FINDINGS OF THE CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY FORMOSA PLASTICS CORPORATION (#1048)

November 9, 2015

FINDINGS
OF THE
CALHOUN COUNTY INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
FORMOSA PLASTICS CORPORATION (#1048)

NOVEMBER 9, 2015

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STATE OF TEXAS §

COUNTY OF CALHOUN §

On the 9th day of November, 2015, a public meeting of the Board of Trustees of the Calhoun County Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Formosa Plastics Corporation ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On March 3, 2015, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an updated Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 12223554648), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Calhoun County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On April 7, 2015, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on July 6, 2015 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate 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 before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the updated report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment D**.

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

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is attached to these findings as **Attachment F.**

The Board has adopted the Texas Economic Development Agreement (Form 50-286) as promulgated by the Comptroller's Office. Form 50-286 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**. In November 2014,

the Texas Comptroller's Office announced its intention to modify Comptroller Form 50-286 and to permit amendments to existing agreements including the agreement for which these Findings are being made. The Board will consider all authorized amendments to the Agreement on Applicant's request, in the event a new form is adopted.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

> **The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.**

In support of Finding 1, the Application indicates that:

> Formosa will build two new units at the Port Comfort facility. The two new units will be a Olefins III (OL-III) and Propane Dehydrogenation (PDH).

Property which is used for chemical manufacturing satisfies the requirements of §313.024(b)(1).

Board Finding Number 2.

> **The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement.**

In support of Finding 2, the Comptroller's Economic Impact Evaluation and Certification, Attachment C, states:

> This represents the Comptroller's determination that FORMOSA PLASTICS CORPORATION TEXAS (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	2015	$5,161	$5,161	$0	$0
	2016	$150,775	$155,936	$0	$0
	2017	$6,245,761	$6,401,697	$0	$0
Limitation Period (10 Years)	2018	$312,030	$6,713,727	$5,621,701	$5,621,701
	2019	$312,030	$7,025,757	$5,325,272	$10,946,973
	2020	$312,030	$7,337,787	$5,043,665	$15,990,639
	2021	$312,030	$7,649,817	$4,776,139	$20,766,778
	2022	$312,030	$7,961,847	$4,521,988	$25,288,766
	2023	$312,030	$8,273,877	$4,280,545	$29,569,311
	2024	$312,030	$8,585,907	$4,051,175	$33,620,486
	2025	$312,030	$8,897,937	$3,833,273	$37,453,758
	2026	$312,030	$9,209,967	$3,626,265	$41,080,024
	2027	$312,030	$9,521,997	$3,429,609	$44,509,633
Maintain Viable Presence (5 Years)	2028	$3,554,815	$13,076,812	$0	$44,509,633
	2029	$3,377,332	$16,454,144	$0	$44,509,633
	2030	$3,208,724	$19,662,867	$0	$44,509,633
	2031	$3,048,545	$22,711,413	$0	$44,509,633
	2032	$2,896,376	$25,607,789	$0	$44,509,633
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	$2,751,815	$28,359,605	$0	$44,509,633
	2034	$2,614,483	$30,974,087	$0	$44,509,633
	2035	$2,484,017	$33,458,104	$0	$44,509,633
	2036	$2,360,074	$35,818,178	$0	$44,509,633
	2037	$2,242,328	$38,060,506	$0	$44,509,633
	2038	$2,130,470	$40,190,976	$0	$44,509,633
	2039	$2,024,204	$42,215,180	$0	$44,509,633
	2040	$1,923,252	$44,138,433	$0	$44,509,633
	2041	$1,827,348	$45,965,780	$0	$44,509,633
	2042	$1,736,238	$47,702,019	$0	$44,509,633

	$47,702,019	is greater than	**$44,509,633**	

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

Source: CPA, FORMOSA PLASTICS CORPORATION TEXAS

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.

Board Finding Number 3.

The limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

The Comptroller has determined that the limitation on appraised value is a determining factor in the Formosa Plastics Corporation 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:

- According to the company documentation dated January 16, 2014, Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports. Formosa is already developing a 1.2 million MT/year ethylene plant at Point Comfort, TX.
- Documents retrieved online and dated November 28, 2014, the PDH plan, which will have a capacity to produce 545,000 tons of propylene per year, is part of the Point Comfort petrochemical complex expansion announced by Formosa in February 2012.
- Documents retrieved online and dated March 1, 2012, Formosa Plastics Corporation, USA announced to invest more than $1.7 billion at its Point Comfort, Texas site, USA, in new Olefins and Low Density Polyethylene (LDPE) facility. This will be the third major expansion at the Point Comfort site and will consist of a:
    - New, grass-root 800,000 MT/Y olefins cracker
    - Associated 600,000 MT/Y propane dehydrogenation (PDH) unit
    - New 300,000 MT/Y low density polyethylene (LDPE) resin plant
- Documents retrieved online and dated September 26, 2014, ThyssenKrupp Industrial Solutions awarded a contract for propane dehydrogenation plant September 26, 2014.

- Documents retrieved online and dated December 23, 2014, Calhoun County was presented with a $2 million check from Formosa Plastics Corp.; the payment is part of a tax abatement agreement between the Calhoun County government and Formosa that calls for forgiveness of property tax on a $2 billion expansion at the Formosa plant. The agreement was negotiated is to be 100 percent abated for 10 years beginning in 2016.
- Per Texas Wide Open for Business, published by the Governor's Office Economic Development & Tourism in 2014, Formosa Plastics Plans $2 billion petrochemical expansion in Point Comfort.
- The applicant provided supporting documentation that favorable property tax conditions have been part of the decision to invest capital in Texas or Louisiana. The applicant also provided a recent cost comparison for property tax on investment in Texas and Louisiana. In all scenarios, the property taxes would be less in Louisiana than Texas.

Board Finding Number 4.

The Board finds that the Application Fee received for the Application for which these Findings are being made was reasonable and only in such an amount as was necessary to cover the District's costs of processing such Application.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the information provided in the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment B, package, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs will be at least $50,866 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

The Applicant intends to create 128 non-qualifying jobs.

In its Application, Applicant has indicated that it intends to create 128 non-qualifying jobs. The average salary level of the non-qualifying job will be at least $61,854 per year, which represents pay at least the county average wage for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add $600.5 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year, with the project value

expected to depreciate over the course of the agreement. The project remains fully taxable for debt services taxes, with the District levying a $0.2535 per $100 I&S rate.

While the value of the project is expected to depreciate over the life of the agreement and beyond, full access to the additional I&S taxable value is expected to provide local taxpayers with additional help in meeting the District's debt service needs during the formative years of the project.

Board Finding Number 9.

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

Board Finding Number 10.

> **The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.**

Board Finding Number 11.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (2) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code § 37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 12.

> **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).**

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2014 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is $2.4 billion. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its population characteristics. Given that the value of industrial property is more than $200 million, it is a Category I district which can offer a minimum value limitation of $30 million.

Board Finding Number 13.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement.**

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form. (**Attachment I**)

Board Finding Number 14.

> **The Applicant (Taxpayer No. 12223554648) is eligible for the limitation on appraised value of qualified property as specified in the Agreement as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer No. 12223554648), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess the eligibility of any business to which an agreement is transferred, to wit: the requirement that all assignments are amendments to the provision forth in Section 10.4 of said Agreement.

Board Finding Number 15.

> **The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.**

Board Finding Number 16.

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

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

Board Finding Number 17.

> **The Board finds that the methodology and processes for determining Applicant's revenue protection payments as are set forth in Article IV of the Chapter 313 Tax Limitation Agreement (Attachment G) comply with Texas Tax Code, Chapter 313.**

In support of this Finding, the Board relies upon the recommendation of its consultants. **(Attachment H)**

Board Finding Number 18.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 19.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, is in the form of the template Texas Economic Development Act adopted by the Comptroller. Should a new template be adopted that corrects the broken cross references, clarifies wording and grammatical errors, and corrects contractual ambiguities not acceptable to either party, the Board finds that it would be in the District's best interest to agree to amend the Agreement.

Board Finding Number 20.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), that it has taken appropriate action to ensure that all District Trustees, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that with the adoption of District Policies DBD, DGA, and DH BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be mad if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings. In

addition, Calhoun County ISD should ensure that disclosure occurs at the meeting at which the school board will vote on the business's application.

Board Finding Number 21.

> **The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.**

Board Finding Number 22.

> **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 herby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

It is further ORDERED that upon the issuance by the Comptroller's Office of a new Form 50-286 that the Board, in accordance with Comptroller rules and new form 50-286, will consider an amendment to Attachment G upon the request of Applicant or District staff.

Dated the 9th day of November 2015.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

By: _____
Mike Mueller, President, Board of Trustees

ATTEST:

By: _____
Kevin Hill, Secretary, Board of Trustees

Attachment A

Application

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. James Cowley — Superintendent

Print Name *(Authorized School District Representative)* — Title

sign here ▶ Dr. James B Cowley — 3-3-15

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 ▶ Jack Wu — Vice President

Print Name *(Authorized Company Representative (Applicant))* — Title

sign here ▶ Jack Wu — March 3, 2015

Signature *(Authorized Company Representative (Applicant))* — Date

NANCY L. MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the

3rd day of March, 2015

Nancy L Mayer

Notary Public in and for the State of Texas

My Commission expires: 1/28/2018

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
(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

July 21, 2014
Date Application Received by District

Dr. James
First Name

Cowley
Last Name

Superintendent
Title

Calhoun County ISD
School District Name

525 North Commerce Street
Street Address

525 North Commerce Street
Mailing Address

Port Lavaca
City

Texas
State

77979
ZIP

361/552-9728
Phone Number

Fax Number

Mobile Number *(optional)*

Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application? . . . . . ☑ Yes ☐ No

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant ***(If Applicable)***

Kevin
First Name

O'Hanlon
Last Name

Consultant
Title

O'Hanlon, McCollom & Demerath
Firm Name

512/494-9949
Phone Number

512/494-9919
Fax Number

Mobile Number *(optional)*

kohanlon@808west.com; mhanley@808west.com
Email Address

4. On what date did the district determine this application complete? 12/11/2014

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)***

Jack
First Name

Wu
Last Name

Vice President of Business Development
Title

Formosa Plastics Corp., TX
Organization

PO Box 700
Street Address

201 Formosa Drive
Mailing Address

Point Comfort
City

Texas
State

77978
ZIP

361/987-7700
Phone Number

361/987-2729
Fax Number

361/920-8800
Mobile Number *(optional)*

jackwu@ftpc.fpcusa.com
Business Email Address

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

SECTION 2: Applicant Information (continued)

4. **Authorized Company Consultant** ***(If Applicable)***

N/A

First Name | Last Name

Title

Firm Name

Phone Number | Fax Number

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? Formosa Plastics Corporation, Texas

2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 *(11 digits)* 12223554648

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

#45 Calhoun County ISD 2007 #235 Calhoun County ISD 2012

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant *(corporation, limited liability corporation, etc)* Corporation

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****)*

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.

SECTION 9: Projected Timeline

1. Application approval by school board ..... June 2015
2. Commencement of construction 3Q 2015
3. Beginning of qualifying time period ..... June 2015
4. First year of limitation 2018
5. Begin hiring new employees 2016
6. Commencement of commercial operations 2018
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? 2018

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located ..... Calhoun
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Calhoun CAD
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: Calhoun 100& (.4900) *(Name, tax rate and percent of project)*
   City: na *(Name, tax rate and percent of project)*
   Hospital District: na *(Name, tax rate and percent of project)*
   Water District: na *(Name, tax rate and percent of project)*
   Other *(describe)*: na *(Name, tax rate and percent of project)*
   Other *(describe)*: Calhoun Port Authority 1005 (.0031) *(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

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? na

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.

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)? 1,779

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)? 1,779

   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? 98

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 1,189.50

   b. 110% of the average weekly wage for manufacturing jobs in the county is 1,850.48

   c. 110% of the average weekly wage for manufacturing jobs in the region is 978.12

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? 50,862.24

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 50,862.00

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**.

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 *(if applicable)*
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 *(if applicable)*
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 *(if applicable)*
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of tangible personal propertry 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 *(if applicable)*
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact *(if applicable)*
15	Economic Impact Analysis, other payments made in the state or other economic information *(if applicable)*
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 *(applicant)*

Tab #2

Proof of Payment of Application Fee

CALHOUN COUNTY I.S.D.

Invoice

Olivia Mixon
Director of Finance
525 N. Commerce St.
Port Lavaca, Texas 77979-3034
361-551-2609
mixono@calcoisd.org

Date:
7/15/2014

Purpose: Fees and Expenses relating to a Chapter 313 Agreement

Issued To:
Mr. Jack Wu
Vice President of Business Development
Formosa Plastics Corporation, Texas
101 Formosa Drive, P.O. Box 700
Point Comfort, Texas 77978
jackwu@ftpc.fpcusa.com: NancyM@ftpc.fpcusa.com

Description	Price
Fees relating to an Application for Appraised Value Limitation on Qualified Property ("Value Limitation") from Formosa Plastics Corporation, Texas, pursuant to Chapter 313, Property Tax Code.	50,000.00
TOTAL	$ 50,000.00

For any other information regarding the payment of this invoice, please contact:
Ms. Olivia Mixon at mixono@calcoisd.org

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)

Tab #3

Documentation of Combined Group

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

Tab #4

Detailed Description of Project

Production of plastics is a complex process of converting short-chained hydrocarbons, principally ethane (C2) and propane (C3), into plastic "resins." The first step in that process is converting ethane and propane into ethylene and propylene (which are often referred to in the chemical industry as "olefins") through "cracking" or "dehydrogenation".

If the project is built in Texas, Formosa will build two new units at the Port Comfort facility.

The two new units will be a Olefins III (OL-III) and Propane Dehydrogenation (PDH). The two new units will be integrated into the existing facility. OL-III will process different feed stock sources and prepare feed stocks for use by many other units within the complex. The hydrocarbon cracking process is done in an Olefins Unit. The proposed Olefins III unit will receive hydrocarbon streams from a variety of pipeline resources. It will be engineered with the flexibility to import and process different feed stocks that usually have variable hydrocarbon mixtures. The plant itself consists of pipelines, "cracking" furnaces, distillation columns (in which hydrocarbons are separated into discrete, homogeneous stocks), compressors, valves and accompanying instrumentation. The outgoing products are stored in "spheres" designed to safely contain gasses and in tanks designed to safely contain liquids.

The PDH unit will also use feedstock streams to produce a more propane-rich product that will be used in the on-site downstream resin plants. Propane can be converted to propylene through a different process; Dehydrogenation. The proposed Propane Dehydrogenation Unit will allow use of feedstock streams which are more propane-rich than those typically used in an olefins plant. The plant will have a series of inter-stage heaters to supply heat, a catalyst bed, cryogenic separators to remove hydrogen and a propane-propylene purifying system. The resultant final products are the stored in "spheres" for use in plastics production in the downstream resin plants.

Details on how the new units will be integrated into the existing facility. Will any functional parts of the existing facilities be replaced or upgraded.

Plastic resin production is, at its simplest, a three step process through which natural gas components are separated by molecular weight (fractionation), converted into resin production feed stocks (cracking) and then linked together to form long chains of interlocked hydrocarbons (polymerization).

Both the Olefins III unit (OL III) and the Propane Dehydrogenation unit (PDH) will be integrated into the existing facility at the second step of that process. Both units will receive raw feed stocks of ethane (C_2H_6) and propane (C_3H_8) from the two existing on-site hydrocarbon fractionators or from existing pipelines. The OL III unit will convert ethane and propane to the basic building blocks (ethylene and/or propylene) for the use in the polymerization process which results in plastic resins. The PDH unit will produce propylene from propane using a different technology than that used in the OL III. The new OLIII and PDH production units will be integrated into the current pipeline delivery system within the plant such that ethylene and propylene produced in those two newly constructed units will be available to existing resin production plants.

Formosa Plastic will not be replacing or upgrading existing facilities.

The existing pipeline is specifically excluded from this application for appraised value limitation on qualified property. The chief appraised is aware that this property exists and has agreed to put all new property into a separate appraisal account number to further distinguish existing property from the proposed new facilities.

Tab #5

Documentation to Assist in Determining if
Limitation a Determining Factor

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HOME

Jindal holds meetings in Taiwan

MICHELLE MILLHOLLON
mmillhollon@theadvocate.com
Feb. 20, 2014

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Gov. Bobby Jindal sent a postcard from Taiwan on Monday, sharing snapshots from the first leg of his Asia trip.

So far, Jindal has met with Taiwan President Ma Ying-Jeou and Formosa executives, according to the governor's press office. No media was allowed to accompany the governor. His press office emailed a short statement early Monday morning.

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Jindal and Ma discussed economics. According to Jindal's office, Taiwan imports agricultural, energy and chemical products from Louisiana.

The Central News Agency in Taipei reported that Jindal pledged friendship and sharing. The governor stressed that Taiwan was an important trading partner for Louisiana and in the U.S. Taiwanese news coverage also noted that Jindal's first visit on his first trip abroad as governor was to Taiwan, which calls itself the Republic of China.

Ma apparently used the meeting to highlight Taiwan's efforts to join the Trans-Pacific Partnership. The U.S., Japan, Mexico, Singapore and other world powers are negotiating TPP as a massive trade agreement. Taiwan expressed interest last year but has not been invited to participate in the talks.

Jindal tweeted a picture of himself posing with Ma. The photograph shows that Jindal's wife, Supriya, accompanied the governor on the trip.

While in Taiwan, the governor also met with Formosa officials. Formosa Plastics, an offshoot of the Taiwan-based Formosa Plastics Group, operates a chemical manufacturing subsidiary in north Baton Rouge. The site produces feedstock materials, electricity and steam.

Jindal met with Susan Wang, vice chairman of the Formosa Plastics Group executive board, and C.T. Lee, chairman of the Formosa Plastics Corporation. They reportedly discussed business growth opportunities in Louisiana.

Jindal characterized his three-country visit to Asia as a job-creation mission. He said he is looking for business opportunities on Louisiana's behalf. From Taiwan, he heads to Seoul, South Korea, Tuesday before going to Japan. He returns to the U.S. on Saturday.

The total cost of the trip is unclear. Jindal's campaign paid for his plane ticket, but taxpayers appear to be picking up the bulk of the tab.

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Formosa Plastics plans to build ethylene plant in Louisiana

[illegible] — [illegible]

Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports citing Formosa Plastics' chairman Lee Chin-tsuen. Lee was speaking to Formosa employees in Kaohsiung, Taiwan, on Tuesday at the company's end-of-year party. Lee made the statement a day after the governor of Louisiana, Bobby Jindal, visited the company at Taipei.

Formosa Plastics is already developing a 1.2-million m.t./year ethylene plant at Point Comfort, TX. "The governor called on us to invest not only in Texas but also in Louisiana, because the tax rate in the state is the same as in Texas, while gas prices in Louisiana are actually lower," Lee says, according to local reports. Formosa does not as yet have estimates of how much the Louisiana project would cost because the company needs to make further studies to evaluate the project, the chairman says.

Formosa's Texas facility is expected to cost $3 billion. The facility will include units producing 1.2 million m.t./year of ethylene; 600,000 m.t./year of propylene; and 400,000 m.t./year of high-density polyethylene and will come onstream in the first quarter of 2017, Lee says. "The costs of making ethylene with shale gas are one-third of the costs of making it using other raw materials," Lee says.

Global production of ethylene will rise by 5.8 million m.t. this year, which is relatively low, he says. The Mideast, which accounts for 17% of global ethylene production, is unlikely to grow above 20% of the global total in the future because there is not a lot of cheap gas there, Lee says. Formosa plans to spend $13.2 billion on new plants in the United States, China, and Vietnam, he says.

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[illegible]

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- derivative capacity
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Tab #6

Description of Project in Multiple Districts

N/A

Tab #7

Description of Qualified Investment

The proposed improvements for which the tax limitation is sought will include the Olefins III plant:

Olefins Unit

The proposed Olefins III unit consists of pipelines, "cracking" furnaces, distillation columns (in which hydrocarbons are separated into discrete, homogeneous stocks), compressors, valves and accompanying instrumentation. The outgoing products are stored in "spheres" designed to safely contain gasses and in tanks designed to safely contain liquids.

The major components of this unit include:
Pyrolysis Furnaces (for production of ethylene)
Major Compressors (Process Gas Compressor)
Refrigeration Compressors
Caustic Tower (for removal of contaminants)
Spent Caustic Treatment System
Reactors (for achieving product specifications)
High Capacity Distillation Towers (De-ethanizer and C2 Splitter)
Ethylene Product Spheres
Ethane Sphere
Cooling Water Tower
Plant Air Compressors (for furnace decoking)
Product Driers (for removing moisture in process gas)

Propane Dehydrogenation Unit (PDH)

The proposed plant will have a series of inter-stage heaters to supply heat, a catalyst bed, cryogenic separators to remove hydrogen and a propane-propylene purifying system. The resultant final products are the stored in "spheres" for use in plastics production in the downstream resin plants.

The major components of this unit include:
Reactors
Regenerator
Heaters
Dryers
Compressors
Separator
De-ethanizer
Splitter
Depropanizer
Cryogenic Separator

Tab #8

Description of Qualified Property

The proposed improvements for which the tax limitation is sought will include the Olefins III plant:

Olefins Unit

The proposed Olefins III unit consists of pipelines, "cracking" furnaces, distillation columns (in which hydrocarbons are separated into discrete, homogeneous stocks), compressors, valves and accompanying instrumentation. The outgoing products are stored in "spheres" designed to safely contain gasses and in tanks designed to safely contain liquids.

The major components of this unit include:
Pyrolysis Furnaces (for production of ethylene)
Major Compressors (Process Gas Compressor)
Refrigeration Compressors
Caustic Tower (for removal of contaminants)
Spent Caustic Treatment System
Reactors (for achieving product specifications)
High Capacity Distillation Towers (De-ethanizer and C2 Splitter)
Ethylene Product Spheres
Ethane Sphere
Cooling Water Tower
Plant Air Compressors (for furnace decoking)
Product Driers (for removing moisture in process gas)

Propane Dehydrogenation Unit (PDH)

The proposed plant will have a series of inter-stage heaters to supply heat, a catalyst bed, cryogenic separators to remove hydrogen and a propane-propylene purifying system. The resultant final products are the stored in "spheres" for use in plastics production in the downstream resin plants.

The major components of this unit include:
Reactors
Regenerator
Heaters
Dryers
Compressors
Separator
De-ethanizer
Splitter
Depropanizer
Cryogenic Separator

Tab #9

Description of Land

The land for the new construction is owned by Formosa Plastics Corp. Texas. The Calhoun County Appraisal District assigned property number for the new area under consideration for Value Limitation is 27819.

The area is approximately 91 acres @ $3,000.00 per acre or $273,000.00. Attached is a map, yellow borders, indicating the OL-III project (approximately 64 acres) and PDH (approximately 27 acres).

Together, both areas comprise the reinvestment zone for this project.

Calhoun CAD

Property Search Results > 27819 FORMOSA PLASTICS CORP TEXAS for Year 2014

Property

Account

Property ID:	27819	Legal Description:	A0011 PHILIP DIMMITT, TRACT PT 1, ACRES 381.96
Geographic ID:	A0011-00000-0010-00	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

Location

Address:		Mapsco:	
Neighborhood:	RURAL-ACROSS THE BAY	Map ID:	A0011-00010-0001-00
Neighborhood CD:	2700		

Owner

Name:	FORMOSA PLASTICS CORP TEXAS	Owner ID:	24153
Mailing Address:	ATTN: BUSINESS DEVELOPMENT PO BOX 700 POINT COMFORT, TX 77978	% Ownership:	100.0000000000%
		Exemptions:	

Values

(+) Improvement Homesite Value:	+	$0	
(+) Improvement Non-Homesite Value:	+	$0	
(+) Land Homesite Value:	+	$0	
(+) Land Non-Homesite Value:	+	$1,145,880	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	$0	$0
(+) Timber Market Valuation:	+	$0	$0
(=) Market Value:	=	$1,145,880	
(–) Ag or Timber Use Value Reduction:	–	$0	
(=) Appraised Value:	=	$1,145,880	
(–) HS Cap:	–	$0	
(=) Assessed Value:	=	$1,145,880	

Taxing Jurisdiction

Owner: FORMOSA PLASTICS CORP TEXAS
% Ownership: 100.0000000000%
Total Value: $1,145,880

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
CAD	CALHOUN COUNTY APPRAISAL DISTRICT	0.000000	$1,145,880	$1,145,880	$0.00
FML	FARM TO MARKET & LATERAL ROAD	0.000000	$1,145,880	$1,145,880	$0.00
G05	CALHOUN COUNTY	0.490000	$1,145,880	$1,145,880	$5,614.81
NV6	CALHOUN PORT AUTHORITY	0.003000	$1,145,880	$1,145,880	$34.38
S01	CALHOUN COUNTY ISD	1.276900	$1,145,880	$1,145,880	$14,631.74
	Total Tax Rate:	1.769900			

Taxes w/Current Exemptions:	$20,280.93
Taxes w/o Exemptions:	$20,280.93

Improvement / Building

No improvements exist for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	NP	NATIVE PASTURE	381.9600	16638177.60	0.00	0.00	$1,145,880	$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2015	N/A	N/A	N/A	N/A	N/A	N/A
2014	$0	$1,145,880	0	1,145,880	$0	$1,145,880
2013	$0	$1,145,880	0	1,145,880	$0	$1,145,880
2012	$0	$1,145,880	0	1,145,880	$0	$1,145,880
2011	$0	$1,193,970	0	1,193,970	$0	$1,193,970
2010	$0	$1,193,970	0	1,193,970	$0	$1,193,970
2009	$0	$1,348,470	0	1,348,470	$0	$1,348,470
2008	$0	$1,348,470	0	1,348,470	$0	$1,348,470
2007	$0	$1,348,470	0	1,348,470	$0	$1,348,470
2006	$0	$1,348,470	0	1,348,470	$0	$1,348,470
2005	$0	$303,406	0	303,406	$0	$303,406
2004	$0	$303,406	0	303,406	$0	$303,406
2003	$0	$303,406	0	303,406	$0	$303,406
2002	$0	$303,406	0	303,406	$0	$303,406
2001	$0	$303,406	0	303,406	$0	$303,406
2000	$0	$303,406	0	303,406	$0	$303,406
1999	$0	$303,406	0	303,406	$0	$303,406
1998	$0	$303,406	0	303,406	$0	$303,406
1997	$0	$303,406	0	303,406	$0	$303,406

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	2/12/1988	W/D	WARRANTY DEED		FORMOSA PLASTICS CORP TEXAS	15	404	
2		OT	Other	FORMOSA PLASTICS CORP TEXAS	FORMOSA PLASTICS CORP TEXAS			

Tax Due

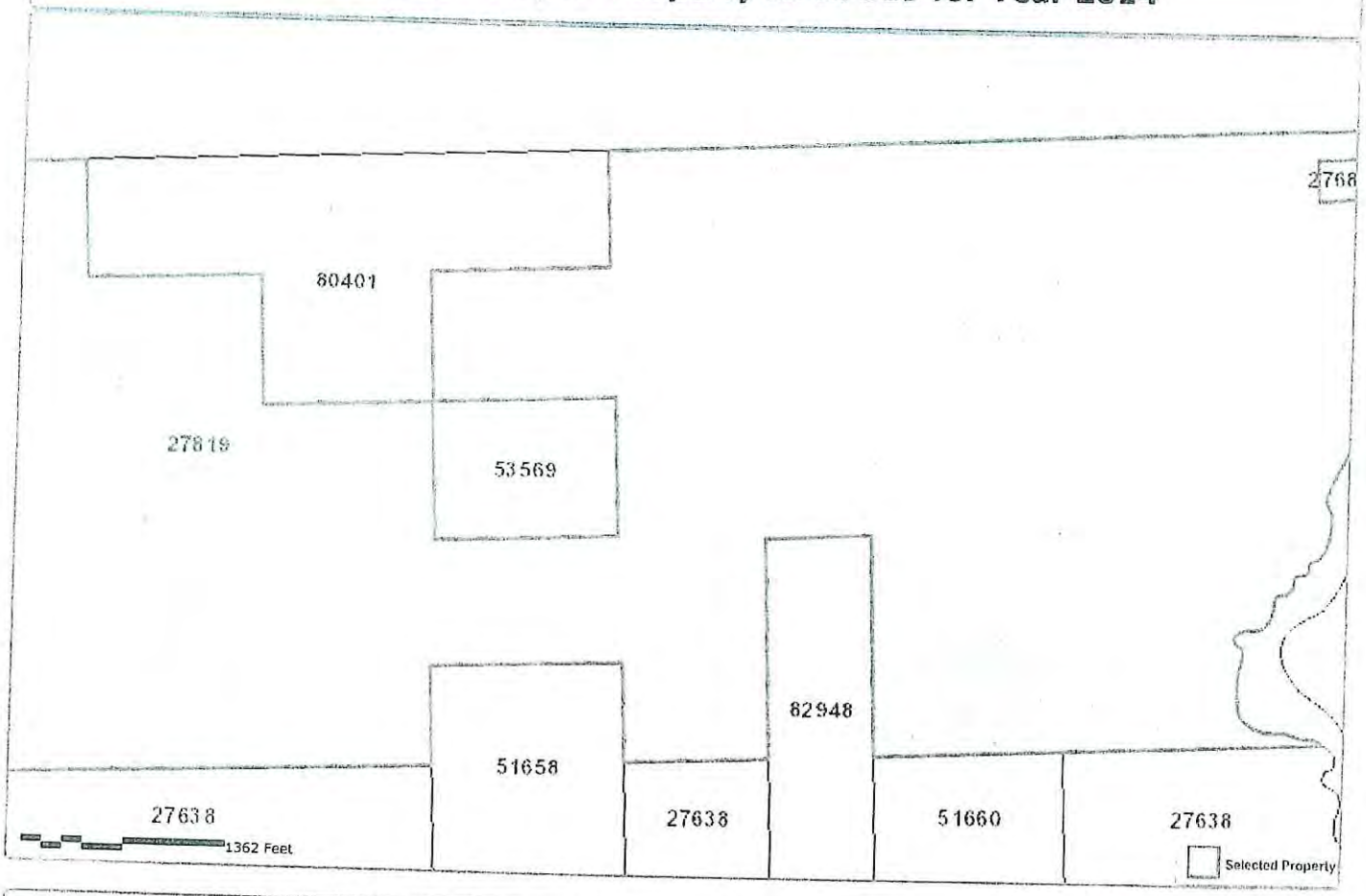
Property Tax Information as of 01/13/2015

Amount Due If Paid on:

Year	Taxing Jurisdiction	Taxable Value	Base Tax	Base Taxes Paid	Base Tax Due	Discount / Penalty & Interest	Attorney Fees	Amount Due
2014	CALHOUN COUNTY	$1,145,880	$5614.81	$5446.37	$0.00	$0.00	$0.00	$0.00
2014	CALHOUN PORT AUTHORITY	$1,145,880	$34.38	$33.35	$0.00	$0.00	$0.00	$0.00
2014	CALHOUN COUNTY ISD	$1,145,880	$14631.74	$0.00	$14631.74	$0.00	$0.00	$14631.74
	2014 TOTAL:		**$20280.93**	**$5479.72**	**$14631.74**	**$0.00**	**$0.00**	**$14631.74**

2013	CALHOUN COUNTY	$1,145,880	$5614.82	$5446.37	$0.00	$0.00	$0.00	$0.00
2013	CALHOUN PORT AUTHORITY	$1,145,880	$35.52	$34.45	$0.00	$0.00	$0.00	$0.00
2013	CALHOUN COUNTY ISD	$1,145,880	$12777.71	$12777.71	$0.00	$0.00	$0.00	$0.00
	2013 TOTAL:		**$18428.05**	**$18258.53**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2012	CALHOUN COUNTY	$1,145,880	$5614.82	$5446.37	$0.00	$0.00	$0.00	$0.00
2012	CALHOUN PORT AUTHORITY	$1,145,880	$36.67	$35.57	$0.00	$0.00	$0.00	$0.00
2012	CALHOUN COUNTY ISD	$1,145,880	$12835.00	$12835.00	$0.00	$0.00	$0.00	$0.00
	2012 TOTAL:		**$18486.49**	**$18316.94**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2011	CALHOUN COUNTY	$1,193,970	$5850.45	$5674.94	$0.00	$0.00	$0.00	$0.00
2011	CALHOUN PORT AUTHORITY	$1,193,970	$42.98	$41.69	$0.00	$0.00	$0.00	$0.00
2011	CALHOUN COUNTY ISD	$1,193,970	$13446.49	$13446.49	$0.00	$0.00	$0.00	$0.00
	2011 TOTAL:		**$19339.92**	**$19163.12**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2010	CALHOUN COUNTY	$1,193,970	$5850.45	$5674.94	$0.00	$0.00	$0.00	$0.00
2010	CALHOUN PORT AUTHORITY	$1,193,970	$46.56	$45.16	$0.00	$0.00	$0.00	$0.00
2010	CALHOUN COUNTY ISD	$1,193,970	$13528.87	$13528.87	$0.00	$0.00	$0.00	$0.00
	2010 TOTAL:		**$19425.88**	**$19248.97**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2009	CALHOUN COUNTY	$1,348,470	$6607.50	$6409.28	$0.00	$0.00	$0.00	$0.00
2009	CALHOUN PORT AUTHORITY	$1,348,470	$52.59	$51.01	$0.00	$0.00	$0.00	$0.00
2009	CALHOUN COUNTY ISD	$1,348,470	$15104.22	$15104.22	$0.00	$0.00	$0.00	$0.00
	2009 TOTAL:		**$21764.31**	**$21564.51**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2008	CALHOUN COUNTY	$1,348,470	$6607.51	$6409.29	$0.00	$0.00	$0.00	$0.00
2008	CALHOUN PORT AUTHORITY	$1,348,470	$52.59	$51.01	$0.00	$0.00	$0.00	$0.00
2008	CALHOUN COUNTY ISD	$1,348,470	$14968.02	$14968.02	$0.00	$0.00	$0.00	$0.00
	2008 TOTAL:		**$21628.12**	**$21428.32**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2007	CALHOUN COUNTY	$1,348,470	$6607.50	$6409.28	$0.00	$0.00	$0.00	$0.00
2007	CALHOUN PORT AUTHORITY	$1,348,470	$52.59	$51.01	$0.00	$0.00	$0.00	$0.00
2007	CALHOUN COUNTY ISD	$1,348,470	$14789.89	$14789.89	$0.00	$0.00	$0.00	$0.00
	2007 TOTAL:		**$21449.98**	**$21250.18**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2006	CALHOUN COUNTY	$1,348,470	$6607.50	$6409.28	$0.00	$0.00	$0.00	$0.00
2006	CALHOUN PORT AUTHORITY	$1,348,470	$55.29	$53.63	$0.00	$0.00	$0.00	$0.00
2006	CALHOUN COUNTY ISD	$1,348,470	$17488.31	$17488.31	$0.00	$0.00	$0.00	$0.00
	2006 TOTAL:		**$24151.10**	**$23951.22**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2005	CALHOUN COUNTY	$303,406	$1580.74	$1533.32	$0.00	$0.00	$0.00	$0.00
2005	CALHOUN PORT AUTHORITY	$303,406	$13.05	$12.66	$0.00	$0.00	$0.00	$0.00
2005	CALHOUN COUNTY ISD	$303,406	$4301.08	$4301.08	$0.00	$0.00	$0.00	$0.00
	2005 TOTAL:		**$5894.87**	**$5847.06**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2004	CALHOUN COUNTY	$303,406	$1580.75	$1533.33	$0.00	$0.00	$0.00	$0.00
2004	CALHOUN PORT AUTHORITY	$303,406	$13.96	$13.54	$0.00	$0.00	$0.00	$0.00
2004	CALHOUN COUNTY ISD	$303,406	$4301.08	$4301.08	$0.00	$0.00	$0.00	$0.00
	2004 TOTAL:		**$5895.79**	**$5847.95**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2003	CALHOUN COUNTY	$303,406	$1580.75	$1533.33	$0.00	$0.00	$0.00	$0.00
2003	CALHOUN PORT AUTHORITY	$303,406	$14.26	$13.83	$0.00	$0.00	$0.00	$0.00
2003	CALHOUN COUNTY ISD	$303,406	$4146.95	$4146.95	$0.00	$0.00	$0.00	$0.00
	2003 TOTAL:		**$5741.96**	**$5694.11**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2002	CALHOUN COUNTY	$303,406	$1287.65	$1249.02	$0.00	$0.00	$0.00	$0.00
2002	CALHOUN PORT AUTHORITY	$303,406	$14.26	$13.83	$0.00	$0.00	$0.00	$0.00
2002	CALHOUN COUNTY ISD	$303,406	$3967.94	$3967.94	$0.00	$0.00	$0.00	$0.00
	2002 TOTAL:		**$5269.85**	**$5230.79**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
2001	CALHOUN COUNTY	$303,406	$1137.77	$1103.64	$0.00	$0.00	$0.00	$0.00
2001	CALHOUN PORT AUTHORITY	$303,406	$14.26	$13.83	$0.00	$0.00	$0.00	$0.00
2001	CALHOUN COUNTY ISD	$303,406	$3967.94	$3967.94	$0.00	$0.00	$0.00	$0.00
	2001 TOTAL:		**$5119.97**	**$5085.41**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Calhoun CAD - Map of Property ID 27819 for Year 2014



Property Details

Account

Property ID: 27819
Geo ID: A0011-00000-0010-00
Type: Real
Legal Description: A0011 PHILIP DIMMITT, TRACT PT 1, ACRES 381.96

Location

Situs Address:
Neighborhood: RURAL-ACROSS THE BAY
Mapsco:
Jurisdictions: G05, NV6, S01, FML, CAD

Owner

Owner Name: FORMOSA PLASTICS CORP TEXAS
Mailing Address: ATTN: BUSINESS DEVELOPMENT, PO BOX 700, POINT COMFORT, TX 77978

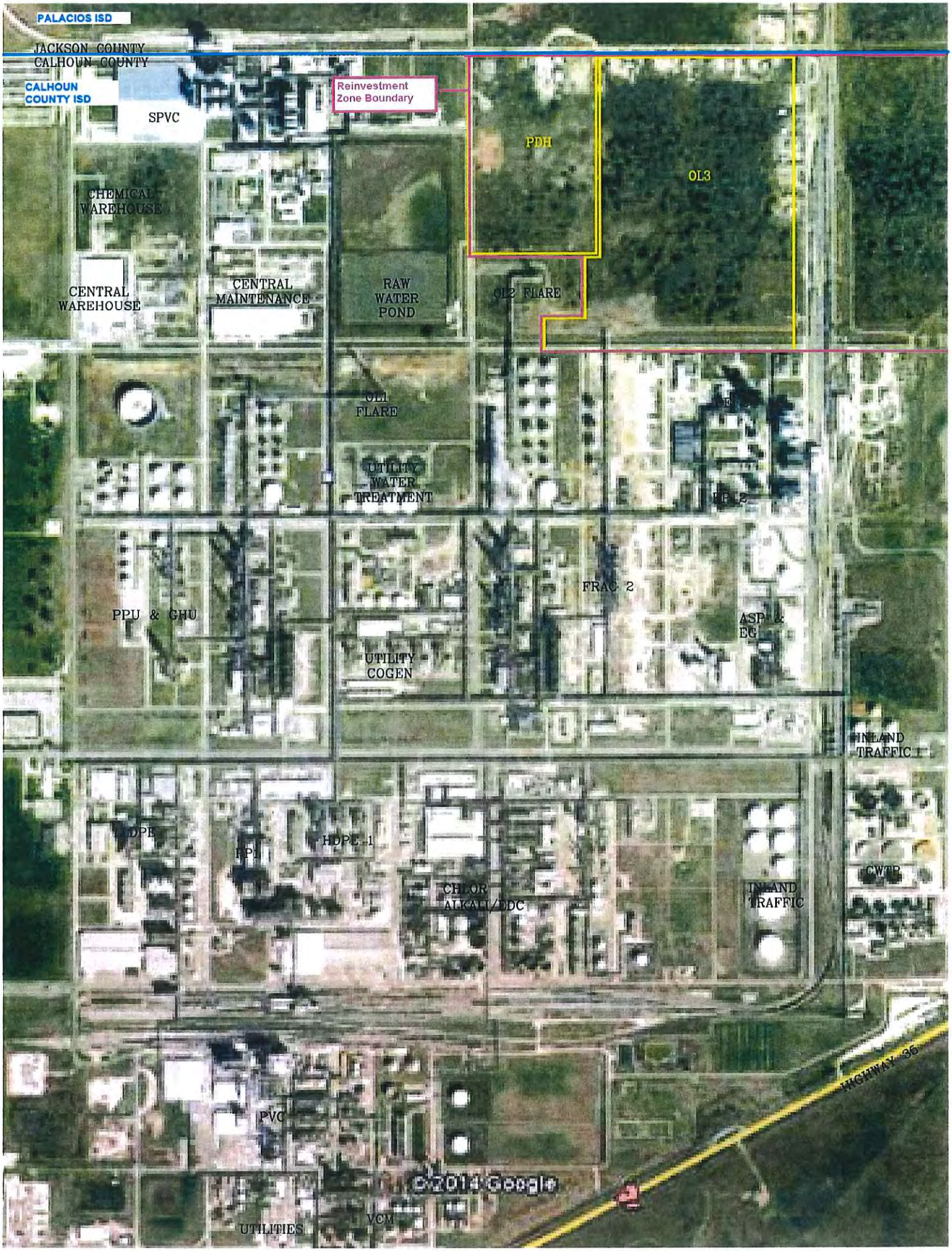
Property

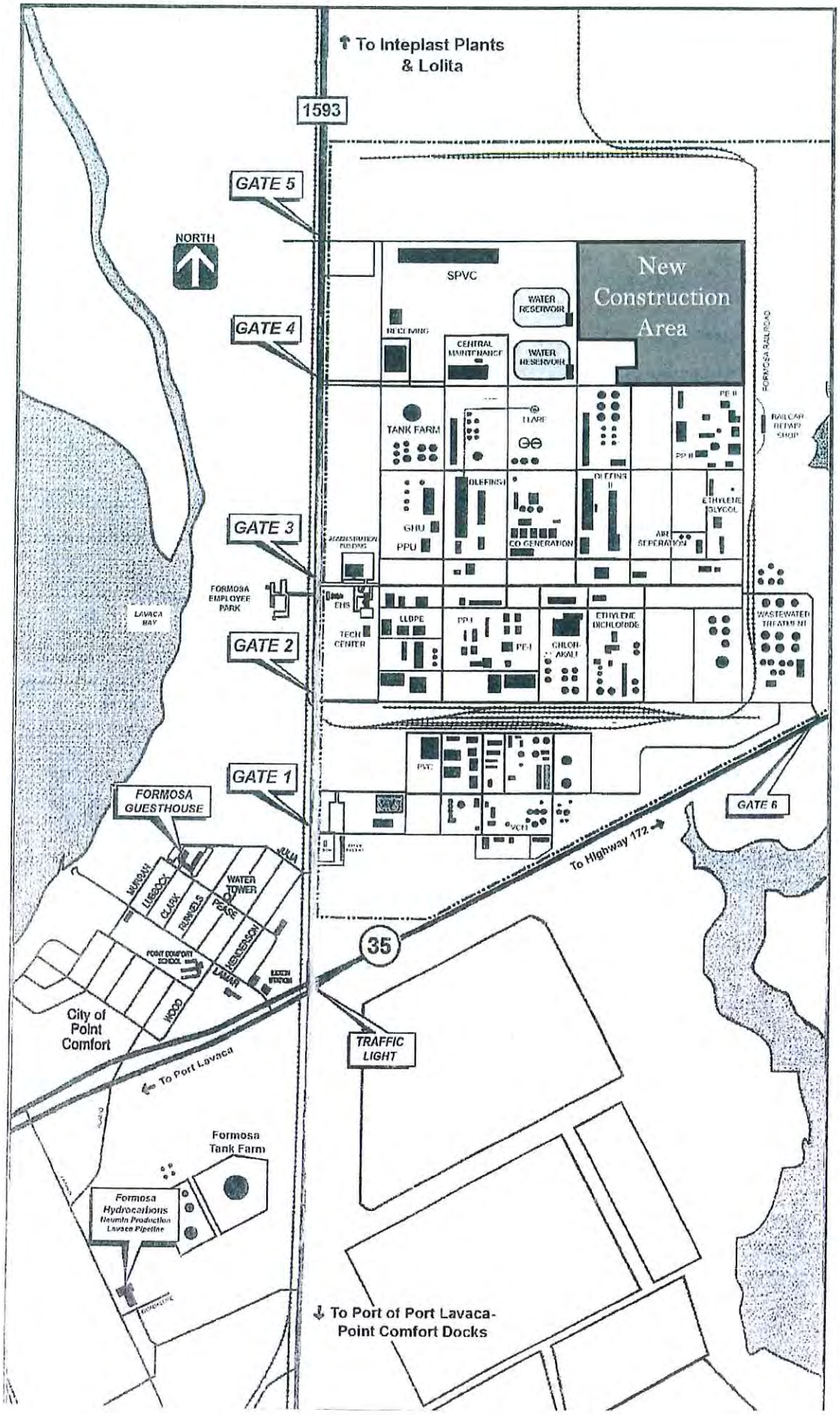
Appraised Value: $1,145,880.00

https://propaccess.trueautomation.com/Map/View/Map/83/27819/2014

powered by: PropertyACCESS www.trueautomation.com

Map Disclaimer: This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. The Calhoun County Appraisal District expressly disclaims any and all liability in connection herewith.

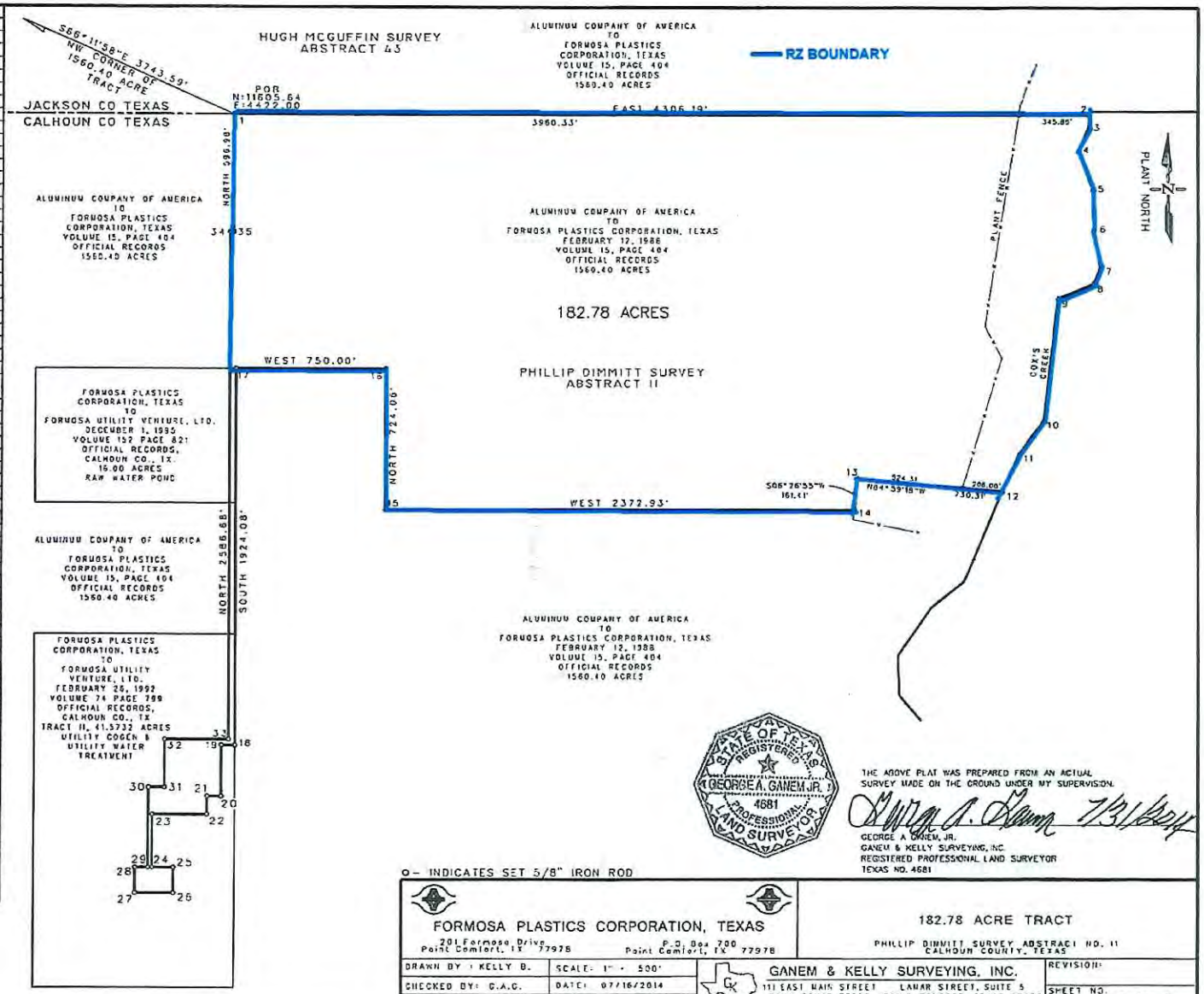

PALACIOS ISD
JACKSON COUNTY
CALHOUN COUNTY
CALHOUN COUNTY ISD
SPVC
Reinvestment Zone Boundary
PDH
OL3
CHEMICAL WAREHOUSE
CENTRAL WAREHOUSE
CENTRAL MAINTENANCE
RAW WATER POND
OL2 FLARE
OL1 FLARE
UTILITY WATER TREATMENT
FRAC 2
PPU & GHU
ASP & EG
UTILITY COGEN
INLAND TRAFFIC 1
HDPE
HDPE-1
CHLOR ALKALI/EDC
INLAND TRAFFIC
CWTP
PVC
HIGHWAY 35
©2014 Google
UTILITIES
VCM


To Inteplast Plants & Lolita
1593
GATE 5
NORTH
GATE 4
GATE 3
GATE 2
GATE 1
GATE 6
New Construction Area
SPVC
WATER RESERVOIR
CENTRAL MAINTENANCE
TANK FARM
FLARE
OLEFINS I
OLEFINS II
PE II
PP II
RAILCAR REPAIR SHOP
ETHYLENE GLYCOL
GHU
PPU
CO GENERATION
AIR SEPERATION
ADMINISTRATION BUILDING
FORMOSA EMPLOYEE PARK
EHS
TECH CENTER
LLDPE
PP I
PE I
CHLOR-ALKALI
ETHYLENE DICHLORIDE
WASTEWATER TREATMENT
PVC
VCM
LAVACA BAY
FORMOSA GUESTHOUSE
MORGAN
LUBBOCK
CLARK
RANKIN
TEXAS
WATER TOWER
HENDERSON
LAMAR
POINT COMFORT SCHOOL
WOOD
KELLY
City of Point Comfort
To Port Lavaca
To Highway 172
35
TRAFFIC LIGHT
Formosa Tank Farm
Formosa Hydrocarbons
Naumin Production
Lavaca Pipeline
To Port of Port Lavaca-Point Comfort Docks

PT NO.	NORTHING	EASTING	BEARING	DISTANCE
1	11605.64	4422.00		
			EAST	4306.19'
2	11605.64	8728.19		
			S 03°27'25" E	52.09'
3	11553.65	8731.33		
			S 32°41'02" W	140.00'
4	11424.48	8677.34		
			S 19°33'57" E	210.99'
5	11225.67	8746.00		
			S 01°38'42" E	200.99'
6	11024.76	8753.77		
			S 09°24'06" E	200.00'
7	10827.45	8786.44		
			S 24°05'15" W	84.99'
8	10749.87	8751.73		
			S 66°56'07" W	193.01'
9	10675.43	8576.91		
			S 06°26'04" W	629.99'
10	10049.41	8506.31		
			S 34°56'14" W	210.00'
11	9877.26	8386.05		
			S 23°06'01" W	205.11'
12	9688.59	8335.58		
			N 84°59'18" W	730.31'
13	9752.39	7578.06		
			S 06°26'55" W	161.41'
14	9592.00	7559.93		
			WEST	2372.93'
15	9592.00	5187.00		
			NORTH	724.06'
16	10316.06	5187.00		
			WEST	750.00'
17	10316.06	4437.00		
			SOUTH	1924.08'
18	8391.98	4437.00		
			WEST	64.89'
19	8391.98	4372.11		
			SOUTH	258.00'
20	8133.08	4372.11		
			WEST	70.00'
21	8133.98	4302.11		
			SOUTH	94.00'
22	8039.98	4302.11		
			WEST	275.00'
23	8039.98	4027.11		
			SOUTH	271.60'
24	7768.38	4027.11		
			EAST	108.79'
25	7768.38	4135.90		
			SOUTH	130.00'
26	7638.38	4135.90		
			WEST	195.00'
27	7638.38	3940.90		
			NORTH	130.00'
28	7768.38	3940.90		
			EAST	66.21'
29	7768.38	4007.11		
			NORTH	410.60'
30	8178.98	4007.11		
			EAST	83.00'
31	8178.98	4090.11		
			NORTH	243.00'
32	8421.98	4090.11		
			EAST	316.89'
33	8421.98	4407.00		
			NORTH	2586.68'
34	11008.66	4407.00		
			EAST	15.00'
35	11008.66	4422.00		
			NORTH	596.98'

BEARINGS AND COORDINATES BASED ON FORMOSA PLASTICS CORPORATION EXPANSION PLANT DATUM

THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF AN ABSTRACT OF TITLE. THERE MAY BE EASEMENTS OR OTHER MATTERS OF RECORD NOT SHOWN.



THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION.

7/31/2014

GEORGE A. GANEM, JR.
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4681

o- INDICATES SET 5/8" IRON ROD

FORMOSA PLASTICS CORPORATION, TEXAS
201 Formosa Drive, Point Comfort, TX 77978 — P.O. Box 700, Point Comfort, TX 77978

182.78 ACRE TRACT
PHILLIP DIMMITT SURVEY ABSTRACT NO. 11
CALHOUN COUNTY, TEXAS

DRAWN BY: KELLY B.	SCALE: 1" = 500'
CHECKED BY: G.A.G.	DATE: 07/16/2014
APPROVED BY: G.A.G.	JOB NO. PC14-154

GANEM & KELLY SURVEYING, INC.
111 EAST MAIN STREET, EDNA, TEXAS 77957, (361) 782-3738
LAMAR STREET, SUITE 5, PORT COMFORT, TEXAS 77978, (361) 987-2011

REVISION:

SHEET NO. 1 OF 1

Tab #10

Description of Property Not Eligible

On several of the google earth maps provided for the property, it appears that there was ongoing business activity on the property. The area was known as Contractor Road and as of May 31, 2013 all of the contractors have vacated this area and relocated to other areas. There is no property on the site where the new improvements will be located.

The Formosa Plastics complex includes 17 plants that produce plastic resins and associated petrochemical products. There are 2 plants that are not located within the parameters of this facility they are CFB (Power Plant) and Formosa Hydrocarbons (Major Gas Process).
The 15 existing plants include:

VCM	Vinyl Chloride Monomer
PVC	Polyvinyl Chloride Resin Plant
LLDPE	Linear Low Density Polyethylene Resin Plant
HDPE-I	High Density Polyethylene Resin Plant
HDPE-II	High Density Polyethylene Resin Plant
PP- I	Polypropylene Resin Plant
PP-II	Polypropylene Resin Plant
C/A	Chlor-Alkali
EDC	Ethylene Dichloride
OL-I	Olefins
OL-II	Olefins
Frac-II	Fractionation
EG	Ethylene Glycol
ASP	Air Separation
SPVC	Specialty Polyvinyl Chloride Resin Plant

The approximate value and acreage of these 15 plants is:
$1.25 Billion 900 Acres

APPLICATION #45

SPVC Plant
51.50 Acres
Legal Description

State of Texas
County of Calhoun

BEING a 51.50 acre tract of land situated in the Phillip Dimmitt Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas by Special Warranty Deed recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 51.50 acre tract being more particularly described by metes and bounds as follows:

BEGINNING, at a set 5/8 inch iron rod at the northwest corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of N 11,605.64'and E 1692.00', said iron rod being located South 00° 01' 14" East a distance of 1510.75 feet and East 694.68 feet from a point at the northwest corner of the above mentioned 1560.40 acre tract;

THENCE East with the north line of the herein described tract for a distance of 2730.00 feet to a set 5/8 inch iron rod for the northeast corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 11,605.64' and East 4422.00';

THENCE South with a east line of the herein described tract for a distance of 596.98 feet to a set 5/8 inch iron rod for an east southeast corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 11,008.66' and East 4422.00';

THENCE West with a line of the herein described tract for a distance of 942.00 feet to a set 5/8 inch iron rod for an interior corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 11,008.66' and East 3480.00';

THENCE South with an easterly line of the herein described tract for a distance of 692.66 feet to a set 5/8 inch iron rod for the southeast corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 10,316.00' and East 3480.00';

THENCE West with the south line of the herein described tract for a distance of 886.00 feet to a set 5/8 inch iron rod for the southwest corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 10,316.00' and East 2594.00';

THENCE North with a west line of the herein described tract for a distance of 692.66 feet to a set 5/8 inch iron rod for an interior corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 11,008.66' and East 2594.00';

THENCE West with a line of the herein described tract for a distance of 902.00 feet to a set 5/8 inch iron rod for a west southwest corner of the herein described tract, said iron rod having Formosa Plastics Corporation plant coordinates of North 11,008.66' and East 1692.00';

THENCE North with the west line of the herein described tract for a distance of 596.98 feet to the **POINT OF BEGINNING, CONTAINING** 51.50 acres of land.

Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

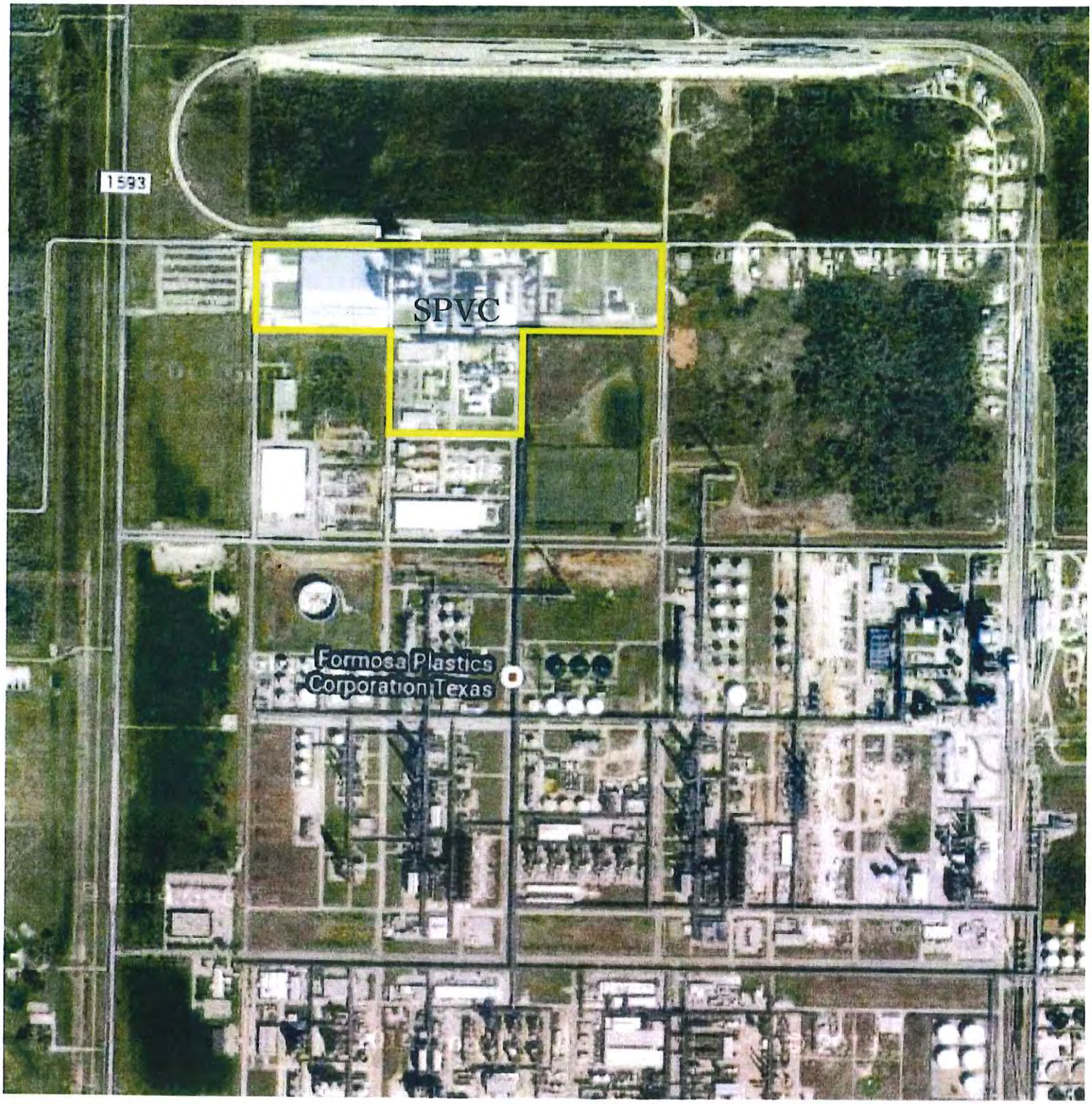
The above legal description is based on an actual survey made on the ground under my supervision in March 2006.

Date 03/10/06

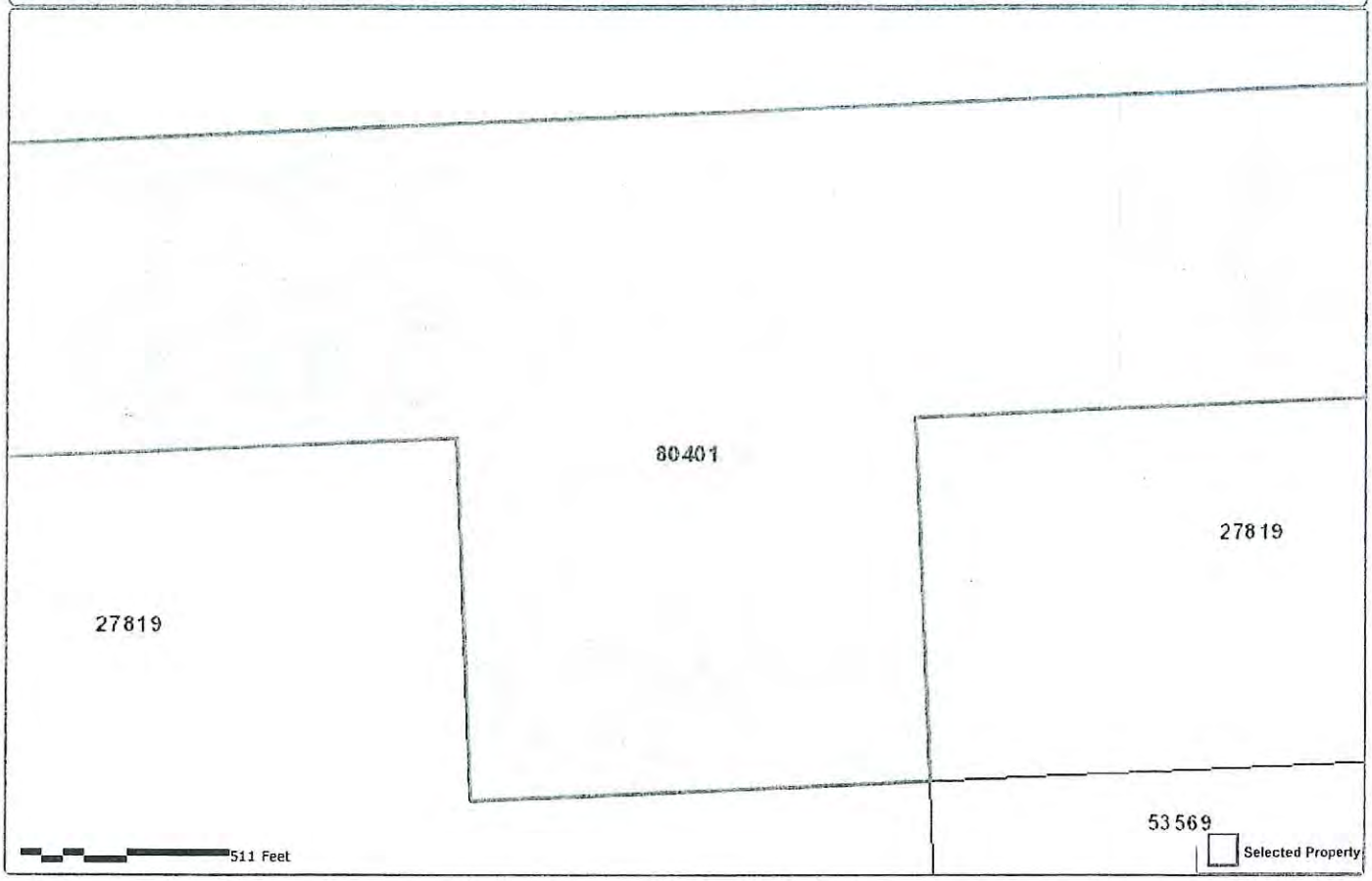
Ganem & Kelly Surveying, Inc.
By: George A. Ganem, Jr.
Registered Professional Land Surveyor
Texas No. 4681

STATE OF TEXAS
REGISTERED
GEORGE A. GANEM JR.
4681
PROFESSIONAL
LAND SURVEYOR

PC06023


1593
SPVC
Formosa Plastics
Corporation Texas

Calhoun CAD - Map of Property ID 80401 for Year 2014



Property Details

Account

Property ID: 80401
Geo ID: A0011-00000-0010-A0
Type: Real
Legal Description: A0011 PHILIP DIMMITT, TRACT PT 1, ACRES 51.5

Location

Situs Address:
Neighborhood: RURAL-ACROSS THE BAY
Mapsco:
Jurisdictions: G05, NV6, S01, FML, CAD

Owner

Owner Name: FORMOSA PLASTICS CORP TEXAS
Mailing Address: ATTN: BUSINESS DEVELOPMENT, PO BOX 700, POINT COMFORT, TX 77978

Property

Appraised Value: $154,500.00

https://propaccess.trueautomation.com/Map/View/Map/83/80401/2014

powered by: PropertyACCESS www.trueautomation.com

Map Disclaimer: This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. The Calhoun County Appraisal District expressly disclaims any and all liability in connection herewith.

Calhoun CAD - Map of Property ID 80401 for Year 2014

Property Details

Account

Property ID: 80401
Geo ID: A0011-00000-0010-A0
Type: Real
Legal Description: A0011 PHILIP DIMMITT, TRACT PT 1, ACRES 51.5

Location

Situs Address:
Neighborhood: RURAL-ACROSS THE BAY
Mapsco:
Jurisdictions: G05, NV6, S01, FML, CAD

Owner

Owner Name: FORMOSA PLASTICS CORP TEXAS
Mailing Address: ATTN: BUSINESS DEVELOPMENT, PO BOX 700, POINT COMFORT, TX 77978

Property

Appraised Value: $154,500.00

https://propaccess.trueautomation.com/Map/View/Map/83/80401/2014

powered by: PropertyACCESS www.trueautomation.com

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APPLICATION #235

FORMOSA PLASTICS CORPORATION, TEXAS
FRACT II TRACT
32.31 ACRES

THE STATE OF TEXAS
THE COUNTY OF CALHOUN

BEING a 32.31 acre tract of land situated in the Phillip Dimmit Survey, Abstract No. 11, Calhoun County, Texas, and being a portion of that certain tract of land described as 1560.40 acres in deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas, and this 32.31 acre tract being more particularly described by metes and bounds as follows:

COMMENCING at the southwest corner of said 1560.40 acre tract (said commencing point having plant coordinates of North 5000, East 1000);

THENCE East along the south line of said 1560.40 acre tract, a distance of 4187 feet to a point for corner;

THENCE North a distance of 2163.00 feet to a set 5/8 inch iron rod in the east line of the Olefins II 59.71 acre tract described in Volume 316, Page 561 of the Official Records of said county for the southwest corner of the herein described tract and the **POINT OF BEGINNING**, (said iron rod having plant coordinates of North 7163, East 5187);

THENCE North with the east line of said Olefins II 59.71 acre tract for a distance of 2429.00 feet to a set 5/8 inch iron rod for the northwest corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5187);

THENCE East a distance of 5484.00 feet to a set 5/8 inch iron rod at the northwest corner of the PEII 13.98 acre tract described in Volume 316, Page 561 of the Official Records of said county for the northeast corner of the herein described tract, (said iron rod having plant coordinates of North 9592, East 5771);

THENCE South with the west line of said PEII 13.98 acre tract and the west line of the HDPEII 13.01 acre tract described in Volume 316, Page 561 of the Official Records of said county for a distance of 1196.00 feet to a set 5/8 iron rod in the north line of the EG 28.0793 acre tract described in Volume 74, Page 803 of the Official Records of said county for a corner of the herein described tract (said iron rod having plant coordinates of North 8396, East 5771);

THENCE West along said north line of the EG 28.0793 acre tract for a distance of 9.00 feet to a set 5/8 inch iron rod at the northwest corner of said EG 28.0793 acre tract for an interior corner of the herein described tract(said iron rod having plant coordinates of North 8396, East 5762);

THENCE South with the west line of said EG 28.0793 acre tract for a distance of 1233.00 feet to a set 5/8 iron rod at the southwest corner of said 28.0793 acre tract for the southeast corner of the herein described tract (said iron rod having plant coordinates of North 7163, East 5762);

THENCE West for a distance of 575.00 feet to the **POINT OF BEGINNING**; Containing 32.31 acres of land.

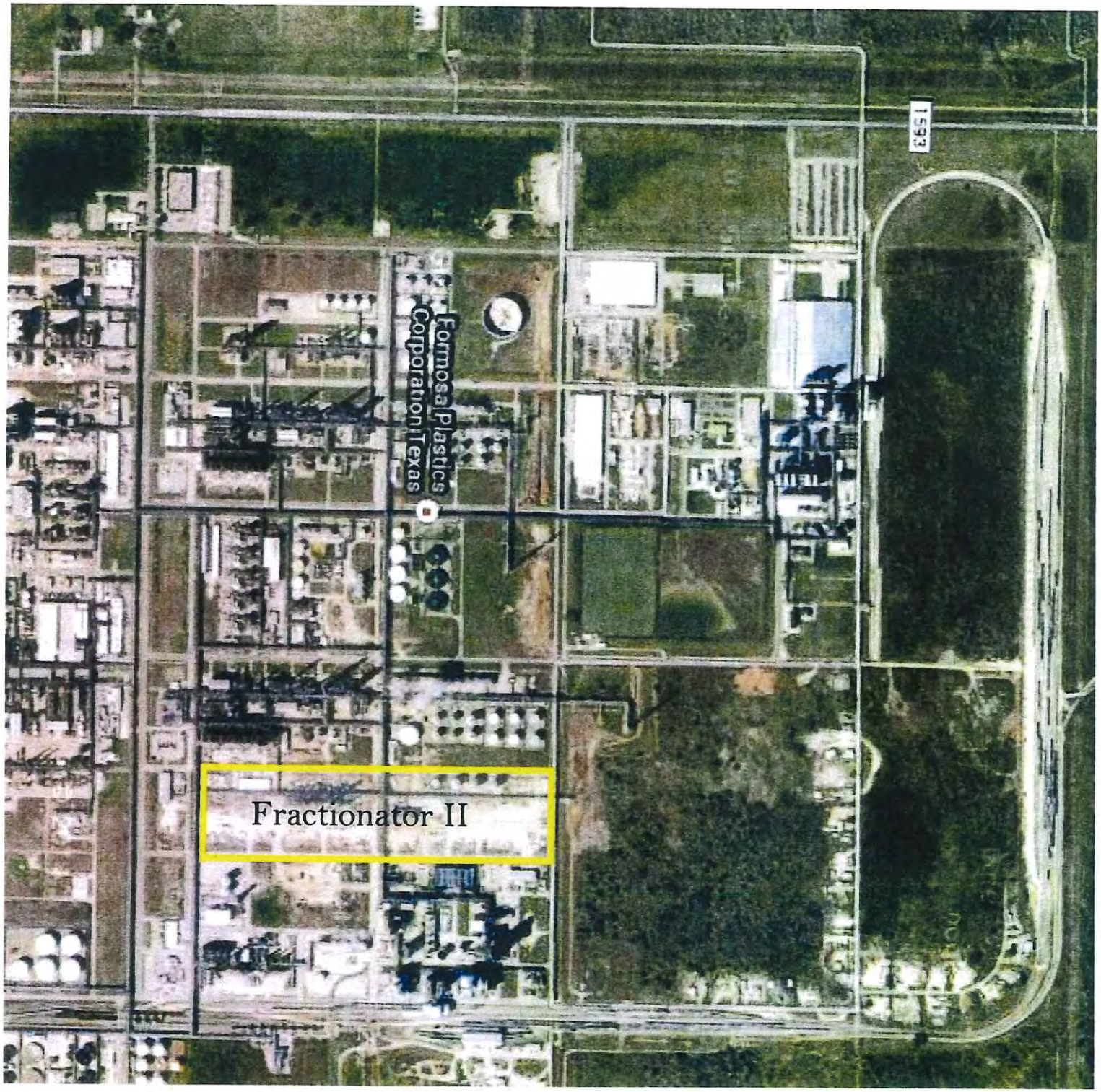
Bearings are based on Formosa Plastics Corporation plant coordinate system.

Reference is made to that plat accompanying this legal description.

The above legal description is based on an actual survey made on the ground under my supervision.

Ganem & Kelly Surveying, Inc.
By: George A. Ganem, Jr.
Registered Professional Land Surveyor
Texas No. 4681

Date 01/18/2012


1593
Formosa Plastics
Corporation Texas
Fractionator II

Tab #11

Maps

11. Maps that clearly show:

a) Project vicinity
Qualified investment, including tangible personal property to be placed in service
b) during the qualifying time periiod 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
Reinvestment Zone within vicinity map, showing actual or proposed boundaries
f) and size

Formosa Plastics Corporation Texas
(361) 987-7000
2 reviews
Lavaca River
Lavaca River
Catfish Bayou
Lavaca River
Lavaca River
Sea Lake Rd
1593
461
1593
1593
1593
Formosa Plastics Corporation Texas
polyvinyl chloride
polypropylene
Total Safety
Julia Ln
Lamar St
Peace St
Belle Ln
Point Comfort
35
Map data ©2014 Google
1000 ft

Formosa Plastics Corporation Texas
(361) 987-7000
2 reviews
Lavaca River
Lavaca River
Formosa Plastics Corporation Texas
polyvinyl chloride
polypropylene
Imagery ©2014 Google, Map data ©2014 Google

December 11, 2014

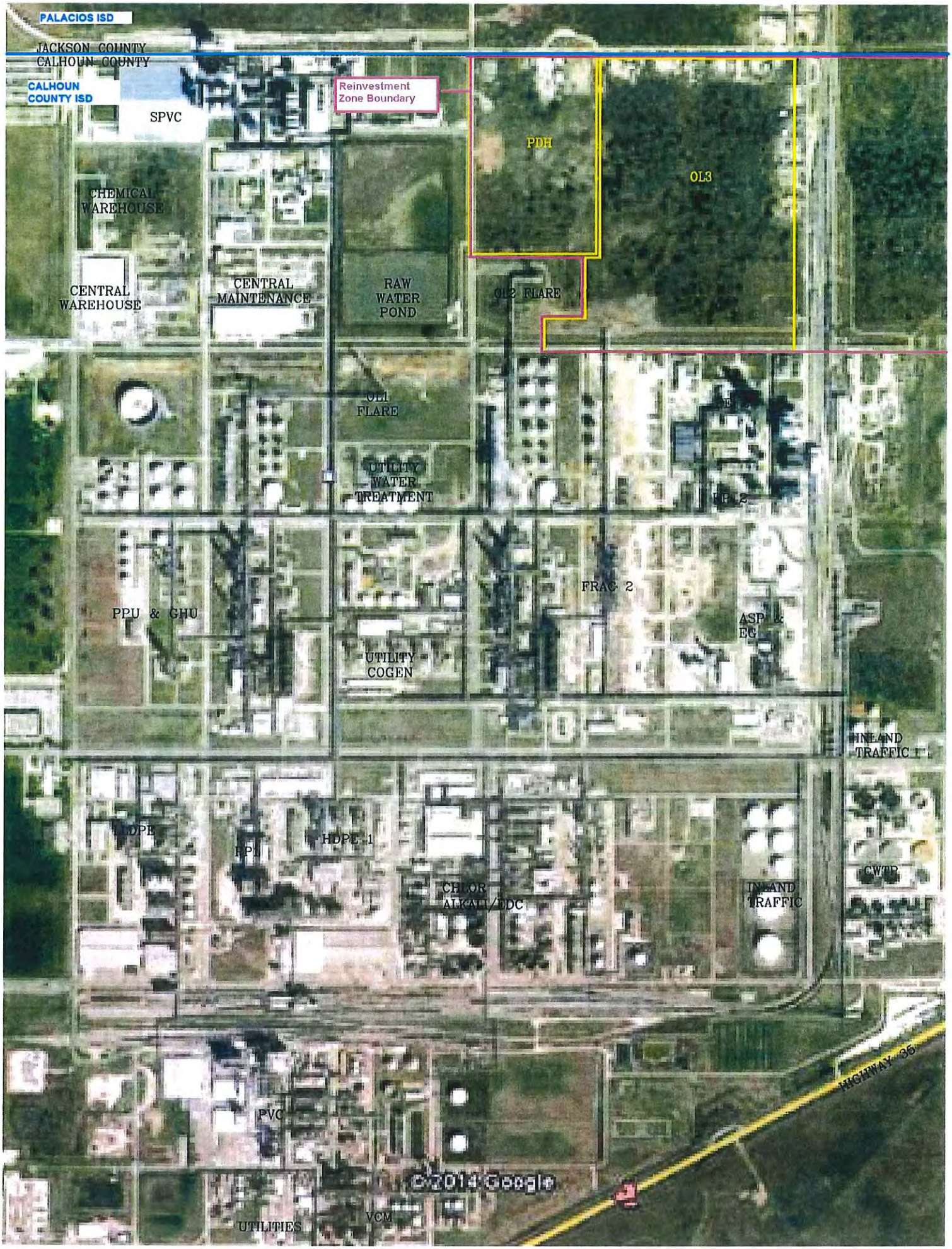
- Elementary School
- Middle School
- High School
- DistrictsAnnotation
- Texas_Outline
- Current_Districts

1:288,895

0 2.5 5 10 mi

0 4 8 16 km

Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP,


PALACIOS ISD
JACKSON COUNTY
CALHOUN COUNTY
CALHOUN COUNTY ISD
SPVC
Reinvestment Zone Boundary
PDH
OL3
CHEMICAL WAREHOUSE
CENTRAL WAREHOUSE
CENTRAL MAINTENANCE
RAW WATER POND
OL2 FLARE
OL1 FLARE
UTILITY WATER TREATMENT
FRAC 2
PPU & GHU
ASP & EG
UTILITY COGEN
INLAND TRAFFIC
HDPE
HDPE 1
CHLOR ALKALI/EDC
CWTP
INLAND TRAFFIC
HIGHWAY 35
PVC
©2014 Google
UTILITIES
VCM

Tab #12

Request for Job Waiver

N/A

Tab #13

Calculation of Three Possible Wage Requirements

Calculation of Wage Targets

Average Weekly Wage for All Jobs in the County

2013	4Q	1170
2014	1Q	1233
2014	2Q	1193
2014	3Q	1162

4,758/4= $1,189.50

110% of the average weekly wage for manufacturing jobs in Calhoun County

2013	4Q	1587
2014	1Q	1770
2014	2Q	1692
2014	3Q	1680

6,729/4=1,682.25 * 110%= $1,850.48

110% of the average weekly wage for manufacturing jobs in the Golden Crescent Region

22.23 * 40 hrs *1.10 = $978.12 weekly wage

978.12 * 52 weeks = $50,862.24 annual wage

Quarterly Employment and Wages (QCEW)

Back

I.CODETITLE

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,147
2013	2nd Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,162
2013	3rd Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,142
2013	4th Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,170
2014	1st Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,233
2014	2nd Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,193
2014	3rd Qtr	Calhoun County	Private	00	0	10	Total, All Industries	$1,162
2014	3rd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,680
2014	2nd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,692
2014	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,770
2013	4th Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,587
2013	3rd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,622
2013	2nd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,625
2013	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	$1,589

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

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

Tab #14

Schedules

Tab #15

Economic Impact Analysis

Tab #16

Description of Reinvestment Zone

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

RESOLUTION OF THE
COMMISSIONERS COURT OF CALHOUN COUNTY, TEXAS
DESIGNATING FORMOSA PLASTICS CORPORATION, TEXAS
REINVESTMENT ZONE NO. 14-01

WHEREAS, Formosa Plastics Corporation, Texas filed an Application with the Commissioners Court of Calhoun County, Texas for designation of a reinvestment zone on May 20, 2014; and

WHEREAS, pursuant to the Property Redevelopment and Tax Abatement Act (Texas Tax Code, Chapter 312) and the Guidelines and Criteria of the Commissioners Court of Calhoun County for Granting Tax Abatement in Reinvestment Zones Created in Calhoun County, (The Guidelines), the Commissioners Court published a Notice of Public Hearing on the Application of Formosa Plastics Corporation, Texas for designation of a reinvestment zone in the Port Lavaca Wave on May 24, 2014; and

WHEREAS, the Commissioners Court convened in open meeting on Thursday, June 5, 2014 at 10:00 o'clock a.m., pursuant to said Notice for the purpose of conducting a Public Hearing on the Application of Formosa Plastics Corporation, Texas for designation of a reinvestment zone, during which hearing representatives of Formosa Plastics Corporation, Texas presented statements and evidence in support of its Application, and whereupon all interested persons in attendance who requested to do so, were given the opportunity to speak and present evidence for or against the designation; and

WHEREAS, upon conclusion of the Public Hearing, the members of the Commissioners Court considered the evidence and upon motion and second, adopted the following resolution:

BE IT RESOLVED by the Commissioners Court of Calhoun County, Texas:

1. The Commissioners Court of Calhoun County, Texas makes the following findings:

(a) That the improvements sought are feasible and practical;

(b) The designation and improvements would be a benefit to the land to be included in the zone, and to the County after the expiration of the tax abatement agreement;

(c) The area will be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the County;

(d) The Commissioners Court further finds that the entire 820.02 acres (more or less) tract of land is located entirely in an unincorporated area of Calhoun County, Texas;

2. Based upon its findings, the Commissioners Court of Calhoun County, Texas concludes that Formosa Plastics Corporation, Texas' Application for Designation of Reinvestment Zone dated May 20, 2014 should be and is hereby approved.

3. A metes and bounds description of the Reinvestment Zone is contained in Exhibit "1," is attached hereto, incorporated by reference and made a part hereof for any and all purposes. Also attached to this Resolution is a plat indicating the boundaries and location of the Reinvestment Zone. The plat is marked Exhibit "2," incorporated by reference and made

a part hereof for any and all purposes.

4. The Reinvestment Zone is hereby designated as eligible for tax abatement, subject to approval of any application for tax abatement by the Commissioners Court.

5. The tract of land containing 820.02 acres (more or less) is hereby designated as Formosa Plastics Corporation, Texas Reinvestment Zone 14-01 and is eligible for tax abatement.

6. This designation of a reinvestment zone shall expire five years from the date of this resolution.

PASSED, ADOPTED AND APPROVED, on this 5th day of June, 2014.

COMMISSIONERS COURT OF CALHOUN COUNTY, TEXAS

Michael J Pfeifer

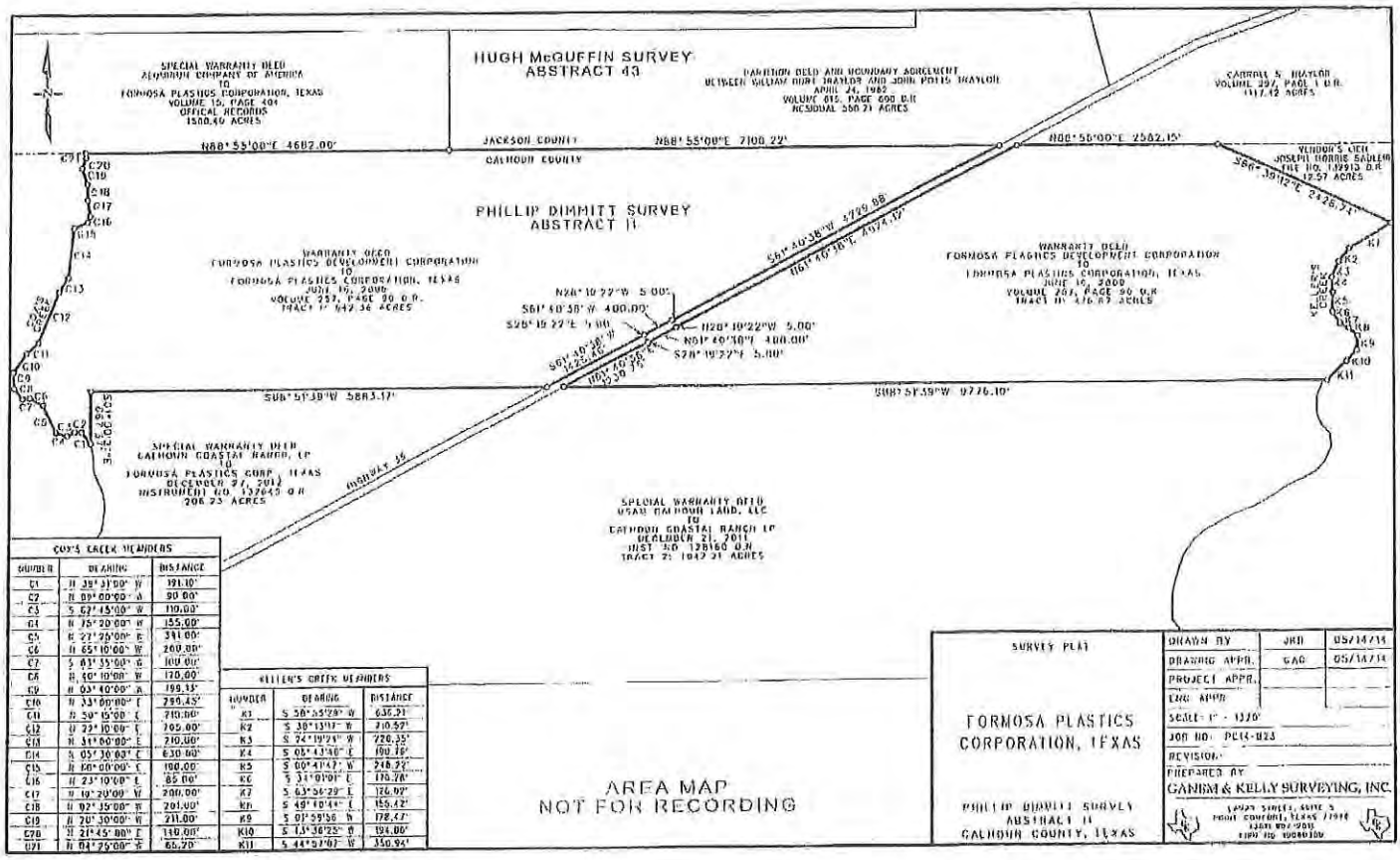
Michael Pfeifer, County Judge

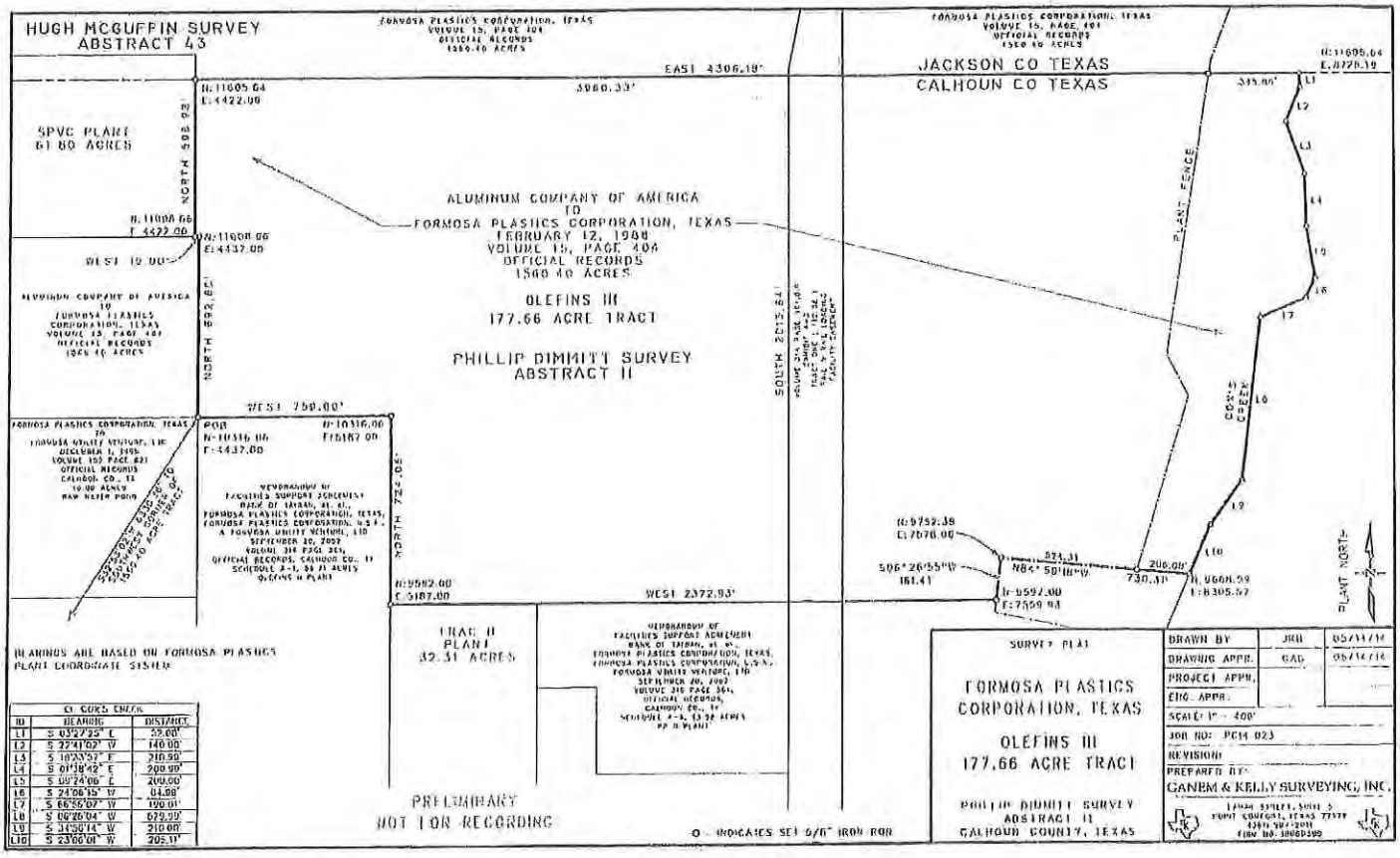
ATTEST:

Anita Fricke

Anita Fricke
Calhoun County Clerk

COMMISSIONERS COURT CALHOUN COUNTY, TEXAS


HUGH McGUFFIN SURVEY
ABSTRACT 43
PHILLIP DIMMITT SURVEY
ABSTRACT 11
JACKSON COUNTY
CALHOUN COUNTY
SPECIAL WARRANTY DEED
ALCOA/ALUMINUM COMPANY OF AMERICA
TO
FORMOSA PLASTICS CORPORATION, TEXAS
VOLUME 15, PAGE 401
OFFICIAL RECORDS
1500.49 ACRES
PARTITION DEED AND BOUNDARY AGREEMENT
BETWEEN WILLIAM BURT TRAYLOR AND JOHN POLLS TRAYLOR
APRIL 24, 1962
VOLUME 615, PAGE 690 D.R
RESIDUAL 560.21 ACRES
CARROLL S. TRAYLOR
VOLUME 297, PAGE 1 D.R.
1117.42 ACRES
VENDOR'S LIEN
JOSEPH MORRIS SADLER
FILE NO. 139913 D.R
12.57 ACRES
WARRANTY DEED
FORMOSA PLASTICS DEVELOPMENT CORPORATION
TO
FORMOSA PLASTICS CORPORATION, TEXAS
JUNE 16, 2000
VOLUME 257, PAGE 90 O.R.
TRACT I: 642.36 ACRES
WARRANTY DEED
FORMOSA PLASTICS DEVELOPMENT CORPORATION
TO
FORMOSA PLASTICS CORPORATION, TEXAS
JUNE 16, 2000
VOLUME 257, PAGE 90 O.R
TRACT II: 410.87 ACRES
SPECIAL WARRANTY DEED
CALHOUN COASTAL RANCH, LP
TO
FORMOSA PLASTICS CORP., TEXAS
DECEMBER 27, 2012
INSTRUMENT NO. 137643 O.R
206.23 ACRES
SPECIAL WARRANTY DEED
USAA CALHOUN LAND, LLC
TO
CALHOUN COASTAL RANCH LP
DECEMBER 21, 2011
INST. NO. 128160 O.R
TRACT 2: 1042.21 ACRES
HIGHWAY 35
COX'S CREEK MEANDERS
NUMBER | BEARING | DISTANCE
C1 | N 39° 31' 00" W | 191.10'
C2 | N 89° 00' 00" A | 90.00'
C3 | S 67° 15' 00" W | 110.00'
C4 | N 75° 20' 00" W | 155.00'
C5 | N 27° 25' 00" E | 341.00'
C6 | N 65° 10' 00" W | 200.00'
C7 | S 83° 35' 00" W | 100.00'
C8 | N 50° 10' 00" W | 120.00'
C9 | N 03° 40' 00" A | 199.35'
C10 | N 33° 00' 00" E | 290.45'
C11 | N 59° 15' 00" E | 210.00'
C12 | N 22° 10' 00" E | 705.00'
C13 | N 31° 00' 00" E | 210.00'
C14 | N 05° 30' 00" E | 630.00'
C15 | N 60° 00' 00" E | 100.00'
C16 | N 23° 10' 00" E | 85.00'
C17 | N 10° 20' 00" W | 200.00'
C18 | N 92° 35' 00" W | 201.00'
C19 | N 20° 30' 00" W | 211.00'
C20 | N 21° 45' 00" E | 140.00'
C21 | N 04° 25' 00" E | 65.20'
KELLER'S CREEK MEANDERS
NUMBER | BEARING | DISTANCE
K1 | S 58° 55' 28" W | 636.21'
K2 | S 30° 13' 13" W | 210.52'
K3 | S 74° 19' 24" W | 226.35'
K4 | S 05° 43' 40" E | 100.16'
K5 | S 00° 41' 47" W | 248.22'
K6 | S 31° 01' 01" E | 170.78'
K7 | S 63° 36' 29" E | 126.92'
K8 | S 49° 10' 44" E | 155.42'
K9 | S 01° 59' 56" W | 178.47'
K10 | S 13° 36' 25" W | 124.00'
K11 | S 44° 57' 07" W | 330.94'
AREA MAP
NOT FOR RECORDING
SURVEY PLAT
FORMOSA PLASTICS CORPORATION, TEXAS
PHILLIP DIMMITT SURVEY
ABSTRACT 11
CALHOUN COUNTY, TEXAS
DRAWN BY | JRD | 05/14/14
DRAWING APPR. | GAG | 05/14/14
PROJECT APPR. |
ENG. APPR. |
SCALE: 1" = 1320'
JOB NO: PC14-023
REVISION:
PREPARED BY
GANSH & KELLY SURVEYING, INC.



EXHIBIT

page "1"

EXHIBIT A
OLEFINS III
177.66 ACRE TRACT
LEGAL DESCRIPTION

STATE OF TEXAS
COUNTY OF CALHOUN

BEING a 177.66 acre tract of land situated in the Phillip Dimitt Survey, Abstract No. 11, Calhoun County, Texas and being out of a 1560.40 acre tract described in Special Warranty Deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Calhoun County, Texas and this 162.43 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8 inch iron rod, said iron rod having a Formosa Plastics Plant Coordinate of North 10,316.06 and East 4,437.00, and being located North 32° 53' 02" East a distance of 6,330.36 feet from the southwest corner of said 1560.40 acre tract;

THENCE North 00° 00' 00" East for a distance of 692.60 feet to a set 5/8 inch iron rod for a corner of the herein described tract;

THENCE North 90° 00' 00" West for a distance of 15.00 feet to a set 5/8 inch iron rod for a corner of the herein described tract;

THENCE North 00° 00' 00" East for a distance of 596.98 feet to a set 5/8 inch iron rod, said iron rod having a Formosa Plastics Plant Coordinate of North 11,605.64 and East 4,422.00 for the northwest corner of the herein described tract;

THENCE North 90° 00' 00" East at 3960.33 feet pass a set 5/8 inch iron rod on line and continuing for a total distance of 4306.19 feet to a point in the center line of Cox's Creek for the northeast corner of the herein described tract; said point having a Formosa Plastics Plant Site Coordinate of North 11,605.64 and East 8,728.19;

THENCE with the centerline of Cox's Creek for the following courses and distances:

South 03°27' 25" East for a distance of 52.08 feet to a point for angle,
South 22° 41' 02" West for a distance of 140.00 feet to a point for angle,
South 19° 33' 57" East for a distance of 210.99 feet to a point for angle,
South 01° 38' 42" East for a distance of 200.99 feet to a point for angle,
South 09° 24' 06" East for a distance of 200.00 feet to a point for angle,
South 24° 06' 15" West for a distance of 84.99 feet to a point for angle,
South 66° 56' 07" West for a distance of 190.01 feet to a point for angle,
South 06° 26' 04" West for a distance of 629.99 feet to a point for angle,
South 34° 56' 14" West for a distance of 210.00 feet to a point for angle, and

THENCE South 25° 06' 01" West for a distance of 205.11 feet to a point for the southeast corner of the herein described tract, said point having a Formosa Plastics Plant Site Coordinate of North 9,688.59 and East 8,305.57;

THENCE North 84° 59' 18" West at 206.00 feet pass a set 5/8 inch iron rod on line and continuing for a total distance of 730.31 feet to a set 5/8 inch iron rod for an interior corner of the herein described tract, said iron rod having a Formosa Plastics Plant Site Coordinate of North 9,752.39 and East 7,578.06;

THENCE South 06° 26' 55" West for a distance of 161.41 feet to a set 5/8 inch iron rod for a corner of the herein described tract, said iron rod having a Formosa Plastics Plant Site Coordinate of North 9,592.00 and East 7,559.93;

THENCE North 90° 00' 00" West for a distance of 2,372.93 feet to a set 5/8 inch iron rod for a corner of the herein described tract, said iron rod having a Formosa Plastics Plant Site Coordinate of North 9,592.00 and East 5,187.00;

THENCE North 00° 00' 00" East for a distance of 724.06 feet to a set 5/8 inch iron rod for an interior corner of the herein described tract, said iron rod having a Formosa Plastics Plant Site Coordinate of North 10,316.06 and East 5,187.00;

THENCE North 90° 00' 00" West for a distance of 750.00 feet to the **POINT OF BEGINNING**, Containing 177.66 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings are based Formosa Plastics Plant Coordinate System. Coordinates and distances are grid values.

The above legal description is based on an actual survey made on the ground under my supervision.

PRELIMINARY NOT FOR RECORDING

EXHIBIT
"2"

PC14060
Formosa Plastics
Corporation, Texas

EXHIBIT A

BEING a 642.36 acre tract situated in the Phillip Dimitt Survey, Abstract 11, Calhoun County, Texas and being a portion of that certain 1117.41 acre tract described in deed from Charlotte Bell to William T. Bell dated December 21, 1990 and recorded in Volume 72, Page 37 of the Official Records of Calhoun County, Texas and being that portion that lies west of State Highway No. 35 and this 642.36 acre tract being more particularly described by metes and bounds as follows;

BEGINNING at an existing concrete monument at the southwest corner of the Carroll S. Traylor 1117.42 acre tract described in Volume 297, Page 1 of the Deed Records of said county and an easterly corner of the Formosa Plastics Corporation 524.93 acre tract, said monument being in the north line of the above mentioned William T. Bell 1117.41 acre tract;

THENCE North 88° 55' 00" East with the common line between said Carroll S. Traylor 1117.42 acre tract and said William T. Bell 1117.41 acre tract for a distance of 7100.22 feet to a set 5/8 inch iron rod in the northwest right-of-way line of State Highway No. 35 for the northeast corner of the herein described tract;

THENCE with the northwest right-of-way line of State Highway No. 35 for the following courses and distances:

South 61° 40' 38" West for a distance of 4729.88 feet to a set 5/8 inch iron rod;
North 28° 19' 22" West for a distance of 5.00 feet to a set 5/8 inch iron rod;
South 61° 40' 38" West for a distance of 400.00 feet to a set 5/8 inch iron rod;
South 28° 19' 22" East for a distance of 5.00 feet to a set 5/8 inch iron rod, and
South 61° 40' 38" West for a distance of 1425.46 feet to a set 5/8 inch iron rod in the north line of the Traylor's et al tract described in Volume 54, Page 577 of the Official Records of said county and the south line of the above mentioned William T. Bell 1117.41 acre tract for the southeast corner of the herein described tract;

THENCE South 88° 51' 39" West with the common line between said Traylor's et al tract and said William T. Bell 1117.41 acre tract for a distance of 5883.17 feet to an existing concrete monument at the northwest corner of said Traylor's et al tract and an interior corner of said William T. Bell 1117.41 acre tract for an interior corner of the herein described tract;

THENCE South 01° 00' 21" East and continuing with said common line at 400.00 feet pass a set 5/8 inch iron rod on line and continuing for a total distance of 667.37 feet to a point in the centerline of Cox's Creek;

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THENCE with the centerline of Cox's Creek for the following courses and distances:
North 39° 31' 00" West for a distance of 191.10 feet
North 89° 00' 00" West for a distance of 90.00 feet
South 62° 45' 00" West for a distance of 110.00 feet
North 75° 20' 00" West for a distance of 155.00 feet
North 27° 25' 00" West for a distance of 391.00 feet
North 65° 10' 00" West for a distance of 200.00 feet
South 83° 35' 00" West for a distance of 100.00 feet
North 40° 10' 00" West for a distance of 170.00 feet
North 03° 40' 00" West for a distance of 199.13 feet
North 33° 00' 00" East for a distance of 299.45 feet
North 50° 15' 00" East for a distance of 210.00 feet
North 22° 10' 00" East for a distance of 705.00 feet
North 34° 00' 00" East for a distance of 210.00 feet
North 05° 30' 00" East for a distance of 630.00 feet
North 66° 00' 00" East for a distance of 190.00 feet
North 23° 10' 00" East for a distance of 85.00 feet
North 10° 20' 00" West for a distance of 200.00 feet
North 02° 35' 00" West for a distance of 201.00 feet
North 20° 30' 00" West for a distance of 211.00 feet
North 21° 45' 00" East for a distance of 140.00 feet, and
North 84° 25' 00" West for a distance of 65.20 feet to a point for the northwest corner of the herein described tract;

THENCE North 88° 55' 00" East with the common line between the aforementioned Formosa Plastics Corporation 524.93 acre tract and the aforementioned William T. Bell 1117.41 acre tract at 150.29 feet pass an existing 5/8 inch iron rod on line and continuing for a total distance of 4682.00 feet to the POINT OF BEGINNING, Containing 642.36 acres of land.

Bearings are based on bearings of record in Volume 72, Page 37, of the Official Records of Calhoun County, Texas.

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BEING a 476.67 acre tract situated in the Phillip Dimitt Survey, Abstract 11, Calhoun County, Texas and being a portion of that certain 1117.41 acre tract described in deed from Charlotte Bell to William T. Bell dated December 21, 1990 and recorded in Volume 72, Page 37 of the Official Records of Calhoun County, Texas and being that portion that lies east of State Highway No. 35 and this 476.67 acre tract being more particularly described by metes and bounds as follows;

BEGINNING at an existing two inch iron pipe in the south line of the above mentioned 1117.41 acre tract and the north line of the Traylor et al tract described in Volume 54, Page 577 of the Official Records of Calhoun County, Texas and the southeasterly right-of-way line of State Highway No. 35 for the southwest corner of the herein described tract;

THENCE with the southeasterly right-of-way line of State Highway No. 35 for the following courses and distances:

North 61° 40' 38" East for a distance of 1230.75 feet to a set 5/8 inch iron rod;
South 28° 19' 22" East for a distance of 5.00 feet to a set 5/8 inch iron rod;
North 61° 40' 38" East for a distance of 400.00 feet to a set 5/8 inch iron rod;
North 28° 19' 22" West for a distance of 5.00 feet to a set 5/8 inch iron rod, and
North 61° 40' 38" East at 4920.99 feet pass and existing concrete right-of-way monument on line and continuing for a total distance of 4924.12 feet to a set 5/8 inch iron rod in the south line of the Carroll S. Traylor 1117.42 acre tract described in Volume 297, Page 1 of the Deed Records of said county and the north line of the aforementioned 1117.41 acre tract for the northwest corner of the herein described tract;

THENCE North 88° 55' 00" East with the common line between said Carroll S. Traylor 1117.42 acre tract and said 1117.41 acre tract for a distance of 2582.15 feet to an existing concrete monument at the most westerly corner of the John Traylor 33.16 acre tract described in Volume 355, Page 819 of the Deed Records of said county;

THENCE South 66° 39' 12" East with the common line between said 33.16 acre tract and said 1117.41 acre tract for a distance of 2428.74 feet to an existing one inch iron pipe on the westerly bank of Keller's Creek for an easterly corner of the herein described tract;

THENCE with the westerly bank of Keller's Creek for the following courses and distances:
South 58° 55' 29" West for a distance of 636.21 feet
South 38° 13' 17" West for a distance of 210.52 feet
South 24° 19' 24" West for a distance of 220.35 feet
South 05° 43' 48" East for a distance of 190.78 feet
South 00° 41' 47" West for a distance of 248.22 feet
South 34° 01' 01" East for a distance of 176.28 feet
South 63° 56' 29" East for a distance of 126.02 feet
South 49° 40' 44" East for a distance of 155.42 feet

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South 01° 59' 56" West for a distance of 178.47 feet
South 43° 36' 25" West for a distance of 194.06 feet, and
South 44° 57' 07" West for a distance of 350.94 feet to a set 5/8 inch iron rod at the northeast corner of the aforementioned Traylor's et al tract recorded in Volume 54, Page 577 of the Official Records of said county and the southeast corner of said 1117.41 acre tract for the southeast corner of the herein described tract;

THENCE South 88° 51' 39" West with the common line between said Traylor's et al tract and said 1117.41 acre tract for a distance of 9776.10 feet to the POINT OF BEGINNING, Containing 476.67 acres of land.

Bearings are based on bearings of record in Volume 72, Page 37, of the Official Records of Calhoun County, Texas.

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

STATE OF TEXAS
COUNTY OF CALHOUN

RECORDED IN OFFICIAL RECORD
File Date: April 12, 1996
VOL. 159 PAGE 143-149

RECORDING DATE
April 15, 1996

Marlene Paul
County Clerk, Calhoun County
By Rachael Graham

File # 0064165 Vol 257 Page 55

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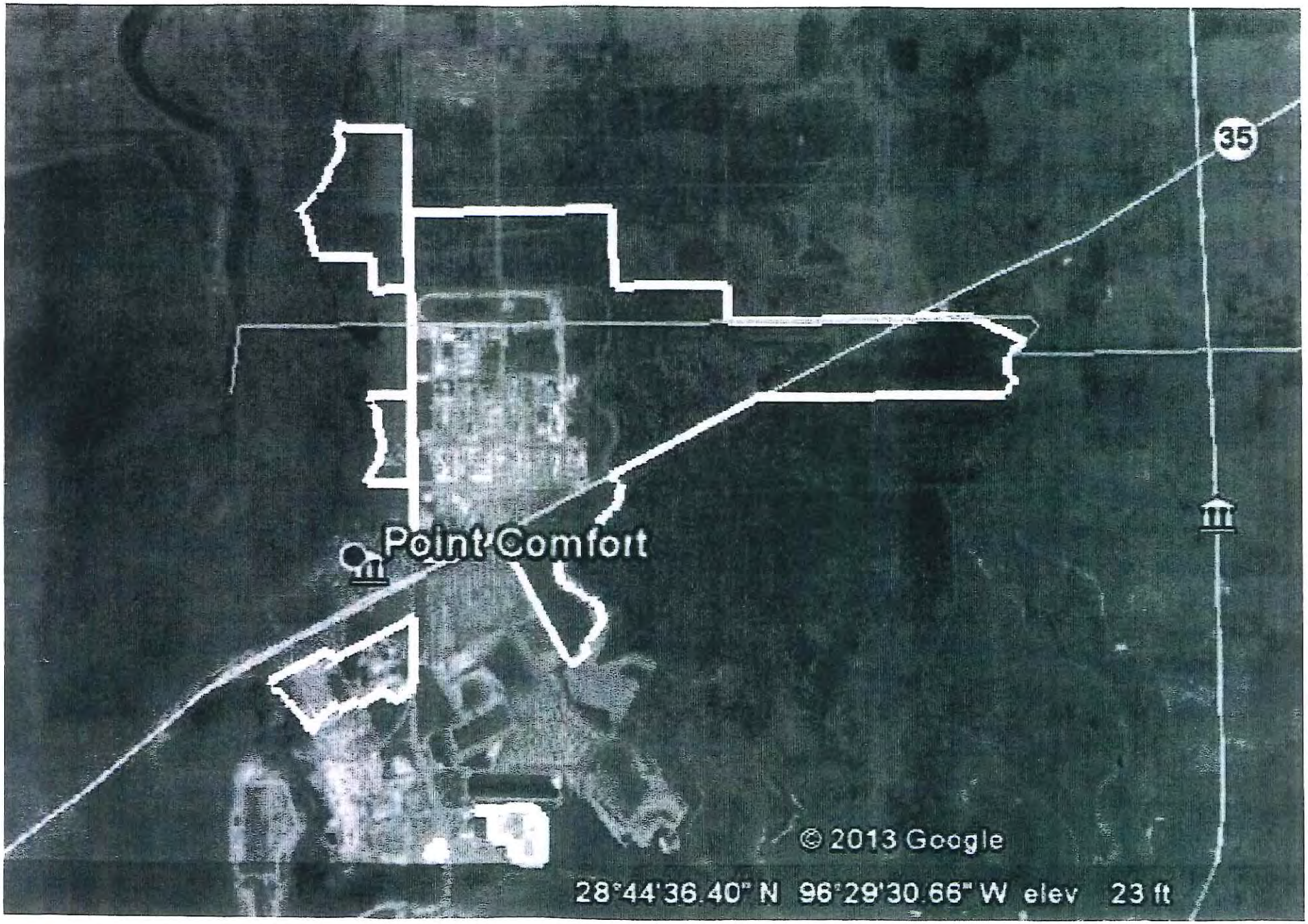
Olefins III
PDH
© 2014 Google
Google earth


35
Point Comfort
© 2013 Google
28°44'36.40" N 96°29'30.66" W elev 23 ft

GUIDELINES AND CRITERIA OF THE COMMISSIONERS' COURT OF CALHOUN COUNTY FOR GRANTING TAX ABATEMENTAS A BUSINESS INCENTIVE IN REINVESTMENT ZONES CREATED IN CALHOUN COUNTY

(For the period June 25, 2013 through June 24, 2015

PREAMBLE

WHEREAS, the Commissioners' Court of Calhoun County by resolution adopted on March, 18, 1988 declared its eligibility to grant tax abatement; and

WHEREAS, by subsequent resolutions the Commissioners' Court of Calhoun County adopted and extended Guidelines and Criteria for granting tax abatement in reinvestment zones created in Calhoun County; and

WHEREAS, as a direct result of being eligible to grant tax abatement, Calhoun County, the Calhoun County Independent School District, Calhoun County Navigation District and other taxing jurisdictions in the county have been able to compete for and obtain expansion projects of the Union Carbide Corporation Seadrift Plant, with projects exceeding one hundred million dollars, and the Formosa Plastics Corporation, Texas facilities of approximately 1.3 billion dollars; and

WHEREAS, pursuant to the **PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT, TEX. TAX CODE ANN.** Chapter 312, it is necessary to adopt Guidelines and Criteria for granting tax abatement agreements as a business incentive for the next two year period commencing June 25, 2013 through June 24, 2015, inclusive, said Guidelines and Criteria to be unchanged for the two year period, unless amended by three-quarters vote; and

NOW, THEREFORE, BE IT RESOLVED that the Commissioners' Court of Calhoun County does hereby adopt the following Guidelines and Criteria for granting tax abatement as a business incentive in reinvestment zones created within Calhoun County, Texas for the period June 25, 2013 through June 24, 2015, inclusive.

Section 1

DEFINITIONS

(a) "**ABATEMENT**" means the exemption from ad valorem taxation of a portion or all of the eligible value of the real property or of tangible personal property located on the real property, or both, as limited by these Guidelines and Criteria and the provisions of TEX. TAX CODE ANN. §312.2O4.

(b) "**AGREEMENT**" means a written contractual agreement between a property owner and/or lessee and an eligible taxing jurisdiction for the purposes of a business incentive.

(c) "**AQUACULTURE FACILITY**" means buildings, structures and major earth structure improvements, including fixed machinery and equipment, the primary purpose of which is the hatching or incubation or nursing or maturing or processing to marketable size aquatic culture in commercially marketable quantities.

(d) "**APPLICANT**" means the legal entity seeking tax abatement as a business incentive.

(e) "**APPRAISED VALUE**" means the last certified property value as approved by the Calhoun County Appraisal Review Board.

(f) "**BASE YEAR VALUE**" means the appraised value of all property owned by the Taxpayer/applicant in the reinvestment zone as most recently determined by the Calhoun County Appraisal District immediately preceding the application, plus the agreed upon value of all property improvements made in the reinvestment zone since the last appraisal, but before the execution of the agreement.

(g) "**BUSINESS INCENTIVE**" means an item offered of value to a business that induces the business to locate in a particular jurisdiction.

(h) "**COMMENCEMENT OF CONSTRUCTION**" means the placement or construction of any improvements that are part of the project in the reinvestment zone. The storage of building materials in the reinvestment zone that are to be used in construction of the improvements does not constitute commencement of construction. Engineering, site preparation and similar activity shall not be considered commencement of construction so long as permanent improvements that are part of the project have not been constructed and placed in the reinvestment zone.

(i) "**COMMISSIONERS**" or "**COMMISSIONERS' COURT**" means the Commissioners' Court and governing body of Calhoun County, Texas.

(j) "**COUNTY**" means Calhoun County, Texas, a political subdivision of the State of Texas.

(k) "**DEFERRED MAINTENANCE**" means improvements necessary for continued operations which do not improve the productivity or alter the process technology.

(l) "**DESIGNATING AUTHORITY**" means the taxing unit that has the authority to designate the reinvestment zone in which the proposed project is located.

(m) "**DESIGNEE**" unless otherwise indicated, means any person or entity authorized by the Commissioners' Court to act on behalf of the County.

(n) "**ECONOMIC LIFE**" means the number of years a property improvement is expected to be in service in a facility, and will continue to have value for ad valorem tax purposes throughout such term

(o) "**ELIGIBLE JURISDICTION**" includes Calhoun County and any navigation district, any drainage district, and municipal utility district, any water quality improvement district, any municipality, and the Calhoun County Independent School District, that levies ad valorem taxes upon property located within the proposed or existing reinvestment zone.

(p) "**EXPANSION**" means the addition of building, structures, fixed machinery or equipment for purposes of increasing production capacity.

(q) "**FACILITY**" means property improvements proposed, completed, or in the process of construction which together comprise an integral whole.

(r) "**INFRASTRUCTURE**" means a system of public works installed in a residential subdivision, whether public or private, to include, but not be limited to, roadways, utility service including water, sewer and electrical service, and bulk heading.

(s) "**MANUFACTURING FACILITY**" means building and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

(t) "**MATERIAL MISREPRESENTATION**" means a false statement about a

material matter which induced the Commissioners' Court to take any specific action on an application for tax abatement as a business incentive, and without such misrepresentation, the Commissioners' Court would either not have designated a reinvestment zone, or granted tax abatement as a business incentive or would have taken some action different than it actually did.

(u) "**MODERNIZATION**" means the replacement or upgrading of existing facilities which increases the productivity input or output, updates the technology, or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.

(v) "**NEW FACILITY**" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.

(w) "**OTHER BASIC INDUSTRY**" means buildings and structures including fixed machinery and equipment not elsewhere described, used, or to be used for the production or products, and result in the creation of new permanent jobs within Calhoun County and inject new wealth into Calhoun County.

(x) "**PROJECT**" is a reference to the entire proposal of work and improvements to be accomplished in the reinvestment zone as described in the application and tax abatement as a business incentive agreement.

(y) "**REGIONAL DISTRIBUTION CENTER FACILITY**" means building and structures, including machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator.

(z) "**REGIONAL ENTERTAINMENT**" means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission or the general public.

(aa) "**REGIONAL SERVICE FACILITY**" means buildings and structures, including fixed machinery and equipment, used or to be used to service goods.

(bb) "**REINVESTMENT ZONE-COUNTY DESIGNATED**" means any area of Calhoun County which has been designated a reinvestment zone for tax abatement as a business incentive and which is not within the taxing jurisdiction of any incorporated municipality. It is the province of the Calhoun County Commissioners' Court to

designate Reinvestment Zones - County Designated on a case-by-case basis in order to maximize the potential incentives for eligible enterprises to locate or expand within Calhoun County.

(cc) "**REINVESTMENT ZONE - MUNICIPALITY DESIGNATED**" means an area of Calhoun County which lies within the taxing jurisdiction of a municipality and has been designated a reinvestment zone by that municipality for tax abatement as a business incentive. It is the province of the City Council of any eligible municipality to designate Reinvestment Zones Municipality Designated on a case-by-case basis in order to maximize the potential incentives for eligible enterprises to locate or expand within the City.

(dd) "**RENOVATION**" is a repair or improvement of an existing facility or structure.

(ee) "**REPAIR**" means any improvement or betterment of an existing facility or structure.

(ff) "**REPLACEMENT**" means the substitution of something new or different for an existing facility or structure, or portion thereof, when the replacement facility or structure is to be used for the same general purpose as the old facility or structure that is being replaced.

(gg) "**RESEARCH FACILITY**" means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop or develop the production processes thereto.

(hh) "**SCHOOL DISTRICT**" **or** "**DISTRICT**", unless otherwise indicated, means the Calhoun County Independent School District.

(ii) "**SUBSTANTIAL COMPLIANCE**" means that any estimate or prediction that comes within eighty-five percent of a stated amount shall be construed as compliance, but only when estimates are expressly authorized. Unless expressly authorized, strict compliance with a statement or representation shall be required.

(jj) "**TAXPAYER**" means the legal entity that seeks, or who has been approved for tax abatement as a business incentive. It also is a reference to the owner of the property constituting the reinvestment zone and the improvements and tangible personal property to be located therein.

Section 2

ELIGIBILITY CRITERIA GENERALLY

(a) **General Eligibility** Subject to the limitations and exceptions contained in these Guidelines and Criteria, TEX. TAX CODE ANN. §312.204 shall govern to what extent real property and tangible personal property located in a reinvestment zone are eligible for tax abatement as a business incentives.

(b) **Commencement of Construction.** If the reinvestment zone is designated by a municipality, the applicant shall not commence construction until after it and the municipality have both executed an agreement on similar terms for the same project then under consideration by the County. Any property otherwise eligible for abatement that is placed or constructed in the reinvestment zone before the agreement is executed with the municipality shall not be eligible for tax abatement as a business incentive. However, any eligible improvements made or property placed in the reinvestment zone after executing the agreement with the municipality shall be eligible for abatement with the County, even though such improvements or property are placed in the reinvestment zone prior to filing the application or executing the agreement with the County, provided that a municipality is the designating authority. If the reinvestment zone is County designated, applicant shall not commence construction until the County executes the agreement.

(c) **Property Value Eligible for Abatement** Subject to the limitations and other eligibility requirements contained in these guidelines, the County may abate the value of tangible personal property located on the real property in the reinvestment zone in each year covered by the agreement, other than tangible personal property that was located on the real property at any time before the period covered by the agreement. The value of real property to the extent its value for each year during the agreement exceeds its value for the year in which the agreement was executed is eligible for abatement.

(d) **New and Existing Facilities** A business incentive may be granted for both eligible new facilities and structures, as well as for expansion or modernization of existing facilities and structures.

(e) **Eligible Property to be Described** The application for tax abatement as a business incentive or any other business incentive and any agreement must describe the project and improvements with such detail and certainty as required by the County in

order to identify the property that is declared to be eligible for business incentives. Any property, even though otherwise eligible for business incentives, that is not sufficiently described in the application, as determined by the Commissioners' Court, or their designee, shall not be eligible for business incentives under such agreement.

(f) **Exclusions.**

(1) This policy is mutually exclusive of existing Industrial District Contracts. The real property cannot be in an improvement project financed by tax increment bonds.

(2) Any business incentive agreement granted is subject to the rights of holders of outstanding bonds of the County.

(3) When any project that otherwise satisfies the eligibility criteria for tax abatement as a business incentive is for the purpose of repairing, replacing, modernizing, or upgrading an existing facility, if, prior the commencement of the project, or upon completion of the project the value of the existing facility is reduced or deleted from the tax rolls, then, in such event, the applicant shall only be eligible for tax abatement as a business incentives to the extent of the difference in the last appraised value of the property value that is being dropped or reduced from the tax rolls and the project cost.

Section 3

ELIGIBILITY CRITERIA AND TERMS FOR FACILITIES/INDUSTRY

(a) **Eligible Facilities.** A facility may become eligible for abatement if it is located in a designated Reinvestment Zone, and is a:

(1) Manufacturing Facility; or

(2) Research Facility; or

(3) Aquaculture Facility; or

(4) Regional Distribution Center Facility; or

(5) Regional Service Facility; or

(6) Regional Entertainment Facility; and,

(7) Other Basic Industry.

(b) **Economic Qualifications** In addition to satisfying the other eligibility criteria, in order to be eligible for business incentives, the new facility or structure, or the expanded

or modernized existing facility or structure must meet the following qualifications:

(1) The project must cost at least Five Million Dollars ($5,000,000.00); and

(2) Be expected to retain or create employment for at least 10 persons of the eligible facility on a full time and permanent basis in Calhoun County; and

(3) Not be expected to solely or primarily have the effect of transferring employment from one part of Calhoun County to another; and

(4) Be expected to attract major investment in the reinvestment zone that would be a benefit to the property to be included in the zone; and

(5) That development anticipated to occur in the proposed reinvestment zone would contribute to the economic development of the County.

(6) The County reserves the right to grant abatements up to the state maximum of 100% for 10 years.

(c) **Term of Abatement.** The term of tax abatement as a business incentive granted by the County shall be six (6) years, and shall be applied commencing January 1 following the effective date of the agreement.

(d) **Effective Date.**

(1) If the County is the designating authority, the effective date of the agreement shall be the date that the County executes the agreement.

(2) If a municipality is the designating authority, the effective date of any agreement that the County approves shall be same date as that of the agreement entered into for the same project by the municipality.

(3) Abatement applies to all eligible improvements placed in the reinvestment zone after the designating authority and Taxpayer execute their agreement. Taxes will be abated on eligible property for the number of years approved by the County, commencing January 1 immediately following the effective date of the agreement. Property otherwise eligible for abatement under the agreement shall be eligible for abatement only if the property is placed or constructed in the reinvestment zone after the effective date of the agreement, but on or before December 31 immediately preceding the

beginning of the last full tax year that taxes are to be abated.

(e) **Percent of Tax Abatement as a Business Incentive.** The percent of tax abatement as a business incentive of eligible property value to be granted each year shall be as follows:

		Year					
Taxable Investment (Millions)		1	2	3	4	5	6
Up to	5.00	—	—	—	—	—	—
5.00 to	9.99	90	50	25	—	—	—
10.00 to	14.99	90	75	50	25	—	—
15.00 to	19.99	90	90	75	50	25	—
20.00 or more		90	90	85	75	50	25

(f) **Taxability.** From the execution of the agreement to the end of the agreement period taxes shall be payable as follows:

(1) the value of ineligible property as provided in Section 2 shall be fully taxable.

(2) the base year value of existing eligible property as determined each year shall be fully taxable; and

(3) the unabated value of eligible property shall be taxable

(g) **Limitations.** If, during the term of the business incentive period the taxpayer should close, cease production, or demolish any or all of a facility that was in existence on the effective date of the business incentives agreement, or take any other similar action that would have the effect of reducing or deleting the value of the facility, or portion thereof from the tax rolls that was in existence on the effective date of the business incentives agreement regardless of the reason, then the eligible value for abatement allowed in the business incentives agreement shall be reduced by the amount of existing property value owned by the taxpayer that is reduced or deleted from the tax roll. Depreciation, agreed to by the Chief Appraiser, or Appraisal Review Board, shall not be construed as a reduction or deletion of value for purposes of this limitation.

Section 4

ELIGIBILITY CRITERIA AND TERMS FOR REAL ESTATE DEVELOPMENT

(a) **Eligible Development**. A development may become eligible for abatement if it is located in a designated Reinvestment Zone, and is a:

(1) New single family residential housing project;

(2) Multi-family housing project; and/or,

(3) Apartment project.

(b) **Duration of Abatement as a Business Incentive.** Any Agreement under this section shall not exceed three (3) years.

(c) **Economic Qualification**. To be eligible to receive tax abatement as a business incentive, the developer must expend a minimum of two million dollars ($2,000,000.00) in infrastructure costs for the development.

(d) **Taxability.** From the initial application to the end of the abatement period, taxes shall be paid as follows:

(1) All ineligible property shall be fully taxable during the term of the abatement.

(2) Any property within the reinvestment zone that is sold, transferred, conveyed, occupied or otherwise no longer part of the developer's inventory shall be taxed at the appraised value determined by the Calhoun County Appraisal District beginning January 1 of the year following the sale, transfer, conveyance, or occupation.

(3) At the end of the abatement period, all property subject to the Agreement shall be subject to full taxation.

APPLICATION

(a) **Filing.** Any property owner of taxable property in Calhoun County located in a designated or proposed reinvestment zone may request tax abatement as a business incentive by filing a written application with the Commissioners' Court, or their designee. When appropriate, the application may combine a request for designation of a reinvestment zone with an application for tax abatement as a business incentive.

(b) **Contents.** The application shall include all information contemplated by these Guidelines and Criteria in order for the Commissioners' Court to evaluate the applicant's

eligibility and to determine whether to grant any business incentives. The application shall be submitted on a form provided by the County, or alternatively, if unavailable, the contents of the application shall be in order of this subsection and respond to each element of this subsection, and shall contain such other information as required by the County, or it representative. Specifically, the application shall include the following:

(1) A list of the kind, number and location of all proposed improvements of the property, including a general written description of the general nature and extent of modernization, expansion or new improvements to be undertaken.

(2) A statement of the current and proposed uses of the property showing that planned usage is consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the period that the property tax exemptions are in effect.

(3) A map showing locations of existing and proposed improvements. The map should also show general uses and conditions of the real property in the reinvestment zone.

(4) A legal description of the property.

(5) An estimate of the project cost and new value that will result from the modernization, expansion or new improvements to be undertaken. A statement of the base year value separately stated for land and existing improvements located in the reinvestment zone, plus any improvements or changes in value in the reinvestment zone after the last appraisal and prior to the application. In any case where the value of an existing facility will be deleted or diminished as a result of the project, the application must contain verification from the Chief Appraiser of the last appraised value of any portion or all of a facility whose value will be reduced or removed from the tax rolls.

(6) An estimate of the number of jobs that will be created or retained by the modernization, expansion or new improvements.

(7) Estimated date of start of construction, length of construction, estimated value of new improvements to be completed during each year of construction and estimated date of completion.

(8) An estimate of what the property value subject to abatement will be on

January 1 immediately following the end of the abatement period.

(9) In the case of applicants unknown to the Commissioners' Court, a financial statement of the individual or corporation filing the application, complete with letters of credit and other documents which the County may request in order that the Commissioners' Court can appropriately evaluate the financial capacity and other factors of the applicant.

(10) The Taxpayer shall make the following assurances in the application:

(a) That all the information contained in the application is true and correct.

(b) That the person signing the application on behalf of the Taxpayer/Applicant has unrestricted authority to execute the application and the contract documents on behalf of the Taxpayer/Applicant, and has the unrestricted authority to obligate the Taxpayer/Applicant to all the terms, covenants and conditions that will be contained in the agreement.

(c) That construction will not commence on any of the eligible improvements until an agreement has been executed with the designating authority, whether the designating authority is the County, or a municipality.

(d) That the project will not be constructed without first obtaining all necessary local, state and federal environmental and construction permits, and that the Taxpayer will abide by all conditions of the permits, laws and ordinances, rules and regulations governing the operation of the project throughout its economic life.

(e) That the Taxpayer/applicant will abide by all conditions of the agreement and the Guidelines and Criteria adopted by the Commissioners' Court applicable to the agreement.

(f) That the planned use of the property will not constitute a hazard to public health or safety throughout the economic life of the project.

(g) That the applicant will make the specific improvements to the property as described in its application.

(h) That although estimates of the cost of the project and the number of jobs retained or created as a result of the project that are within 85 % of actual

cast and/or number of jobs may be construed to be substantial compliance, the actual total cost of the project and actual number of jobs retained or created shall not be less than the minimum amounts required in the County's Guidelines required to qualify for tax abatement as a business incentive.

(11) The applicant will identify the type of legal entity making the application, such as corporation, partnership, etc. If a corporation, the statement should include the home state of incorporation, the name and address of the registered agent for service in Texas, and a commitment to notify the County within sixty days of any change of the registered agent or status of the corporation. Similar information will be required of a general or limited Partnership or other legal entity.

(12) The application shall contain the name, title and address of the Taxpayer's local and corporate representatives for the purposes of giving notice.

(13) In its application, the applicant shall include a statement that it waives all rights of confidentiality with regard to the contents of its application for tax abatement as a business incentive otherwise granted under TEX. TAX CODE ANN. §312 .003.

(14) The applicant shall agree to reimburse the County for all legal fees and any other expenses that the County incurs in establishing eligibility for granting business incentives and for reviewing, processing and acting on its application. Further, applicant shall agree to pay for the costs of an economic impact assessment, if the County requires one in connection with its application for business incentives. In the event the County determines an economic impact assessment is required, the Taxpayer shall be given notice and the opportunity to withdraw its application prior to commencement of the economic impact assessment, if applicant is unwilling to pay the total cost of the economic impact assessment. In its application, the Taxpayer shall agree to pay for all fees and expenses incurred by the County in establishing eligibility to grant business incentives and processing the application, even though the Commissioners' Court ultimately denies the application.

(15) Any other information that the Commissioners' Court or Applicant may deem appropriate to assist the Commissioners' Court in determining whether to enter into a business incentives agreement with the Applicant.

(16) If a variance from any provision in these Guidelines and Criteria is requested, a statement describing the variance, and a detailed statement supporting the Applicant's reasons for the requested variance must be included.

(c) **Completed Application.** Upon receipt of a completed application, the Commissioners' Court shall mail written notice to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is included in the application. Such notice shall be mailed at least seven (7) days before the Commissioners' Court takes any action on the application. The notice shall include a copy of the proposed agreement, if the County is the designating authority. There shall be a $1,000 nonrefundable fee payable the County at the time the application is submitted.

(d) **Economic impact assessment.** After receipt of an application for business incentives, the Commissioners' Court may cause to have prepared an economic impact assessment setting forth the impact of the proposed agreement. The study shall include, but not necessarily be limited to, an assessment of the economic effects of the abatement of taxes. The County shall give at least ten (10) days written notice to the Applicant of its intent to conduct an economic impact assessment, which notice shall include a description of the scope of the study. If the Applicant is unwilling to pay for the economic impact assessment, it may give notice to the County within seven (7) calendar days from the date it received notice of the proposed economic impact assessment that the Applicant is withdrawing its application. The economic impact assessment may include any other issue that the Commissioners' Court determines to be appropriate in considering the application, including, without limitation by enumeration, environmental issues, short term/long term effect on issues of adequacy of existing physical plants, need to increase number of employees in the County, and the impact on the County of any resulting increased costs as a result of the project and the County's ability to pay such costs during the abatement period.

Section 5

DESIGNATION OF REINVESTMENT ZONE

(a) **Authority to Designate Reinvestment Zones.** Reinvestment zones may be designated by either the Commissioners' Court for property located outside the

jurisdiction of any municipality in the County, or by a municipality, if the property is located within the jurisdiction of such municipality.

(b) **Application for County Designated Reinvestment Zone.** An application to the County for designation of a Reinvestment Zone may be combined with the application for business incentives. The application must include information to support the required findings in subsection (c), inclusive of this section. It must also include a map showing the boundaries of the proposed reinvestment zone and a legal description of the proposed reinvestment zone. Any information contained in the application for business incentives that answers the requirements for designation of a reinvestment zone does not need to be duplicated, if the application for designation of a reinvestment zone and business incentives are combined in one application.

(c) **Designation.** The Commissioners' Court may not designate an area as a reinvestment zone until:

(1) The Commissioners' Court has held a public hearing on the designation at which time interested persons shall be entitled to speak and present evidence for or against the designation; and

(2) The Commissioners' Court must make the following findings in order to designate an area as a reinvestment zone:

(a) The designation would contribute to the retention or expansion of primary employment; or,

(b) The designation would attract major investment in the zone that would be a benefit to the property to be included in the zone; and,

(c) The designation would contribute to the economic development of the county.

(d) **Notice of Hearing.** Notice of the hearing shall be clearly identified on the Commissioners' Court agenda. In addition, notice shall issue as follows:

(1) Notice of the hearing must be published in a newspaper of general circulation in the County not later than the 7th day before the date of the hearing; and

(2) Written notice of the hearing shall be delivered to the presiding officer of the governing body of each taxing unit that includes in its boundaries real

property that is included in the proposed reinvestment zone. Such notice shall be delivered at least 7 days before the hearing. Pursuant to Tex Tax Code Ann. §312.2O1(e) this notice shall be presumed delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer.

(e) **Municipality Designated Reinvestment Zones.** If the reinvestment zone is designated by a municipality, to be eligible for tax abatement as a business incentive with the County, the property must be located in a reinvestment zone and the municipality must have entered into an agreement for the same project with the applicant no more than ninety days before the County enters into an agreement with the same applicant for the same project.

(f) **Date of Expiration.** The designation of a reinvestment zone shall expire five (5) years after the date of designation. However, the designation of a reinvestment zone that has expired may be renewed by the County or municipality for periods not to exceed five (5) years. The expiration of the designation of a reinvestment zone shall not affect existing agreements made under these Guidelines and Criteria.

Section 6

AGREEMENTS

(a) **Resolution of Commissioners' Court.** After approval, the Commissioners' Court shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required, which shall include those matters contained in Texas Tax Code §312.205 and any other terms and conditions in the best interests of the County.

(b) **Notice to Other Taxing Jurisdictions.** If the County is the designating authority, it shall deliver written notice to the presiding officer of the governing body of each other taxing unit in which the property that is the subject of the agreement is located that the County intends to enter into an agreement. The notice must be delivered at least 7 days before the County enters into the agreement. The notice must also include a copy of the proposed agreement. The notice shall be presumed to be delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer.

(c) **Execution/Effective Date.** After giving the notices required above, and after making the necessary findings, the County may, in its discretion, approve and execute the agreement. The effective date of the agreement shall be the date that the County's designated representative or official executes the agreement if the County is the designating authority. If a municipality is the designating authority, the effective date of the agreement shall be the date that the City's designated representative or official executes the agreement.

Section 7

RECAPTURE

(a) **Conditions of Default. Cure and Termination.** Should the Commissioners' Court determine that the Taxpayer is in default according to the terms and conditions of its agreement, the Commissioners' Court shall notify the Taxpayer in writing at the address stated in the agreement, and if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated by the Commissioners' Court. Provided, that upon proof of a curative effort commencing within sixty (60) days, if construction is required, the Commissioners' Court may extend the time to complete the curative work, based upon reasonable construction requirements.

(b) **Elements of Default.** The following shall be considered elements of default, in the event that the Taxpayer:

(1) Allows its ad valorem taxes owed to Calhoun County to become delinquent without timely and proper protest and/or contest; or

(2) Violates any of the terms and conditions of the abatement agreement, or any prior or subsequent agreement with the County, or any other taxing jurisdiction that has granted an agreement to the Taxpayer for any project that the Commissioners' Court has also granted business incentives; or

(3) Discontinues producing product or service at the improvements subject to abatement and described in the application, for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of one year during the abatement period after the facility is completed and begins

producing product or service.

(4) Violates any written term, covenant, condition, agreement, or promise of a gift or donation made by the taxpayer to the County, although such may be extraneous to the agreement, and even though same might be otherwise legally unenforceable; or

(5) Makes any material misrepresentations, either in the application or agreement.

(c) **Termination.** If, after written notice, the Taxpayer fails to cure within the prescribed period any specified default, such failure shall be grounds for termination for cause. Termination of the agreement for cause shall be retroactive to the beginning of the agreement. Termination shall be effected by resolution of the Commissioners' Court and written notice mailed to the Taxpayer.

(d) **Non Waiver.** In the event the County fails to act on or enforce any element or breach that is identified as a default, such failure to act shall not be a waiver of the County's right to subsequently enforce the same default or any other prior or subsequent default.

(e) **Recapture.** On termination for cause, the Taxpayer shall then become liable for the payment of all taxes that would have otherwise become due but for the abatement agreement for all calendar years during which the abatement agreement was in effect. Said taxes shall be paid to the Calhoun County Consolidated Tax Office for the credit of Calhoun County within sixty (60) days from the date of receipt of notice of termination. All such taxes due shall include statutory penalty and interest from the date they would otherwise have become delinquent but for the agreement, until the date they are actually paid.

Section 8

ADMINISTRATION

(a) **Duties of Chief Appraiser.** The Chief Appraiser of the County shall, as a normal consequence of his duties, annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, on or before April 1, the Taxpayer

receiving abatement shall furnish the Chief Appraiser with such information as may be reasonably requested. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions, which have granted tax abatement as a business incentive in the reinvestment zone, of the amount of the appraisal.

(b) **Compliance Inspections.** All compliance inspections will be made only after giving twenty-four (24) hours notice and will only be conducted in such manner as not to unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

(c) **Annual Evaluations** Upon completion of construction, the Commissioners' Court of Calhoun County, or their designees, shall annually evaluate each facility receiving abatement to ensure compliance with the agreement.

(d) **Notice Requirements.** Any notice required to be given to Calhoun County hereunder shall be in writing, and mailed or personally delivered to the County Judge. Notices to the Taxpayer shall be in writing, and addressed to its designated representative at the address provided in its application or the agreement.

Section 9

MISCELLANEOUS

(a) **Variance.** An application for a variance from the provisions of these Guidelines and Criteria may be made in written form to the Commissioners' Court. The total duration of abatement shall in no instance exceed ten (10) consecutive tax years commencing January 1 following the effective date of the agreement, including any extension. Such request shall include a complete description of the circumstances explaining why the applicant should be granted such variance. Approval of a request for variance requires at least a three-fourths (3/4) vote of the Commissioners' Court.

(b) **Assignments.** An abatement agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility, subject to obtaining written approval by resolution of the Commissioners' Court. Approval shall be conditioned upon the assignee providing whatever proof the Commissioners' Court may require to show the

assignee's financial capability to carry out all the terms and conditions of the agreement. The County reserves the right to require such additional information as it may deem appropriate to determine not only the assignee's financial capability to carry out the terms and conditions of the agreement, but also its experience and historical record to determine that it is in fact capable of operating the project subject to the abatement in such a manner that it can reasonably be expected to strictly comply with every term, covenant, condition and assurance contained in the agreement Further, the assignee shall agree in writing by amendment to the original agreement that it shall be bound by all the terms, covenants and conditions contained in the original agreement. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to Calhoun County or any other taxing unit affected by the agreement for delinquent taxes, or otherwise in default of any of the terms, covenants or conditions contained in the agreement. Subject to the foregoing conditions, the Commissioners' Court shall not unreasonably withhold approval of any proposed assignment. Any approval of assignment of the agreement shall not release any previous Taxpayer who has been a party to the agreement from its obligations under the agreement.

(c) **Application for Exemption.** It shall be the responsibility of the Taxpayer to perfect any right of exemption as a result of any agreements entered into with the County. For each year in which abatement has been authorized by the County under the agreement, it shall be the responsibility of the Taxpayer to file its annual application with the Calhoun County Appraisal District for property exemption in accordance with the Texas Tax Code and related administrative regulations.

(d) **Effective Date.** These Guidelines and Criteria shall be effective for two (2) years, from June 25, 2013 through June 24, 2015, inclusive.

(e) **Sunset Provision.** At the end of the two year effective period of these Guidelines and Criteria, all agreements created pursuant to these provisions will be reviewed by the Calhoun County Commissioners' Court to determine whether the goals have been achieved. Based upon that review, the Guidelines and Criteria may be modified, renewed or eliminated. In the event that these Guidelines and Criteria are not modified or

renewed, they shall automatically terminate effective June 24, 2015.

(f) **Effect of Modification or Termination.** The modification or termination of these Guidelines and Criteria shall have no effect upon existing agreements entered into while these Guidelines and Criteria are in effect.

(g) **Subtitles.** The use of subtitles in these Guidelines and Criteria is strictly for convenience, and shall have no legal significance whatsoever. The use of the singular shall include the plural and the use of plural shall include the singular when appropriate. The use of any reference to gender shall include any and all other genders when appropriate.

(h) **Severability.** In the event any paragraph, clause, phrase or other provision of these Guidelines and Criteria should be declared to be unconstitutional, void or otherwise unenforceable the remaining provisions shall remain in full force and effect as if the unconstitutional, void or otherwise unenforceable provisions had not been included.

Section 10

ADOPTION

Upon motion by Commissioner Galvan, seconded by Commissioner Fritsch, the foregoing resolution to amend these Guidelines and Criteria of the Commissioners' Court of Calhoun County for Granting Business incentives in Reinvestment Zones Created in Calhoun County was approved by a vote of 5 for and 0 against.

PASSED, ADOPTED AND APPROVED on this 23th day of May, 2013.

COMMISSIONERS' COURT OF CALHOUN COUNTY, TEXAS

_____

Michael J. Pfeifer, County Judge

ATTEST:
Anita Fricke, County Clerk

By: _____
Tess Gossett, Deputy

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 James Cowley — Print Name *(Authorized School District Representative)*

Superintendent — Title

sign here Dr. James B. Cowley — Signature *(Authorized School District Representative)*

2-9-15 — 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 Jack Wu — Print Name *(Authorized Company Representative (Applicant))*

Vice President — Title

sign here Jack Wu — Signature *(Authorized Company Representative (Applicant))*

2-9-2015 — Date

NANCY L. MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the 9th day of February 2015

Nancy L. Mayer
Notary Public in and for the State of Texas

My Commission expires: 1-28-2018

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.

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

Date 9-16-14 AMENDED

Applicant Name Formosa Plastics Corporation, Texas

ISD Name Calhoun County

Form 50-296A
Revised May 2011

PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) 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)
Investment made before filing complete application with district		2014-2015	2015	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2015-2016	2015	$8,000,000.00	Qualified Investment	Qualified Investment	$3,000,000.00	$ 11,000,000.00
Complete tax years of qualifying time period	QTP1	2016-2017	2016	$213,000,000.00	Qualified Investment	Qualified Investment	$52,000,000.00	$ 265,000,000.00
	QTP2	2017-2018	2017	$893,000,000.00	Qualified Investment	Qualified Investment	$200,000,000.00	$1,093,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				$1,114,000,000.00				$1,369,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)								

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

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

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 this 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.

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

Date 9-16-14 AMENDED

Applicant Name Formosa Plastics Corporation, Texas

ISD Name Calhoun County

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
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) 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 investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
				Enter amounts from TOTAL row in Schedule A1 in the row below				
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		$1,114,000,000.00			$ 465,000,000.00	$ 1,600,000,000.00
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2015-2016	2015	$8,000,000.00	0	0	$3,000,000.00	$11,000,000.00
Value limitation period***	0	2016-2017	2016	$213,000,000.00			$52,000,000.00	$265,000,000.00
	0	2017-2018	2017	$893,000,000.00			$200,000,000.00	$1,093,000,000.00
	0	2018-2019	2018					
	1	2019-2020	2019					
	2	2020-2021	2020					
	3	2021-2022	2021					
	4	2022-2023	2022					
	5	2023-2024	2023					
	6	2024-2025	2024					
	7	2025-2026	2022					
	8	2026-2027	2023					
	9	2027-2028	2024					
	10	2028-2029	2025					
Total investment made through limitation				$1,114,000,000.00			$255,000,000.00	$1,369,000,000.00
Continue to maintain viable presence	11	2029-2030						
	12	2030-2031						
	13	2031-2032						
	14	2032-2033						
	15	2033-2034						
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035						
	17	2035-2036						
	18	2036-2037						
	19	2037-2038						
	20	2038-2039						
	21	2039-2040						
	22	2040-2041						
	23	2041-2042						
	24	2042-2043						
	25	2043-2044						

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row.**

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

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.

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

Date 9-16-14 AMENDED

Applicant Name Formosa Plastics Corporation, Texas

ISD Name Calhoun County

Form 50-296A

Revised May 2014

				Qualified Property			Estimated Taxable Value		
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2015-2016	2015	$ 496,200	$ -	$ -	na	$ 496,200	$ 496,200
		2016-2017	2016	$ 496,200	$ 14,000,000	$ -	na	$ 14,496,200	$ 14,496,200
		2017-2018	2017	$ 496,200	$ 600,000,000	$ -	na	$ 600,496,200	$ 600,496,200
Value Limitation Period	1	2018-2019	2018	$ 496,200	$ 570,000,000	$ -	na	$ 570,496,200	$ 30,000,000
	2	2019-2020	2019	$ 496,200	$ 541,500,000	$ -	na	$ 541,996,200	$ 30,000,000
	3	2020-2021	2020	$ 496,200	$ 514,425,000	$ -	na	$ 514,921,200	$ 30,000,000
	4	2021-2022	2021	$ 496,200	$ 488,703,750	$ -	na	$ 489,199,950	$ 30,000,000
	5	2022-2023	2022	$ 496,200	$ 464,268,563	$ -	na	$ 464,764,763	$ 30,000,000
	6	2023-2024	2023	$ 496,200	$ 441,055,134	$ -	na	$ 441,551,334	$ 30,000,000
	7	2024-2025	2024	$ 496,200	$ 419,002,378	$ -	na	$ 419,498,578	$ 30,000,000
	8	2025-2026	2025	$ 496,200	$ 398,052,259	$ -	na	$ 398,548,459	$ 30,000,000
	9	2026-2027	2026	$ 496,200	$ 378,149,646	$ -	na	$ 378,645,846	$ 30,000,000
	10	2027-2028	2027	$ 496,200	$ 359,242,164	$ -	na	$ 359,738,364	$ 30,000,000
Continue to maintain viable presence	11	2028-2029	2028	$ 496,200	$ 341,280,055	$ -	na	$ 341,776,255	$ 524,391,022
	12	2029-2030	2029	$ 496,200	$ 324,216,053	$ -	na	$ 324,712,253	$ 498,196,281
	13	2030-2031	2030	$ 496,200	$ 308,005,250	$ -	na	$ 308,501,450	$ 473,311,277
	14	2031-2032	2031	$ 496,200	$ 292,604,987	$ -	na	$ 293,101,187	$ 449,670,523
	15	2032-2033	2032	$ 496,200	$ 277,974,738	$ -	na	$ 278,470,938	$ 427,211,807
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2033-2034	2033	$ 496,200	$ 264,076,001	$ -	na	$ 264,572,201	$ 405,876,026
	17	2034-2035	2034	$ 496,200	$ 250,872,201	$ -	na	$ 251,368,401	$ 385,607,035
	18	2035-2036	2035	$ 496,200	$ 238,328,591	$ -	na	$ 238,824,791	$ 366,351,493
	19	2036-2037	2036	$ 496,200	$ 226,412,162	$ -	na	$ 226,908,362	$ 348,058,729
	20	2037-2038	2037	$ 496,200	$ 215,091,553	$ -	na	$ 215,587,753	$ 330,680,602
	21	2038-2039	2038	$ 496,200	$ 204,336,976	$ -	na	$ 204,833,176	$ 314,171,382
	22	2039-2040	2039	$ 496,200	$ 194,120,127	$ -	na	$ 194,616,327	$ 298,487,623
	23	2040-2041	2040	$ 496,200	$ 184,414,121	$ -	na	$ 184,910,321	$ 283,588,052
	24	2041-2042	2041	$ 496,200	$ 175,193,415	$ -	na	$ 175,689,615	$ 269,433,459
	25	2042-2043	2042	$ 496,200	$ 166,433,744	$ -	na	$ 166,929,944	$ 255,986,596

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 9-16-14 AMENDED
Applicant Name Formosa Plastics Corporation, Texas
ISD Name Calhoun County

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*		2015-2016	2015	80,000/month	$52,693.00	30	10	$52,693.00
		2016-2017	2016	410,200/month	$52,693.00	128	10	$52,693.00
		2017-2018	2016	410,200/month	$52,693.00	128	10	$52,693.00
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2018-2019	2018	410,200/month	$52,693.00	128	10	$52,693.00
	2	2019-2020	2019	0		128	10	$52,693.00
	3	2020-2021	2020			128	10	$52,693.00
	4	2021-2022	2021			128	10	$52,693.00
	5	2022-2023	2022			128	10	$52,693.00
	6	2023-2024	2023			128	10	$52,693.00
	7	2024-2025	2024			128	10	$52,693.00
	8	2025-2026	2025			128	10	$52,693.00
	9	2026-2027	2026			128	10	$52,693.00
	10	2027-2028	2027			128	10	$52,693.00
Years Following Value Limitation Period	11 through 25	2028-2043	2028-2043			128	10	$52,693.00

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ☒ NO
If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ☒ NO

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☒ NO

Schedule D: Other Incentives (Estimated)

Date 9-16-14
Applicant Name Formosa Plastics Corp
ISD Name Calhoun County

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:					
	City:					
	Other:					
Tax Code Chapter 312	County:					
	City:					
	Other:					
Local Government Code Chapters 380/381	County: Calhoun	2016	10 years	0.49%	100%	0
	City:					
	Other: Calhoun Port Authority	2016	10 years	0.0030%	100%	0
Freeport Exemptions						
Non-Annexation Agreements						
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:						
			TOTAL			

Additional information on incentives for this project:

Attachment B

Franchise Tax Account Status

Franchise Tax Account Status

As of: 10/05/2015 10:23:52 AM

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

FORMOSA PLASTICS CORPORATION, TEXAS	
Texas Taxpayer Number	12223554648
Mailing Address	PO BOX 510 POINT COMFORT, TX 77978-0510
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	05/15/1981
Texas SOS File Number	0005107506
Registered Agent Name	CORPORATION SERVICE COMPANY D B A +
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 6, 2015

Dr. James Cowley
Superintendent
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, Texas 77979

Dear Superintendent Cowley:

On April 7, 2015, the Comptroller issued written notice that Formosa Plastics Corporation, Texas (the applicant) submitted a completed application (Application #1048) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on March 4, 2015, to the Calhoun County Independent 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 #1048.

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)

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

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 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 April 7, 2015, 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, Associate Deputy Comptroller, by email at robert.wood@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Formosa Plastics Corporation, Texas (the project) applying to Calhoun County 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 Formosa Plastics Corporation, Texas.

Applicant	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun ISD
2011-12 Enrollment in School District	4278
County	Calhoun
Proposed Total Investment in District	$1,600,000,000
Proposed Qualified Investment	$1,135,000,000
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	$978
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$978
Minimum annual wage committed to by applicant for qualified jobs	$50,866
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	$160,000,000
Estimated M&O levy without any limit (15 years)	$60,963,777
Estimated M&O levy with Limitation (15 years)	$16,454,144
Estimated gross M&O tax benefit (15 years)	$44,509,633
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

Table 2 is the estimated statewide economic impact of Formosa Plastics Corporation, Texas (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	78	75	153	$4,382,784	$4,617,216	$9,000,000
2016	335	341	676	$18,815,671	$25,184,329	$44,000,000
2017	335	356	691	$18,815,671	$30,184,329	$49,000,000
2018	335	405	740	$18,815,671	$35,184,329	$54,000,000
2019	138	184	322	$8,446,970	$20,553,030	$29,000,000
2020	138	145	283	$8,446,970	$18,553,030	$27,000,000
2021	138	120	258	$8,446,970	$16,553,030	$25,000,000
2022	138	100	238	$8,446,970	$15,553,030	$24,000,000
2023	138	91	229	$8,446,970	$14,553,030	$23,000,000
2024	138	85	223	$8,446,970	$13,553,030	$22,000,000
2025	138	75	213	$8,446,970	$12,553,030	$21,000,000
2026	138	75	213	$8,446,970	$12,553,030	$21,000,000
2027	138	77	215	$8,446,970	$12,553,030	$21,000,000
2028	138	53	191	$8,446,970	$11,553,030	$20,000,000
2029	138	48	186	$8,446,970	$11,553,030	$20,000,000
2030	138	46	184	$8,446,970	$11,553,030	$20,000,000

Source: CPA, REMI, Formosa Plastics Corporation, Texas

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Navigation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.07500	1.0401		0.4900	0.0031	
2015	$496,200	$496,200		$372	$5,161	$5,533	$2,431	$15	$7,980
2016	$14,496,200	$14,496,200		$10,872	$150,775	$161,647	$71,031	$449	$233,128
2017	$600,496,200	$600,496,200		$450,372	$6,245,761	$6,696,133	$2,942,431	$18,615	$9,657,180
2018	$570,496,200	$570,496,200		$427,872	$5,933,731	$6,361,603	$2,795,431	$17,685	$9,174,720
2019	$541,996,200	$541,996,200		$406,497	$5,637,302	$6,043,800	$2,655,781	$16,802	$8,716,383
2020	$514,921,200	$514,921,200		$386,191	$5,355,695	$5,741,886	$2,523,114	$15,963	$8,280,963
2021	$489,199,950	$489,199,950		$366,900	$5,088,169	$5,455,069	$2,397,080	$15,165	$7,867,314
2022	$464,764,763	$464,764,763		$348,574	$4,834,018	$5,182,592	$2,277,347	$14,408	$7,474,347
2023	$441,551,334	$441,551,334		$331,164	$4,592,575	$4,923,739	$2,163,602	$13,688	$7,101,029
2024	$419,498,578	$419,498,578		$314,624	$4,363,205	$4,677,829	$2,055,543	$13,004	$6,746,376
2025	$398,548,459	$398,548,459		$298,911	$4,145,303	$4,444,214	$1,952,887	$12,355	$6,409,456
2026	$378,645,846	$378,645,846		$283,984	$3,938,295	$4,222,280	$1,855,365	$11,738	$6,089,382
2027	$359,738,364	$359,738,364		$269,804	$3,741,639	$4,011,442	$1,762,718	$11,152	$5,785,312
2028	$341,776,255	$341,776,255		$256,332	$3,554,815	$3,811,147	$1,674,704	$10,595	$5,496,446
2029	$324,712,253	$324,712,253		$243,534	$3,377,332	$3,620,866	$1,591,090	$10,066	$5,222,022
					Total	$65,359,780	$28,720,556	$181,701	$94,262,038

Source: CPA, Formosa Plastics Corporation, Texas
[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Calhoun 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 Calhoun County and Calhoun County Navigation District.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Navigation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.07500	1.0401		0.4900	0.0031	
2015	$496,200	$496,200		$372	$5,161	$5,533	$2,431	$15	$7,980
2016	$14,496,200	$14,496,200		$10,872	$150,775	$161,647	$0	$0	$161,647
2017	$600,496,200	$600,496,200		$450,372	$6,245,761	$6,696,133	$0	$0	$6,696,133
2018	$570,496,200	$30,000,000		$427,872	$312,030	$739,902	$0	$0	$739,902
2019	$541,996,200	$30,000,000		$406,497	$312,030	$718,527	$0	$0	$718,527
2020	$514,921,200	$30,000,000		$386,191	$312,030	$698,221	$0	$0	$698,221
2021	$489,199,950	$30,000,000		$366,900	$312,030	$678,930	$0	$0	$678,930
2022	$464,764,763	$30,000,000		$348,574	$312,030	$660,604	$0	$0	$660,604
2023	$441,551,334	$30,000,000		$331,164	$312,030	$643,194	$0	$0	$643,194
2024	$419,498,578	$30,000,000		$314,624	$312,030	$626,654	$0	$0	$626,654
2025	$398,548,459	$30,000,000		$298,911	$312,030	$610,941	$0	$0	$610,941
2026	$378,645,846	$30,000,000		$283,984	$312,030	$596,014	$1,855,365	$11,738	$2,463,117
2027	$359,738,364	$30,000,000		$269,804	$312,030	$581,834	$1,762,718	$11,152	$2,355,704
2028	$341,776,255	$341,776,255		$256,332	$3,554,815	$3,811,147	$1,674,704	$10,595	$5,496,446
2029	$324,712,253	$324,712,253		$243,534	$3,377,332	$3,620,866	$1,591,090	$10,066	$5,222,022
					Total	$20,850,147	$6,886,308	$43,566	$27,780,022
					Diff	$44,509,633	$21,834,249	$138,135	$66,482,016

Source: CPA, Formosa Plastics Corporation, Texas
[1]Tax 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 FORMOSA PLASTICS CORPORATION TEXAS (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	2015	$5,161	$5,161	$0	$0
	2016	$150,775	$155,936	$0	$0
	2017	$6,245,761	$6,401,697	$0	$0
Limitation Period (10 Years)	2018	$312,030	$6,713,727	$5,621,701	$5,621,701
	2019	$312,030	$7,025,757	$5,325,272	$10,946,973
	2020	$312,030	$7,337,787	$5,043,665	$15,990,639
	2021	$312,030	$7,649,817	$4,776,139	$20,766,778
	2022	$312,030	$7,961,847	$4,521,988	$25,288,766
	2023	$312,030	$8,273,877	$4,280,545	$29,569,311
	2024	$312,030	$8,585,907	$4,051,175	$33,620,486
	2025	$312,030	$8,897,937	$3,833,273	$37,453,758
	2026	$312,030	$9,209,967	$3,626,265	$41,080,024
	2027	$312,030	$9,521,997	$3,429,609	$44,509,633
Maintain Viable Presence (5 Years)	2028	$3,554,815	$13,076,812	$0	$44,509,633
	2029	$3,377,332	$16,454,144	$0	$44,509,633
	2030	$3,208,724	$19,662,867	$0	$44,509,633
	2031	$3,048,545	$22,711,413	$0	$44,509,633
	2032	$2,896,376	$25,607,789	$0	$44,509,633
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	$2,751,815	$28,359,605	$0	$44,509,633
	2034	$2,614,483	$30,974,087	$0	$44,509,633
	2035	$2,484,017	$33,458,104	$0	$44,509,633
	2036	$2,360,074	$35,818,178	$0	$44,509,633
	2037	$2,242,328	$38,060,506	$0	$44,509,633
	2038	$2,130,470	$40,190,976	$0	$44,509,633
	2039	$2,024,204	$42,215,180	$0	$44,509,633
	2040	$1,923,252	$44,138,433	$0	$44,509,633
	2041	$1,827,348	$45,965,780	$0	$44,509,633
	2042	$1,736,238	$47,702,019	$0	$44,509,633

$47,702,019	is greater than	$44,509,633

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

Source: CPA, FORMOSA PLASTICS CORPORATION TEXAS

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 Formosa Plastics Corporation 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:

- According to the company documentation dated January 16, 2014, Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports. Formosa is already developing a 1.2 million MT/year ethylene plant at Point Comfort, TX.
- Documents retrieved online and dated November 28, 2014, the PDH plan, which will have a capacity to produce 545,000 tons of propylene per year, is part of the Point Comfort petrochemical complex expansion announced by Formosa in February 2012.
- Documents retrieved online and dated March 1, 2012, Formosa Plastics Corporation, USA announced to invest more than $1.7 billion at its Point Comfort, Texas site, USA, in new Olefins and Low Density Polyethylene (LDPE) facility. This will be the third major expansion at the Point Comfort site and will consist of a:
    a. New, grass-root 800,000 MT/Y olefins cracker
    b. Associated 600,000 MT/Y propane dehydrogenation (PDH) unit
    c. New 300,000 MT/Y low density polyethylene (LDPE) resin plant
- Documents retrieved online and dated September 26, 2014, ThyssenKrupp Industrial Solutions awarded a contract for propane dehydrogenation plant September 26, 2014.
- Documents retrieved online and dated December 23, 2014, Calhoun County was presented with a $2 million check from Formosa Plastics Corp.; the payment is part of a tax abatement agreement between the Calhoun County government and Formosa that calls for forgiveness of property tax on a $2 billion expansion at the Formosa plant. The agreement was negotiated is to be 100 percent abated for 10 years beginning in 2016.

- Per Texas Wide Open for Business, published by the Governor's Office Economic Development & Tourism in 2014, Formosa Plastics Plans $2 billion petrochemical expansion in Point Comfort.
- The applicant provided supporting documentation that favorable property tax conditions have been part of the decision to invest capital in Texas or Louisiana. The applicant also provided a recent cost comparison for property tax on investment in Texas and Louisiana. In all scenarios, the property taxes would be less in Louisiana than Texas.

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
c) Additional information provided by the Applicant or located by the Comptroller

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 D

Summary of Financial Impact

CHAPTER 313 PROPERTY VALUE LIMITATION FINANCIAL IMPACT OF THE PROPOSED FORMOSA PLASTICS CORPORATION PROJECT IN THE CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT (PROJECT # 1048)

PREPARED BY

OCTOBER 27, 2015
UPDATE

Executive Summary

Formosa Plastics Corporation (Company) has requested that the Calhoun County Independent School District (CCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application initially submitted to CCISD on July 21, 2014, the Company plans to add $600.5 million in new taxable value to construct a chemical manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Formosa project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, CCISD may offer a minimum value limitation of $30 million. This value limitation, under the proposed application, will begin in the 2018-19 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted in May. The overall conclusions are as follows, but please read all of the subsquent details in the report below for more information.

Total Revenue Loss Payment owed to CCISD	$3.9 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	$40.6 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for the Formosa Project was issued on April 7, 2015.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value, which was issued on July 6, 2015. After the certificate is received, the district has until the 150th day from the

receipt of the Completeness Letter or until December 31st, whichever is earlier, to adopt an agreement.

At the final board meeting, the school board will review the Value Limitation Agreement negotiated with the Company. The Board will also review the Findings of Fact that detail the project's conformance with state law.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of three components: Tier I, Tier II and additional state aid for tax reduction. (For more detailed information on the school finance funding system, please review the Texas Education Agency's School Finance 101: Funding of Texas Public Schools.)

Tier I provides state funding based on ADA and special student populations, as well as transportation. The local funds for Tier I are M&O taxes raised at the compressed tax rate—$1.00 per $100 of taxable value for most school districts (less any recapture payments owed to the state from high property-wealth school districts).

Tier II guarantees a specific amount of funding per student in weighted average daily attendance for each penny of a school district's tax effort above a specified level. There are two levels of Tier II funding—funding under the six so-called golden pennies and the eleven so-called copper pennies. Voter approval is required in most cases to access the last two golden pennies and the eleven copper pennies.

Additional State Aid for Tax Reduction (ASATR) guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. ASATR funding is expected to be eliminated by the 2017-18 school year under current law and is not a factor in the calculations presented below.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

In most instances smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

A key element in any analysis of the school finance implications of a Chapter 313 agreement is the provision for revenue protection in the agreement between the school district and the applicant. The agreement calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue-protection language in the agreement. This approach also reduces guess work as to future changes in school finance and property tax laws.

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system, although previously-approved Chapter 313 agreements are factored into the tax bases for all models. Student enrollment counts are held constant at 3,848 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of CCISD. The District's local tax base reached $3.5 billion for the 2015 tax year (the most recent year available) and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of $1.0401 per $100 is used throughout this analysis.

CCISD has estimated 2015-16 state property wealth per weighted ADA or WADA of approximately $716,665. As a result, CCISD is considered a Chapter 41 or recapture district under the school finance system. Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Recent legislative changes are incorporated into these estimates. The basic allotment was raised from $5,040 to $5,140 per WADA, which is used throughout the state aid calculations. The Tier II guaranteed yield level for up to six cents of tax effort was increased from $61.86 in 2014-15 to $74.28 and $77.53, respectively, for the 2015-16 and 2016-17 school years.

In addition, CCISD is eligible for a "fractional" funding adjustment, since it imposed less than $1.50 M&O tax rate for the 2006 tax year. Given the analysis shown below, it does not appear that CCISD would benefit from shifting tax effort to take advantage of the fractional funding fix approved by legislators and that change is not incorporated in these estimates.

While the mandated school district homestead exemption will be increased from $15,000 to $25,000—assuming voter approval of a constitutional amendment election scheduled in November—no data are currently available on the tax base reductions associated with this change. Given that the models below focus exclusively on the Formosa Plastics Corporation project values, however, the anticipated homestead exemption change is not expected to have an impact on this analysis.

The M&O tax rate for 2015 is maintained at $1.0401 per $100. Although the impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes could result in a lower M&O tax rate that analysis is beyond the scope of this revenue report.

Table 1 – Base District Information with Formosa Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2015-16	3,847.60	5,155.19	$1.0401	$0.2535	$3,458,568,290	$3,458,568,290	$3,694,547,468	$3,694,547,468	$716,665	$716,665
QTP1	2016-17	3,847.60	5,155.36	$1.0401	$0.2535	$3,472,568,290	$3,472,568,290	$3,374,392,619	$3,374,392,619	$654,541	$654,541
QTP2	2017-18	3,847.60	5,155.36	$1.0401	$0.2535	$4,058,568,290	$4,058,568,290	$3,388,392,619	$3,388,392,619	$657,257	$657,257
VL1	2018-19	3,847.60	5,155.36	$1.0401	$0.2535	$4,189,181,372	$3,648,685,172	$3,974,392,619	$3,974,392,619	$770,925	$770,925
VL2	2019-20	3,847.60	5,155.36	$1.0401	$0.2535	$4,149,816,847	$3,637,820,647	$4,105,005,701	$3,564,509,501	$796,261	$691,419
VL3	2020-21	3,847.60	5,155.36	$1.0401	$0.2535	$4,112,496,576	$3,627,575,376	$4,065,641,176	$3,553,644,976	$788,625	$689,311
VL4	2021-22	3,847.60	5,155.36	$1.0401	$0.2535	$4,077,114,013	$3,617,914,063	$4,028,320,904	$3,543,399,704	$781,386	$687,324
VL5	2022-23	3,847.60	5,155.36	$1.0401	$0.2535	$4,043,568,186	$3,608,803,423	$3,992,938,341	$3,533,738,391	$774,522	$685,450
VL6	2023-24	3,847.60	5,155.36	$1.0401	$0.2535	$4,064,967,403	$3,653,416,069	$3,959,392,514	$3,524,627,751	$768,015	$683,683
VL7	2024-25	3,847.60	5,155.36	$1.0401	$0.2535	$4,031,488,982	$3,641,990,404	$3,980,791,732	$3,569,240,398	$772,166	$692,336
VL8	2025-26	3,847.60	5,155.36	$1.0401	$0.2535	$3,994,920,975	$3,626,372,516	$3,947,313,311	$3,557,814,733	$765,672	$690,120
VL9	2026-27	3,847.60	5,155.36	$1.0401	$0.2535	$3,960,633,730	$3,611,987,884	$3,910,745,303	$3,542,196,844	$758,579	$687,091
VL10	2027-28	3,847.60	5,155.36	$1.0401	$0.2535	$3,928,470,274	$3,598,731,910	$3,876,458,059	$3,527,812,213	$751,928	$684,301
VP1	2028-29	3,847.60	5,155.36	$1.0401	$0.2535	$3,898,284,641	$3,898,284,641	$3,844,294,602	$3,514,556,238	$745,690	$681,729
VP2	2029-30	3,847.60	5,155.36	$1.0401	$0.2535	$3,869,943,072	$3,869,943,072	$3,814,108,969	$3,814,108,969	$739,834	$739,834
VP3	2030-31	3,847.60	5,155.36	$1.0401	$0.2535	$3,843,321,857	$3,843,321,857	$3,785,767,401	$3,785,767,401	$734,337	$734,337
VP4	2031-32	3,847.60	5,155.36	$1.0401	$0.2535	$3,818,306,508	$3,818,306,508	$3,759,146,185	$3,759,146,185	$729,173	$729,173
VP5	2032-33	3,847.60	5,155.36	$1.0401	$0.2535	$3,794,791,004	$3,794,791,004	$3,734,130,836	$3,734,130,836	$724,321	$724,321

***Basic Allotment: $5,140; AISD Yield: $77.53; Equalized Wealth: $514,000 per WADA**

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact of the Formosa project on CCISD

School finance models were prepared for CCISD under these assumptions through the 2032-33 school year. Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue Model" by adding the total value of the project to the model, but without assuming that a value limitation is approved. This is detailed in Table 2.

Additionally, a separate model is established to make a calculation of the "Value Limitation Revenue Model" by adding the project's limited value of $30 million to the model. These results are shown in Table 3.

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2015-16	$31,420,603	$988,707	$1,762,896	-$8,441,142	$3,158,351	$72,753	-$612,609	$133,771	$28,483,329
QTP1	2016-17	$32,717,303	$1,768,713	$0	-$6,673,719	$2,002,896	$369,797	$0	$133,771	$30,318,760
QTP2	2017-18	$38,288,388	$999,193	$0	-$7,928,136	$2,343,948	$421,119	$0	$133,771	$34,258,283
VL1	2018-19	$39,689,044	$1,307,001	$0	-$12,711,575	$2,429,694	$13,780	$0	$133,771	$30,861,714
VL2	2019-20	$39,306,427	$1,307,001	$0	-$13,417,910	$2,406,270	$0	$0	$133,771	$29,735,558
VL3	2020-21	$38,943,663	$1,307,001	$0	-$13,045,917	$2,384,063	$0	$0	$133,771	$29,722,581
VL4	2021-22	$38,599,720	$1,307,001	$0	-$12,693,068	$2,363,007	$0	$0	$133,771	$29,710,430
VL5	2022-23	$38,273,616	$1,307,001	$0	-$12,358,381	$2,343,044	$2,353	$0	$133,771	$29,701,404
VL6	2023-24	$38,470,232	$1,307,001	$0	-$12,208,212	$2,355,080	$22,344	$0	$133,771	$30,080,216
VL7	2024-25	$38,145,470	$1,307,001	$0	-$12,238,034	$2,335,199	$9,483	$0	$133,771	$29,692,890
VL8	2025-26	$37,791,659	$1,307,001	$0	-$11,906,381	$2,313,539	$29,085	$0	$133,771	$29,668,673
VL9	2026-27	$37,459,839	$1,307,001	$0	-$11,562,173	$2,293,226	$50,514	$0	$133,771	$29,682,178
VL10	2027-28	$37,148,503	$1,307,001	$0	-$11,239,154	$2,274,166	$70,727	$0	$133,771	$29,695,014
VP1	2028-29	$36,764,576	$1,307,001	$0	-$10,907,408	$2,250,663	$89,302	$0	$133,771	$29,637,905
VP2	2029-30	$36,495,133	$1,307,001	$0	-$10,624,601	$2,234,168	$107,143	$0	$133,771	$29,652,614
VP3	2030-31	$36,242,046	$1,307,001	$0	-$10,358,847	$2,218,674	$123,751	$0	$133,771	$29,666,396
VP4	2031-32	$36,004,226	$1,307,001	$0	-$10,109,021	$2,204,115	$139,351	$0	$133,771	$29,679,443
VP5	2032-33	$35,780,665	$1,307,001	$0	-$9,874,085	$2,190,429	$154,273	$0	$133,771	$29,692,054

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 3– "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2015-16	$31,420,603	$988,707	$1,762,896	-$8,441,142	$3,158,351	$72,753	-$612,609	$133,771	$28,483,329
QTP1	2016-17	$32,717,303	$1,768,713	$0	-$6,673,719	$2,002,896	$369,797	$0	$133,771	$30,318,760
QTP2	2017-18	$38,288,388	$999,193	$0	-$7,928,136	$2,343,948	$421,119	$0	$133,771	$34,258,283
VL1	2018-19	$34,391,641	$1,307,001	$0	-$10,946,118	$2,105,396	$11,954	$0	$133,771	$27,003,645
VL2	2019-20	$34,288,352	$1,307,001	$0	-$8,358,507	$2,099,073	$254,706	$0	$133,771	$29,724,396
VL3	2020-21	$34,190,951	$1,307,001	$0	-$8,260,940	$2,093,110	$261,105	$0	$133,771	$29,724,997
VL4	2021-22	$34,099,101	$1,307,001	$0	-$8,168,906	$2,087,487	$267,140	$0	$133,771	$29,725,594
VL5	2022-23	$34,012,486	$1,307,001	$0	-$8,082,092	$2,082,185	$272,830	$0	$133,771	$29,726,181
VL6	2023-24	$34,436,618	$1,307,001	$0	-$8,119,464	$2,108,149	$282,447	$0	$133,771	$30,148,522
VL7	2024-25	$34,327,994	$1,307,001	$0	-$8,400,304	$2,101,499	$251,919	$0	$133,771	$29,721,879
VL8	2025-26	$34,179,515	$1,307,001	$0	-$8,286,554	$2,092,410	$258,210	$0	$133,771	$29,684,353
VL9	2026-27	$34,042,761	$1,307,001	$0	-$8,147,196	$2,084,038	$267,393	$0	$133,771	$29,687,767
VL10	2027-28	$33,916,737	$1,307,001	$0	-$8,018,753	$2,076,323	$276,321	$0	$133,771	$29,691,400
VP1	2028-29	$36,764,576	$1,307,001	$0	-$8,593,103	$2,250,663	$308,730	$0	$133,771	$32,171,638
VP2	2029-30	$36,495,133	$1,307,001	$0	-$10,624,601	$2,234,168	$107,143	$0	$133,771	$29,652,614
VP3	2030-31	$36,242,046	$1,307,001	$0	-$10,358,847	$2,218,674	$123,751	$0	$133,771	$29,666,396
VP4	2031-32	$36,004,226	$1,307,001	$0	-$10,109,021	$2,204,115	$139,351	$0	$133,771	$29,679,443
VP5	2032-33	$35,780,665	$1,307,001	$0	-$9,874,085	$2,190,429	$154,273	$0	$133,771	$29,692,054

QTP= Qualifying Time Period
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Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of $3.9 million over the course of the Agreement, almost exclusively in the first limitation year. Nearly all of the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2015-16	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP1	2016-17	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP2	2017-18	$0	$0	$0	$0	$0	$0	$0	$0	$0
VL1	2018-19	-$5,297,403	$0	$0	$1,765,458	-$324,298	-$1,826	$0	$0	-$3,858,069
VL2	2019-20	-$5,018,075	$0	$0	$5,059,403	-$307,197	$254,706	$0	$0	-$11,163
VL3	2020-21	-$4,752,712	$0	$0	$4,784,976	-$290,953	$261,105	$0	$0	$2,416
VL4	2021-22	-$4,500,619	$0	$0	$4,524,162	-$275,520	$267,140	$0	$0	$15,163
VL5	2022-23	-$4,261,130	$0	$0	$4,276,288	-$260,859	$270,477	$0	$0	$24,776
VL6	2023-24	-$4,033,614	$0	$0	$4,088,748	-$246,931	$260,103	$0	$0	$68,306
VL7	2024-25	-$3,817,476	$0	$0	$3,837,729	-$233,700	$242,436	$0	$0	$28,989
VL8	2025-26	-$3,612,144	$0	$0	$3,619,827	-$221,129	$229,125	$0	$0	$15,679
VL9	2026-27	-$3,417,078	$0	$0	$3,414,977	-$209,188	$216,879	$0	$0	$5,590
VL10	2027-28	-$3,231,766	$0	$0	$3,220,402	-$197,843	$205,594	$0	$0	-$3,613
VP1	2028-29	$0	$0	$0	$2,314,305	$0	$219,428	$0	$0	$2,533,733
VP2	2029-30	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP3	2030-31	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP4	2031-32	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP5	2032-33	$0	$0	$0	$0	$0	$0	$0	$0	$0

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact on the Taxpayer

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. A $1.0401 per $100 M&O tax rate is assumed in 2015-16 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $44.5 million over the life of the agreement. The CCISD revenue losses are expected to total approximately $3.9 million over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach $40.6 million, prior to any agreement on supplemental payments.

Table 5 - Estimated Financial Impact of the Formosa Project Property Value Limitation Request Submitted to CCISD at $1.0401 per $100 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2015-16	$496,200	$496,200	$0	$1.040	$5,161	$5,161	$0	$0	$0
QTP1	2016-17	$14,496,200	$14,496,200	$0	$1.040	$150,775	$150,775	$0	$0	$0
QTP2	2017-18	$600,496,200	$600,496,200	$0	$1.040	$6,245,761	$6,245,761	$0	$0	$0
VL1	2018-19	$570,496,200	$30,000,000	$540,496,200	$1.040	$5,933,731	$312,030	$5,621,701	-$3,858,069	$1,763,632
VL2	2019-20	$541,996,200	$30,000,000	$511,996,200	$1.040	$5,637,302	$312,030	$5,325,272	-$11,163	$5,314,110
VL3	2020-21	$514,921,200	$30,000,000	$484,921,200	$1.040	$5,355,695	$312,030	$5,043,665	$0	$5,043,665
VL4	2021-22	$489,199,950	$30,000,000	$459,199,950	$1.040	$5,088,169	$312,030	$4,776,139	$0	$4,776,139
VL5	2022-23	$464,764,763	$30,000,000	$434,764,763	$1.040	$4,834,018	$312,030	$4,521,988	$0	$4,521,988
VL6	2023-24	$441,551,334	$30,000,000	$411,551,334	$1.040	$4,592,575	$312,030	$4,280,545	$0	$4,280,545
VL7	2024-25	$419,498,578	$30,000,000	$389,498,578	$1.040	$4,363,205	$312,030	$4,051,175	$0	$4,051,175
VL8	2025-26	$398,548,459	$30,000,000	$368,548,459	$1.040	$4,145,303	$312,030	$3,833,273	$0	$3,833,273
VL9	2026-27	$378,645,846	$30,000,000	$348,645,846	$1.040	$3,938,295	$312,030	$3,626,265	$0	$3,626,265
VL10	2027-28	$359,738,364	$30,000,000	$329,738,364	$1.040	$3,741,639	$312,030	$3,429,609	-$3,613	$3,425,995
VP1	2028-29	$341,776,255	$341,776,255	$0	$1.040	$3,554,815	$3,554,815	$0	$0	$0
VP2	2029-30	$324,712,253	$324,712,253	$0	$1.040	$3,377,332	$3,377,332	$0	$0	$0
VP3	2030-31	$308,501,450	$308,501,450	$0	$1.040	$3,208,724	$3,208,724	$0	$0	$0
VP4	2031-32	$293,101,187	$293,101,187	$0	$1.040	$3,048,545	$3,048,545	$0	$0	$0
VP5	2032-33	$278,470,938	$278,470,938	$0	$1.040	$2,896,376	$2,896,376	$0	$0	$0
						$70,117,422	$25,607,789	$44,509,633	-$3,872,845	$40,636,787

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with CCISD currently levying a $0.2535 per $100 I&S rate. While value of the Formosa project is expected to depreciate over the life of the agreement and beyond, full access to the additional value is expected to increase the District's projected debt service tax base and local taxpayers should benefit from the addition of the Formosa project to the local I&S tax roll.

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

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- **Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.**
- **Legislative changes addressing property value appraisals and exemptions.**
- **Year-to-year appraisals of project values and district taxable values.**
- **Changes in school district tax rates and student enrollment.**

Attachment E

Taxable Value of Property

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

029/Calhoun

029-901/Calhoun County ISD

Category	Local Tax Roll Value	2014 WTD Mean Ratio	2014 PTAD Value Estimate	2014 Value Assigned
A. Single-Family Residences	943,710,890	N/A	943,710,890	943,710,890
B. Multi-Family Residences	24,009,111	N/A	24,009,111	24,009,111
C1. Vacant Lots	129,170,745	N/A	129,170,745	129,170,745
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	29,576,034	N/A	29,576,034	29,576,034
D2. Real Prop Farm & Ranch	4,312,172	N/A	4,312,172	4,312,172
E. Real Prop NonQual Acres	63,433,380	N/A	63,433,380	63,433,380
F1. Commercial Real	168,844,751	N/A	168,844,751	168,844,751
F2. Industrial Real	1,884,255,353	N/A	1,884,255,353	1,884,255,353
G. Oil, Gas, Minerals	50,123,684	N/A	50,123,684	50,123,684
J. Utilities	89,490,209	N/A	89,490,209	89,490,209
L1. Commercial Personal	158,881,570	N/A	158,881,570	158,881,570
L2. Industrial Personal	491,776,797	N/A	491,776,797	491,776,797
M. Other Personal	5,335,832	N/A	5,335,832	5,335,832
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	18,893,740	N/A	18,893,740	18,893,740
S. Special Inventory	17,064,310	N/A	17,064,310	17,064,310
Subtotal	4,078,878,578		4,078,878,578	4,078,878,578
Less Total Deductions	384,331,110		384,331,110	384,331,110
Total Taxable Value	3,694,547,468		3,694,547,468	3,694,547,468 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
3,739,719,399	3,694,547,468	3,689,046,672	3,643,874,741	3,697,236,324	3,646,563,597

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
45,171,931	50,672,727

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
3,839,119,399	3,793,947,468	3,788,446,672	3,743,274,741	3,796,636,324	3,745,963,597

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

In 2015, the Texas Legislature passed House Bill 855, which requires state agencies to publish a list of the three most commonly used Web browsers on their websites. The Texas Comptroller's most commonly used Web browsers are Microsoft Internet Explorer, Google Chrome and Apple Safari.

×

Attachment F

TEA's Facilities Value

TEXAS EDUCATION AGENCY
1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us
Michael L. Williams
Commissioner

April 10, 2015

Steven Marwitz, President
Board of Trustees
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, TX 77979-3034

Dear Mr. Marwitz:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Formosa Plastics Corporation, Texas project on the number and size of school facilities in Calhoun County Independent School District (CCISD). Based on an examination of CCISD enrollment and the number of potential new jobs, the TEA has determined that the Formosa Plastics Corporation, Texas project should not have a significant impact on the number or size of school facilities in CCISD.

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,

Al McKenzie, Manager
Foundation School Program Support

AM/rk
Cc: James Cowley

Attachment G

Participation Agreement

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

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by and between

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

and

FORMOSA PLASTICS CORPORATION, TEXAS

(*Texas Taxpayer ID # 12223554648*)

TEXAS COMPTROLLER APPLICATION NUMBER 1048

Dated

November 9, 2015

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

STATE OF TEXAS §

COUNTY OF CALHOUN §

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 **CALHOUN COUNTY 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 **FORMOSA PLASTICS CORPORATION, TEXAS,** Texas Taxpayer Identification Number *12223554648* hereinafter referred to as "Applicant." Applicant and District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on July 21, 2014, the Superintendent of Schools of the Calhoun County 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; and,

WHEREAS, the District and Texas Comptroller's Office have determined that the application is complete and April 7, 2015 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 Calhoun Appraisal District established in Calhoun County, Texas (the "Calhoun 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 July 6, 2015 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 November 9, 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 November 9, 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 November 9, 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 November 9, 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 Formosa Plastics Corporation, Texas, *(Texas Taxpayer ID # 12223554648),* the company 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 July 13, 2015. 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 Calhoun County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Calhoun County 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 Calhoun County, Texas.

"*District*" *or* "*School District*" means the Calhoun County 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 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 April 7, 2015, which will determine Applicant's Qualified Property and applicable wage standard.

B. The Application Approval Date for this Agreement is November 9, 2015, which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

1. Starts on November 9, 2015 Application Approval Date; and

2. Ends on December 31, 2017; being the second complete tax year after the effective date of this agreement

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2018.

2. Ends on December 31, 2027.

E. The Final Termination Date for this Agreement is December 31, 2032.

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.

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.

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 Thirty Million Dollars ($30,000,000.00) 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.

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 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 maufacturing facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES.

In conformance with the provisions of Texas Tax Code § 313.027(f)(1), it is the intent of the Parties that the District shall be compensated over the course of this Agreement by the Applicant for: (i) any monetary loss that the District incurs in its Maintenance and Operations Revenue; or, (ii) for any new uncompensated operating cost incurred as a sole and direct result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Subject to the limitations contained in this Agreement. 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, and paid by the Applicant to the District in addition to any and all support due under Article VI.

A. The calculation of the amount of any Revenue Protection Amount required to be paid by Applicant under this Article IV shall be made for the first time for the first complete tax year following the start of Commercial Operations.

B. For purposes of this Article IV, and of Section 2.3(d)(1), above, the term "Commercial Operations" means the date on which Project described in **EXHIBIT 3**, below becomes commercially operational and placed into service.

C. Within 60 days from the date commercial operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable 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 which is subject to the agreement, if such final description is different than the description provided in the application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.

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

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

Where:

i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & 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 & Operations Revenue that the District actually received for such school year, after all adjustments have been made to Maintenance and Operations Revenue because of any portion of this agreement.

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 years 2015 through 2027 of this Agreement under Section 4.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such 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 made by Applicant to the District exceed an amount equal to One Hundred Percent (100%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the Commencement Date through Tax Year 2031. For each year of this Agreement, amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in this Section are not payable to the District for a given year, shall be carried forward to future years, but shall be subject, in each subsequent year to the limit set forth in this Section.

Section 4.4. CALCULATIONS TO BE MADE BY THIRD PARTY.

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District.

Section 4.5. DATA USED FOR CALCULATIONS.

The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 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 the calculations required under Sections 4.2 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 four (4) years after the Final Termination date of this Agreeemnt. The Applicant shall not be liable for any of 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 4.6, 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 of the year 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 for all calculations under this Agreement 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, reports required by any state agency, disclosures, 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. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 4.6, above, in excess of Fifteen Thousand Dollars ($15,000.00).

Section 4.8. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to Sections 4.6 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District’s Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District’s Board of Trustees within thirty (30) days of the final determination of the calculations.

Section 4.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

In the event that, at the time the Third Party selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are

unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

In the event that the result of an appraisal 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 a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-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 only 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 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 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.

Section 4.11. OPTION TO CANCEL AGREEMENT

In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment and so long as the Appraised Value Limitation described in Section 2.4 has not been applied to Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes for such tax year, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 4.12, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties' respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES.

In addition to the amounts determined pursuant to Section 3.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the Project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Project

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

In interpreting the provisions of Article IV 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. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under Article VI of this agreement are 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 and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.4.

B. As used in Arcticle IV and this Article VI, the following terms shall be defined as follows:

i. "*Cumulative Payments*" means for each year of this Agreement the total of all payments, calculated under both Article IV and Article VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant for all previous Tax Years under Article IV and Article VI of this Agreement.

ii. "*Cumulative Unadjusted Tax Benefit*" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

iii. "*Net Tax Benefit*" means (a) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (b) adding to the amount determined under clause, and (c) subtracting from the sum of the amounts determined under clauses (a) and (b) the sum of (d) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (e) any payments due to the District under Article IV under this Agreement as well as the Annual Limit.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

A. Notwithstanding the foregoing, the total annual supplement payment made pursuant to this article 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 $402,800 based upon the District's 2014-2015 Average Daily Attendance of 4,028, rounded to the whole number.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO SUPPLEMENTAL PAYMENT LIMITATION.

A. During the entire term of this Agreement, District shall, subject to the limitations set forth in Subsection 6.3(B) and Section7.1, below, be entitled to receive supplemental payments equal to the Annual Limit, as defined in Section 6.2(C), above.

B. Beginning with the first year of the Tax Limitation Period, as defined in Section 2.3(D)(1), above, and continuing thereafter until December 31 of the third year following the end of the Tax Limitation Period, Applicant's Supplemental Payment Obligation, set forth in Subsection 6.3.(A) shall be further limited to an amount not to exceed Forty-Five Percent (45%) of Applicant's Net Tax Benefit, as that term is defined in Section 6.1(C)(iii), above.

Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.

The Parties agree that for each Tax Year of this Agreement, beginning with Tax Year 2015, the first year of the qualifying time period specified in Section 2.3(c)(1) of this Agreement, the Stipulated Supplemental Payment amount, described in Section 6.2, above 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, in accordance with the following formula:

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 for such Tax Year;

Multiplied by,

The number 0.45;

Minus,

Any amounts previously paid to the District under Sections 6.2 and 6.3, above, 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 selected pursuant to Section 4.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 6.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

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

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 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 District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 9.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit or the Net Aggregate Limit or the Supplemental Payments calculated as described in Section 6.5, above.

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 that 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 313of 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 9.3. 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 breach, 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 9.4. 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 Calhoun 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 9.5. 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 9.6. 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:

Dr. James Cowley, Superintendent
Calhoun County Independent School District
525 North Commerce Street
Calhoun County, Texas 77979
Email: cowleyj@calcoisd.org

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

Mr. Jack Wu
Vice President of Business Development
Formosa Plastics Corporation, Texas
201 Formosa Drive
Point Comfort, Texas 77978
Email: jackwu@ftpc.fpcusa.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 10.4. 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 10.5. MERGER.

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

Section 10.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS.

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 10.7. GOVERNING LAW.

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

Section 10.8. AUTHORITY TO EXECUTE AGREEMENT.

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

Section 10.9. SEVERABILITY.

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in 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 10.10. 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 10.11. INTERPRETATION.

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

Section 10.12. EXECUTION OF COUNTERPARTS.

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

Section 10.13. 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 10.14. 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 10.15. 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 9th day of November, 2015.

FORMOSA PLASTICS CORPORATION, TEXAS

By: _____
Authorized Representative

Name: Jack Wu

Title: Vice President

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

By: _____
MIKE MUELLER
President
Board of Trustees

Attest:

By: _____
KEVIN HILL
Secretary
Board of Trustees

EXHIBIT 1

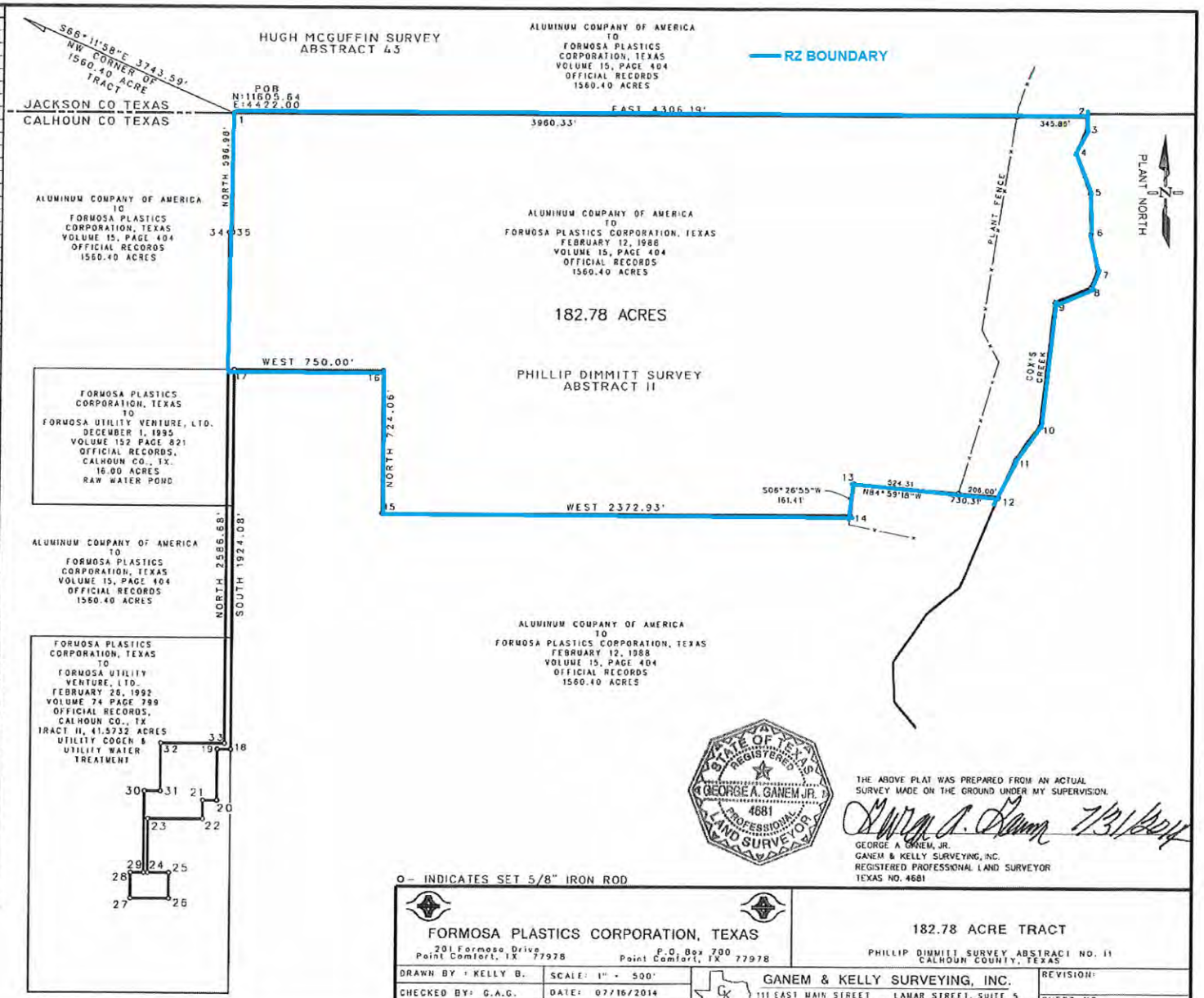
DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Formosa Plastics Corporation, Texas Reinvesment Zone 14-01 was created on June 5, 2014 by action of the Commissioners' Court of Calhoun County, Texas. As a result of the action of the Commissioner's Court, all of the following real and tangible personal property is within the boundaries of the Formosa Plastics Corporation, Texas Reinvesment Zone 14-01. A map of the revinvestment zone is attached as the last page of this **EXHIBIT 1** following the legal description of the zone.

PT NO.	NORTHING	EASTING	BEARING	DISTANCE
1	11605.64	4422.00		
			EAST	4306.19'
2	11605.64	8728.19		
			S 03°27'25" E	52.09'
3	11553.65	8731.33		
			S 22°41'02" W	140.00'
4	11424.48	8677.34		
			S 19°33'57" E	212.99'
5	11225.67	8748.00		
			S 01°38'42" E	200.99'
6	11024.76	8753.77		
			S 09°24'06" E	200.00'
7	10827.45	8786.44		
			S 24°05'15" W	84.99'
8	10749.87	8751.73		
			S 66°56'07" W	190.01'
9	10675.43	8578.91		
			S 06°26'04" W	629.99'
10	10049.41	8506.31		
			S 34°56'14" W	210.00'
11	9877.26	8386.05		
			S 23°06'01" W	205.11'
12	9688.59	8305.58		
			N 84°59'18" W	730.31'
13	9752.39	7578.06		
			S 06°26'55" W	161.41'
14	9592.00	7559.93		
			WEST	2372.93'
15	9592.00	5187.00		
			NORTH	724.06'
16	10316.06	5187.00		
			WEST	750.00'
17	10316.06	4437.00		
			SOUTH	1924.08'
18	8391.98	4437.00		
			WEST	64.89'
19	8391.98	4372.11		
			SOUTH	258.00'
20	8133.98	4372.11		
			WEST	70.00'
21	8133.98	4302.11		
			SOUTH	94.00'
22	8039.98	4302.11		
			WEST	275.00'
23	8039.98	4027.11		
			SOUTH	271.60'
24	7768.38	4027.11		
			EAST	108.79'
25	7768.38	4135.90		
			SOUTH	130.00'
26	7638.38	4135.90		
			WEST	195.00'
27	7638.38	3940.90		
			NORTH	130.00'
28	7768.38	3940.90		
			EAST	66.21'
29	7768.38	4007.11		
			NORTH	410.60'
30	8178.98	4007.11		
			EAST	83.00'
31	8178.98	4090.11		
			NORTH	243.00'
32	8421.98	4090.11		
			EAST	316.89'
33	8421.98	4407.00		
			NORTH	2586.68'
34	11008.66	4407.00		
			EAST	15.00'
35	11008.66	4422.00		
			NORTH	596.98'

BEARINGS AND COORDINATES BASED ON
FORMOSA PLASTICS CORPORATION
EXPANSION PLANT DATUM

THIS SURVEY WAS COMPLETED WITHOUT THE BENEFIT OF AN ABSTRACT OF TITLE. THERE MAY BE EASEMENTS OR OTHER MATTERS OF RECORD NOT SHOWN.



STATE OF TEXAS REGISTERED GEORGE A. GANEM JR. 4681 PROFESSIONAL LAND SURVEYOR

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION.

7/31/2014

GEORGE A. GANEM, JR.
GANEM & KELLY SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4681

O- INDICATES SET 5/8" IRON ROD

FORMOSA PLASTICS CORPORATION, TEXAS
201 Formosa Drive, Point Comfort, TX 77978 — P.O. Box 700, Point Comfort, TX 77978

182.78 ACRE TRACT
PHILLIP DIMMITT SURVEY ABSTRACT NO. 11
CALHOUN COUNTY, TEXAS

DRAWN BY: KELLY B.	SCALE: 1" = 500'	GANEM & KELLY SURVEYING, INC.
CHECKED BY: G.A.G.	DATE: 07/16/2014	111 EAST MAIN STREET, EDNA, TEXAS 77957 (361) 782-3736 — LANAR STREET, SUITE 5, POINT COMFORT, TEXAS 77978 (361) 987-2011
APPROVED BY: G.A.G.	JOB NO. PC14-154	REVISION: — SHEET NO. 1 OF 1

EXHIBIT 2

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Investment owned or leased by the Applicant as more fully described in Tab 7 of the Application and located within the boundaries of both the Calhoun County Independent School District and the Formosa Plastics Corporation, Texas Reinvesment Zone 14-01 first placed in service after April 7, 2015 will be included in and subject to this Agreement. Specifically, all Qualified Investment of the Applicant located in the sections of land identified in **EXHIBIT 1** and within the boundaries indicated on the map attached as the last page of **EXHIBIT 3.**

EXHIBIT 3
DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property as more fully described in Tab 8 of the Application within Calhoun County ISD necessary for the commercial operations of the chemical manufacturing units described in Tab 4 of the Application. Furthermore, all Qualified Property will be located within the boundaries indicated on the map attached on the last page of this **EXHIBIT 3**.

Olefins Unit

The proposed Olefins III unit consists of pipelines, "cracking" furnaces, distillation columns (in which hydrocarbons are separated into discrete, homogeneous stocks), compressors, valves and accompanying instrumentation. The outgoing products are stored in "spheres" designed to safely contain gasses and in tanks designed to safely contain liquids.

The major components of this unit include:

Pyrolysis Furnaces (for production of ethylene)
Major Compressors (Process Gas Compressor)
Refrigeration Compressors
Caustic Tower (for removal of contaminants)
Spent Caustic Treatment System
Reactors (for achieving product specifications)
High Capacity Distillation Towers (De-ethanizer and C2 Splitter)
Ethylene Product Spheres
Ethane Sphere
Cooling Water Tower
Plant Air Compressors (for furnace decoking)
Product Driers (for removing moisture in process gas)

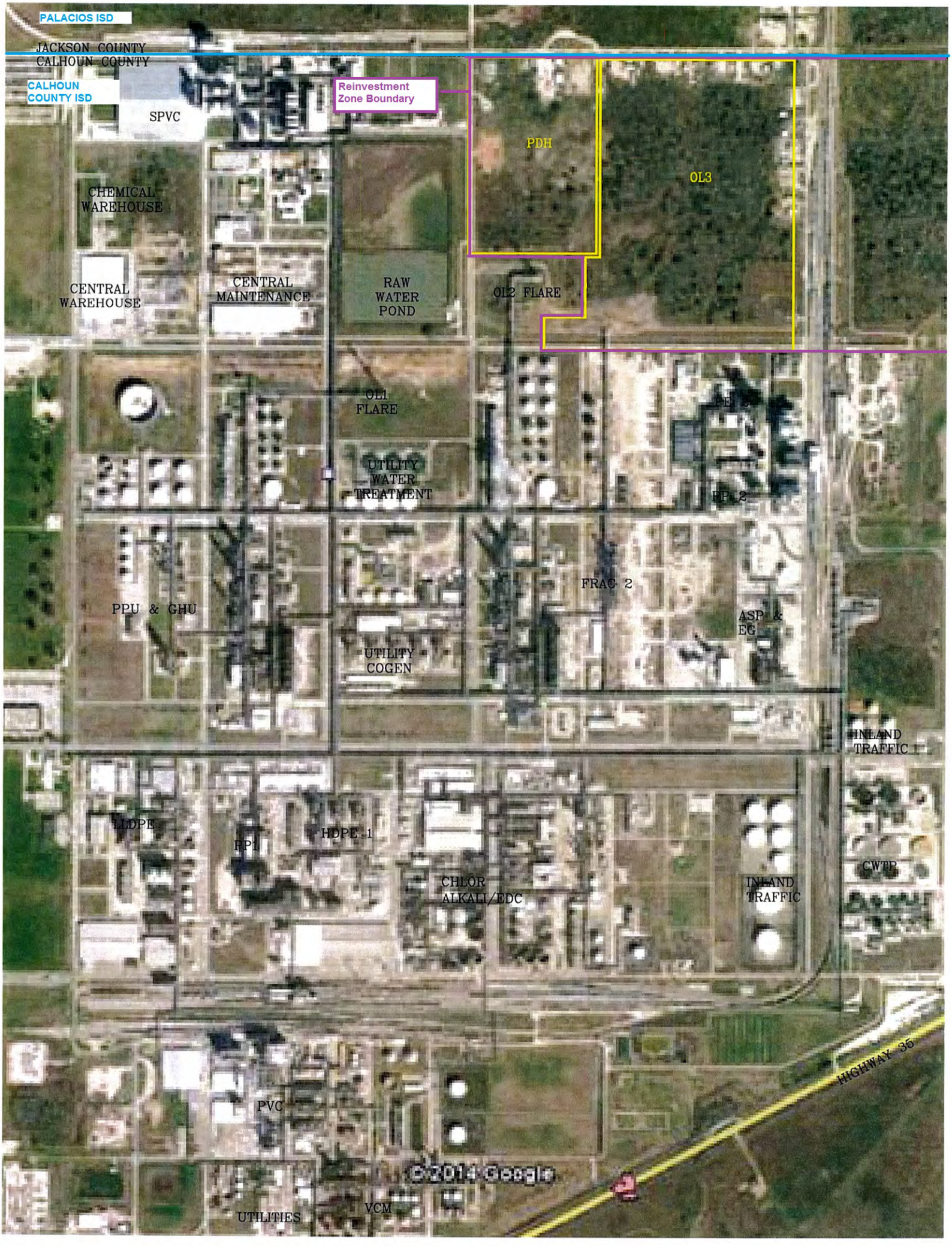
Propane Dehydrogenation Unit (PDH)

The proposed plant will have a series of inter-stage heaters to supply heat, a catalyst bed, cryogenic separators to remove hydrogen and a propane-propylene purifying system. The resultant final products are the stored in "spheres" for use in plastics production in the downstream resin plants.

The major components of this unit include:

Reactors
Regenerator
Heaters

Dryers
Compressors
Separator
De-ethanizer
Splitter
Depropanizer
Cryogenic Separator


PALACIOS ISD
JACKSON COUNTY
CALHOUN COUNTY
CALHOUN COUNTY ISD
Reinvestment Zone Boundary
SPVC
PDH
OL3
CHEMICAL WAREHOUSE
CENTRAL WAREHOUSE
CENTRAL MAINTENANCE
RAW WATER POND
OL2 FLARE
OL1 FLARE
UTILITY WATER TREATMENT
PP 2
FRAC 2
PPU & GHU
ASP & EG
UTILITY COGEN
INLAND TRAFFIC
LLDPE
PP1
HDPE 1
CHLOR ALKALI/EDC
INLAND TRAFFIC
CWTP
HIGHWAY 35
PVC
©2014 Google
UTILITIES
VCM

Attachment H

Consultant Verification Letter

MOAK, CASEY & ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

LYNN M. MOAK, PARTNER DANIEL T. CASEY, PARTNER

October 12, 2015

President and Members
Board of Trustees
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, Texas 77979

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

Dear President and Members of the Board of Trustees:

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

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

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

Sincerely,

Daniel T. Casey

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE MCCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

October 12, 2015

President and Members
Of the Board of Trustees
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, Texas 77979

Re: Recommendations and Findings of the Firm Concerning Application of Formosa Plastics Corporation for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

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

Sincerely,

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 28, 2015

Dr. James Cowley
Superintendent
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, Texas 77979

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Calhoun County Independent School District and Formosa Plastics Corp, Texas

Dear Superintendent Cowley:

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 Calhoun County Independent School District and Formosa Plastics Corp, Texas (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 Stephanie Jones, Economic Development & Local Government Section, at (512) 463-4594.

Sincerely,

Korry Castillo
Director
Data Analysis & Transparency Division

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath, PC
Jack Wu, Formosa Plastics Corp, Texas

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:

   The person owns at least:

   a. Ten percent of the voting stock or shares of the business entity, or

   b. Either ten percent or $15,000 of the fair market value of the business entity; or

   c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.

4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.