
- C3/C4 Hydrogenation
- Propylene Refrigeration System
- Binary Refrigeration System

Supporting Facilities:

- Treated Water
- Demineralization and Boiler Feedwater
- Cooling Water System
- Steam and Condensate
- Power Supply
- Fuel Gas
- Plant and Instrument Air
- Nitrogen
- Breathing Air
- Fuel Gas/Natural Gas
- Flare
- Waste Water Treatment
- Sanitary System
- Firewater
- Chemical Storage
- Product Storage and Handling

Agreement for Limitation on Appraised Value

Between Ingleside Independent School District and Ingleside Ethylene, LLC And Its Affiliate, Occidental Chemical Corporation
Texas Comptroller Chapter 313 Application No. 346

EXHIBIT 3
(CONTINUED)

Pipeline & Storage:

- Approximately 115 mile 8-inch bi-directional pipeline to Markham, Texas storage
- Ethylene Storage
- Surface Equipment

In addition, the project will have related process facilities, auxiliaries and equipment, including, but not limited to, air compressors, electrical sub-stations, road improvements, utilities (including steam lines), tankage, pipe connections, process control systems, cooling towers, control buildings, and infrastructure additions, upgrades and modifications related to the proposed project, and tools, vehicles, furnishings and moveable personal property.