
FINDINGS AND ORDER
OF THE
PORT NECHES-GROVES INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
TOTAL PETROCHEMICALS & REFINING USA, INC.
(Texas Taxpayer ID #17509904037)
and
TOTAL PAR LLC
(Texas Taxpayer ID #32033261978)
(Application #1029)

April 23, 2015

FINDINGS AND ORDER OF THE
PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY TOTAL PETROCHEMICALS & REFINING
USA, INC. AND TOTAL PAR LLC

COUNTY OF JEFFERSON §

On September 8, 2014, the Superintendent of Schools of the Port Neches-Groves Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Total #1029 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. Schedule B to that Application was revised on November 12, 2014. A copy of the completed Application and November 12 revision is attached as **Attachment A**.

Board Findings of the Port Neches-Groves Independent School District

The Applicant, Total (Taxpayer Id. Nos. 17509904037 and 32033261978), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. Sec. **Attachment B**.

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

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

The Application was reviewed by the Texas Education Agency pursuant to Texas Tax Code § 313.025 (b-1), and on October 15, 2014 the Texas Education Agency issued a letter which 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 a favorable recommendation was issued on December 11, 2014. 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 Port Neches-Groves Independent School District. A copy of a report prepared by Douglas Karr is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Port Neches-Groves Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

Board Findings of the Port Neches-Groves Independent School District

On February 9, 2015, the Applicant requested an extension of time for review of the Application by the Board of Trustees, and that request was granted. A copy of the Resolution of the school district's Board of Trustees is found at **Attachment G**.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts, which form was approved on March 27, 2015. The proposed form of Agreement is attached to these findings as **Attachment H**.

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

Board Finding Number 1.

The Applicant, Total, qualifies for a limitation on appraised value of Qualified Property under Section 313.024, TEXAS TAX CODE, in the eligibility category of manufacturing.

Board Finding Number 2.

Total's entire proposed investment in the Port Neches-Groves ISD is \$1,603,000,000, of which \$1,091,000,000 is proposed to be Qualified Investment under Section 313.021, TEXAS TAX CODE.

Board Finding Number 3.

The average salary level of qualifying jobs for the project is expected to be at least \$66,551 per year. The review of the application by the State Comptroller's Office indicated that this amount complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. TOTAL indicates that total employment will be approximately 10 new jobs, all of which will be qualifying jobs.

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 \$160.3 million on the basis of the goal of 10 new qualifying positions for the entire TOTAL #1029 project.

Board Findings of the Port Neches-Groves Independent School District

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.

In support of Finding 5, Table 2 of the Comptroller's impact study depicts this project's estimated direct, indirect and induced effects to employment and personal income within the state based on 15 years of annual investment and employment levels:

Table 2: Estimated Statewide Economic Impact of Investment and Employment in TOTAL:

Year	Employment			Personal Income		
	Direct	Indirect+ Induced	Total	Direct	Indirect+ Induced	Total
2016	570	1,114	1684	\$71,850,264	\$69,149,736	\$141,000,000
2017	660	1,379	2039	\$85,746,063	\$98,253,938	\$184,000,000
2018	3549	6,824	10373	\$474,582,334	\$481,417,666	\$956,000,000
2019	1567	3,685	5252	\$215,180,146	\$323,819,854	\$539,000,000
2020	10	638	648	\$670,000	\$119,330,000	\$120,000,000
2021	10	60	70	\$670,000	\$63,330,000	\$64,000,000
2022	10	(266)	-256	\$670,000	\$23,330,000	\$24,000,000
2023	10	(414)	-404	\$670,000	-\$2,670,000	-\$2,000,000
2024	10	(436)	-426	\$670,000	-\$14,670,000	-\$14,000,000
2025	10	(405)	-395	\$670,000	-\$21,670,000	-\$21,000,000
2026	10	(328)	-318	\$670,000	-\$21,670,000	-\$21,000,000
2027	10	(248)	-238	\$670,000	-\$17,670,000	-\$17,000,000
2028	10	(156)	-146	\$670,000	-\$11,670,000	-\$11,000,000
2029	10	(74)	-64	\$670,000	-\$3,670,000	-\$3,000,000
2030	10	(45)	-35	\$670,000	-\$670,000	\$0
2031	10	10	20	\$670,000	\$4,330,000	\$5,000,000
2032	10	45	55	\$670,000	\$10,330,000	\$11,000,000
2033	10	76	86	\$670,000	\$16,330,000	\$17,000,000
2034	10	107	117	\$670,000	\$22,330,000	\$23,000,000

Table 3 illustrates the estimated tax impact of the Total project on the region if all taxes are assessed:

Board Findings of the Port Neches-Groves Independent School District

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Tax Levy	Port Neches-Groves ISD M&O Tax Levy	Port Neches-Groves ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Navigation District Tax Levy	Jefferson Co. Drainage District #7 Tax Levy	City of Port Arthur	Estimated Total Property Taxes
				0.394	1.040000		0.365000	0.029374	0.149917	0.792	
2020	\$1,442,700,000	\$1,442,700,000		\$5,684,238	\$15,004,080	\$20,688,318	\$5,265,855	\$423,779	\$2,162,853	\$11,426,184	\$39,966,988
2021	\$1,399,419,000	\$1,399,419,000		\$5,513,711	\$14,553,958	\$20,067,668	\$5,107,879	\$411,065	\$2,097,967	\$11,083,398	\$38,767,979
2022	\$1,357,436,430	\$1,357,436,430		\$5,348,300	\$14,117,339	\$19,465,638	\$4,954,643	\$398,733	\$2,035,028	\$10,750,897	\$37,604,939
2023	\$1,316,713,337	\$1,316,713,337		\$5,187,851	\$13,693,819	\$18,881,669	\$4,806,004	\$386,771	\$1,973,977	\$10,428,370	\$36,476,791
2024	\$1,277,211,937	\$1,277,211,937		\$5,032,215	\$13,283,004	\$18,315,219	\$4,661,824	\$375,168	\$1,914,758	\$10,115,519	\$35,382,487
2025	\$1,238,895,579	\$1,238,895,579		\$4,881,249	\$12,884,514	\$17,765,763	\$4,521,969	\$363,913	\$1,857,315	\$9,812,053	\$34,321,013
2026	\$1,201,728,712	\$1,201,728,712		\$4,734,811	\$12,497,979	\$17,232,790	\$4,386,310	\$352,996	\$1,801,596	\$9,517,691	\$33,291,382
2027	\$1,165,676,850	\$1,165,676,850		\$4,592,767	\$12,123,039	\$16,715,806	\$4,254,721	\$342,406	\$1,747,548	\$9,232,161	\$32,292,641
2028	\$1,130,706,545	\$1,130,706,545		\$4,454,984	\$11,759,348	\$16,214,332	\$4,127,079	\$332,134	\$1,695,121	\$8,955,196	\$31,323,662
2029	\$1,096,785,348	\$1,096,785,348		\$4,321,334	\$11,406,568	\$15,727,902	\$4,003,267	\$322,170	\$1,644,268	\$8,686,540	\$30,384,146
2030	\$1,063,881,788	\$1,063,881,788		\$4,191,694	\$11,064,371	\$15,256,065	\$3,883,169	\$312,505	\$1,594,940	\$8,425,944	\$29,472,621
2031	\$1,031,965,334	\$1,031,965,334		\$4,065,943	\$10,732,439	\$14,798,383	\$3,766,673	\$303,129	\$1,547,091	\$8,173,165	\$28,588,443
2032	\$1,001,006,374	\$1,001,006,374		\$3,943,965	\$10,410,466	\$14,354,431	\$3,653,673	\$294,036	\$1,500,679	\$7,927,970	\$27,730,789
2033	\$970,976,183	\$970,976,183		\$3,825,646	\$10,098,152	\$13,923,798	\$3,544,063	\$285,215	\$1,455,658	\$7,690,131	\$26,898,866
2034	\$941,846,897	\$941,846,897		\$3,710,877	\$9,795,208	\$13,506,086	\$3,437,741	\$276,658	\$1,411,989	\$7,459,427	\$26,091,901
					Total	\$252,913,869	\$64,374,869	\$5,180,678	\$26,440,787	\$139,684,646	\$488,594,848

Source: CPA, Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jefferson County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county, Jefferson Co. Navigation District, Jefferson Co. Drainage District# 7, and City of Port Arthur.

*The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Tax Levy	Port Neches-Groves ISD M&O Tax Levy	Port Neches-Groves ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Navigation District Tax Levy	Jefferson Co. Drainage District #7 Tax Levy	City of Port Arthur	Estimated Total Property Taxes
				0.394	1.040000		0.365000	0.029374	0.149917	0.792	
2020	\$1,442,700,000	\$30,000,000		\$5,684,238	\$312,000	\$5,996,238	\$5,265,866	\$42,378	\$2,161,855	\$3,199,882	\$10,081,369
2021	\$1,399,419,000	\$30,000,000		\$5,513,711	\$312,000	\$5,825,711	\$5,107,888	\$41,107	\$2,097,977	\$3,100,885	\$9,788,188
2022	\$1,357,436,430	\$30,000,000		\$5,348,300	\$312,000	\$5,660,300	\$4,954,664	\$39,873	\$2,035,038	\$3,104,859	\$9,503,999
2023	\$1,316,713,337	\$30,000,000		\$5,187,851	\$312,000	\$5,499,851	\$4,806,024	\$38,677	\$1,973,988	\$3,011,713	\$9,128,139
2024	\$1,277,211,937	\$30,000,000		\$5,032,215	\$312,000	\$5,344,215	\$4,661,845	\$37,517	\$1,914,768	\$2,921,362	\$8,960,752
2025	\$1,238,895,579	\$30,000,000		\$4,881,149	\$312,000	\$5,193,149	\$4,521,979	\$36,391	\$1,857,325	\$2,812,053	\$15,679,621
2026	\$1,201,728,712	\$30,000,000		\$4,734,811	\$312,000	\$5,046,811	\$4,386,331	\$35,300	\$1,801,606	\$2,712,161	\$14,771,395
2027	\$1,165,676,850	\$30,000,000		\$4,592,767	\$312,000	\$4,904,767	\$4,254,731	\$34,141	\$1,747,558	\$2,612,161	\$14,771,395
2028	\$1,130,706,545	\$30,000,000		\$4,454,984	\$312,000	\$4,766,984	\$4,127,089	\$33,113	\$1,695,129	\$2,512,196	\$14,337,613
2029	\$1,096,785,348	\$30,000,000		\$4,321,334	\$312,000	\$4,633,334	\$4,003,277	\$32,117	\$1,644,278	\$2,412,196	\$13,916,845
2030	\$1,063,881,788	\$1,063,881,788		\$4,191,694	\$11,064,371	\$5,116,743	\$3,883,169	\$312,505	\$1,594,940	\$8,425,944	\$19,333,300
2031	\$1,031,965,334	\$1,031,965,334		\$4,065,943	\$10,732,439	\$4,963,145	\$3,766,673	\$303,129	\$1,547,091	\$8,173,165	\$18,753,305
2032	\$1,001,006,374	\$1,001,006,374		\$3,943,965	\$10,410,466	\$4,814,352	\$3,653,673	\$294,036	\$1,500,679	\$7,927,970	\$18,190,710

Board Findings of the Port Neches-Groves Independent School District

2033	\$970,976,183	\$970,976,183		\$3,825,646	\$10,098,152	\$4,669,918	\$3,544,063	\$285,115	\$1,455,658	\$7,690,131	\$17,644,286
2034	\$941,846,897	\$941,846,897		\$3,710,877	\$9,795,108	\$4,529,823	\$3,437,741	\$276,658	\$1,411,989	\$7,459,427	\$17,115,640
					Total	\$76,965,541	\$22,894,274	\$1,842,456	\$9,403,400	\$101,418,981	\$212,524,652
					Diff	\$175,948,327	\$41,480,594	\$3,338,222	\$17,037,387	\$38,265,666	\$276,070,196

Board Finding Number 6.

The Project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement.

Attachment B to the Comptroller's impact study contains the following analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application:

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$1,675,440	\$1,675,440	\$0	\$0
	2018	\$4,792,320	\$6,467,760	\$0	\$0
	2019	\$12,111,840	\$18,579,600	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$18,891,600	\$14,692,080	\$14,692,080
	2021	\$312,000	\$19,203,600	\$14,241,958	\$28,934,038
	2022	\$312,000	\$19,515,600	\$13,805,339	\$42,739,376
	2023	\$312,000	\$19,827,600	\$13,381,819	\$56,121,195
	2024	\$312,000	\$20,139,600	\$12,971,004	\$69,092,199
	2025	\$312,000	\$20,451,600	\$12,572,514	\$81,664,713
	2026	\$312,000	\$20,763,600	\$12,185,979	\$93,850,692
	2027	\$312,000	\$21,075,600	\$11,811,039	\$105,661,731
	2028	\$312,000	\$21,387,600	\$11,447,348	\$117,109,079
	2029	\$312,000	\$21,699,600	\$11,094,568	\$128,203,647
Maintain Viable Presence (5 Years)	2030	\$11,064,371	\$32,763,971	\$0	\$128,203,647
	2031	\$10,732,439	\$43,496,410	\$0	\$128,203,647
	2032	\$10,410,466	\$53,906,876	\$0	\$128,203,647
	2033	\$10,098,152	\$64,005,029	\$0	\$128,203,647
	2034	\$9,795,208	\$73,800,236	\$0	\$128,203,647
Additional Years as Required by 313.026(c)(1)	2035	\$9,501,352	\$83,301,588	\$0	\$128,203,647
	2036	\$9,216,311	\$92,517,899	\$0	\$128,203,647
	2037	\$8,939,822	\$101,457,720	\$0	\$128,203,647
	2038	\$8,671,627	\$110,129,347	\$0	\$128,203,647
	2039	\$8,411,478	\$118,540,826	\$0	\$128,203,647
	2040	\$8,159,134	\$126,699,959	\$0	\$128,203,647
	2041	\$7,914,360	\$134,614,319	\$0	\$128,203,647

Board Findings of the Port Neches-Groves Independent School District

(10 Years)	2042	\$7,676,929	\$142,291,248	\$0	\$128,203,647
	2043	\$7,446,621	\$149,737,869	\$0	\$128,203,647
	2044	\$7,223,223	\$156,961,092	\$0	\$128,203,647
		<u>\$156,961,092</u>	is greater than	<u>\$128,203,647</u>	

Board Finding No. 7.

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

Board Finding Number 8.

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

The summary of financial impact prepared by Douglas Karr indicates that there will be little to no impact on school facilities created by the new manufacturing project and its 10 permanent jobs once it begins operations. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Port Neches-Groves ISD as stated in **Attachment D**.

Board Finding Number 9.

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

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

The limitation on appraised value is a determining factor in the Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicants, the applicants are "wholly-owned indirect subsidiaries of Total S.A., one of the largest integrated international oil and gas companies in the world with operations in more than 130 countries." It is apparent that the parent company has the ability to build the new project outside of Texas.

Board Findings of the Port Neches-Groves Independent School District

- Per the applicants, the applicants have related facilities in a neighboring state and have received an incentive offer from it.
- Per the applicants, no construction has commenced at the project site and the construction timeline is not in the near future.

Board Finding Number 10.

The Board of Trustees hired a consultant to review and verify the information in the Application from Total #1029. Based upon the consultant's 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).

Board Finding Number 12.

The Applicant Total (Taxpayer ID Nos. 17509904037 and 32033261978) 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.

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.

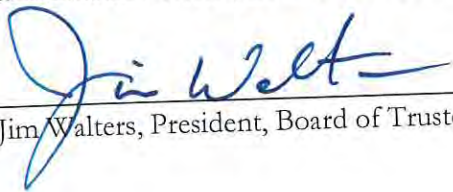
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Port Neches-Groves Independent School District. It is further ORDERED that these findings and the

Board Findings of the Port Neches-Groves Independent School District

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 Port Neches-Groves Independent School District.

Dated the 23rd day of April, 2015.

PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

By: 
Jim Walters, President, Board of Trustees

ATTEST:

By: 
Eric Sullivan, Secretary, Board of Trustees

ATTACHMENT

A

TAB 1

Pages 1 through 9 of Application

See attached



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

Economic Development
and Analysis
Form 50-296-A

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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, 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. For more information, see guidelines on Comptroller's website.

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. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. 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, issue a certificate for a limitation on appraised value 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 not later than the 150th 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 issue a certificate, complete the 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 to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

September 8, 2014

Date Application Received by District

Dr. Rodney

Cavness

First Name

Last Name

Superintendent

Title

Port Neches-Groves ISD

School District Name

620 Avenue C

Street Address

620 Avenue C

Mailing Address

Port Neches

Texas

77651

City

State

ZIP

(409) 722-4244

(409) 724-7864

Phone Number

Fax Number

rcavness@pngisd.org

Mobile Number (optional)

Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application?

☒ Yes

☐ No



Application for Appraised Value Limitation on Qualified Property

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Sara H.

First Name

Partner

Title

Powell & Leon, LLP

Firm Name

(512) 494-1177

Phone Number

Leon

Last Name

(512) 494-1188

Fax Number

sleon@powell-leon.com

Email Address

Mobile Number (optional)

4. On what date did the district determine this application complete?

September 18, 2014

5. Has the district determined that the electronic copy and hard copy are identical?

☒ Yes

☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

William C. (Chris)

First Name

Manager - Federal Audits

Title

1201 Louisiana Street

Street Address

P.O. Box 674411

Mailing Address

Houston

City

713-483-5761

Phone Number

Miller

Last Name

Total Petrochemicals and Refining USA, Inc.

Organization

Texas

State

713-483-5139

Fax Number

chris.miller@total.com

Business Email Address

77002

ZIP

2. Will a company official other than the authorized company representative be responsible for responding to future information requests?

Yes

☒ No

2a. If yes, please fill out contact information for that person.

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application?

☒ Yes

☐ No

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property



SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Stephen A.

Kuntz

First Name

Last Name

Partner

Title

Fulbright & Jaworski LLP

Firm Name

713-651-5241

713-651-5246

Phone Number

Fax Number

stephen.kuntz@nortonrosefulbright.com

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "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.

2. 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 ☐ N/A
3. 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 ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 1-75-0990403-7 and 3-20-3326197-8
3. List the NAICS code 325110
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☒ Yes ☐ No
- 4a. If yes, please list application number, name of school district and year of agreement
- Application #2, Port Neches-Groves ISD, 2002; Application #136, Port-Neches Groves ISD, 2008

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Corporation and Limited Liability Company
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for 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
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. 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

SECTION 7: Project Description

1. In **Tab 4**, attach 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.
2. Check the project characteristics that apply to the proposed project:

☐ Land has no existing improvements	☒ Land has existing improvements (complete Section 13)
☐ Expansion of existing operation on the land (complete Section 13)	☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property



SECTION 9: Projected Timeline

1. Application approval by school board December, 2014
2. Commencement of construction Third Quarter 2016
3. Beginning of qualifying time period January 2, 2017
4. First year of limitation 2020
5. Begin hiring new employees Second Quarter 2018
6. Commencement of commercial operations First Quarter 2019
7. 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.
8. When do you anticipate the new buildings or improvements will be placed in service? First Quarter 2019

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Jefferson County, Texas
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Jefferson County Appraisal District
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 County: Jefferson County, \$0.3650%, 100% City: N/A
(Name, tax rate and percent of project)
 Hospital District: N/A Water District: N/A
(Name, tax rate and percent of project)
 Other (describe): Drainage District # 7, .149917, 100% Other (describe): Sabine Neches Nav. Dist., \$0.029374, 100%
(Name, tax rate and percent of project)
(Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes ☒ No
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: 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 Subchapter B or Subchapter C, 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/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. 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 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. 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 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new 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
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? October 31, 2014

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property



SECTION 14: Wage and Employment Information

1. 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
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2014
(year)
3. 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 Texas Workforce Commission (TWC)? 1,351
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
 4. What is the number of new qualifying jobs you are committing to create? 10
 5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the 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(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 978.25
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 1,951.40
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,279.83
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 66,551.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 66,551.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes ☒ No
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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.

print
here

Dr. Rodney Cavness

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

print
here

William C. Miller

Print Name (Authorized Company Representative (Applicant))

Manager - Federal Audits

Title

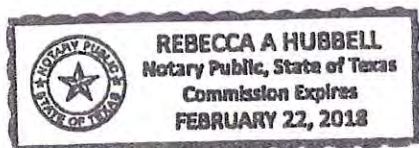
sign
here

Signature (Authorized Company Representative (Applicant))

September 5, 2014

Date

GIVEN under my hand and seal of office this, the



(Notary Seal)

5th day of September, 2014

Rebecca A Hubbell
Notary Public in and for the State of Texas

My Commission expires: 2-22-18

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 Section 37.10.

Application for Appraised Value Limitation on Qualified Property



APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

TAB 2

Proof of Payment of Application Fee

See attached

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

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



Port Neches-Groves Independent School District

620 Avenue C
Port Neches, Texas 77651-3092

INVOICE

Invoice Number: 01-2014-15

Invoice Date: September 3, 2014

Vendor: TOTAL Petrochemicals USA Inc.
1201 Louisiana St.
Houston, TX 77002-5600

Chapter 313 Application Fee

INVOICE TOTAL

\$100,000.00

Payment Due Date: Upon Receipt

Make check payable to: Port Neches-Groves ISD

Mail check to the attention of: Cheryl Hernandez, Business Manager
Port Neches-Groves ISD
620 Avenue C
Port Neches, Texas 77651

TAB 3

**Documentation of Combined Group
Membership under Texas Tax Code
171.0001(7), History of Tax Default,
Delinquencies and/or Material
Litigation (*if applicable*)**

**See Attached Copy of Texas Comptroller Tax
Form No. 05-166, Texas Franchise Tax Affiliate
Schedule**

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

TAB 4

Detailed Description of the Project

See attached

In Tab 4, attach 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.

In General

Total Petrochemicals & Refining USA, Inc. and its wholly-owned subsidiary, TOTAL PAR LLC (collectively, the "Applicants"), propose to design and construct an ethylene plant on land currently owned by the Applicants and located in Jefferson County, Texas (the "Project"). The Project would be designed to produce at least 750 kilotons per annum (KTA) of polymer grade ethylene.

The Applicants own and operate the Port Arthur Refinery located on Highway 366 in Jefferson County, Texas and the extraterritorial jurisdiction of the City of Port Arthur, Texas (the "Port Arthur Refinery"). The Project would be sited next to the Port Arthur Refinery, but would be a separate facility.

The Applicants currently estimate that a capital investment of approximately \$1.603 billion would be required for the construction of the Project using state-of-the-art equipment and technology.

The Applicants are committed to employing at least 10 new full-time employees at the Project. In addition, the Applicants would create many direct and indirect jobs during the estimated 36-month construction period for the Project. The Project is expected to operate for at least 30 years.

Project Description Overview

The new facilities associated with the Project would process ethane to produce polymer grade ethylene. The ethane recovered from the process would be recycled to the feed stream. The proposed project would contain typical process equipment, including fired heaters, vessels, drums, exchangers, rotating equipment, pipe and piping components, process control instrumentation, analyzers, and chemical injection facilities. Figure 2-1 included as the last page behind Tab 4 depicts the basic process flow of the Project. In addition, a new cooling tower, a new ground flare, and a thermal oxidizer would be constructed as part of the Project.

Detailed Project Description

Ethane Cracking Heaters and Recovery Equipment

The Project includes construction of new ethane cracking heaters and recovery equipment. The major pieces of recovery equipment for the Project include a quench tower, caustic wash and spent caustic degassing and pretreatment facilities, charge gas compression and acid gas removal, a chiller train, acetylene conversion, a deethanizer, a hydrogen compression and purification section, a demethanizer, an ethylene fractionator, a propylene refrigeration system and a binary refrigeration system. Feedstock and product streams would be conveyed through new and existing pipelines.

Heaters Section

The unit would operate by continuously firing four ethane cracking heaters, with a fifth heater on standby. The heaters are equipped with ultra-low NOX burners and selective catalytic reduction (SCR) systems to control NOX emissions. The heaters would crack fresh ethane that is combined with recycled ethane. Steam is introduced as part of the process. The heater outlet stream is cooled by quench water.

The heaters would fire purchased natural gas or blended fuel gas that consists of purchased natural gas and tail gas. Tail gas is a recycle stream resulting from an initial separation of methane and hydrogen during the chilling step within the Demethanizer System. The composition of blended fuel gas would depend on current hydrogen production and disposition.

Heater Decoking

In the cracking operation, coke (molecular carbon) gradually builds on the inside walls of the furnace tubes. This layer of coke impedes heat transfer and must be removed while the heater is not cracking ethane through a periodic steam/air decoke operation. The coke is removed from the walls of the heater tubes through oxidation and spalling. The spalled coke fines are disengaged from the heater effluent mixture of fines, vapor, and water in the decoke drum. The coke particles are routed back to the firebox of another operating heater to be combusted.

Ground Flare

A new ground flare system would be designed to provide safe control of gases vented from normal operations, and startup and shutdown of the new ethane side cracker. This system would be equipped with a totalizing flow meter and an on-line analyzer to speciate the hydrocarbons in the flare gases.

Thermal Oxidizer)

A thermal oxidizer would be designed to control low pressure vent gases from process storage tanks and vessels containing VOC material.

Cooling Tower

A new cooling tower would be constructed to accomplish process heat removal and supply cooling water to the Project. This cooling tower would be a multi-cell, induced draft, counter-flow type cooling tower.

Storage Tanks

Several new storage tanks would be constructed for the Project. These tanks store materials such as slop oil, diesel fuel, wastewater, ammonia, compressor wash oil, lube oil, caustic, spent caustic, sulfuric acid, methanol, various additives, and bleach. Tanks storing VOC material with vapor pressure greater than 0.5 psia will be routed to the thermal oxidizer for control.

Additional Information

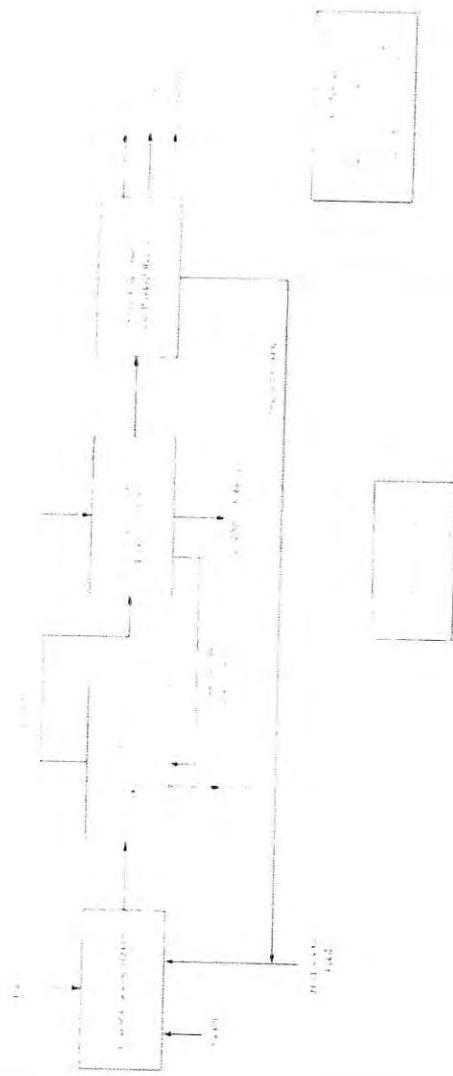
Additional information and detail concerning the Project is included behind **Tab 7**.

Timeline for Construction

The Applicants currently estimate that construction of the Project would commence in the third quarter of 2016 and would take approximately 2 and ½ years to complete, with commercial operations currently estimated to begin in the first quarter of 2019.

Figure 2-1, Simplified Process Flow Diagram, follows on the next page.

Figure 2-1. Simplified Process Flow Diagram



TAB 5

**Documentation to Assist in
Determining if Limitation is a
Determining Factor**

See attached

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

The Applicants are wholly-owned indirect subsidiaries of Total S.A., one of the largest integrated international oil and gas companies in the world with operations in more than 130 countries. As such, the Applicants compete with other members of the Total S.A. group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Total S.A. group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

The Applicants own and operate the Port Arthur Refinery where the Project would be sited if the Port Arthur Refinery location were chosen as the site for the Project.

One of the Applicants, Total Petrochemicals & Refining USA, Inc. ("TPRI"), also owns and operates the Carville Styrenics Complex located in Iberville Parish, Louisiana. This facility is one of the largest styrene and polystyrene complex in the world. At the same time that the Applicants are evaluating the Port Arthur Refinery location as the site for the Project, TPRI is also evaluating the Carville Styrenics Complex location as the site for the Project.

In connection with TPRI's evaluation of the Carville Styrenics Complex location, Louisiana Economic Development ("LED"), a Department of the State of Louisiana, has submitted a proposal to TPRI (the "LED Carville Proposal") outlining in detail, among other things, the State of Louisiana's incentive package offered to TPRI if the Project is located at the Carville Styrenics Complex location. Those incentives include a 100% property tax exemption for 10 years.

The property tax incentives available for the Project if located at each of the Port Arthur Refinery location and the Carville Styrenics Complex location are a critical factor in the Applicants' site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Total S.A. group. For the tax year 2013, Port Neches-Groves ISD's maintenance and operations (M&O) tax rate represents over 50% of the total property tax burden imposed on taxable property located at the Port Arthur Refinery location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

The LED Carville Proposal will be provided to the Texas Comptroller of Public Accounts under separate cover.

TAB 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (*if applicable*)

Section 10, Questions 5 and 6

No information or documentation is required by the responses to these questions.

TAB 7

Description of Qualified Investment

See attached

This application covers all qualified property within the Port Neches-Groves Independent School District for the commercial operations of the Project described in **Tab 4** and includes, but is not limited, to real estate, site preparation, roads and paving, office, warehouse and manufacturing buildings, storage facilities, pumps, piping, tanks, heaters, production equipment, control rooms, shops and all related and necessary facilities and equipment for the manufacture of polymer grade ethylene, including, but not limited to:

Major Process Equipment:

- Feed Systems
- Cracking Heaters
- Quench Water System
- Charge Gas Compression
- Acid Gas Removal
- Charge Gas Drying and Regeneration Facilities
- Caustic Wash and Spent Caustic Degassing and Pretreatment Facilities
- Hydrogen Compression
- Hydrogen Purification
- Charge Gas Chilling
- Deethanizer
- Acetylene Converters
- Demethanizer
- Ethylene Fractionation
- Propylene Refrigeration System
- Binary Refrigeration System

Supporting Facilities:

- Raw Water Treatment
- Demineralization of Water
- Boiler Feedwater
- Cooling Water System
- Steam and Condensate Systems
- Power Supply
- Fuel Gas
- Plant and Instrument Air
- Nitrogen
- Fuel Gas/Natural Gas Systems
- Ground Flare
- Waste Water Treatment
- Sanitary System
- Firewater
- Chemical Storage

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 related to the proposed project, and tools, vehicles, furnishings and moveable personal property. Feedstock and product streams will be conveyed through new and existing pipelines.

The Project will also include:

- Process streams tie-ins to the BASF Total Petrochemicals steam cracker;
- Utilities, including electricity, steam and cooling water supply;
- Safety systems, including flares;
- Water treatment systems; and
- Infrastructure improvements and new piping.

Additional information and detail concerning the qualified investment is included behind **Tab 4**.

The maps behind **Tab 11** show the proposed project site where the Project will be located. The exact placement of the improvements and tangible personal property at the proposed project site is subject to ongoing design and engineering and will be determined before construction begins.

TAB 8

Description of Qualified Property

See Tab 7

TAB 9

Description of Land

The land is a part of two larger parcels identified on the appraisal records of the Jefferson County Appraisal District (“JCAD”) by the following accounts:

- 1. Property ID No. 000329593 and Geographic ID No. 064710-000-000100-00000-0 and containing approximately 1001.636 acres.**
- 2. Property ID No. 000076099 and Geographic ID No. 049402-000-000565-00000-3 and containing approximately 174.4650 acres.**

See attached JCAD map

The land will not be qualified property for purposes of this Application.



000329593

000076103

Project Site

000076099

TAB 10

**Description of All Property Not
Eligible to Become Qualified Property
*(if applicable)***

See attached

1. *In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.*

Five (5) storage tanks are currently located at the proposed Project site at the Port Arthur Refinery. All of the storage tanks will be demolished and removed in connection with site preparation for the Project.

2. *In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).*

None – Not Applicable

3. *For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:*
 - a. *maps and/or detailed site plan;*
 - b. *surveys;*
 - c. *appraisal district values and parcel numbers;*
 - d. *inventory lists;*
 - e. *existing and proposed property lists;*
 - f. *model and serial numbers of existing property; or*
 - g. *other information of sufficient detail and description.*

None – Not Applicable

5. *In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.*

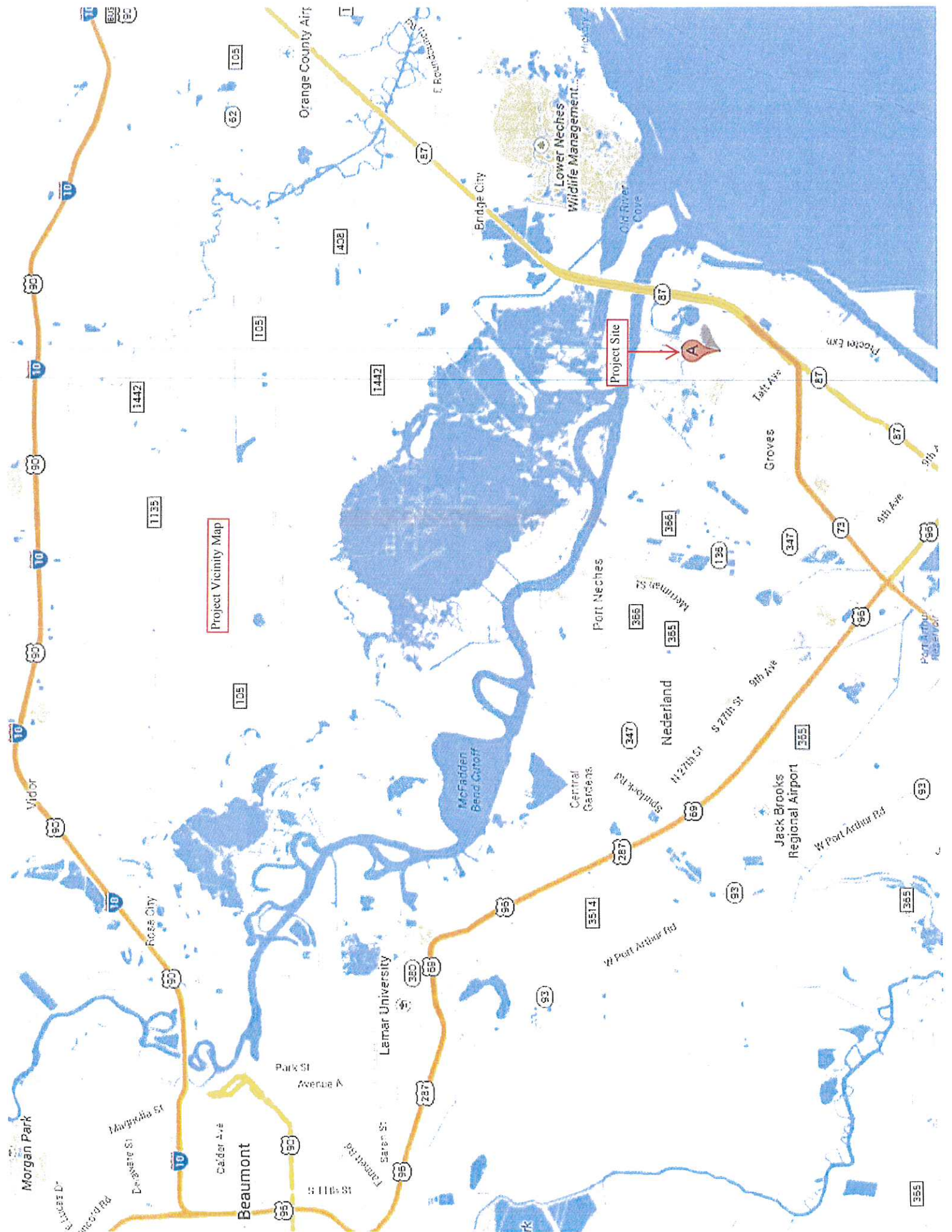
Five (5) storage tanks are currently located at the proposed Project site at the Port Arthur Refinery. All of the storage tanks will be demolished and removed in connection with site preparation for the Project. Because the storage tanks will be demolished and removed, the storage tanks will have no appraised value at the time construction of the Project begins.

TAB 11

Maps that show:

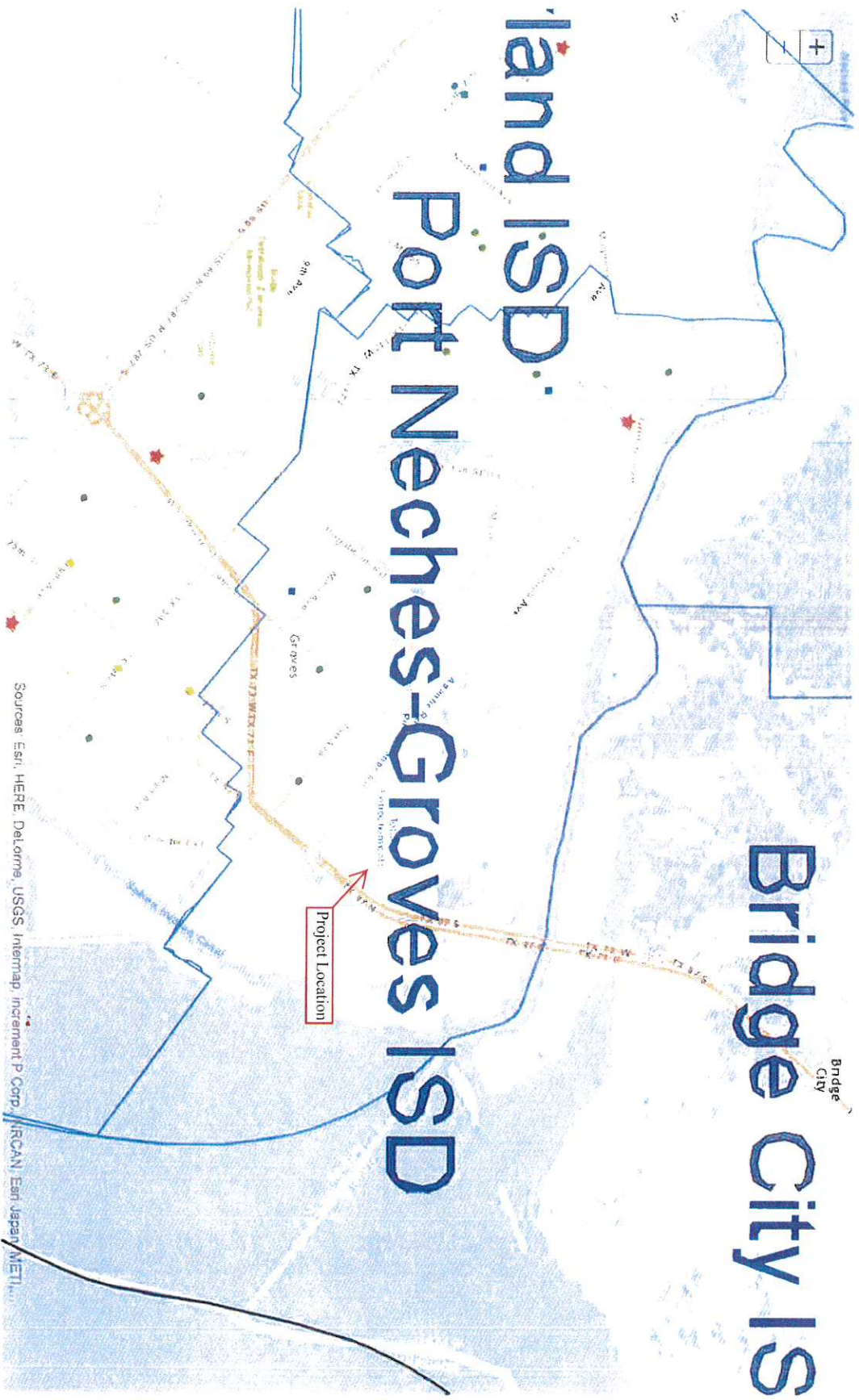
- a) Project vicinity
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period
- c) Qualified property including location of new buildings or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

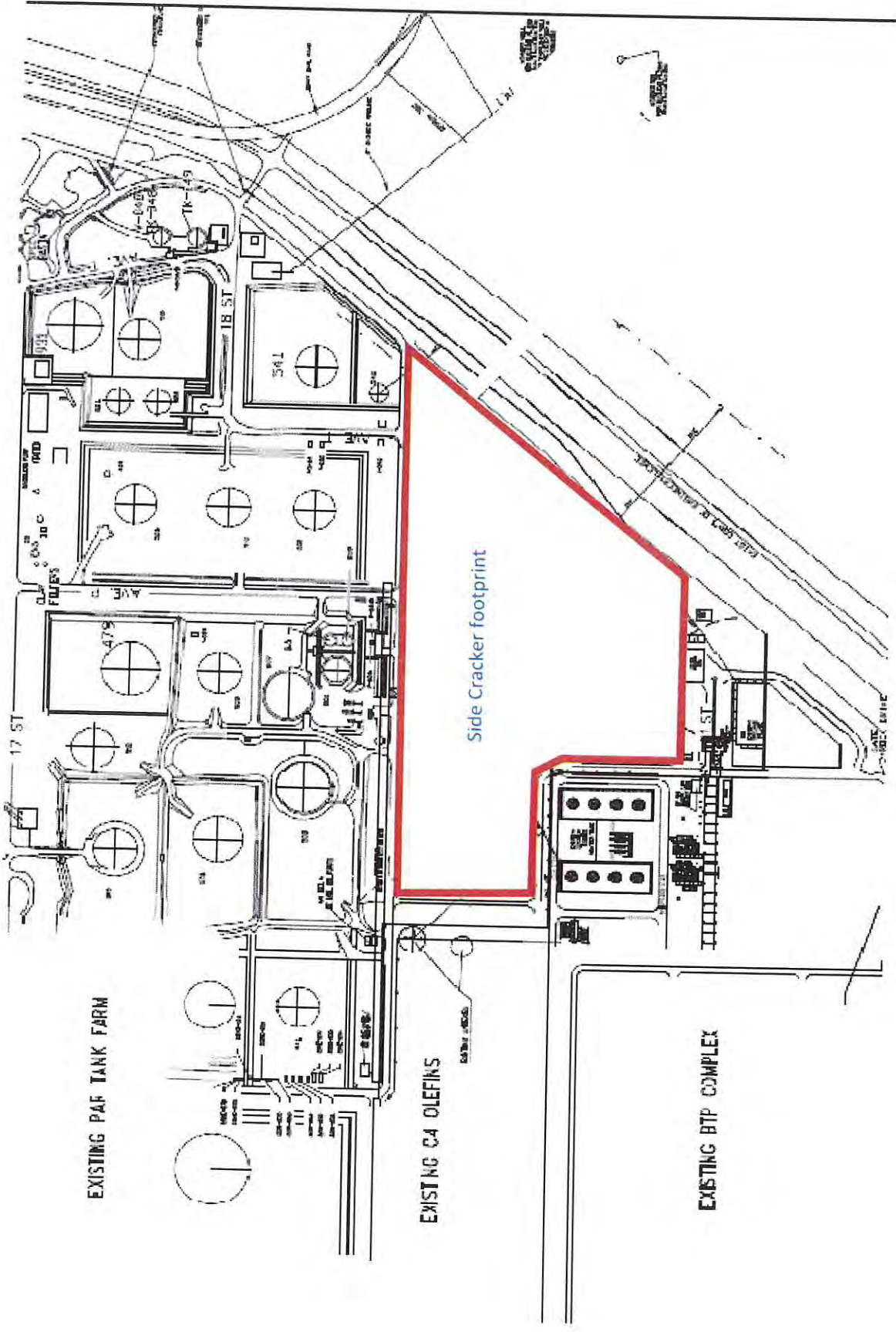
See attached maps





Map Showing Project Location Within Port Neches-Groves ISD





EXISTING PAF TANK FARM

EXISTING C4 OLEFINS

Side Cracker footprint

EXISTING BTP COMPLEX

[illegible][illegible]

BLOODPORT SUPPLY - LOCAL U.S. IMPORTATION TOTAL RECEIPT: 100% PORT ARTIUR, IL 605	SIGHT DUTY SCALE 1" = 500' PRINT DATE 7/20/84 DRAWN BY R. COLLIER CHECKED BY: U.L. APPROVED BY: AMI	PROJ NO. 11-0032-A SHEET 2 OF 2
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Reinvestment Zone

Legal Description

TRACT I
1,225.7 ACRES OF LAND AND WATER
PART OF BLOCKS 4-6, RANGE "A",
PART OF BLOCKS 4-6, RANGE "Z",
PORT ARTHUR LAND COMPANY SUBDIVISION,
PART OF THE BURR & CASWELL SURVEY ABSTRACT NO. 405,
THE BURRELL JONES SURVEY ABSTRACT NO. 156,
& THE NATHAN GRIGSBY SURVEY ABSTRACT NO. 125
JEFFERSON COUNTY, TEXAS

BEING 1225.7 acres of land and water, part of Lots 1-5 and all of Lots 6-8, Block 4, Range "A", all of Lots 1-3, part of Lots 4 and 5, and all of Lots 6-8, Block 5, Range "A", all of Lot 1, part of Lots 2 and 7, and all of Lot 8, Block 6, Range "A", all of Lots 5 and 6, Block 4, Range "Z", all of Lots 3-6, Block 5, Range "Z", and all of Lots 3 and 4, Block 6, Range "Z", Port Arthur Land Company Subdivision, recorded in Volume 1, Page 22, Map Records, Jefferson County, Texas; part of the Burr & Caswell Survey, Abstract No. 405, the Burrell Jones Survey Abstract No. 156, and the Nathan Grigsby Survey Abstract No. 125, Jefferson County, Texas; said 1225.7 acre tract being more fully described by metes and bounds as follows, to wit:

COMMENCING at a point being the common corner of Blocks 5 and 6, Range "A" and Blocks 5 and 6, Range "B", Port Arthur Land Company Subdivision; said point being on the centerline of a dedicated road FM Highway 366;

THENCE, North 36 deg., 38 min., 09 sec., East, on the common line of said Blocks 5 and 6, Range "A", a distance of 229.64' to a brass disc set in concrete for the POINT OF BEGINNING on the intersection of the East line of a 50' wide KCS Railroad right of way and the South right of way line of a dedicated road named 32nd Street; having a State Plane Coordinate of N: 13931090.09, E: 3583789.32;

THENCE, North 36 deg., 38 min., 09 sec., East, on the South right of way line of said 32nd Street, a distance of 1305.06' to a point for corner on the intersection of the South right of way line of said 32nd Street and the centerline of a dedicated road named Grandview Avenue; from which a brass disc in concrete found for reference point bears North 36 deg., 38 min., 09 sec., East. a distance of 30.71';

THENCE, North 53 deg., 21 min., 05 sec., West, on the centerline of said Grandview Avenue, a distance of 2637.78' to a ½" steel rod in concrete found for corner on the intersection of the centerline of said Grandview Avenue and the centerline of a dedicated road name 39th Street;

THENCE, North 38 deg., 30 min., 11 sec., East, a distance of 210.30' to a brass disc in concrete found for corner;

THENCE, North 79 deg., 02 min., 48 sec., East, a distance of 334.39' to a brass disc in concrete found for corner;

THENCE, North 89 deg., 48 min., 48 sec., East, a distance of 305.81' to a brass disc in concrete found for corner;

THENCE, North 57 deg., 46 min., 51 sec., East, a distance of 112.34' to a brass disc in concrete found for corner;

THENCE, North 73 deg., 47 min., 40 sec., East, a distance of 677.47' to a brass disc in concrete found for corner;

THENCE, North 73 deg., 47 min., 40 sec., East, a distance of 120.34' to a brass disc in concrete found for corner;

THENCE, North 54 deg., 53 min., 13 sec., East, a distance of 304.02' to a brass disc in concrete found for corner;

THENCE, North 33 deg., 32 min., 28 sec., East, a distance of 376.85' to a brass disc in concrete found for corner;

THENCE, North 09 deg., 10 min., 39 sec., East, a distance of 216.22' to a brass disc in concrete found for corner;

THENCE, North 00 deg., 19 min., 04 sec., East, a distance of 161.60' to a brass disc in concrete found for corner;

THENCE, North 10 deg., 33 min., 45 sec., East, a distance of 184.18' to a 3" steel pipe in concrete found for corner;

THENCE, North 79 deg., 41 min., 55 sec., East, a distance of 186.22' to a brass disc in concrete found for corner;

THENCE, South 78 deg., 20 min., 48 sec., East, a distance of 288.51' to a brass disc in concrete found for corner;

THENCE, South 45 deg., 23 min., 38 sec., East, a distance of 118.85' to a brass disc set in concrete for corner;

THENCE, South 37 deg., 48 min., 03 sec., East, a distance of 97.21' to a ½" steel pipe found for corner;

THENCE, North 85 deg., 48 min., 13 sec., East, a distance of 698.13' passing a ½" steel pipe found for reference point; continuing for a total distance of 713.57' to a brass disc set in concrete for corner;

THENCE, North 12 deg., 58 min., 09 sec., East, a distance of 4577.69' to a point for corner;

THENCE, South 81 deg., 31 min., 51 sec., East, a distance of 578.40' to a point for corner;

THENCE, North 82 deg., 46 min., 51 sec., West, a distance of 525.00' to a point for corner;

THENCE, South 83 deg., 47 min., 51 sec., East, a distance of 1320.30' to a point for corner;

THENCE, South 87 deg., 31 min., 51 sec., East, a distance of 700.00' to a point for corner;

THENCE, South 83 deg., 26 min., 35 sec., East, a distance of 1332.85' to a point for corner;

THENCE, South 05 deg., 47 min., 09 sec., West, a distance of 424.72' to a point for corner;

THENCE, South 11 deg., 53 min., 10 sec., West, a distance of 43.78' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, North 85 deg., 48 min., 50 sec., West, a distance of 59.62' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 19 min., 21 sec., West, a distance of 268.04' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 21 min., 33 sec., West, a distance of 1224.08' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 42 deg., 56 min., 09 sec., West, a distance of 6.70' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 13 deg., 43 min., 47 sec., West, a distance of 198.59' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 06 deg., 43 min., 57 sec., West, a distance of 47.15' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 30 min., 31 sec., West, a distance of 144.15' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 83 deg., 01 min., 30 sec., East, a distance of 3.93' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 21 min., 33 sec., West, a distance of 548.28' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 77 deg., 29 min., 30 sec., East, a distance of 7.98' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 16 deg., 26 min., 49 sec., West, a distance of 288.04' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 11 deg., 34 min., 55 sec., West, a distance of 297.90' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 10 deg., 00 min., 01 sec., West, a distance of 119.35' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 12 min., 33 sec., West, a distance of 241.57' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 82 deg., 35 min., 29 sec., East, a distance of 53.19' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 30 min., 31 sec., West, a distance of 60.20' to a ½" steel rod, capped end marked "SOUTEX", found for corner;

THENCE, North 82 deg., 38 min., 17 sec., West, a distance of 52.88' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 12 min., 33 sec., West, a distance of 149.93' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 82 deg., 38 min., 17 sec., East, a distance of 52.09' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 30 min., 34 sec., West, a distance of 4672.92' to a brass disc in concrete found for corner on the North right of way line of a dedicated road name State Highway 87;

THENCE, South 36 deg., 38 min., 09 sec., West, on the North right of way line of said State Highway 87, a distance of 1962.99' to a brass disc in concrete found for corner;

THENCE, South 40 deg., 22 min., 29 sec., West, on the North right of way line of said State Highway 87, a distance of 602.61' to a brass disc in concrete found for corner;

THENCE, South 36 deg., 42 min., 20 sec., West, continuing on the North right of way line of said State Highway 87, a distance of 520.97' to a brass disc in concrete found for corner on the intersection of the North right of way line of said State Highway 87 and the East right of way line of said KCS Railroad;

THENCE, on the East right of way line of said KCS Railroad, on the arc of a curve to the left having a radius of 979.93', on arc length of 347.36', a chord bearing of North 43 deg., 10 min., 24 sec., West, a chord distance of 345.55' to a brass disc in concrete found for corner; having a State Plane Coordinate of N: 13928387.27, E: 3587423.90;

THENCE, North 53 deg., 21 min., 51 sec., West, continuing of the East right of way line of said KCS Railroad, a distance of 4529.40' to the POINT OF BEGINNING and containing 1,225.7 acres of land and water, more or less.

TAB 12

Request for Waiver of Job Creation Requirement and supporting information *(if applicable)*

Not Applicable – No Request Will Be Made that the Governing Body Waive the Minimum New Qualifying Job Creation Requirement

TAB 13

**Calculation of three possible wage
requirements with TWC
documentation**

See attached

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	2nd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$934
2013	3rd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$924
2013	4th Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,019
2014	1st Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,036

\$ 3,913.00

÷

4

\$ 978.25

x 52 weeks

\$50,869.00

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,659
2013	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,644
2013	4th Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,755
2014	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$2,038

\$ 7,096.00

÷

4

\$ 1,774.00

x 110%

\$ 1,951.40

x 52 weeks

\$101,472.80

**2013 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$23.73	\$49,363
1. <u>Panhandle Regional Planning Commission</u>	\$20.43	\$42,499
2. <u>South Plains Association of Governments</u>	\$16.53	\$34,380
3. <u>NORTEX Regional Planning Commission</u>	\$19.15	\$39,838
4. <u>North Central Texas Council of Governments</u>	\$25.00	\$51,997
5. <u>Ark-Tex Council of Governments</u>	\$17.45	\$36,298
6. <u>East Texas Council of Governments</u>	\$19.50	\$40,565
7. <u>West Central Texas Council of Governments</u>	\$18.64	\$38,779
8. <u>Rio Grande Council of Governments</u>	\$16.27	\$33,848
9. <u>Permian Basin Regional Planning Commission</u>	\$22.89	\$47,604
10. <u>Concho Valley Council of Governments</u>	\$17.20	\$35,777
11. <u>Heart of Texas Council of Governments</u>	\$19.44	\$40,444
12. <u>Capital Area Council of Governments</u>	\$27.31	\$56,805
13. <u>Brazos Valley Council of Governments</u>	\$17.20	\$35,770
14. <u>Deep East Texas Council of Governments</u>	\$16.48	\$34,287
15. <u>South East Texas Regional Planning Commission</u>	\$29.09	\$60,501
16. <u>Houston-Galveston Area Council</u>	\$26.13	\$54,350
17. <u>Golden Crescent Regional Planning Commission</u>	\$22.23	\$46,242
18. <u>Alamo Area Council of Governments</u>	\$18.91	\$39,329
19. <u>South Texas Development Council</u>	\$13.94	\$28,990
20. <u>Coastal Bend Council of Governments</u>	\$23.78	\$49,454
21. <u>Lower Rio Grande Valley Development Council</u>	\$15.82	\$32,907
22. <u>Texoma Council of Governments</u>	\$20.93	\$43,529
23. <u>Central Texas Council of Governments</u>	\$17.33	\$36,042
24. <u>Middle Rio Grande Development Council</u>	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

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.

\$60,501.00
x 110%
\$66,551.00
÷ 52 weeks
\$ 1,279.83

TAB 14

**Schedules A1, A2, B, C and D
completed and signed Economic
Impact *(if applicable)***

See Schedules A1, A2, B, C and D attached

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date: 5-Sep-14
 Applicant Name: TOTAL PETROCHEMICALS & REFINING USA, INC. and TOTAL PAR LLC
 SD Name: Port Neches-Groves USD

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS											
(Estimated investment in each year. Do not put cumulative totals.)											
		Column A	Column B	Column C	Column D	Column E					
	Tax Year (If in actual tax year column, YYYY)	New investment (original cost in tangible personal property placed in service during this year that will become Qualified Property)	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)					
Year	School Year (YYYY-YYYY)										
Investment made before filing complete application with district	2014-2015	2014				\$0					
Investment made after filing complete application with district, but before final board approval of application	2015-2016	2015	\$0			\$0					
		2016	\$0			\$0					
		2017	\$0			\$0					
		2018	\$0			\$0					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	2019-2019	2019	\$0			\$0					
		2020	\$0			\$0					
		2021	\$0			\$0					
		2022	\$0			\$0					
Complete tax years of qualifying time period	2023-2023	2023	\$0			\$0					
		2024	\$0			\$0					
		2025	\$0			\$0					
		2026	\$0			\$0					
Total Investment through Qualifying Time Period (ENTER this row in Schedule A2)			\$1,603,000,000	\$0	\$0	\$1,603,000,000					
Total Qualified Investment (sum of green cells)			\$1,603,000,000								

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total.

Only unique personal.

Column B: The total dollar amount.

Column C: Dollar value of other investment that may.

Column D: Dollar value of other investment that may affect economic impact and total value.

Examples of other investment that may result in qualified property are land or professional services.

Total investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from the row into the first row in Schedule A2.

Qualified investment: For the green qualified investment cell, enter the sum of all the green shaded cells.

Enter amounts from TOTAL row above in Schedule A2

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (File in actual (tax year below) YYYY)	Column A	Column B	Column C	Column D	Column E	
				New investments (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investments made during this year in buildings or permanent nonexpendable components of buildings that will become Qualified Property	Other investment made during this year that will become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total investment (A+B+C+D)	
Total investment from Schedule A1**	-	TOTALS FROM SCHEDULE A1			\$0	\$1,603,000,000	\$0	\$0	\$1,603,000,000
	0	2014-2015	2014		\$0			\$0	\$0
	0	2015-2016	2015		\$0			\$0	\$0
	0	2016-2017	2016		\$0			\$0	\$0
	0	2017-2018	2017		\$0	\$179,000,000		\$0	\$179,000,000
	0	2018-2019	2018		\$0	\$333,000,000		\$0	\$333,000,000
	0	2019-2020	2019		\$0	\$782,000,000		\$0	\$782,000,000
Value limitation period***	1	2020-2021	2020		\$0	\$309,000,000		\$0	\$309,000,000
	2	2021-2022	2021		\$0	\$0		\$0	\$0
	3	2022-2023	2022		\$0	\$0		\$0	\$0
	4	2023-2024	2023		\$0	\$0		\$0	\$0
	5	2024-2025	2024		\$0	\$0		\$0	\$0
	6	2025-2026	2025		\$0	\$0		\$0	\$0
	7	2026-2027	2026		\$0	\$0		\$0	\$0
	8	2027-2028	2027		\$0	\$0		\$0	\$0
	9	2028-2029	2028		\$0	\$0		\$0	\$0
	10	2029-2030	2029		\$0	\$0		\$0	\$0
Total investment made through limitation				\$0	\$1,603,000,000			\$1,603,000,000	
Continue to maintain value presence	11	2030-2031	2030					\$0	\$0
	12	2031-2032	2031					\$0	\$0
	13	2032-2033	2032					\$0	\$0
	14	2033-2034	2033					\$0	\$0
	15	2034-2035	2034						
Additional years (for 25 year economic impact as required by 313.026(C)(1))	16	2035-2036	2035						\$0
	17	2036-2037	2036						\$0
	18	2037-2038	2037						\$0
	19	2038-2039	2038						\$0
	20	2039-2040	2039						\$0
	21	2040-2041	2040						\$0
	22	2041-2042	2041						\$0
	23	2042-2043	2042						\$0
	24	2043-2044	2043						\$0
	25	2044-2045	2044						\$0

* All investments made through the qualifying time

* * Only investment made during deferrals of the start of the limitation (after the end of qualifying time

** If your qualifying time period will overlap your value
 test: List amount invested each year, not cumulative total

A. This represents the total dollar amount of planned Only tangible personal property that is specifically

8 The total dollar amount of planned investment
9 Dollar value of other investment that may affect
10 economic interest and total value. Elements of

D: Dollar value of other investment that may affect economic impact and total value. Examples of

Date

5-Sep-14

Applicant Name

TOTAL PETROCHEMICALS & REFINING USA, INC. and TOTAL PAR LLC

ISD Name

Port Neches-Groves ISD

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Form 50-296A

Revised May 2014

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year)	Qualified Property		Estimated Taxable Value		
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Market Value less any exemptions (such as pollution control) and other limitations	Final taxable value for ISD after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2014-2015			\$0	\$0	\$0
	0	2015-2016			\$0	\$0	\$0
	0	2016-2017			\$0	\$0	\$0
	0	2017-2018			\$0	\$0	\$0
Value Limitation Period	0	2017-2018		\$179,000,000	\$0	\$161,100,000	\$161,100,000
	0	2018-2019			\$0		
	0	2019-2020		\$512,000,000	\$0	\$460,800,000	\$647,000,000
	0	2020-2021		\$1,294,000,000	0	\$1,164,600,000	\$801,500,000
	2	2021-2022		\$1,603,000,000	\$0	\$1,442,700,000	\$30,000,000
	3	2022-2023		\$1,554,910,000	\$0	\$1,399,419,000	\$30,000,000
	4	2023-2024		\$1,508,262,700	\$0	\$1,357,436,430	\$30,000,000
	5	2024-2025		\$1,463,014,819	\$0	\$1,316,713,337	\$30,000,000
	6	2025-2026		\$1,419,124,374	\$0	\$1,277,211,937	\$30,000,000
	7	2026-2027		\$1,376,550,643	\$0	\$1,238,895,579	\$30,000,000
Continue to maintain viable presence	8	2027-2028		\$1,335,254,124	\$0	\$1,201,728,712	\$30,000,000
	9	2028-2029		\$1,295,196,500	\$0	\$1,165,676,850	\$30,000,000
	10	2029-2030		\$1,256,340,605	\$0	\$1,130,706,545	\$30,000,000
	11	2030-2031		\$1,218,650,387	\$0	\$1,096,785,348	\$30,000,000
	12	2031-2032		\$1,182,090,875	\$0	\$1,063,881,788	\$1,063,881,788
	13	2032-2033		\$1,146,628,149	\$0	\$1,031,965,334	\$1,031,965,334
	14	2033-2034		\$1,112,229,305	\$0	\$1,001,006,374	\$1,001,006,374
	15	2034-2035		\$1,078,862,426	\$0	\$970,976,183	\$970,976,183
	16	2035-2036		\$1,046,496,553	\$0	\$941,846,897	\$941,846,897
	17	2036-2037		\$1,015,101,656	\$0	\$913,591,491	\$913,591,491
Additional years for 25 year economic impact as required by 313.026(c)(1)	18	2037-2038		\$984,648,607	\$0	\$886,183,746	\$886,183,746
	19	2038-2039		\$955,109,148	\$0	\$859,598,233	\$859,598,233
	20	2039-2040		\$926,455,874	\$0	\$833,810,286	\$833,810,286
	21	2040-2041		\$898,662,198	\$0	\$808,795,978	\$808,795,978
	22	2041-2042		\$871,702,332	\$0	\$784,532,099	\$784,532,099
	23	2042-2043		\$845,551,262	\$0	\$760,996,136	\$760,996,136
	24	2043-2044		\$820,184,724	\$0	\$738,166,252	\$738,166,252
	25	2044-2045		\$795,579,182	\$0	\$716,021,264	\$716,021,264
				\$771,711,807	\$0	\$694,540,626	\$694,540,626

Notes: 0

Only include market value for eligible property on this schedule.

Schedule D: Other Incentives (Estimated)

5-Sep-14

Date
Applicant Name
ISD Name

TOTAL PETROCHEMICALS & REFINING USA, INC. and TOTAL PAR LLC
Port Neches-Groves ISD

Form 50-296A
Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County N/A					
	City N/A					
	Other N/A					
	County Jefferson County	2020	10 Years	\$4,606,955	\$4,148,059	\$460,896
Tax Code Chapter 312	Other Sabine Neches Navigation District	2020	10 Years	\$370,914	\$333,822	\$37,091
	Other Jefferson County Drainage District # 7	2020	10 Years	\$1,893,043	\$1,703,739	\$189,304
	Other					
	County					
Local Government Code Chapters 380/381	City					
	Other					
	The City of Port Arthur Texas	2017	8 Years	\$6,764,323	\$4,810,733	\$1,953,590
Freepo 1 Exemptions						
Non-Annexation Agreements (IDA)						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
				13,637,225	10,996,353	2,640,862

Additional information on incentives for this project:

TAB 15

**Economic Impact Analysis, other
payments made in the state or other
economic information *(if applicable)***

None – Not Applicable

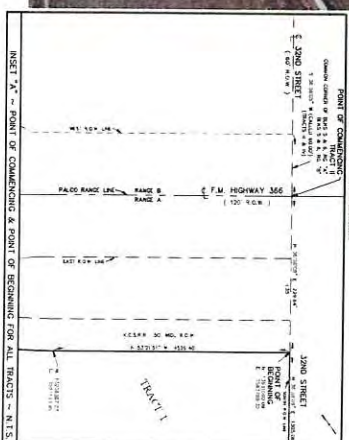
TAB 16

Description of Reinvestment Zone

See attached

- 3b. *If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone?*

Included behind this page as part of this Tab 16 are a survey map, which includes the legal description as the second page, and a satellite survey map, each of which provides a detailed description of the proposed reinvestment zone and its boundaries. Also included behind this page as part of this Tab 16 is the legal description in a separate document.

[illegible][illegible]

INSECT A = POINT OF COMMENCING & POINT OF BEGINNING FOR ALL TRACIS ~ N.I.S.

P.A.L. CO. LOT DESCRIPTIONS

7-02-89

PALCO LOT ✓
PALCO RANGE ✓

PALCO BLOCK ✓

ORIGINAL NOTES

BRIDGES, DISTANCES, ACROBATS AND COORDINATORS
 ▶ POINT AND CLICK THE STATE PLANS YOU

GRID SYSTEM, TRANS SOUTH-CENTRAL ZONE,
SCALE FACTOR = 0.99997526

CONVINCENCE: 22758
2 SETS: 2 OF 2 FOR LEGAL DESCRIPTION

3. STREETS 44-00th ON MAP NOT FOR PROPOSED

© 2000 Blackwell Science Ltd *Journal of Internal Medicine* 247: 395–402

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PORT ARTHUR, TEXAS
JUN 21 1964
PRINT D

D/A W/W

Unit	Unit Cell

APPROX.

77642-0849
SUBJECT[illegible]

SOUTEX
SURVEYORS & ENGINEERS

FIG 1E FROM 2025 • T.A.S. FROM 2012/2000

3737 Doctors Drive
Port Arthur, Texas 77642
Tel. 409.983.2004
Fax 409.983.2005
soutcast@portar.com

BOUNDARY SURVEY	
TOTAL RESERVARY	PORT ARTHUR, TEXAS
PROJECT	
TOTAL PETROCHEMICALS U.S.A., INC.	
P.O. BOX 849	
PORT ARTHUR, TEXAS	77642-0849

PROJ NO 11-0834-A	SCALE 1" = 500'	PRINT DATE 27 AUG 2014	DRAWN BY: R. COLLIER	CHECKED BY: B.L.	APPROVED BY: A.M.
SHEET 1 OF 2					

[illegible][illegible]

SOUTEX
SURVEYORS & ENGINEERS
1-800-470-2275 • FAX 510-401-1002

PROJ NO 11-0634-A
SCALE 1"=500'
PLOT DATE 27AUG201
DRAWN BY R COLLIER
CHECKED BY B.
APPROVED BY A M I
SHEET 2 of 2

Reinvestment Zone

Legal Description

TRACT I
1,225.7 ACRES OF LAND AND WATER
PART OF BLOCKS 4-6, RANGE "A",
PART OF BLOCKS 4-6, RANGE "Z",
PORT ARTHUR LAND COMPANY SUBDIVISION,
PART OF THE BURR & CASWELL SURVEY ABSTRACT NO. 405,
THE BURRELL JONES SURVEY ABSTRACT NO. 156,
& THE NATHAN GRIGSBY SURVEY ABSTRACT NO. 125
JEFFERSON COUNTY, TEXAS

BEING 1225.7 acres of land and water, part of Lots 1-5 and all of Lots 6-8, Block 4, Range "A", all of Lots 1-3, part of Lots 4 and 5, and all of Lots 6-8, Block 5, Range "A", all of Lot 1, part of Lots 2 and 7, and all of Lot 8, Block 6, Range "A", all of Lots 5 and 6, Block 4, Range "Z", all of Lots 3-6, Block 5, Range "Z", and all of Lots 3 and 4, Block 6, Range "Z", Port Arthur Land Company Subdivision, recorded in Volume 1, Page 22, Map Records, Jefferson County, Texas; part of the Burr & Caswell Survey, Abstract No. 405, the Burrell Jones Survey Abstract No. 156, and the Nathan Grigsby Survey Abstract No. 125, Jefferson County, Texas; said 1225.7 acre tract being more fully described by metes and bounds as follows, to wit:

COMMENCING at a point being the common corner of Blocks 5 and 6, Range "A" and Blocks 5 and 6, Range "B", Port Arthur Land Company Subdivision; said point being on the centerline of a dedicated road FM Highway 366;

THENCE, North 36 deg., 38 min., 09 sec., East, on the common line of said Blocks 5 and 6, Range "A", a distance of 229.64' to a brass disc set in concrete for the POINT OF BEGINNING on the intersection of the East line of a 50' wide KCS Railroad right of way and the South right of way line of a dedicated road named 32nd Street; having a State Plane Coordinate of N: 13931090.09, E: 3583789.32;

THENCE, North 36 deg., 38 min., 09 sec., East, on the South right of way line of said 32nd Street, a distance of 1305.06' to a point for corner on the intersection of the South right of way line of said 32nd Street and the centerline of a dedicated road named Grandview Avenue; from which a brass disc in concrete found for reference point bears North 36 deg., 38 min., 09 sec., East. a distance of 30.71';

THENCE, North 53 deg., 21 min., 05 sec., West, on the centerline of said Grandview Avenue, a distance of 2637.78' to a ½" steel rod in concrete found for corner on the intersection of the centerline of said Grandview Avenue and the centerline of a dedicated road name 39th Street;

THENCE, North 38 deg., 30 min., 11 sec., East, a distance of 210.30' to a brass disc in concrete found for corner;

THENCE, North 79 deg., 02 min., 48 sec., East, a distance of 334.39' to a brass disc in concrete found for corner;

THENCE, North 89 deg., 48 min., 48 sec., East, a distance of 305.81' to a brass disc in concrete found for corner;

THENCE, North 57 deg., 46 min., 51 sec., East, a distance of 112.34' to a brass disc in concrete found for corner;

THENCE, North 73 deg., 47 min., 40 sec., East, a distance of 677.47' to a brass disc in concrete found for corner;

THENCE, North 73 deg., 47 min., 40 sec., East, a distance of 120.34' to a brass disc in concrete found for corner;
 THENCE, North 54 deg., 53 min., 13 sec., East, a distance of 304.02' to a brass disc in concrete found for corner;
 THENCE, North 33 deg., 32 min., 28 sec., East, a distance of 376.85' to a brass disc in concrete found for corner;
 THENCE, North 09 deg., 10 min., 39 sec., East, a distance of 216.22' to a brass disc in concrete found for corner;
 THENCE, North 00 deg., 19 min., 04 sec., East, a distance of 161.60' to a brass disc in concrete found for corner;
 THENCE, North 10 deg., 33 min., 45 sec., East, a distance of 184.18' to a 3" steel pipe in concrete found for corner;
 THENCE, North 79 deg., 41 min., 55 sec., East, a distance of 186.22' to a brass disc in concrete found for corner;
 THENCE, South 78 deg., 20 min., 48 sec., East, a distance of 288.51' to a brass disc in concrete found for corner;
 THENCE, South 45 deg., 23 min., 38 sec., East, a distance of 118.85' to a brass disc set in concrete for corner;
 THENCE, South 37 deg., 48 min., 03 sec., East, a distance of 97.21' to a ½" steel pipe found for corner;
 THENCE, North 85 deg., 48 min., 13 sec., East, a distance of 698.13' passing a ½" steel pipe found for reference point; continuing for a total distance of 713.57' to a brass disc set in concrete for corner;
 THENCE, North 12 deg., 58 min., 09 sec., East, a distance of 4577.69' to a point for corner;
 THENCE, South 81 deg., 31 min., 51 sec., East, a distance of 578.40' to a point for corner;
 THENCE, North 82 deg., 46 min., 51 sec., West, a distance of 525.00' to a point for corner;
 THENCE, South 83 deg., 47 min., 51 sec., East, a distance of 1320.30' to a point for corner;
 THENCE, South 87 deg., 31 min., 51 sec., East, a distance of 700.00' to a point for corner;
 THENCE, South 83 deg., 26 min., 35 sec., East, a distance of 1332.85' to a point for corner;
 THENCE, South 05 deg., 47 min., 09 sec., West, a distance of 424.72' to a point for corner;
 THENCE, South 11 deg., 53 min., 10 sec., West, a distance of 43.78' to a ½" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, North 85 deg., 48 min., 50 sec., West, a distance of 59.62' to a ½" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 19 min., 21 sec., West, a distance of 268.04' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 21 min., 33 sec., West, a distance of 1224.08' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 42 deg., 56 min., 09 sec., West, a distance of 6.70' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 13 deg., 43 min., 47 sec., West, a distance of 198.59' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 06 deg., 43 min., 57 sec., West, a distance of 47.15' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 30 min., 31 sec., West, a distance of 144.15' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 83 deg., 01 min., 30 sec., East, a distance of 3.93' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 21 min., 33 sec., West, a distance of 548.28' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 77 deg., 29 min., 30 sec., East, a distance of 7.98' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 16 deg., 26 min., 49 sec., West, a distance of 288.04' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 11 deg., 34 min., 55 sec., West, a distance of 297.90' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 10 deg., 00 min., 01 sec., West, a distance of 119.35' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 12 min., 33 sec., West, a distance of 241.57' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 82 deg., 35 min., 29 sec., East, a distance of 53.19' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 30 min., 31 sec., West, a distance of 60.20' to a 1/2" steel rod, capped end marked "SOUTEX", found for corner;
 THENCE, North 82 deg., 38 min., 17 sec., West, a distance of 52.88' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 12 min., 33 sec., West, a distance of 149.93' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 82 deg., 38 min., 17 sec., East, a distance of 52.09' to a 1/2" steel rod, capped and marked "SOUTEX", found for corner;
 THENCE, South 12 deg., 30 min., 34 sec., West, a distance of 4672.92' to a brass disc in concrete found for corner on the North right of way line of a dedicated road name State Highway 87;
 THENCE, South 36 deg., 38 min., 09 sec., West, on the North right of way line of said State Highway 87, a distance of 1962.99' to a brass disc in concrete found for corner;

THENCE, South 40 deg., 22 min., 29 sec., West, on the North right of way line of said State Highway 87, a distance of 602.61' to a brass disc in concrete found for corner;

THENCE, South 36 deg., 42 min., 20 sec., West, continuing on the North right of way line of said State Highway 87, a distance of 520.97' to a brass disc in concrete found for corner on the intersection of the North right of way line of said State Highway 87 and the East right of way line of said KCS Railroad;

THENCE, on the East right of way line of said KCS Railroad, on the arc of a curve to the left having a radius of 979.93', on arc length of 347.36', a chord bearing of North 43 deg., 10 min., 24 sec., West, a chord distance of 345.55' to a brass disc in concrete found for corner; having a State Plane Coordinate of N: 13928387.27, E: 3587423.90;

THENCE, North 53 deg., 21 min., 51 sec., West, continuing of the East right of way line of said KCS Railroad, a distance of 4529.40' to the POINT OF BEGINNING and containing 1,225.7 acres of land and water, more or less.

TAB 17

**Signature and Certification page,
signed and dated by Authorized School
District Representative and
Authorized Company Representative
(*applicant*)**

See attached

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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.

print
here

Dr. Rodney Cavness

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

print
here

William C. Miller

Print Name (Authorized Company Representative (Applicant))

Manager - Federal Audits

Title

sign
here

Signature (Authorized Company Representative (Applicant))

September 5, 2014

Date

GIVEN under my hand and seal of office this, the

5th day of September, 2014

Rebecca A Hubbell

Notary Public in and for the State of Texas

My Commission expires:

2-22-18



(Notary Seal)

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 Section 37.10.

Date
Applicant Name
ISD Name

Schedule D: Other Incentives (Estimated)
5-Sep-14
TOTAL PETROCHEMICALS & REFINING USA, INC. and TOTAL PAR LLC
Port Neches-Groves ISD

Form 50-296A
Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)					
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive
Tax Code Chapter 311	County: N/A				
	City: N/A				
	Other: N/A				
Tax Code Chapter 312	County: Jefferson County	2020	10 Years	\$4,608,955	\$4,148,059
	Other: Sabine Neches Navigation District	2020	10 Years	\$370,914	\$333,822
	Other: Jefferson County Drainage District # 7	2020	10 Years	\$1,893,043	\$1,703,739
	Other:				
Local Government Code Chapters 380/381	County:				
	City:				
	Other:				
Freeport Exemptions					
Non-Annexation Agreements (IDA)	The City of Port Arthur, Texas	2017	8 Years	\$6,764,323	\$4,810,733
Enterprise Zone/Project					
Economic Development Corporation					
Texas Enterprise Fund					
Employee Recruitment					
Skills Development Fund					
Training Facility Space and Equipment					
Infrastructure Incentives					
Permitting Assistance					
Other:					
Other:					
Other:					
Other:					
				13,637,235	10,996,353
					2,640,882

Additional information on incentives for this project:

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date (Revised)
 Applicant Name
 ISD Name

12-Nov-14
 TOTAL PETROCHEMICALS & REFINING USA, INC. and TOTAL PAR LLC
 Port Neches-Groves ISD

Form 50-296A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property			Estimated Taxable Value		
					Estimated Total Market Value of new buildings or other new improvements	Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for IAS after all reductions	Final taxable value for MAO after all reductions	
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2014-2015	2014		\$0	\$0	\$0	\$0	\$0	\$0
	0	2015-2016	2015		\$0	\$0	\$0	\$0	\$0	\$0
	0	2016-2017	2016		\$0	\$0	\$0	\$0	\$0	\$0
	0	2017-2018	2017		\$179,000,000	\$0	\$161,100,000	\$161,100,000	\$161,100,000	\$161,100,000
Value Limitation Period	0	2018-2019	2018		\$512,000,000	\$0	\$460,800,000	\$460,800,000	\$460,800,000	\$460,800,000
	0	2019-2020	2019		\$1,294,000,000	0	\$1,164,600,000	\$1,164,600,000	\$1,164,600,000	\$1,164,600,000
	1	2020-2021	2020		\$1,603,000,000	\$0	\$1,442,700,000	\$1,442,700,000	\$1,442,700,000	\$30,000,000
	2	2021-2022	2021		\$1,554,910,000	\$0	\$1,399,419,000	\$1,399,419,000	\$1,399,419,000	\$30,000,000
	3	2022-2023	2022		\$1,508,262,700	\$0	\$1,357,436,430	\$1,357,436,430	\$1,357,436,430	\$30,000,000
	4	2023-2024	2023		\$1,463,014,819	\$0	\$1,316,713,337	\$1,316,713,337	\$1,316,713,337	\$30,000,000
	5	2024-2025	2024		\$1,419,124,374	\$0	\$1,277,211,937	\$1,277,211,937	\$1,277,211,937	\$30,000,000
	6	2025-2026	2025		\$1,376,550,643	\$0	\$1,238,895,579	\$1,238,895,579	\$1,238,895,579	\$30,000,000
	7	2026-2027	2026		\$1,335,254,124	\$0	\$1,201,728,712	\$1,201,728,712	\$1,201,728,712	\$30,000,000
	8	2027-2028	2027		\$1,295,196,500	\$0	\$1,165,676,850	\$1,165,676,850	\$1,165,676,850	\$30,000,000
Continue to maintain viable presence	9	2028-2029	2028		\$1,256,340,605	\$0	\$1,130,706,545	\$1,130,706,545	\$1,130,706,545	\$30,000,000
	10	2029-2030	2029		\$1,218,650,387	\$0	\$1,096,785,348	\$1,096,785,348	\$1,096,785,348	\$30,000,000
	11	2030-2031	2030		\$1,182,090,875	\$0	\$1,063,881,788	\$1,063,881,788	\$1,063,881,788	\$30,000,000
	12	2031-2032	2031		\$1,146,628,149	\$0	\$1,031,965,334	\$1,031,965,334	\$1,031,965,334	\$30,000,000
	13	2032-2033	2032		\$1,112,229,305	\$0	\$1,001,006,374	\$1,001,006,374	\$1,001,006,374	\$30,000,000
	14	2033-2034	2033		\$1,078,862,426	\$0	\$970,976,183	\$970,976,183	\$970,976,183	\$30,000,000
	15	2034-2035	2034		\$1,046,496,553	\$0	\$941,846,897	\$941,846,897	\$941,846,897	\$30,000,000
	16	2035-2036	2035		\$1,015,101,656	\$0	\$913,591,491	\$913,591,491	\$913,591,491	\$30,000,000
	17	2036-2037	2036		\$984,648,607	\$0	\$886,183,746	\$886,183,746	\$886,183,746	\$30,000,000
	18	2037-2038	2037		\$955,109,148	\$0	\$859,598,233	\$859,598,233	\$859,598,233	\$30,000,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	19	2038-2039	2038		\$926,455,874	\$0	\$833,810,286	\$833,810,286	\$833,810,286	\$30,000,000
	20	2039-2040	2039		\$898,662,198	\$0	\$808,795,978	\$808,795,978	\$808,795,978	\$30,000,000
	21	2040-2041	2040		\$871,702,332	\$0	\$784,532,099	\$784,532,099	\$784,532,099	\$30,000,000
	22	2041-2042	2041		\$845,551,262	\$0	\$760,996,136	\$760,996,136	\$760,996,136	\$30,000,000
	23	2042-2043	2042		\$820,184,724	\$0	\$738,166,252	\$738,166,252	\$738,166,252	\$30,000,000
	24	2043-2044	2043		\$795,579,182	\$0	\$716,021,264	\$716,021,264	\$716,021,264	\$30,000,000
	25	2044-2045	2044		\$771,711,807	\$0	\$694,540,626	\$694,540,626	\$694,540,626	\$30,000,000

Notes: 0

Only include market value for eligible property on this schedule.

ATTACHMENT

B



Franchise Tax Account Status

As of: 04/20/2015 01:43:53 PM

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

TOTAL PETROCHEMICALS & REFINING USA, INC.	
Texas Taxpayer Number	17509904037
Mailing Address	1201 LOUISIANA ST STE 1800 HOUSTON, TX 77002-5605
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	06/24/1958
Texas SOS File Number	0001894106
Registered Agent Name	CT CORP SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201



Franchise Tax Account Status

As of: 04/20/2015 01:44:10 PM

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

TOTAL PAR LLC	
Texas Taxpayer Number	32033261978
Mailing Address	1201 LOUISIANA ST STE 1800 HOUSTON, TX 77002-5605
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	06/30/2007
Texas SOS File Number	0800838611
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

ATTACHMENT

C



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

Michael Williams
Commissioner

October 15, 2014

Rodney Balsamo, President
Board of Trustees
Port Neches-Groves Independent School District
620 Avenue C
Port Neches, TX 77651-3092

Dear Mr. Balsamo:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Total Petrochemical Refinery USA and Total PAR LLC project on the number and size of school facilities in Port Neches-Groves Independent School District (PNGISD). Based on an examination of PNGISD enrollment and the number of potential new jobs, the TEA has determined that the Total Petrochemical Refinery USA and Total PAR LLC project should not have a significant impact on the number or size of school facilities in PNGISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,

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

Al McKenzie, Manager
Foundation School Program Support

AM/rk

ATTACHMENT

D

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

PO Box 13528 • AUSTIN, TX 78711-3528



December 11, 2014

Dr. Rodney Cavness
Superintendent
Port Neches-Groves Independent School District
620 Ave. C
Port Neches, Texas 77651

Dear Superintendent Cavness:

On Sept. 26, 2014, the Comptroller issued written notice that Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC (the applicant) submitted a completed application (Application #1029) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on Sept. 8, 2014, to the Port Neches-Groves School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 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 issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

- | | |
|-------------------|--|
| Sec. 313.024(a) | Applicant is subject to tax imposed by Chapter 171. |
| Sec. 313.024(b) | Applicant is proposing to use the property for an eligible project. |
| Sec. 313.024(d) | Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located. |
| Sec. 313.024(d-2) | Not applicable to Application #1029. |

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem

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

tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Sept. 26, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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 A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Cominco Fertilizer Partnership (the project) applying to Port Neches-Groves Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC.

Applicant	Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Neches-Groves ISD
2012-13 Enrollment in School District	4706
County	Jefferson
Proposed Total Investment in District	\$1,603,000,000
Proposed Qualified Investment	\$1,091,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,280
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,280
Minimum annual wage committed to by applicant for qualified jobs	\$66,551
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$160,300,000
Estimated M&O levy without any limit (15 years)	\$183,424,283
Estimated M&O levy with Limitation (15 years)	\$55,220,636
Estimated gross M&O tax benefit (15 years)	\$128,203,647

Table 2 is the estimated statewide economic impact of Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	570	1,114	1684	\$71,850,264	\$69,149,736	\$141,000,000
2017	660	1,379	2039	\$85,746,063	\$98,253,938	\$184,000,000
2018	3549	6,824	10373	\$474,582,334	\$481,417,666	\$956,000,000
2019	1567	3,685	5252	\$215,180,146	\$323,819,854	\$539,000,000
2020	10	638	648	\$670,000	\$119,330,000	\$120,000,000
2021	10	60	70	\$670,000	\$63,330,000	\$64,000,000
2022	10	(266)	-256	\$670,000	\$23,330,000	\$24,000,000
2023	10	(414)	-404	\$670,000	-\$2,670,000	-\$2,000,000
2024	10	(436)	-426	\$670,000	-\$14,670,000	-\$14,000,000
2025	10	(405)	-395	\$670,000	-\$21,670,000	-\$21,000,000
2026	10	(328)	-318	\$670,000	-\$21,670,000	-\$21,000,000
2027	10	(248)	-238	\$670,000	-\$17,670,000	-\$17,000,000
2028	10	(156)	-146	\$670,000	-\$11,670,000	-\$11,000,000
2029	10	(74)	-64	\$670,000	-\$3,670,000	-\$3,000,000
2030	10	(45)	-35	\$670,000	-\$670,000	\$0
2031	10	10	20	\$670,000	\$4,330,000	\$5,000,000
2032	10	45	55	\$670,000	\$10,330,000	\$11,000,000
2033	10	76	86	\$670,000	\$16,330,000	\$17,000,000
2034	10	107	117	\$670,000	\$22,330,000	\$23,000,000

Source: CPA, REMI, Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD Tax Levy	Port Neches-Groves ISD M&O Tax Levy	Port Neches-Groves ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Navigation District Tax Levy	Jefferson Co. Drainage District #7 Tax Levy	City of Port Arthur	Estimated Total Property Taxes
			0.394	1.040000			0.365000	0.029374	0.149917	0.792	
2020	\$1,442,700,000	\$1,442,700,000		\$5,684,238	\$15,004,080	\$20,688,318	\$5,265,855	\$423,779	\$2,162,853	\$11,426,184	\$39,966,988
2021	\$1,399,419,000	\$1,399,419,000		\$5,513,711	\$14,553,958	\$20,067,668	\$5,107,879	\$411,065	\$2,097,967	\$11,083,398	\$38,767,979
2022	\$1,357,436,430	\$1,357,436,430		\$5,348,300	\$14,117,339	\$19,465,638	\$4,954,643	\$398,733	\$2,035,028	\$10,750,897	\$37,604,939
2023	\$1,316,713,337	\$1,316,713,337		\$5,187,851	\$13,693,819	\$18,881,669	\$4,806,004	\$386,771	\$1,973,977	\$10,428,370	\$36,476,791
2024	\$1,277,211,937	\$1,277,211,937		\$5,032,215	\$13,283,004	\$18,315,219	\$4,661,824	\$375,168	\$1,914,758	\$10,115,519	\$35,382,487
2025	\$1,238,895,579	\$1,238,895,579		\$4,881,249	\$12,884,514	\$17,765,763	\$4,521,969	\$363,913	\$1,857,315	\$9,812,053	\$34,321,013
2026	\$1,201,728,712	\$1,201,728,712		\$4,734,811	\$12,497,979	\$17,232,790	\$4,386,310	\$352,996	\$1,801,596	\$9,517,691	\$33,291,382
2027	\$1,165,676,850	\$1,165,676,850		\$4,592,767	\$12,123,039	\$16,715,806	\$4,254,721	\$342,406	\$1,747,548	\$9,232,161	\$32,292,641
2028	\$1,130,706,545	\$1,130,706,545		\$4,454,984	\$11,759,348	\$16,214,332	\$4,127,079	\$332,134	\$1,695,121	\$8,955,196	\$31,323,862
2029	\$1,096,785,348	\$1,096,785,348		\$4,321,334	\$11,406,568	\$15,727,902	\$4,003,267	\$322,170	\$1,644,268	\$8,686,540	\$30,384,146
2030	\$1,063,881,788	\$1,063,881,788		\$4,191,694	\$11,064,371	\$15,256,065	\$3,883,169	\$312,505	\$1,594,940	\$8,425,944	\$29,472,621
2031	\$1,031,965,334	\$1,031,965,334		\$4,065,943	\$10,732,439	\$14,798,383	\$3,766,673	\$303,129	\$1,547,091	\$8,173,165	\$28,588,443
2032	\$1,001,006,374	\$1,001,006,374		\$3,943,965	\$10,410,466	\$14,354,431	\$3,653,673	\$294,036	\$1,500,679	\$7,927,970	\$27,730,789
2033	\$970,976,183	\$970,976,183		\$3,825,646	\$10,098,152	\$13,923,798	\$3,544,063	\$285,215	\$1,455,658	\$7,690,131	\$26,898,866
2034	\$941,846,897	\$941,846,897		\$3,710,877	\$9,795,208	\$13,506,086	\$3,437,741	\$276,658	\$1,411,989	\$7,459,427	\$26,091,901
					Total	\$252,913,869	\$64,374,869	\$5,180,678	\$26,440,787	\$139,684,646	\$488,594,848

Source: CPA, Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jefferson County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county, Jefferson Co. Navigation District, Jefferson Co. Drainage District# 7, and city of Port Arthur.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Tax Levy	Port Neches-Groves ISD M&O Tax Levy	Port Neches-Groves ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Navigation District Tax Levy	Jefferson Co. Drainage District #7 Tax Levy	City of Port Arthur	Estimated Total Property Taxes
				0.394	1.040000		0.365000	0.029374	0.149917	0.792	
2020	\$1,442,700,000	\$30,000,000		\$5,684,238	\$312,000	\$5,996,238	\$526,586	\$42,378	\$216,285	\$3,299,882	\$10,081,369
2021	\$1,399,419,000	\$30,000,000		\$5,513,711	\$312,000	\$5,825,711	\$510,788	\$41,107	\$209,797	\$3,200,885	\$9,788,288
2022	\$1,357,436,430	\$30,000,000		\$5,348,300	\$312,000	\$5,660,300	\$495,464	\$39,873	\$203,503	\$3,104,859	\$9,503,999
2023	\$1,316,713,337	\$30,000,000		\$5,187,851	\$312,000	\$5,499,851	\$480,600	\$38,677	\$197,398	\$3,011,713	\$9,228,239
2024	\$1,277,211,937	\$30,000,000		\$5,032,215	\$312,000	\$5,344,215	\$466,182	\$37,517	\$191,476	\$2,921,362	\$8,960,752
2025	\$1,238,895,579	\$30,000,000		\$4,881,249	\$312,000	\$5,193,249	\$452,197	\$36,391	\$185,732	\$2,812,053	\$8,679,621
2026	\$1,201,728,712	\$30,000,000		\$4,734,811	\$312,000	\$5,046,811	\$438,631	\$35,300	\$180,160	\$2,717,691	\$8,418,593
2027	\$1,165,676,850	\$30,000,000		\$4,592,767	\$312,000	\$4,904,767	\$425,472	\$34,241	\$174,755	\$2,622,161	\$8,177,395
2028	\$1,130,706,545	\$30,000,000		\$4,454,984	\$312,000	\$4,766,984	\$412,708	\$33,213	\$169,512	\$2,525,196	\$7,943,613
2029	\$1,096,785,348	\$30,000,000		\$4,321,334	\$312,000	\$4,633,334	\$400,327	\$32,217	\$164,427	\$2,426,540	\$7,716,845
2030	\$1,063,881,788	\$1,063,881,788		\$4,191,694	\$11,064,371	\$5,116,743	\$3,883,169	\$312,505	\$1,594,940	\$8,425,944	\$19,333,300
2031	\$1,031,965,334	\$1,031,965,334		\$4,065,943	\$10,732,439	\$4,963,245	\$3,766,673	\$303,129	\$1,547,091	\$8,173,165	\$18,753,305
2032	\$1,001,006,374	\$1,001,006,374		\$3,943,965	\$10,410,466	\$4,814,352	\$3,653,673	\$294,036	\$1,500,679	\$7,927,970	\$18,190,710
2033	\$970,976,183	\$970,976,183		\$3,825,646	\$10,098,152	\$4,669,918	\$3,544,063	\$285,215	\$1,455,658	\$7,690,131	\$17,644,986
2034	\$941,846,897	\$941,846,897		\$3,710,877	\$9,795,208	\$4,529,825	\$3,437,741	\$276,658	\$1,411,989	\$7,459,427	\$17,115,640
					Total	\$76,965,541	\$22,894,274	\$1,842,456	\$9,403,400	\$101,418,981	\$212,524,652
					Diff	\$175,948,327	\$41,480,594	\$3,338,222	\$17,037,387	\$38,265,666	\$276,070,196

Source: CPA, Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC

¹Tax Rate per \$100 Valuation

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.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$1,675,440	\$1,675,440	\$0	\$0
	2018	\$4,792,320	\$6,467,760	\$0	\$0
	2019	\$12,111,840	\$18,579,600	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$18,891,600	\$14,692,080	\$14,692,080
	2021	\$312,000	\$19,203,600	\$14,241,958	\$28,934,038
	2022	\$312,000	\$19,515,600	\$13,805,339	\$42,739,376
	2023	\$312,000	\$19,827,600	\$13,381,819	\$56,121,195
	2024	\$312,000	\$20,139,600	\$12,971,004	\$69,092,199
	2025	\$312,000	\$20,451,600	\$12,572,514	\$81,664,713
	2026	\$312,000	\$20,763,600	\$12,185,979	\$93,850,692
	2027	\$312,000	\$21,075,600	\$11,811,039	\$105,661,731
	2028	\$312,000	\$21,387,600	\$11,447,348	\$117,109,079
	2029	\$312,000	\$21,699,600	\$11,094,568	\$128,203,647
	2030	\$11,064,371	\$32,763,971	\$0	\$128,203,647
Maintain Viable Presence (5 Years)	2031	\$10,732,439	\$43,496,410	\$0	\$128,203,647
	2032	\$10,410,466	\$53,906,876	\$0	\$128,203,647
	2033	\$10,098,152	\$64,005,029	\$0	\$128,203,647
	2034	\$9,795,208	\$73,800,236	\$0	\$128,203,647
	2035	\$9,501,352	\$83,301,588	\$0	\$128,203,647
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$9,216,311	\$92,517,899	\$0	\$128,203,647
	2037	\$8,939,822	\$101,457,720	\$0	\$128,203,647
	2038	\$8,671,627	\$110,129,347	\$0	\$128,203,647
	2039	\$8,411,478	\$118,540,826	\$0	\$128,203,647
	2040	\$8,159,134	\$126,699,959	\$0	\$128,203,647
	2041	\$7,914,360	\$134,614,319	\$0	\$128,203,647
	2042	\$7,676,929	\$142,291,248	\$0	\$128,203,647
	2043	\$7,446,621	\$149,737,869	\$0	\$128,203,647
	2044	\$7,223,223	\$156,961,092	\$0	\$128,203,647

\$156,961,092

is greater than

\$128,203,647

Analysis Summary

Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC

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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicants, the applicants are “wholly-owned indirect subsidiaries of Total S.A., one of the largest integrated international oil and gas companies in the world with operations in more than 130 countries.” It is apparent that the parent company has the ability to build the new project outside of Texas.
- Per the applicants, the applicants have related facilities in a neighboring state and have received an incentive offer from it.
- Per the applicants, no construction has commenced at the project site and the construction timeline is not in the near future.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

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.

Supporting Information

Section 8 of the Application for
a Limitation on Appraised Value



Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes No
2. The property will be used for 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 |
| (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 | Yes | ☒ No |
3. Are you requesting that any of the land be classified as qualified investment? Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? Yes ☒ No
7. 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

SECTION 7: Project Description

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:
- | | |
|--|--|
| ☐ Land has no existing improvements | ☒ Land has existing improvements (complete Section 13) |
| ☐ Expansion of existing operation on the land (complete Section 13) | ☐ Relocation within Texas |

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

The Applicants are wholly-owned indirect subsidiaries of Total S.A., one of the largest integrated international oil and gas companies in the world with operations in more than 130 countries. As such, the Applicants compete with other members of the Total S.A. group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Total S.A. group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

The Applicants own and operate the Port Arthur Refinery where the Project would be sited if the Port Arthur Refinery location were chosen as the site for the Project.

One of the Applicants, Total Petrochemicals & Refining USA, Inc. ("TPRI"), also owns and operates the Carville Styrenics Complex located in Iberville Parish, Louisiana. This facility is one of the largest styrene and polystyrene complex in the world. At the same time that the Applicants are evaluating the Port Arthur Refinery location as the site for the Project, TPRI is also evaluating the Carville Styrenics Complex location as the site for the Project.

In connection with TPRI's evaluation of the Carville Styrenics Complex location, Louisiana Economic Development ("LED"), a Department of the State of Louisiana, has submitted a proposal to TPRI (the "LED Carville Proposal") outlining in detail, among other things, the State of Louisiana's incentive package offered to TPRI if the Project is located at the Carville Styrenics Complex location. Those incentives include a 100% property tax exemption for 10 years.

The property tax incentives available for the Project if located at each of the Port Arthur Refinery location and the Carville Styrenics Complex location are a critical factor in the Applicants' site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Total S.A. group. For the tax year 2013, Port Neches-Groves ISD's maintenance and operations (M&O) tax rate represents over 50% of the total property tax burden imposed on taxable property located at the Port Arthur Refinery location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

The LED Carville Proposal will be provided to the Texas Comptroller of Public Accounts under separate cover.

ATTACHMENT E

**REPORT TO THE BOARD OF TRUSTEES
PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT**

**Summary of the Financial Impact of the Proposed Total Petrochemicals & Refining
USA, Inc. and Total Par LLC Agreement on the Port Neches-Groves ISD Under a
Requested Chapter 313 Property Value Limitation**

**Prepared By
Douglas L. Karr, Ed.D.
Contracted Services in School Finance**

Introduction

Total Petrochemicals & Refining USA, Inc. and Total Par LLC (TP&R)) has requested that the Port Neches-Groves ISD (PNGISD) grant a property value limitation under Chapter 313 of the Texas Tax Code for the construction and operation of an ethylene plant. An application has been submitted by TP&R to PNGISD and the KISD Board of Trustees is scheduled to approve that application in December 2014. TP&R proposes a minimum qualified investment of \$30 million in this project with a total estimated qualified investment of \$1.603 billion as set forth in the application. This project is consistent with the state's goal for economic development, the expanded intent of House Bill 1200 as originally passed by the Texas Legislature in 2001 and amended thereafter, and with Chapter 313 of the Texas Tax Code.

Background

In accordance with the application, this project will be fully taxable for both maintenance and operations (M&O) and debt service (I&S) purposes in the first three years (school years 2017-18 through 2019-20) which represent the project's qualifying time period. PNGISD intends to offer a value limitation for this project of \$30 million effective school year 2020-21 through 2029-30. As a result, the project will impact the local tax roll of the school district at that same amount for M&O taxes only. Taxes for debt service, voter approved projects financed by the sale of bonds, will continue at the full taxable value. I&S taxes for any future projects approved by the voters of the district will also be assessed against the full taxable value. Depreciation will reduce the taxable value of the project over time at an estimated annual rate of about 3% in accordance with schedule B of the application.

While taxes are collected by the district on the current year county appraisal district (CAD) value, the state funding formulas use the comptroller's property tax division (CPTD) value for the purpose of calculating the district's required local shares within the funding tiers of that formula. The CPTD is a reflection of last year's CAD value; therefore, it lags behind the CAD value in all years. As a result, state and local revenues are generated by two different values in any given year.

With the passage of House Bill 1 in the 2006 special legislative session, the school finance system in Texas moved from one that was formula driven with a maximum M&O tax rate of \$1.50 to one that was, and continues to be, target revenue driven at a maximum tax rate of generally \$1.04, voter approval for a higher tax rate up to \$1.17 notwithstanding. This means that most districts received additional state aid for tax reduction (ASATR) to offset the loss in state and local funds at the new maximum \$1.04 M&O tax cap vs. what was previously generated at the \$1.50 maximum M&O tax cap. The stated goal is for ASATR revenue to be completely eliminated by school year 2017-18.

With the passage of Senate Bill 1 in the 2011 special legislative session, funding reductions to the school finance system in Texas amounted to \$4 billion for the biennium or \$2 billion each year of the biennium. To accomplish these reductions, schools' regular program allotments are reduced by 7.61 percent in school year 2011-12 while those same

calculated allotments are reduced by 2 percent in school year 2012-13 in addition to the ASATR funding also being reduced by 7.65%. As of the 2013 legislative session, approximately \$3.4 billion of those cuts were restored. Currently filed legal challenges and future legislative sessions will determine the course of school finance after school year 2014-15 and beyond.

Assumptions

As required of chapter 313 projects, at least 15 years of data must be assimilated in order to produce revenue projections for that same number of years. The revenue projections for the PNGISD that accompany this project encompass 28 years in accordance with schedule B contained in the application and adhere the following general assumptions:

1. The current school funding system and formulas as set forth in Senate Bill 1 were used to project state aid; although, no guarantee exists that this system or these formulas will remain in effect after the 2014-15 school year.
2. This system and its formulas are driven by student data, property values, and tax collections. As a result, certain assumptions were made concerning each of these details.
3. The student counts were held constant across the 28 years.
4. The certified freeze adjusted CAD taxable value as furnished by Jefferson County Appraisal District for school year 2014-15 as released on or about July 25, 2014 was used as the base value to which the estimated project values for each year as set forth in schedule B of the application were added. The estimated project values for school years 2018-19 and 2019-2020 as originally submitted on schedule B dated September 5, 2014 were revised in an amended schedule B dated November 12, 2014. These projected CAD values were then used for the CPTD values in each of the following years based on the lag between these two values as heretofore explained.
5. Tax collections each year were based on the district's 2014-15 adopted M&O rate of \$1.04, projected I&S rates each year ranging from \$0.40441 (the district's adopted tax rate in school year 2014-15) to \$0.0895 (the projected tax rate in school year 2033-34, the last year of the district's current bonded indebtedness), and an assumed collection rate of 100 percent each year.

These assumptions allow for the isolation of the effects of the property value limitation on the district's finances. The detail of these assumptions and numerical results thereof are depicted in two excel spreadsheets, one entitled "Port Neches-Groves Chapter 313 Data" and the other entitled, "Port Neches-Groves ISD Copy of Exhibit B-ISD Application," both as revised for school years 2018-19, 2019-2020, and 2020-21 in accordance with the changes submitted in the amended schedule B dated November 21, 2014.

School Finance Impact on the District

In accordance with the proposed agreement and under the assumptions heretofore outlined, two models were prepared for comparison purposes in an effort to determine the projected financial impact, if any, to PNGISD resulting from this agreement.

The first model projects state and local revenue to the district under the agreement. In it, the taxable value of the project each year is added to the district's baseline taxable value including those years in which the value limitation is applicable.

The second model projects state and local revenue to the district without the provisions of the agreement. In this model, no value limitation is applied to the district's base taxable value; instead, the full taxable value of the project when added to the district's base year taxable value is used in place of the value limitation.

A summary of the differences is depicted in a separate spreadsheet entitled "Port Neches-Groves ISD Copy of Exhibit B-ISD Application (containing amendments to schedule B dated 11-12-14)." A loss in total state and local M&O net revenue to the district is noted in year one resulting from the agreement due to the inverted value lag between the CPTD and CAD values during the first year of the value limitation. Gains are noted in years 2-11. The larger gain noted in year 11 is due primarily to another value lag between the CPTD and CAD values, the inverse of that observed in year 1. An overall gain of total state and local M&O net revenue to the district is indicated over the term of the agreement. Assuming the aforementioned elimination of ASATR funding at the end of school year 2016-17, ASATR is not a factor for PNGISD as the district's revenue is completely formula driven in all years of the agreement.

Impact on the Taxpayer (TP&R)

As heretofore mentioned and in accordance with exhibit B contained in the application, the property resulting from this project is fully taxable in the first three years under this agreement. In year four, the tax value limitation applies, but only to the M&O taxes collected at the assumed M&O tax rate of \$1.04 per \$100 of taxable value.

Under the assumptions used herein, the potential tax savings resulting from the value limitation total \$128,203,647. However, TP&R is not eligible for a tax credit(s) on taxes paid on value in excess of the value limitation in the years prior to the value limitation becoming effective. House Bill (HB) 3390 as passed by the 83rd Texas Legislature repealed the provision for tax credits. Correspondingly the provision for the school district to make such payments to TP&R and the reimbursement by the state for such tax credit payments has been eliminated.

Facilities Funding Impact

The TP&R project remains fully taxable for I&S taxes. This stipulation applies not only to the district's current debt, but also to any future debt the district's voters may choose to incur.

PNGISD is currently not eligible for facilities assistance from the state in the form of either existing debt allotment (EDA) and/or instructional facilities allotment (IFA). Increasing CPTD values resulting from taxable value added by the project will, therefore, not obliterate future EDA and IFA state share payments through school year 2033-34, the final year of the current aggregated debt service obligation for the district. As modeled, the increase in taxable value net of depreciation resulting from the project and the fact

that the full value of this project remains fully taxable for I&S purposes will effectively decrease the I&S tax rate on a trend of de-escalating annual debt service payments beginning in year 1 ranging from \$0.03473 at the highest to \$0.0895 at the lowest. This compares to annual debt service payments beginning in year 1 ranging from \$0.3694 at the highest to \$0.1238 at the lowest without the project.

Summary

While some uncertainty exists with regard to the future of the state's public school finance system, the following points appear to currently apply to the TP&R project and the PNGISD:

1. It meets the intent of the economic development initiative for the State of Texas.
2. It increases the district's I&S tax base without creating an overall financial loss for the district with regard to M&O earnings over the term of the project provided TP&R contractually agrees to offset the loss that is indicated in the exhibit B model.
3. It produces substantial tax incentives and savings for TP&R.

ATTACHMENT

F

Glenn Hegar

Texas Comptroller of Public Accounts

*Welcome to your official online window on state government services from the Texas Comptroller of Public Accounts.***2014 ISD Summary Worksheet****123/Jefferson****123-908/Port Neches-Groves ISD**

Category	Local Tax Roll Value	2014 WTD Mean Ratio	2014 PTAD Value Estimate	2014 Value Assigned
A. Single-Family Residences	1,105,586,707	1.0163	1,087,854,676	1,105,586,707
B. Multi-Family Residences	35,408,570	N/A	35,408,570	35,408,570
C1. Vacant Lots	21,371,421	N/A	21,371,421	21,371,421
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	60,190	1.8567	32,418	60,190
D2. Real Prop Farm & Ranch	377,890	N/A	377,890	377,890
E. Real Prop NonQual Acres	20,863,120	N/A	20,863,120	20,863,120
F1. Commercial Real	89,483,890	.9776	91,534,257	89,483,890
F2. Industrial Real	1,430,149,939	N/A	1,430,149,939	1,430,149,939
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	44,615,430	N/A	44,615,430	44,615,430
L1. Commercial Personal	63,573,760	N/A	63,573,760	63,573,760
L2. Industrial Personal	340,211,290	N/A	340,211,290	340,211,290
M. Other Personal	305,810	N/A	305,810	305,810
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	619,570	N/A	619,570	619,570
S. Special Inventory	2,667,150	N/A	2,667,150	2,667,150
Subtotal	3,155,294,737		3,139,585,301	3,155,294,737
Less Total Deductions	693,449,770		688,257,632	693,449,770
Total Taxable Value	2,461,844,967		2,451,327,669	2,461,844,967 T2

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
2,533,322,937	2,461,844,967	2,442,045,684	2,370,567,714	2,473,603,470	2,382,326,217
Loss To the Additional \$10,000 Homestead Exemption		50% of the loss to the Local Optional Percentage Homestead Exemption			
71,477,970		91,277,253			

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
2,824,146,727	2,752,668,757	2,732,869,474	2,661,391,504	2,764,427,260	2,673,150,007

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



Blake G. Powell
Sara Hardner Leon
Andrew D. Clark
John J. Janssen
Jay Youngblood
Colby R. Nichols
William C. Bednar of Counsel
Richard Powell of Counsel

February 17, 2015

Via electronic mail: john.villarreal@cpa.state.tx.us

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

Re: Port Neches-Groves ISD Application No. 1029, Total Petrochemicals & Refining
USA, Inc. and TOTAL PAR LLC

Dear Mr. Villarreal:

On February 9, 2015, the Port Neches-Groves Independent School District took action to extend the period of time for acting on the above-referenced application for a value limitation agreement for a period of sixty additional days. A copy of the resolution approving same is attached. The initial 150-day review period began on September 26, 2014, and ends on February 23, 2015. With the additional 60-day extension, the board will take action on the above-referenced application on or before April 24, 2015.

Thank you so much for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Sara Leon".

Sara Hardner Leon

cc: *Via electronic mail: Stephen.kuntz@nortonrosefulbright.com*

Stephen A. Kuntz

Norton Rose Fulbright

1301 McKinney, Suite 5100

Houston, Texas 77010-3095

Dr. Rodney Cavness

Superintendent of Schools

NORTON ROSE FULBRIGHT

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Partner
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Tel +1 713 651 5151
Fax +1 713 651 5246
nortonrosefulbright.com

February 9, 2015

Ms. Sara H. Leon
Powell & Leon L.L.P.
115 Wild Basin Rd., Suite 106
Austin, Texas 78746

Re: Port Neches-Groves ISD Application No. 1029 (the "Application"), Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC (the "Applicants")

Request for Extension of Time for Required Action on the Application

Dear Ms. Leon:

Pursuant to our telephone conferences, this letter further confirms that pursuant to Section 313.025(b) of the Texas Tax Code and Comptroller Rule §9.1054(d), the Applicants respectfully request that the Port Neches-Groves ISD School Board approve a 60-day extension of the 150-day period for approving or disapproving the Application, such extension to be by agreement between Port Neches-Groves ISD and the Applicants.

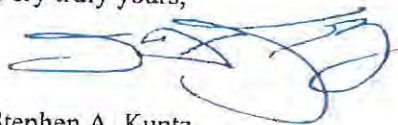
We understand from the Agenda posed by the Port Neches-Groves ISD School Board for the regular meeting on February 9, 2015, at 7:00 p.m., that the Port Neches-Groves ISD School Board will consider approval of a Resolution approving such extension.

The Texas Comptroller issued her completeness letter on September 26, 2014, with respect to the Application, which would mean the last day of the 150-day period after that date is Monday, February 23, 2015. A 60-day extension would extend that date to Friday, April 24, 2015. If you see the calculation of the dates differently, please let me know.

If you have any questions, please do not hesitate to call me at (713) 651-5241.

Thank you for your consideration.

Very truly yours,



Stephen A. Kuntz

**RESOLUTION OF THE BOARD OF TRUSTEES
PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT
EXTENDING TIME FOR ACTION ON TOTAL APPLICATION**

Upon motion by Rusty Brittain, duly seconded by Lana Parker, it is resolved by the board of trustees of Port Neches-Groves Independent School District as follows:

Total Petrochemicals & Refining USA, Inc. and Total PAR LLC have requested a 60 day extension of the time for taking action to approve or disapprove the Application for Limitation on Appraised Value Submitted by Total Petrochemicals & Refining USA, Inc. and Total PAR LLC (Texas Comptroller File # 1029) and the Board of Trustees wishes to grant such extension of time:

It is therefore RESOLVED that the time period for approving or disapproving the Application on Limitation on Appraised Value is hereby EXTENDED an additional 60 days, as permitted in Section 313.25(b), TEXAS TAX CODE.

MOVED, PASSED, and ENTERED this the 9th day of February, 2015 by a vote of 6 in favor, 0 opposed.



Jim Walters
President, Board of Trustees
Port Neches-Groves Independent School District

ATTEST:



Eric Sullivan
Secretary, Board of Trustees
Port Neches-Groves Independent School District

ATTACHMENT

H



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 27, 2015

Dr. Rodney Cavness
Superintendent
Port Neches-Groves Independent School District
620 Ave. C
Port Neches, Texas 77651

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Port Neches-Groves Independent School District and Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC

Dear Superintendent Cavness:

This office has been provided with the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes" by and between Port Neches-Groves Independent School District and Total Petrochemicals & Refining USA, Inc. and TOTAL PAR LLC (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that it complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

If you need additional information or have questions, please contact Korry Castillo, Manager of Economic Development and Analysis, at (512) 463-3806.

Sincerely,

Robert B. Wood
Associate Deputy Comptroller

cc: Sara H. Leon, Powell & Leon, LLP
William C. (Chris) Miller, Total Petrochemicals & Refining USA, Inc.

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

by and between

PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

and

TOTAL PETROCHEMICALS & REFINING USA, INC.

(Texas Taxpayer ID #17509904037)

and

TOTAL PAR LLC

(Texas Taxpayer ID #32033261978)

TEXAS COMPTROLLER APPLICATION NUMBER 1029

Dated

April 23, 2015

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

STATE OF TEXAS

§

COUNTY OF JEFFERSON

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THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **TOTAL PETROCHEMICALS & REFINING USA, INC.**, Texas Taxpayer Identification Number 17509904037, and **TOTAL PAR LLC**, Texas Taxpayer Identification Number 32033261978, hereinafter collectively referred to as "Applicant." Applicant and District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on September 8, 2014, the Superintendent of Schools of the Port Neches-Groves Independent School District, acting as agent of the Board of Trustees of District, received from Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the application;

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025(a-1) of the TEXAS TAX CODE;

WHEREAS, the District and Texas Comptroller's Office have determined that the application is complete and September 26, 2014, is the Application Review Start Date as that terms is defined by 34 TEX. ADMIN. CODE 9.1051;

WHEREAS, pursuant to 34 TEX. ADMIN. CODE §9.1054, the Application was delivered for review to the Jefferson County Appraisal District established in Jefferson County, Texas (the "Jefferson County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant

to Section 313.026 of the TEXAS TAX CODE, and on December 11, 2014, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.026 of the TEXAS TAX CODE;

WHEREAS, on April 23, 2015, 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;

WHEREAS, on April 23, 2015, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the project proposed by Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset District's maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (v) this Agreement is in the best interest of District and the State of Texas;

WHEREAS, on March 27, 2015, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

WHEREAS, on April 23, 2015, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEX. ADMIN. CODE §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEX. ADMIN. CODE §9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Section 10.2.

"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 District, and the Constitution and general laws of the State applicable to the 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 Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

"Applicant" means Total Petrochemicals & Refining USA, Inc. (Texas Taxpayer ID #17509904037), and TOTAL PAR LLC (Texas Taxpayer ID #32033261978), the companies listed in the Preamble of this Agreement and that listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include Applicant's assigns and successors-in-interest as approved according to Section 10.2 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of 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 District by Applicant on September 8, 2014. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

"Application Approval Date" means the date that the Application is approved by the Board of Trustees of District and as further identified in Section 2.3.B of this Agreement.

"Application Review Start Date" means the later date of either the date on which District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that Applicant has submitted a completed application and as further identified in Section 2.3.A of this Agreement.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

"Appraisal District" means the Jefferson County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Port Neches-Groves Independent School District.

"Comptroller" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of Comptroller.

"Comptroller's Rules" means the applicable rules and regulations of Comptroller set forth in Chapter 34 Texas Administrative Code, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Jefferson County, Texas.

"District" or "School District" means the Port Neches-Groves Independent School District, being a duly authorized and operating 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 Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means the last date of the final year in which Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

"Force Majeure" means those causes generally recognized under Texas law as constituting impossible conditions. Each party must inform the other in writing with proof of receipt within three business days of the existence of such force majeure or otherwise waive this right as a defense.

"Land" means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

"Maintain Viable Presence" means (i) the development, construction and operation during 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 retention during the term of this Agreement of the number of New Qualifying Jobs set forth in its Application by Applicant; (iii) and continue the average weekly wage paid by Applicant for all Non-Qualifying Jobs created by Applicant that exceeds the county average weekly wage for all jobs in the county where the administrative office of District is maintained.

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

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE 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.

"New Qualifying Jobs" means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(4) of the TEXAS TAX CODE.

"Qualified Investment" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller's Rules, as these provisions existed on the Application Review Start Date.

"Non-Qualifying Jobs" means the number of New Non-Qualifying Jobs, as defined in 34 TAC §9.0151, to be created and maintained by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Property" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of the Application is approved by District,

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the TEXAS TAX CODE, except in the case of deferrals as provided by Section 313.027(h) of the TEXAS TAX CODE, and during which Applicant shall make investment on the land where the qualified property in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

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

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Chapter 313 of the TEXAS TAX CODE. 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 applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under this subchapter.

"Supplemental Payment" has the meaning as set forth in Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

"Tax Limitation Period" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

"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 of the TEXAS TAX CODE, which are set forth at 19 TEX. ADMIN. CODE, Part 2, together with any court or administrative decisions interpreting same.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1 AUTHORITY. This Agreement is executed by District as its written agreement with Applicant pursuant to the provisions and authority granted to District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2 PURPOSE. In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified in this Agreement, the value of Applicant's Qualified Property listed and assessed by the County Appraiser for District's operation and maintenance ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3 TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is September 26, 2014, which will determine Applicant's Qualified Property and applicable wage standard.

B. The Application Approval Date for this Agreement is April 23, 2015, which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

- i. Starts on January 2, 2017, which is deferred from the Application Approval Date pursuant to Section 313.027(h) of the TEXAS TAX CODE; and
- ii. Ends on December 31, 2019, being the second complete tax year after January 2, 2017.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2020.
- ii. Ends on December 31, 2029.

E. The Final Termination Date for this Agreement is December 31, 2034.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Subsection B. This Agreement, and the obligation and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection E, unless extended by the express terms of this Agreement.

Section 2.4 TAX LIMITATION. So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; 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 Section 313.052 of the TEXAS TAX CODE.

Section 2.5 QUALIFIED INVESTMENT FOR TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in 2.4 for the Qualified Property identified in Article III, Applicant shall:

- A. have completed Qualified Investment in the amount of One Billion Ninety One Million Dollars (\$1,091,000,000) by the end of the Qualifying Time Period;
- B. have created the number of Qualifying Jobs specified in, and in the time period specified on, Schedule C of the Application; and
- C. be paying the average weekly wage of all jobs in the county in which District's administrative office is located for all non-qualifying jobs created by Applicant.

Section 2.6 TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by 2.4, Applicant shall:

- A. provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such supplemental payments as more fully specified in Article VI; and
- D. create and Maintain Viable Presence on and/or with the qualified property and perform additional obligations as more fully specified in Article VII of this Agreement.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1 LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2 LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described on **EXHIBIT 2** which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3 DESCRIPTION OF QUALIFIED PROPERTY. The 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. 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 Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's rules, and Section 10.2 of this Agreement.

Section 3.4 CURRENT INVENTORY OF QUALIFIED PROPERTY. If at any time after the Application Approval Date there is a material change in the Qualified Property located on the Land described in **EXHIBIT 2**; or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5 QUALIFYING USE. Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as a manufacturing facility.

ARTICLE IV **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

Section 4.1 INTENT OF THE PARTIES.

A. Subject to the limitations contained in this Agreement (including Section 7.1), and in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, it is the intent of the Parties that the District shall be compensated by the Applicant as provided in this Article IV for any monetary loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI of this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), 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.

B. The calculation of any Revenue Protection Amount required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of "Commercial Operations" (as hereinafter defined).

C. For purposes of this Article IV, and of Section 2.3, D, 1, above, the term "Commercial Operations" means the date on which the project described in **EXHIBIT 3** becomes commercially operational and placed into service, such that such project has been constructed, tested, and is fully capable of commercial production of polymer grade ethylene.

D. If the Qualified Property when complete is different than the description provided in the Application or any supplemental application information, the Applicant shall provide to the District, the Comptroller, and the Appraisal District, within sixty (60) days after the date Commercial Operations begin, a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, non-removable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such qualified property within the boundaries of the land that is subject to the agreement. If no substantial changes have been made, Applicant may submit in lieu of the report a verified written statement that no substantial changes have been made.

Section 4.2 CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 7.1 and 7.2, 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 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:

A. 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 and 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.

B. In making the calculations required by this Section 4.2:

- 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 4.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for each Tax Year during the Tax Limitation Period under this Section 4.2, clause *ii* of this Subsection B will reflect the Tax Limitation Amount for such Tax Year.
- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O 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 on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3 CUMULATIVE PAYMENT LIMITATION. In no event shall the Cumulative Payments (as defined in Section 6.1, C, (i)) made by the Applicant to the District exceed an amount equal to One Hundred Percent (100%) of the Applicant's Cumulative Unadjusted Tax Benefit (as defined in Section 6.1, C, (ii)) under this Agreement from the Commencement Date through Tax Year 2034. For each year of this Agreement, amounts due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.3 are not payable to the District for a given year, shall be carried forward to future years during the term of this Agreement, but shall be subject, in each subsequent year, to the limit set forth in this Section 4.3.

Section 4.4 CALCULATIONS TO BE MADE BY THIRD PARTY. Except for any certifications made by the District's external auditor under Article V, 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 9.5 of this Agreement.

Section 4.5 DATA USED FOR CALCULATIONS. The calculations under this Agreement shall be initially based upon the valuations placed upon all taxable property in the District, including 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 Section 26.01 of the TEXAS TAX CODE 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 4.4. 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 4.6 DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2 and/or 4.3, Article VI, and/or Section 7.1 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. 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 the Final Termination Date. 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 4.7, if such fee is timely paid.

Section 4.7 PAYMENT BY APPLICANT. The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party under Section 4.6 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 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. Notwithstanding anything contained herein to the contrary, 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 4.7 and Section 4.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 4.8 RESOLUTION OF DISPUTES. Should the Applicant disagree with any certification or calculations made and presented pursuant to this Article IV or Article V, the Applicant may appeal such certification or calculation and any findings related thereto, in writing, to the Third Party or the District's external auditor, as the case may be, within thirty (30) days following the later of (i) receipt of the certification or calculation, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 4.6 for purposes of auditing or reviewing the information in connection with the certification or calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party or the District's external auditor, as the case may be, will issue, in writing, a final determination with respect to the certification or calculations in issue, as the case may be. Thereafter, the Applicant may appeal such final determination with respect to the certification or

calculations in issue, as the case may be, to the Board of Trustees. Any such appeal by the Applicant to the Board of Trustees may be made, in writing, to the Board of Trustees within thirty (30) days of such final determination and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity. Without limiting the generality of the immediately preceding sentence, if the Applicant disagrees with any determination by the Board of Trustees with respect to such an appeal, the Applicant may mediate such determination with the District pursuant to the mediation procedures set forth in Section 9.5.

Section 4.9 EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

If at the time the Third Party selected under Section 4.4 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 Investment 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 Investment 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 amount to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.10 EFFECT OF STATUTORY CHANGES. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1, 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 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. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Section 4.10, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 9.5.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1 EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for the following:

A. 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 project described in the Application 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 such project. The Applicant shall have the right to contest the findings of, or any such costs certified by, the District's external auditor under the provisions of Section 4.8.

B. Any other loss of the District's revenues, as certified by the District's external auditor to have been incurred by the District, which directly result from, or are reasonably attributable to, any payment by the Applicant to or on behalf of any third party beneficiary of this Agreement. The Applicant shall have the right to contest the findings of, or any such costs certified by, the District's external auditor under the provisions of Section 4.8.

Section 5.2 DEVELOPMENT OF DISTRICT TECHNICAL TRAINING PROGRAMS. As an integral part of this Agreement, and consistent with the requirements of Tex. Educ. Code § 28.002(g-1), the District may offer courses or other activities, including an apprenticeship or training program offering hours needed for its students to obtain an industry-recognized credential or certificate in one or more areas of education related to the refining or petrochemicals industries, especially in areas related to operations to be undertaken by the Applicant with respect to the Applicant's Qualified Property and the Applicant's Qualified Investment. In developing these courses, the District may, after the execution of this Agreement and pursuant to Tex. Educ. Code § 28.002(g-1), consult with the Applicant to develop such courses or other activities as may allow students to enter:

- A. a career or technology training program in the District's region of the state; or
- B. an institution of higher education without remediation.

The Applicant may, after the execution of this Agreement and during the term of this Agreement, and in accordance with Tex. Educ. Code § 28.002(g-1), provide such support as the District and the Applicant may mutually agree for District-operated technical training programs for the education and development of technical skills necessary for individuals seeking employment in the refining or petrochemical industries. Such support may consist of:

- (i) conferring with the District for the purpose of identifying opportunities for qualified employees or retirees of the Applicant or others to participate in

technical training programs operated by the District for the benefit of its students and programs sponsored by the District;

- (ii) disseminating technical information at meetings and conferences attended by the District and the Applicant's employees or others for the purpose of developing curriculum and program specifications to enhance the relevance of the District's training programs; and,
- (iii) conducting Applicant-sponsored tours for students of the District at the Applicant's facilities located in the District at times mutually convenient to the Applicant and the District and consistent with the Applicant's safety, security and operational policies, procedures and standards.

In addition to the foregoing, the Applicant may provide any additional support to the District that may be mutually agreed to by the Parties and is consistent with Tex. Educ. Code § 28.002(g-1).

Notwithstanding the foregoing:

- (x) any program, course or other activity (including, but not limited to, any training program or tour) must be consistent and in compliance with the Applicant's safety, security, operational, compliance and administrative policies, procedures and standards and the requirements of applicable law; and,
- (y) the costs and expenses incurred by the Applicant in complying with any obligations that may be agreed to by the Applicant pursuant to this Section 5.2 (which costs and expenses shall include the value of any goods or services provided by the Applicant in connection with such compliance) shall only be required to be incurred by the Applicant during the Tax Year[s], and shall in no event exceed the aggregate amount for each of such Tax Year[s], as may be mutually agreed to by the Parties; and,
- (z) nothing contained in this Section 5.2 shall require the Applicant to be or become 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 that could in any way be construed as being in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1 INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS. In interpreting the provisions of Articles IV, V and VI, the Parties agree as follows:

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article IV, 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 VI ("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, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Article IV; provided, however, that all payments under Articles IV, V and VI are subject to such limitations contained in Section 7.1, that all payments under Articles IV and this Article VI are subject to the separate limitations contained in Section 4.3, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.4.

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 VI shall not exceed the limits imposed by the provisions of Section 313.027(i) of the TEXAS TAX CODE . unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

C. Certain Definitions. As used in Article IV and this Article VI, the following terms shall be defined as follows:

- i. "Cumulative Payments" means for each Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by the Applicant for all previous Tax Years during the term of this Agreement.
- ii. "Cumulative Unadjusted Tax Benefit" means for each Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years during the term of this Agreement.
- iii. "Unadjusted Tax Benefit" means for each Tax Year during the term of this Agreement, the total of all gross tax savings calculated for such Tax Year by multiplying (i) an amount equal to (a) the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, minus (b) the Tax Limitation

Amount (as defined in Section 2.4 above), by (ii) the District's maintenance and operations tax rate for such Tax Year.

- iv. "Net Tax Benefit" means an amount equal to (but not less than zero): (i) 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; 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 IV of this Agreement, plus (c) any and all payments of the Annual Limit (as such term is defined in Section 6.2(C)) due to the District.

Section 6.2 SUPPLEMENTAL PAYMENT LIMITATION.

A. Notwithstanding the foregoing, the total annual supplement payment made pursuant to this Article IV shall:

- i. not exceed in any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year; and
- ii. only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

C. For purposes of this Agreement, the amount of the Annual Limit shall be **\$471,200.00** based upon the District's 2014-2015 Average Daily Attendance of **4,712**, rounded to the whole number.

Section 6.3 STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO SUPPLEMENTAL PAYMENT LIMITATION. In any year 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," defined as Forty percent (40%) of the Applicant's "Net Tax Benefit," as the term is defined in Section 6.1(C)(iv), above; or,

B. the Annual Limit, as the term is defined in Section 6.2(C), above.

Section 6.4 ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT. The Parties agree that for each Tax Year during the term of this Agreement beginning with the Tax Year 2017, the first year of the Qualifying Time Period specified in Section 2.3(C) of this Agreement, the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 6.3(A), 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;

Minus,

Any amounts previously paid to the District under Article IV with respect to such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 6.2 and 6.3 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 4.4 above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 6.5 PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article VI shall be calculated by the Third Party selected pursuant to Section 4.4.

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 4.6, above.

C. The payment of all amounts due under this Article VI shall be made by December 31 of the Tax Year for which the payment is due.

Section 6.6 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 a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded, with respect to future payments only, by action of the Board of Trustees, at any time, provided, however, that any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.6 shall not alter the Supplemental Payments calculated pursuant to this Article VI.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1 ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using 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 Section 4.2 of this Agreement, 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 Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2 OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from Applicant to District under Article IV, Article V, and/or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying 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 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

Section 7.3 EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. 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 District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration dates of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1 APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, 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 Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure. The Final Termination Date will only be extended for the mutually agreed length of the Force Majeure.

Section 8.2 REPORTS. In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall submit the

following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf>; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website http://www.texasahead.org/tax_programs/chapter313/forms.php.

Section 8.3 COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4 DATA REQUESTS. During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5 SITE VISITS AND RECORD REVIEW. Applicant shall allow authorized employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

A. 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 Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret or is subject to a confidentiality agreement with any third party.

Section 8.6 RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS. This Agreement is subject to review and audit by the State Auditor pursuant to Section

2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. Applicant and District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the later of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

C. Comptroller may require, at Applicant's or District's sole cost and expense, as applicable, independent audits by a qualified certified public accounting firm of Applicant's, District's or the Comptroller's books, records, or property. The independent auditor shall provide Comptroller with a copy of such audit at the same time it is provided to Applicant and/or District.

D. In addition to and without limitation on the other audit provisions of this Agreement, pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE, the state auditor may conduct an audit or investigation of Applicant or District or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by Applicant or District or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, Applicant or District or other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. This

Agreement may be amended unilaterally by Comptroller to comply with any rules and procedures of the state auditor in the implementation and enforcement of Section 2262.003 of the TEXAS GOVERNMENT CODE.

Section 8.7 FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which Comptroller would not have approved this Agreement and District would not executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 TEX. ADMIN. CODE § 9.1053(f)(2)(L).

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1 EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to an material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. Applicant failed to have complete Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of the Application;

D. Applicant failed to pay the average weekly wage of all jobs in the county in which District's administrative office is located for all Non-Qualifying Jobs created by Applicant;

E. Applicant failed to provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

F. Applicant failed to provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V of this Agreement;

G. Applicant failed to provide such supplemental payments as more fully specified in Article VI of this Agreement;

H. Applicant failed to create and Maintain Viable Presence on and/or with the Qualified Property as more fully specified in Article VIII of this Agreement;

I. Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of Comptroller on the dates indicated on the form;

J. Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller determine whether Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

K. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property;

L. Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with the Agreement.

M. Applicant has made 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 for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles III and IV, of this Agreement; or

N. Applicant fails either to:

- i. Implement a plan to remedy non-compliance as required by Comptroller pursuant to 34 TAC Section 9.1059; or
- ii. Pay a penalty assessed by Comptroller pursuant to 34 TAC Section 9.1059.

Section 9.2 CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 9.3, then District shall be entitled 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 9.3.C on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI of this Agreement.

B. Notwithstanding Section 9.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to 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 District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to 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, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 9.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period 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 9.2.A 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 Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.3 LIMITED STATUTORY CURE OF MATERIAL BREACH. In accordance with the provisions of Section 313.0275 of the TEXAS TAX CODE, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 9.1.C. or 9.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 9.1.C. or 9.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated

damages payment required by Section 313.0275(b) of the TEXAS TAX CODE, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

Section 9.4 DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has committed a Material Breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 8.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a Material Breach of this Agreement, District shall provide 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 District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in Material Breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such Material Breach.

B. If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 9.2.A and B (net of all credits under Section 9.2.A and B), and the amount of any penalty and/or interest under Section 9.2.C that are owed to District.

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

Section 9.5 DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.3, 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 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 under Section 9.3, 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 residing in

Jefferson 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) District shall bear one-half of such mediator's fees and expenses and 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.

B. 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, District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to the attorneys representing District pursuant to Section 6.30 of the TEXAS TAX CODE.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either District or 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 9.6 LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 9.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, 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 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.7 BINDING ON SUCCESSORS. In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.1 INFORMATION AND NOTICES.

A. 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.

B. Notices to District shall be addressed to District's Authorized Representative as follows:

Name:	Port Neches-Groves ISD	Powell & Leon. LLP
Attn:	Dr. Rodney Cavness, Superintendent (or successor)	Attn: Sara Hardner Leon
Address:	620 Avenue C	115 Wild Basin Road #106
City/Zip:	Port Neches, Texas 77651	West Lake Hills TX 78746
Phone #:	(409) 722-4244	Phone #: (512) 494-1177
Fax #:	(409) 724-7864	Fax #: (512) 494-1188
Email:	rcavness@pngisd.org	sleon@powell-leon.com

C. Notices to Applicant shall be addressed to its Authorized Representative as follows:

Total Petrochemicals & Refining USA, Inc.
TOTAL PAR LLC
1201 Louisiana Street, Suite 1800
Houston, Texas 77002
Attn: David Panfely
Phone No.: (713) 483-5133
Facsimile No.: (713) 483-5139
E-Mail: david.panfely@total.com

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

Section 10.2 AMENDMENTS TO AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of subsection B hereof. 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.

B. By official action of the District's Board of Trustees, this Agreement may only be amended according to the following:

- i. Applicant shall submit to District and Comptroller:
 - a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller;
 - c. and any additional information requested by District or Comptroller necessary to evaluate the amendment or modification; and
- ii. Comptroller shall review the request and any additional information and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by Comptroller by the end of the 90 day period, the request is denied;
- iii. If Comptroller has not denied the request, District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 10.3 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

iii. define minimum eligibility requirements for the recipient of limited value.

D. This Agreement may not be amended to extend the value limitation time period beyond its ten year statutory term.

Section 10.3 ASSIGNMENT. Any assignment of the interests of Applicant in this Agreement is considered an amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 10.3 regarding amendments to the Agreement.

Section 10.4 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 10.5 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 10.6 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 the County.

Section 10.7 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 10.8 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 an 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 10.9,

the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.9 PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, 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.

Section 10.10 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 10.11 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 10.12 PUBLICATION OF DOCUMENTS. The Parties acknowledge that District is required to publish Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;

B. District shall provide on its website a link to the location of those documents posted on Comptroller's website;

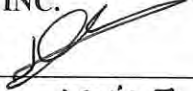
C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.13 CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

Section 10.14 DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Contract.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 23rd day of April, 2015.

AMG
**TOTAL PETROCHEMICALS &
REFINING USA, INC.**

By: 
Name: Dougant
Title: CEO

**PORT NECHES-GROVES INDEPENDENT
SCHOOL DISTRICT**

By: 
Jim Walters
President
Board of Trustees

TOTAL PAR LLC

By: 
Name: Houlihan
Title: VP Operations & Strategy

ATTEST:

By: 
Eric Sullivan
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The *Total Reinvestment Zone* was originally created on March 23, 2015, by action of the Jefferson County Commissioners Court. All real property within the boundaries of the *Total Reinvestment Zone* is located within the boundaries of the Port Neches-Groves Independent School District and Jefferson County, Texas. The legal description of the boundaries of the *Total Reinvestment Zone* and a map of the *Total Reinvestment Zone* are attached as the next pages of this **EXHIBIT 1**.

STATE OF TEXAS § IN THE COMMISSIONERS COURT
COUNTY OF JEFFERSON § OF JEFFERSON COUNTY, TEXAS

AN ORDER OF THE COMMISSIONERS COURT OF JEFFERSON
COUNTY, TEXAS DESIGNATING A REINVESTMENT ZONE
PURSUANT TO SEC 312. 401 OF THE TAX CODE
(THE PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT)

BE IT REMEMBERED at a meeting of Commissioners Court of Jefferson County, Texas, held on the 23rd day of March, 2015, on motion made by BRENT WEAVER, Commissioner of Precinct No. 2, and seconded by Eddie ARNOLD, Commissioner of Precinct No. 1, the following Order was adopted:

WHEREAS, the Commissioners Court of Jefferson County, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in the county and to provide employment to residents of the area; and,

WHEREAS, it is in the best interest of the County to designate an area within the TOTAL PETROCHEMICALS & REFINING USA, INC./TOTAL PAR LLC facility and the BASF TOTAL PETROCHEMICALS LLC facility, both of which are near Port Arthur, TX, a reinvestment zone, as the TPRI/TPAR-BTP REINVESTMENT ZONE, pursuant to Sec. 312.401, Tax Code (The Property Redevelopment and Tax Abatement Act)

IT IS THEREFORE ORDERED BY THE COMMISSIONERS COURT OF JEFFERSON COUNTY, TEXAS:

- Section 1. That the Commissioners Court hereby designates the property to be known as the TTPRI/TPAR-BTP REINVESTMENT ZONE, which is further described in the legal description attached hereto as Exhibit "A", and made apart hereof for all purposes, as a Reinvestment Zone (the "Zone"). For mailing purposes the address for Total Petrochemicals & Refining USA, Inc./TOTAL PAR LLC is 7600 32nd Street, Port Arthur, Texas 77642 (Attn: Nigel Tranter, Refinery Manager)and the mailing address for BASF TOTAL Petrochemicals LLC is Hwy 366, Gate 99, Port Arthur, TX 77643 (Attn: Gregory M. Masica, Site Manager.)
- Section 2 That the Commissioners Court finds that the Zone area meets the qualifications of the Texas Redevelopment and Tax Abatement Act (hereinafter referred to as the "Act").
- Section 3. That the Commissioners Court has heretofore adopted Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones in Jefferson County, Texas
- Section 4 That the Commissioners Court held a public hearing to consider this Order on

the 23rd day of March, 2015.

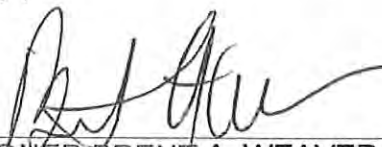
- Section 5. The Commissioners Court finds that such improvements are feasible and will benefit the Zone after the expiration of the agreement
- Section 6. The Commissioners Court finds that creation of the Zone is likely to contribute to the retention or expansion of primary employment in the area and/or would contribute to attract major investments that would be a benefit to the property and that would contribute to the economic development of the community
- Section 7. That this Order shall take effect from and after its passage as the law in such cases provides.

Signed this 23rd day of March, 2015.


JEFFERY BRANICK
County Judge


COMMISSIONER EDDIE ARNOLD
Precinct No. 1


COMMISSIONER MICHAEL S. SINEGAL
Precinct No. 3


COMMISSIONER BRENT A. WEAVER
Precinct No. 2

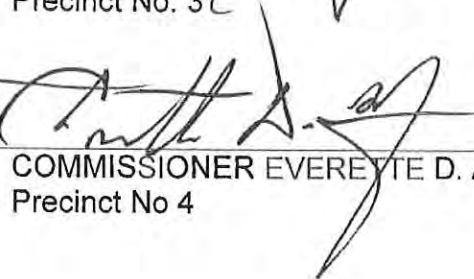

COMMISSIONER EVERETTE D. ALFRED
Precinct No 4

EXHIBIT "A"

REINVESTMENT ZONE

Legal Description

TRACT I
1,225.7 ACRES OF LAND AND WATER
PART OF BLOCKS 4-6, RANGE "A",
PART OF BLOCKS 4-6, RANGE "Z",
PORT ARTHUR LAND COMPANY SUBDIVISION,
PART OF THE BURR & CASWELL SURVEY ABSTRACT NO. 405,
THE BURRELL JONES SURVEY ABSTRACT NO. 156,
& THE NATHAN GRIGSBY SURVEY ABSTRACT NO. 125
JEFFERSON COUNTY, TEXAS

BEING 1225.7 acres of land and water, part of Lots 1-5 and all of Lots 6-8, Block 4, Range "A", all of Lots 1-3, part of Lots 4 and 5, and all of Lots 6-8, Block 5, Range "A", all of Lot 1, part of Lots 2 and 7, and all of Lot 8, Block 6, Range "A", all of Lots 5 and 6, Block 4, Range "Z", all of Lots 3-6, Block 5, Range "Z", and all of Lots 3 and 4, Block 6, Range "Z", Port Arthur Land Company Subdivision, recorded in Volume 1, Page 22, Map Records, Jefferson County, Texas; part of the Burr & Caswell Survey, Abstract No. 405, the Burrell Jones Survey Abstract No. 156, and the Nathan Grigsby Survey Abstract No. 125, Jefferson County, Texas; said 1225.7 acre tract being more fully described by metes and bounds as follows, to wit:

COMMENCING at a point being the common corner of Blocks 5 and 6, Range "A" and Blocks 5 and 6, Range "B", Port Arthur Land Company Subdivision; said point being on the centerline of a dedicated road FM Highway 366;

THENCE, North 36 deg., 38 min., 09 sec., East, on the common line of said Blocks 5 and 6, Range "A", a distance of 229.64' to a brass disc set in concrete for the POINT OF BEGINNING on the intersection of the East line of a 50' wide KCS Railroad right of way and the South right of way line of a dedicated road named 32nd Street; having a State Plane Coordinate of N: 13931090.09, E: 3583789.32;

THENCE, North 36 deg., 38 min., 09 sec., East, on the South right of way line of said 32nd Street, a distance of 1305.06' to a point for corner on the intersection of the South right of way line of said 32nd Street and the centerline of a dedicated road named Grandview Avenue; from which a brass disc in concrete found for reference point bears North 36 deg., 38 min., 09 sec., East, a distance of 30.71';

THENCE, North 53 deg., 21 min., 05 sec., West, on the centerline of said Grandview Avenue, a distance of 2637.78' to a ½" steel rod in concrete found for corner on the intersection of the centerline of said Grandview Avenue and the centerline of a dedicated road name 39th Street;

THENCE, North 38 deg., 30 min., 11 sec., East, a distance of 210.30' to a brass disc in concrete found for corner:

THENCE, North 79 deg., 02 min., 48 sec., East, a distance of 334.39' to a brass disc in concrete found for corner;

THENCE, North 89 deg., 48 min., 48 sec., East, a distance of 305.81' to a brass disc in concrete found for corner;

THENCE, North 57 deg., 46 min., 51 sec., East, a distance of 112.34' to a brass disc in concrete found for corner;

THENCE, North 73 deg., 47 min., 40 sec., East, a distance of 677.47' to a brass disc in concrete found for corner;

THENCE, North 73 deg., 47 min., 40 sec., East, a distance of 120.34' to a brass disc in concrete found for corner;

THENCE, North 54 deg., 53 min., 13 sec., East, a distance of 304.02' to a brass disc in concrete found for corner;

THENCE, North 33 deg., 32 min., 28 sec., East, a distance of 376.85' to a brass disc in concrete found for corner;

THENCE, North 09 deg., 10 min., 39 sec., East, a distance of 216.22' to a brass disc in concrete found for corner;

THENCE, North 00 deg., 19 min., 04 sec., East, a distance of 161.60' to a brass disc in concrete found for corner;

THENCE, North 10 deg., 33 min., 45 sec., East, a distance of 184.18' to a 3" steel pipe in concrete found for corner;

THENCE, North 79 deg., 41 min., 55 sec., East, a distance of 186.22' to a brass disc in concrete found for corner;

THENCE, South 78 deg., 20 min., 48 sec., East, a distance of 288.51' to a brass disc in concrete found for corner;

THENCE, South 45 deg., 23 min., 38 sec., East, a distance of 118.85' to a brass disc set in concrete for corner;

THENCE, South 37 deg., 48 min., 03 sec., East, a distance of 97.21' to a ½" steel pipe found for corner;

THENCE, North 85 deg., 48 min., 13 sec., East, a distance of 698.13' passing a ½" steel pipe found for reference point; continuing for a total distance of 713.57' to a brass disc set in concrete for corner;

THENCE, North 12 deg., 58 min., 09 sec., East, a distance of 4577.69' to a point for corner;

THENCE, South 81 deg., 31 min., 51 sec., East, a distance of 578.40' to a point for corner;

THENCE, North 82 deg., 46 min., 51 sec., West, a distance of 525.00' to a point for corner;

THENCE, South 83 deg., 47 min., 51 sec., East, a distance of 1320.30' to a point for corner;

THENCE, South 87 deg., 31 min., 51 sec., East, a distance of 700.00' to a point for corner;

THENCE, South 83 deg., 26 min., 35 sec., East, a distance of 1332.85' to a point for corner;

THENCE, South 05 deg., 47 min., 09 sec., West, a distance of 424.72' to a point for corner;

THENCE, South 11 deg., 53 min., 10 sec., West, a distance of 43.78' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, North 85 deg., 48 min., 50 sec., West, a distance of 59.62' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 19 min., 21 sec., West, a distance of 268.04' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 21 min., 33 sec., West, a distance of 1224.08' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 42 deg., 56 min., 09 sec., West, a distance of 6.70' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 13 deg., 43 min., 47 sec., West, a distance of 198.59' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 06 deg., 43 min., 57 sec., West, a distance of 47.15' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 30 min., 31 sec., West, a distance of 144.15' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 83 deg., 01 min., 30 sec., East, a distance of 3.93' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 21 min., 33 sec., West, a distance of 548.28' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 77 deg., 29 min., 30 sec., East, a distance of 7.98' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 16 deg., 26 min., 49 sec., West, a distance of 288.04' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 11 deg., 34 min., 55 sec., West, a distance of 297.90' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 10 deg., 00 min., 01 sec., West, a distance of 119.35' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 12 min., 33 sec., West, a distance of 241.57' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 82 deg., 35 min., 29 sec., East, a distance of 53.19' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 30 min., 31 sec., West, a distance of 60.20' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, North 82 deg., 38 min., 17 sec., West, a distance of 52.88' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 12 min., 33 sec., West, a distance of 149.93' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 82 deg., 38 min., 17 sec., East, a distance of 52.09' to a ½" steel rod, capped and marked "SOUTEX", found for corner;

THENCE, South 12 deg., 30 min., 34 sec., West, a distance of 4672.92' to a brass disc in concrete found for corner on the North right of way line of a dedicated road name State Highway 87;

THENCE, South 36 deg., 38 min., 09 sec., West, on the North right of way line of said State Highway 87, a distance of 1962.99' to a brass disc in concrete found for corner;

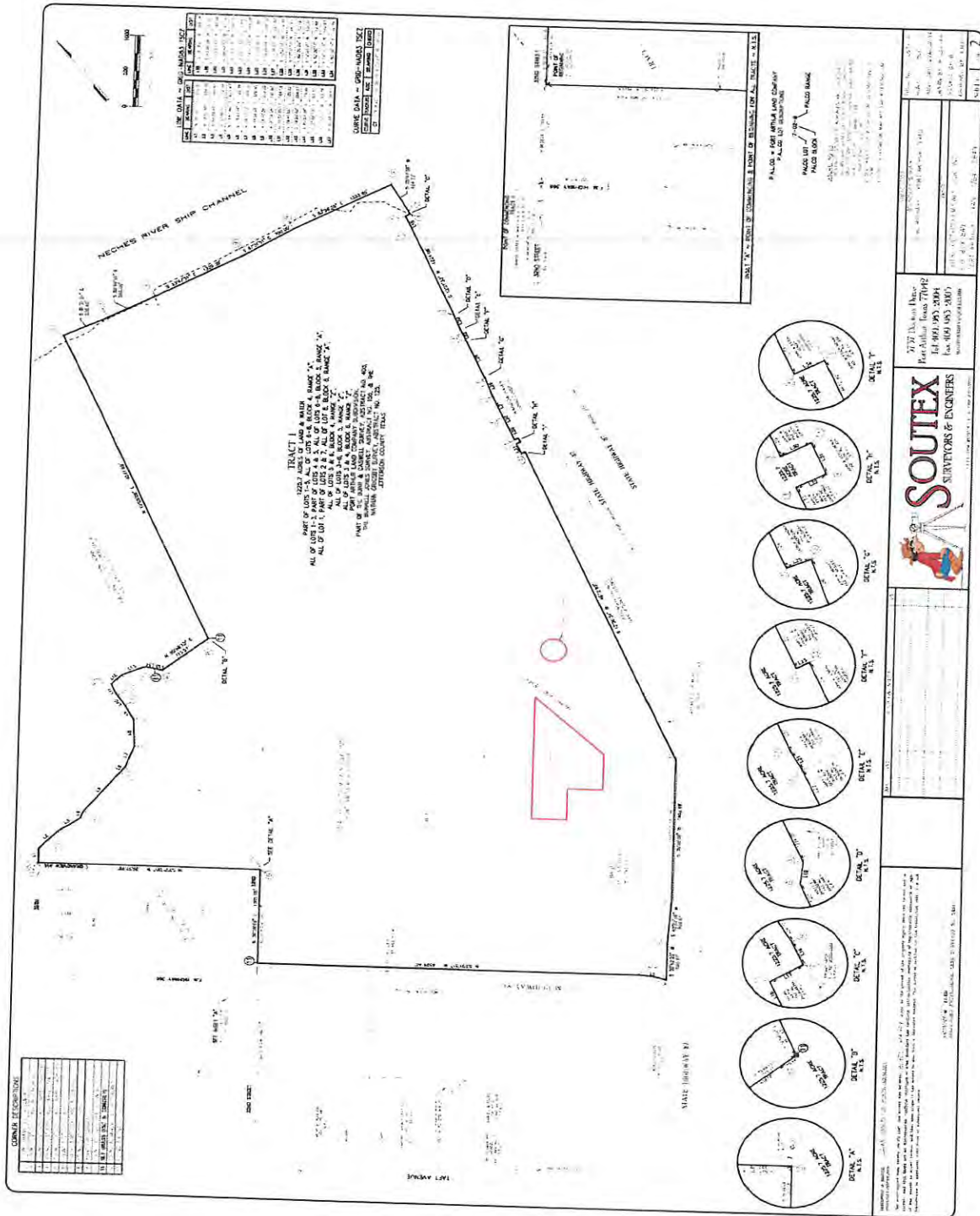
THENCE, South 40 deg., 22 min., 29 sec., West, on the North right of way line of said State Highway 87, a distance of 602.61' to a brass disc in concrete found for corner;

THENCE, South 36 deg., 42 min., 20 sec., West, continuing on the North right of way line of said State Highway 87, a distance of 520.97' to a brass disc in concrete found for corner on the intersection of the North right of way line of said State Highway 87 and the East right of way line of said KCS Railroad;

THENCE, on the East right of way line of said KCS Railroad, on the arc of a curve to the left having a radius of 979.93', on arc length of 347.36', a chord bearing of North 43 deg., 10 min., 24 sec., West, a chord distance of 345.55' to a brass disc in concrete found for corner; having a State Plane Coordinate of N: 13928387.27, E: 3587423.90;

THENCE, North 53 deg., 21 min., 51 sec., West, continuing of the East right of way line of said KCS Railroad, a distance of 4529.40' to the POINT OF BEGINNING and containing 1,225.7 acres of land and water, more or less.

Survey Map



Agreement for Limitation on Appraised Value
Between Port Neches-Groves Independent School District and
Total Petrochemicals & Refining USA, INC. and TOTAL PAR LLC
April 23, 2015
TEXAS COMPTROLLER APPLICATION NUMBER 1029
Exhibit I

Agreement for Limitation on Appraised Value
Between Port Neches-Groves Independent School District and
Total Petrochemicals & Refining USA, INC. and TOTAL PAR LLC
April 23, 2015
TEXAS COMPTROLLER APPLICATION NUMBER 1029
Exhibit 1

EXHIBIT 2

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Property owned or leased by the Applicant and included in the project described in described in **EXHIBIT 3** and located within the boundaries of both the Port Neches- Groves Independent School District and the *Total Reinvestment Zone* first placed in service after September 26, 2014, will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant included in the project described in described in **EXHIBIT 3** and located within the land identified in **EXHIBIT 1**.

EXHIBIT 3

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within the Port Neches-Groves Independent School District for the commercial operations of the Project described in **Tab 4** of the Application and includes, but is not limited, to real estate, site preparation, roads and paving, office, warehouse and manufacturing buildings, storage facilities, pumps, piping, tanks, heaters, production equipment, control rooms, shops and all related and necessary facilities and equipment for the manufacture of polymer grade ethylene, including, but not limited to:

Major Process Equipment:

- Feed Systems
- Cracking Heaters
- Quench Water System
- Charge Gas Compression
- Acid Gas Removal
- Charge Gas Drying and Regeneration Facilities
- Caustic Wash and Spent Caustic Degassing and Pretreatment Facilities
- Hydrogen Compression
- Hydrogen Purification
- Charge Gas Chilling
- Deethanizer
- Acetylene Converters
- Demethanizer
- Ethylene Fractionation
- Propylene Refrigeration System
- Binary Refrigeration System

Supporting Facilities:

- Raw Water Treatment
- Demineralization of Water
- Boiler Feedwater
- Cooling Water System
- Steam and Condensate Systems
- Power Supply
- Fuel Gas
- Plant and Instrument Air
- Nitrogen
- Fuel Gas/Natural Gas Systems
- Ground Flare
- Waste Water Treatment

- Sanitary System
- Firewater
- Chemical Storage

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 related to the proposed project, and tools, vehicles, furnishings and moveable personal property. Feedstock and product streams will be conveyed through new and existing pipelines.

The Project will also include:

- Process streams tie-ins to the BASF Total Petrochemicals steam cracker;
- Utilities, including electricity, steam and cooling water supply;
- Safety systems, including flares;
- Water treatment systems; and
- Infrastructure improvements and new piping.