

**FINDINGS OF THE BRAZOSPORT
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
THE DOW CHEMICAL COMPANY (#1112)**



March 15, 2016

**FINDINGS
OF THE
BRAZOSPORT INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
THE DOW CHEMICAL COMPANY (#1112)**

MARCH 15, 2016

FINDINGS OF THE BRAZOSPORT INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
THE DOW CHEMICAL COMPANY (#1112)

STATE OF TEXAS §

COUNTY OF BRAZORIA §

On the 15th day of March, 2016, a public meeting of the Board of Trustees of the Brazosport 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 The Dow Chemical Company ("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 September 24, 2015, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an 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. 13812851288), 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 Brazoria Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On December 28, 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 February 10, 2016 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 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 50-826) as promulgated by the Comptroller's Office. Form 50-826 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**.

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:

The Dow Chemical Company proposes to build a new Ethylene Glycol plant that will produce a range of chemical intermediate and final products.

Property used for chemical manufacturing is eligible for a limitation under §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 the DOW Chemical Company (DOW) (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	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$2,880	\$2,880	\$0	\$0
Limitation Period (10 Years)	2018	\$312,000	\$314,880	\$2,810,880	\$2,810,880
	2019	\$312,000	\$626,880	\$9,622,880	\$12,433,760
	2020	\$312,000	\$938,880	\$9,206,880	\$21,640,640
	2021	\$312,000	\$1,250,880	\$8,807,520	\$30,448,160
	2022	\$312,000	\$1,562,880	\$8,424,134	\$38,872,294
	2023	\$312,000	\$1,874,880	\$8,056,084	\$46,928,378
	2024	\$312,000	\$2,186,880	\$7,702,756	\$54,631,134
	2025	\$312,000	\$2,498,880	\$7,363,561	\$61,994,695
	2026	\$312,000	\$2,810,880	\$7,037,934	\$69,032,629
	2027	\$312,000	\$3,122,880	\$6,725,332	\$75,757,961
Maintain Viable Presence (5 Years)	2028	\$6,737,234	\$9,860,113	\$0	\$75,757,961
	2029	\$6,449,139	\$16,309,253	\$0	\$75,757,961
	2030	\$6,172,569	\$22,481,822	\$0	\$75,757,961
	2031	\$5,907,061	\$28,388,883	\$0	\$75,757,961
	2032	\$5,652,174	\$34,041,058	\$0	\$75,757,961
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$5,407,482	\$39,448,540	\$0	\$75,757,961
	2034	\$5,172,578	\$44,621,118	\$0	\$75,757,961
	2035	\$4,947,070	\$49,568,189	\$0	\$75,757,961
	2036	\$4,730,583	\$54,298,771	\$0	\$75,757,961
	2037	\$4,522,755	\$58,821,526	\$0	\$75,757,961
	2038	\$4,323,240	\$63,144,766	\$0	\$75,757,961
	2039	\$4,131,705	\$67,276,471	\$0	\$75,757,961
	2040	\$3,947,832	\$71,224,303	\$0	\$75,757,961
	2041	\$3,771,314	\$74,995,617	\$0	\$75,757,961
	2042	\$3,601,857	\$78,597,474	\$0	\$75,757,961

\$78,597,474

is greater than

\$75,757,961

Analysis Summary

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

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, DOW

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 determines that the limitation on appraised value is a determining factor in the DOW Chemical Company decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant and media reports, a site in Alberta, Canada is also under consideration.
- According to the applicant, a tax limitation through a Chapter 313 agreement is key in its decision to locate this facility in Texas.
 - “Without approval of the 313 agreement a wide gap exists in the company's property tax liability between the two locations which negatively impacts the competitiveness of Texas.”
 - “Projected property tax liability to the company, based on the same \$1 Billion capital investment in Texas compared to Alberta, Canada, is approximately three times higher (in Texas) after considering estimated tax savings from negotiated agreements with local authorities in the two locations.”
 - “The lower tax rates in Alberta emphasizes the need for property tax relief. Approval of the 313 agreement is key in closing the property tax gap....”
- According to the applicant, Brazoria County Commissioners Court and numerous media reports, the applicant entered into a tax abatement agreement in July 2015.
- Research indicates the company has existing operations in the vicinity of the proposed facility. However, materials provided by the company plus Agency research (including Google Maps street level photos) indicate there is currently no personal property on the proposed site.

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

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 Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment B, 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) contains all required provisions and information related to 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 thirty-five (35) new qualifying jobs. The average salary level of qualifying jobs will be at least \$60,000 per year. The review of the application by the Comptroller's 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 7.

The Applicant intends to create seventeen (17) non-qualifying jobs.

In its Application, Applicant has indicated that it intends to create seventeen (17) non-qualifying jobs. For all non-qualifying jobs the Applicant will be required to pay at least the county average wage of \$55,666 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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 \$955 million to the tax base for debt service purposes at the peak investment level for the 2019-20 school year. The project remains fully taxable for debt services taxes, with the District currently levying a \$0.2153 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 value is expected to increase the District's projected I&S taxable value well above the level available through the state's facility programs. As a result, local taxpayers should benefit from the addition of the Project to the local I&S tax roll.

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 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 (5) 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 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 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 \$4.96 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 placement in a strategic investment area. Given that the value of industrial property is more than \$200 million, it is classified as 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) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

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

Board Finding Number 14.

The Applicant (Taxpayer No. 13812851288) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 13812851288), 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) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

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, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.

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

revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 17.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) 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 18.

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), set forth at <http://pol.tasb.org/Home/Index/219>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, 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.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and 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 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 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.

Board Finding Number 19.

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 20.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the 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 50-826, will consider an amendment to Attachment G upon the request of Applicant or District staff.

Dated the 15th day of March 2016.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

By: 
Ron Damian, President, Board of Trustees

ATTEST:

By: 
Mason Howard, Secretary, Board of Trustees

Attachment A

Application

O'HANLON, McCOLLUM & 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 McCOLLUM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

November 6, 2015

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

RE: Application to the Brazosport Independent School District from The Dow
Chemical Company
(First Qualifying Year 2017, First Value Limitation Year 2018)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Brazosport Independent School District is notifying The Dow Chemical Company of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the school district on September 24, 2015. The Board voted to accept the application on October 13, 2015. The application has been determined complete as of November 6, 2015. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in 2018. Please prepare the economic impact report.

A copy of the application will be submitted to the Brazoria County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Brazoria County Appraisal District
The Dow Chemical Company



The Dow Chemical Company
Texas Innovation Center
332 SH 332 E
Lake Jackson, TX 77566
U.S.A.

September 24, 2015

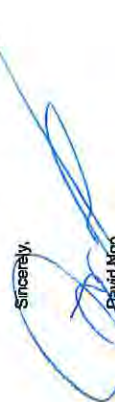
Mr. Danny Massey, Superintendent
Brazosport Independent School
301 W Brazoswood Dr.
Cute, TX 77531-3520

Dear Superintendent Massey:

Please find the attached application for abatement in Brazosport Independent School District's jurisdiction on behalf of The Dow Chemical Company. We hope that this tax abatement will prove to be a valuable incentive and entice the proposed \$1,000,000,000 investment to Freeport (Texas Operations).

We are submitting this application well in advance of any construction and we ask, per the guidelines, that the abatement commencement date be deferred to January 1, 2018. I welcome any questions that you may have and thank you for your continued support of The Dow Chemical Company.

Sincerely,



David Ngo
Property Tax Manager
The Dow Chemical Company
Tax Department, TXINN APB
332 SH 332 E
Lake Jackson, Texas 77566
(979) 238-0065



TAB 1

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, delinquency and/or material litigation (if applicable)
4	Detailed description of the project
5	Document to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district-N/A
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
12	Request for Waiver of Job Creation Requirement and supporting information N/A
13	Calculation of three possible wage requirements with TYC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact
15	Economic Impact Analysis, other payments made in the state or other economic information
16	Description of Reinvestment or Enterprise Zone
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	

Application for Appraised Value Limitation on Qualified Property

Form 50-286-A

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

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 fee 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, participation in, 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 resolve a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(1)? ☐ 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(1)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? The Dow Chemical Company
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 13812851288
3. List the NAICS code 325320
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.

172, Brazosport ISD, 2011; 213, 214, 215, 216, Brazosport 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
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)

For more information, visit www.texasahead.org/tax_programs/chapter313/

50-286-A • 05-14-12 • Page 3

Application for Appraised Value Limitation on Qualified Property

Form 50-286-A

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. This 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 313.024(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (e)(2): If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit www.texasahead.org/tax_programs/chapter313/

50-286-A • 05-14-12

Application for Appraised Value Limitation on Qualified Property

SECTION 9: Projected Timeline

- Application approval by school board: 3/30/2016
- Commencement of construction: 4/1/2017
- Beginning of qualifying time period: 1/2/2017
- First year of limitation: 1/1/2018
- Begin hiring new employees: 1/1/2018
- Commencement of commercial operations: 12/31/2018
- Do you propose to construct a new building or to erect or alter a new improvement after your application review start date (date your application is finally determined to be complete)? ☐ Yes ☒ No
- When do you anticipate the new buildings or improvements will be placed in service? 12/31/2018

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

SECTION 10: The Property

- Identify county or counties in which the proposed project will be located: Brazoria
- Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Brazoria Central Appraisal Dist.
- Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
- List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

County:	City:	Water District:	Other (describe):
Brazoria, 100%, \$0.4985/\$100		Velasco Drainage Dist., 100%, \$0.098018/\$100	Port Freeport, 100%, \$0.045/\$100
Hospital District:			
Other (describe):			

- Is the project located entirely within the ISD listed in Section 17? ☒ Yes ☐ No
- If no, attach in Tab 6 additional information on the project scope and size to assist in the economic analysis.
- 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(a)-2? ☐ Yes ☒ No
- If yes, attach in Tab 8 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/.

- At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
- 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.
- Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
- Attach a description of the qualified investment (See §313.021(1)). The description must include:
 - 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);
 - 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
 - the estimated 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).
- Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

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

Application for Appraised Value Limitation on Qualified Property

SECTION 12: Qualified Property

- 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:
 - 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 9);
 - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 9); and
 - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
- 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
- If yes, attach complete documentation including:
 - legal description of the land (Tab 9);
 - 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);
 - owner (Tab 9);
 - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - a detailed map showing the location of the land with vicinity map (Tab 11).
- 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
- If yes, attach the applicable supporting documentation:
 - evidence that the area qualifies as a reinvestment zone as defined by the Governor's Office (Tab 16);
 - legal description of reinvestment zone (Tab 16);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - ordinance and criteria for creating the zone (Tab 16); and
 - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11).
- 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?

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

- In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application start date (the date the application is determined to be complete by the Comptroller). This description must provide sufficient detail to locate all existing property on the site that will be subject to the agreement and distinguish existing property from future proposed property.
- 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 property, or is otherwise infeasible to be replaced, renovated, modified or upgraded existing property, or is added to existing property; or is otherwise infeasible to be replaced, renovated, modified or upgraded existing property that will be subject to the agreement (as described in Section 12 of this application).
- 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:
 - maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
- Total estimated market value of existing property (that property described in response to question 1) \$ 0.00
- 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.
- 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 at §313.021(1). Such property cannot become qualified property on Schedule B.

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

Application for Appraised Value Limitation on Qualified Property

Form 50-296-A

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)?..... 0
2. What is the best complete calendar quarter before application review start date:
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2015 (year).....
3. What were the number of permanent jobs (more than 1,600 hours a year) the applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 7,053
- 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? 35
5. What is the number of new non-qualifying jobs you are estimating you will create? 17
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.021(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 §§ 1051(21) and (22).
- a. Average weekly wage for all jobs (all industries) in the county is 1,070.50
- b. 10% of the average weekly wage for manufacturing jobs in the county is 2,230.80
- c. 10% of the average weekly wage for manufacturing jobs in the region is 1,153.00
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) 59,968.48
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 59,968.48
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ☒ Yes ☐ No
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 §313.021(4-2), in meeting the qualifying job requirement? ☐ 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 for Appraised Value Limitation on Qualified Property

Form 50-296-A

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 §17.0001(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 disqualifying 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 property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information (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 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 received by the
Texas Comptroller
of Public Accounts

TAB 4



Ethylene Glycol Plant
(Tab 4)

TAB 5

Project Description

This project will design and construct a new Ethylene Glycol plant that will produce a range of chemical intermediate and final products.

Site Information

The plant is proposed to be built primarily at the Oyster Creek East Plant site. The current project is site development for Dow's infrastructure and to enhance drainage of the land. This work was started prior to and independently of the MEGlobal project. The removal of grass and addition of clean soil is to contour the area to allow adequate drainage of the property. Dow has a permit from the U.S. Army Corps of Engineers which was granted an extension in December 2009 to perform this work.

Proposed Improvements

The proposed improvements for this project include: Site improvements such as roads, rail line extensions, buildings, pipelines, utilities, foundations and process equipment including reactors, compressors, purification systems, separation equipment, raw material unloading facilities, vessels, pumps, valves, filters, electrical and instrument systems and other miscellaneous equipment.

Construction Timeline

Construction estimated to begin in April, 2017 and be completed by December, 2018

The Dow Chemical Company

School Limitation on Appraised Value

September 21, 2015

The Dow Chemical Company has analyzed the property tax liability of constructing the same Ethylene Glycol manufacturing plant in Alberta, Canada as an alternate location. Property taxes in the State of Texas are levied on Real and Personal property as well as Inventory while the Province of Alberta taxes Real and Personal Property. Projected property taxes, based on the same \$1 Billion capital investment in Texas compared to Alberta Canada, are higher by a multiple of three (in Texas) after deducting estimated tax savings from negotiated agreements with local authorities in the two locations.

Mali Hanley

From: Ngo, David (M) <DNgo@dow.com>
Sent: Friday, November 06, 2015 2:08 PM
To: Mali Hanley
Subject: FW: MEGlobal News Release Updated to Include Canada

From: McLaughlin, Lowell (LT)
Sent: Friday, November 06, 2015 1:43 PM
To: Ngo, David (M)
Subject: FW: MEGlobal News Release Updated to Include Canada

MEGlobal Initiates FEED Study for New MEG Manufacturing Facility

Dubai—December 16, 2014
MEGlobal is pleased to announce that it has secured board approval to launch a FEED study for construction of a world-scale monoethylene glycol (MEG) manufacturing plant. The plant will be built on the United States Gulf Coast or in Canada and is expected to be on stream in 2018.

About MEGlobal

MEGlobal is a world leader in the manufacture and marketing of merchant monoethylene glycol and diethylene glycol (EG). Established in July 2004, the company is a joint venture between The Dow Chemical Company and Petrochemical Industries Company of Kuwait and is headquartered in Dubai, United Arab Emirates. MEGlobal produces about 1.0 million metric tons per year of EG, and markets in excess of 2.5 million metric tons of EG per year. With approximately 200 employees worldwide, MEGlobal serves customers around the world, and has production facilities in Fort Saskatchewan and Prentiss, Alberta, Canada. EG is used as a raw material in the manufacture of polyester fibers, polyethylene terephthalate resins (PET), antifreeze formulations and other industrial products. For more information, visit www.MEGlobal.biz.

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2015.0.6173 / Virus Database: 4455/10910 - Release Date: 10/29/15

Internal Virus Database is out of date.

TAB 6

TAB 6

N/A

Ethylene Glycol Plant

(Tab's - & 8)

Project Description

This project will design and construct a new Ethylene Glycol plant that will produce a range of chemical intermediate and final products.

Site Information

The plant is proposed to be built primarily at the Oyster Creek East Plant site.

Proposed Improvements

The proposed improvements for this project include: Site improvements such as roads, rail line extensions, buildings, pipelines, utilities, foundations and process equipment including reactors, compressors, purification systems, separation equipment, raw material unloading facilities, storage facilities, vessels, pumps, valves, filters, electrical and instrument systems and other miscellaneous equipment.

Project will also include any other necessary equipment and structures to construct and operate a fully functioning manufacturing plant.

Ethylene Glycol Plant
(Tabs 7 & 8)

Project Description

This project will design and construct a new Ethylene Glycol plant that will produce a range of chemical intermediate and final products.

Site Information

The plant is proposed to be built primarily at the Oyster Creek East Plant site.

Proposed Improvements

The proposed improvements for this project include: Site improvements such as roads, rail line extensions, buildings, pipeways, utilities, foundations and process equipment including reactors, compressors, purification systems, separation equipment, raw material unloading facilities, storage facilities, vessels, pumps, valves, filters, electrical and instrument systems and other miscellaneous equipment.

Project will also include any other necessary equipment and structures to construct and operate a fully functioning manufacturing plant.

**BRAZORIA COUNTY APPRAISAL DISTRICT
CERTIFICATION OF APPRAISED VALUE OF PROPERTIES
AS OF JANUARY 1, 2014**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: June 1, 2015

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2014, for property of "Dow Chemical Company" described in Exhibit "A" attached hereto are listed in the records of the Brazoria County Appraisal District and indicated by the following account numbers:

<u>PERSONAL PROPERTY ACCOUNT(S)</u>	<u>APPRAISED VALUE(S)</u>
-------------------------------------	---------------------------

n/a

<u>LAND ACCOUNT(S)</u>	
------------------------	--

0074-0002-000	2,253,820
2106-0011-000	280,460
2107-0042-000	50,440

<u>IMPROVEMENT ACCOUNT(S)</u>

n/a

110.78 acres = \$276,920

Certified this 1st day of June, 2015.

BRAZORIA COUNTY APPRAISAL DISTRICT

Cheryl Evans
Cheryl Evans, Chief Appraiser

PROPOSED ME GLOBAL PROJECT SITE

OYSTER CREEK EAST
110.78 ACRE SITE

J.A. WHARTON SURVEY, ABSTRACT 383
F.J. CALVIT LEAGUE, ABSTRACT 51
MAURICE HENRY X LEAGUE, ABSTRACT 74
BRAZORIA COUNTY, TEXAS

ALL THAT CERTAIN 110.78 ACRE TRACT OF LAND, out of the Brazos Coast Invest Company (BCIC) Subdivision, Division 6 as recorded in Volume 2 Page 143 of the Plat Records of Brazoria County, Texas (PRBCT) and the Brazos Coast Invest Company (BCIC) Subdivision, Division 7, as recorded in Volume 2 Page 144 of the Plat Records of Brazoria County, Texas (PRBCT) and being located in the Dow Chemical Company Oyster Creek East Plant Site and being situated in the J. A. Wharton Survey, Abstract 383, in the F. J. Calvit League, Abstract 51, and in the Maurice Henry X League, Abstract 74, in Brazoria County, Texas, and being more particularly described by metes and bounds using survey terminology as referenced to the Texas State Plane Coordinate System of 1927 (NAD 27), South Central Zone 4204, with the directions being called as Lambert grid bearings and the distances being called as horizontal surface level lengths, having a scale factor of 0.999880, as follows:

COMMENCING at a brass disk set in a concrete monument, being a National Geodetic Survey Triangulation Station, called "Plant A, 1954", at the called position of X=3177921.80 and Y= 426953.20, said monument being the POINT OF COMMENCEMENT of this 110.78 acre tract:

THENCE North 62 degrees 04 minutes 10 seconds West, a distance of 6,639.20 feet to a point for corner at the position of X=3172056.68 and Y= 430042.66, said point for corner being the POINT OF BEGINNING of this 110.78 acre tract;

THENCE South 87 degrees 30 minutes 59 seconds West, a distance of 207.47 feet to a point for corner of this 110.78 acre tract at the position of X=3171849.42 and Y= 430033.67;

THENCE North 53 degrees 18 minutes 50 seconds West, a distance of 1,432.33 feet to a point for corner of this 110.78 acre tract at the position of X=3170700.94 and Y= 430889.29;

THENCE North 02 degrees 32 minutes 44 seconds West, a distance of 2,713.21 feet to a point for corner of this 110.78 acre tract at the position of X=3170580.45 and Y= 433599.49;

THENCE North 87 degrees 30 minutes 57 seconds East, a distance of 294.21 feet to a point for corner of this 110.78 acre tract at the position of X=3170874.34 and Y= 433612.24;

DOW CONFIDENTIAL - Do not share without permission

PROPOSED ME GLOBAL PROJECT SITE
OYSTER CREEK EAST
110.78 ACRE SITE
PAGE 2

THENCE North 17 degrees 17 minutes 56 seconds East, a distance of 796.48 feet to a point for corner of this 110.78 acre tract at the position of X=3171111.15 and Y= 434372.60;

THENCE South 73 degrees 32 minutes 11 seconds East, a distance of 793.80 feet to a point for corner of this 110.78 acre tract at the position of X=3171872.31 and Y= 434147.66;

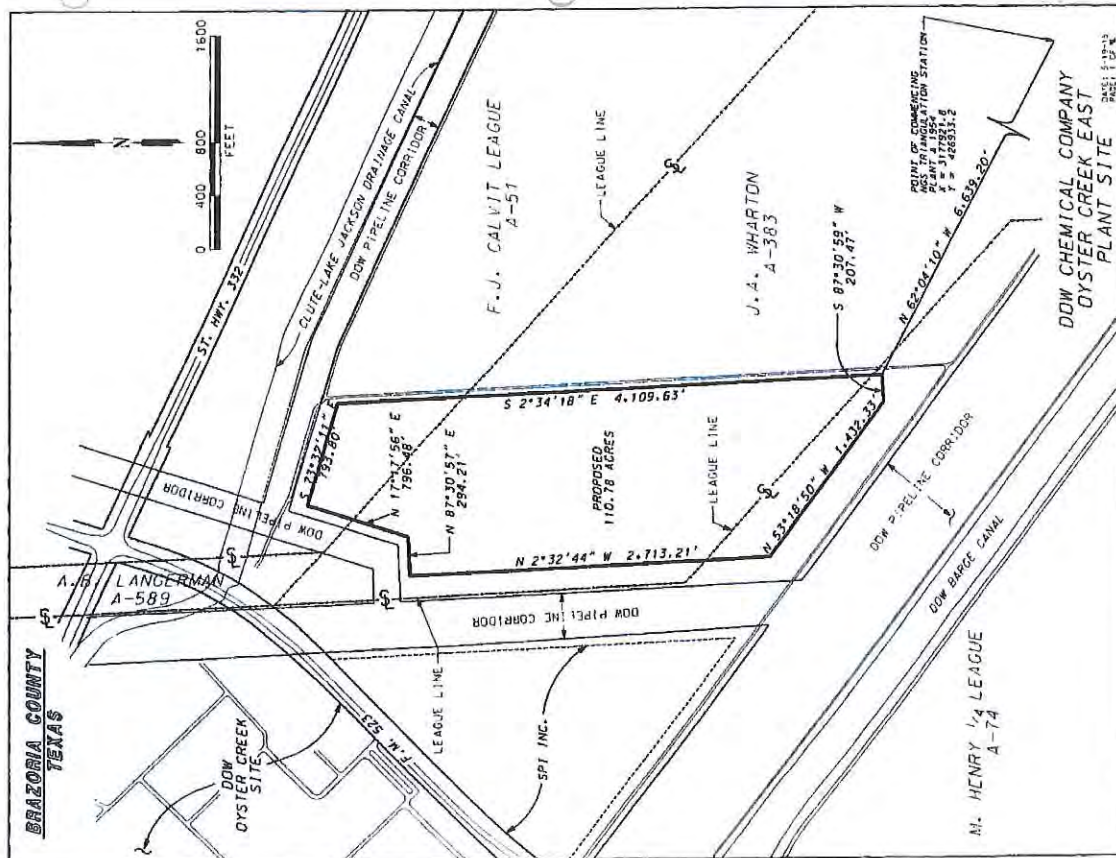
THENCE South 02 degrees 34 minutes 18 seconds East, a distance of 4,109.63 feet to POINT OF BEGINNING of the herein described tract containing 110.78 acres of land.

This metes and bounds description is for the sole purpose of creating a tax abatement description and for performing a title insurance search. It is not a reflection of an on the ground survey and is not to be recorded as a boundary survey.

Rene Damian
Registered Professional Land Surveyor
State of Texas Registration No. 5900
May 26, 2015

DOW CONFIDENTIAL - Do not share without permission

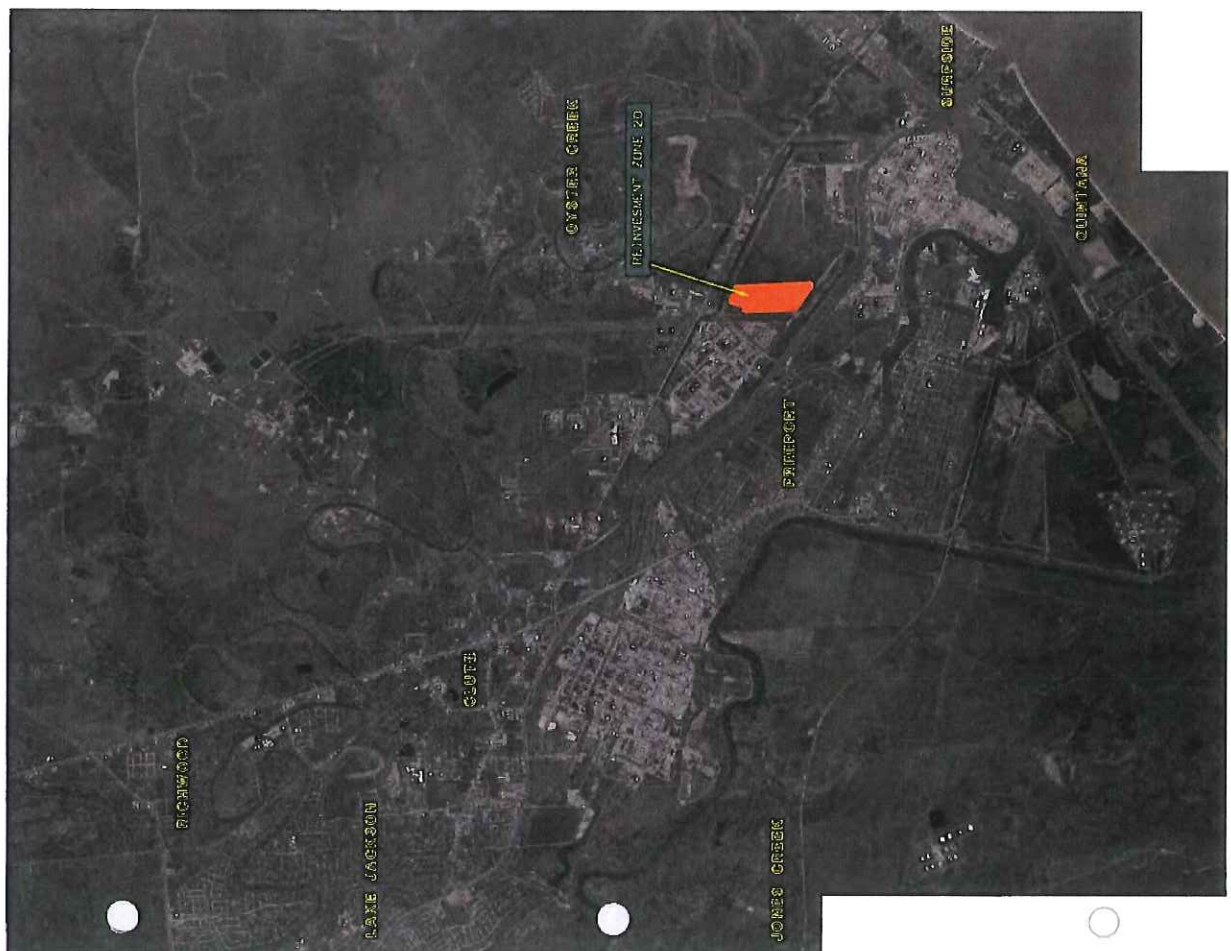
TAB 10

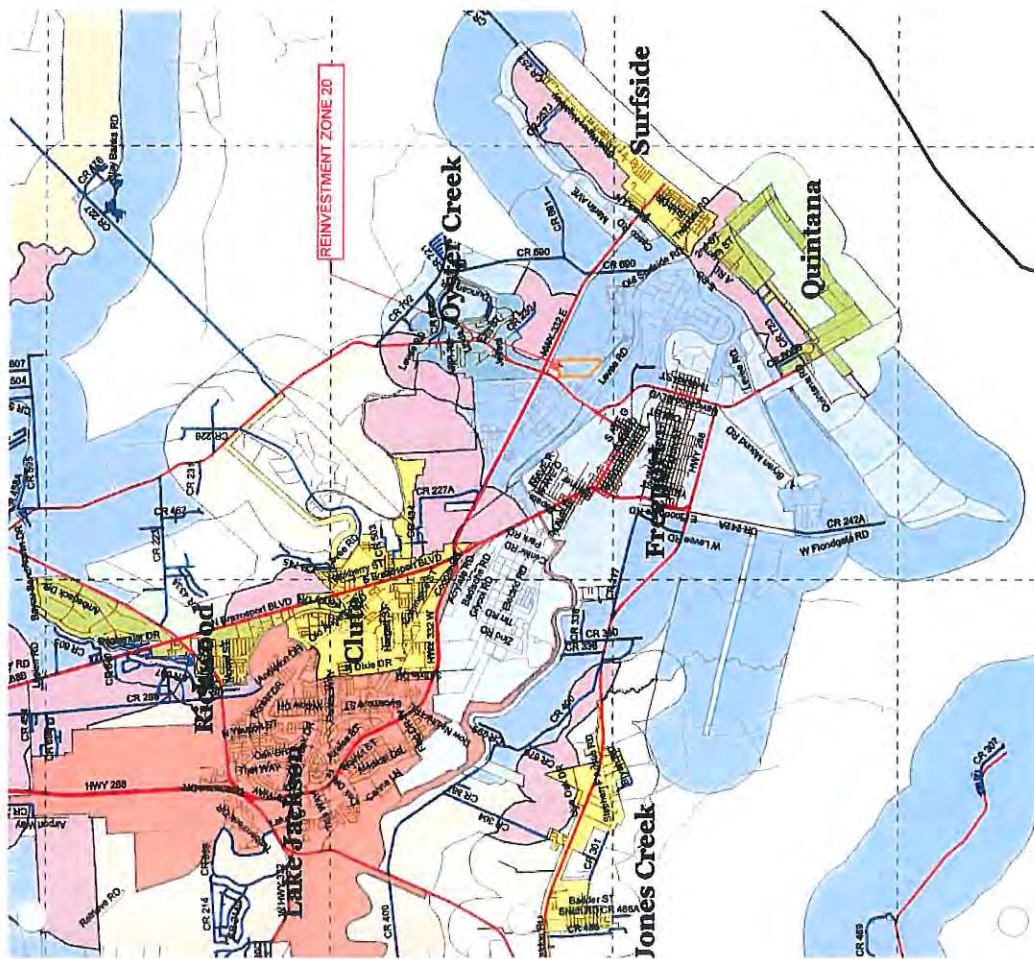
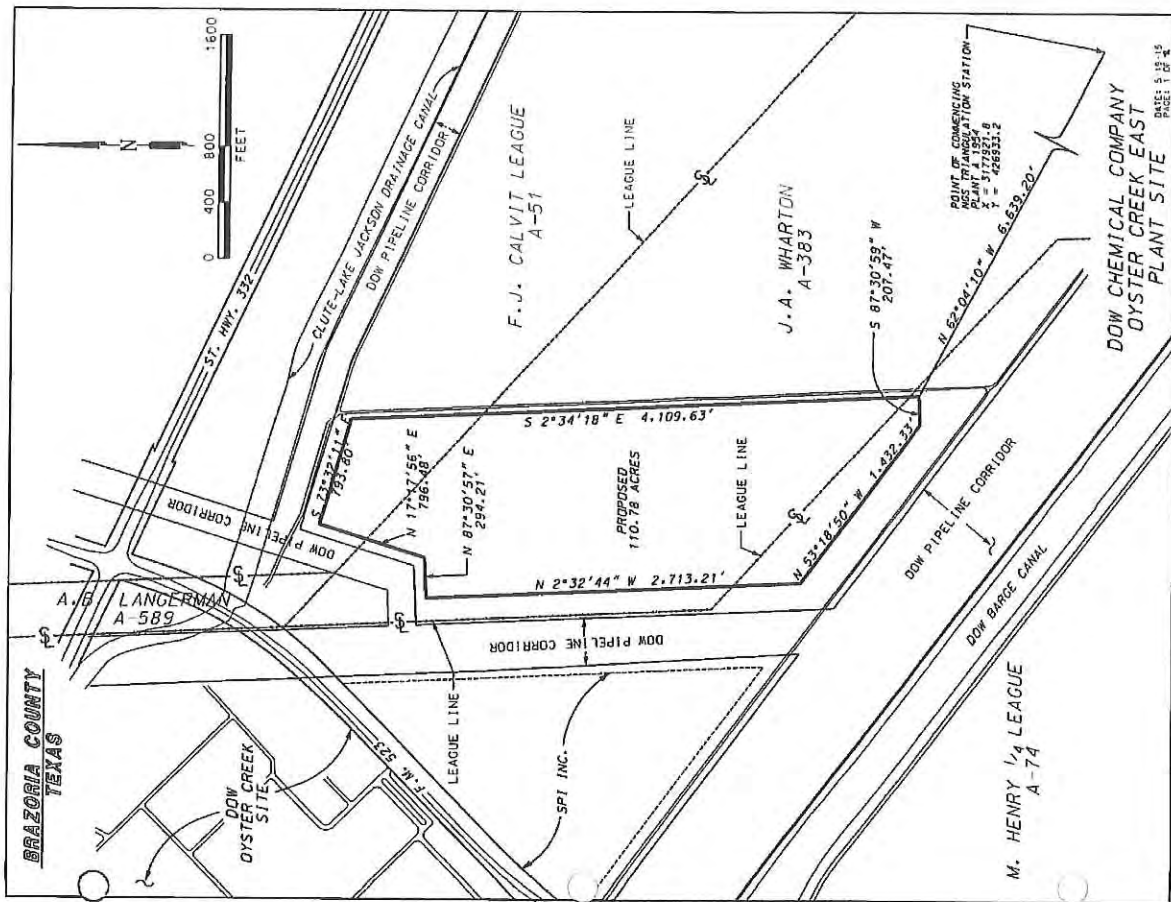


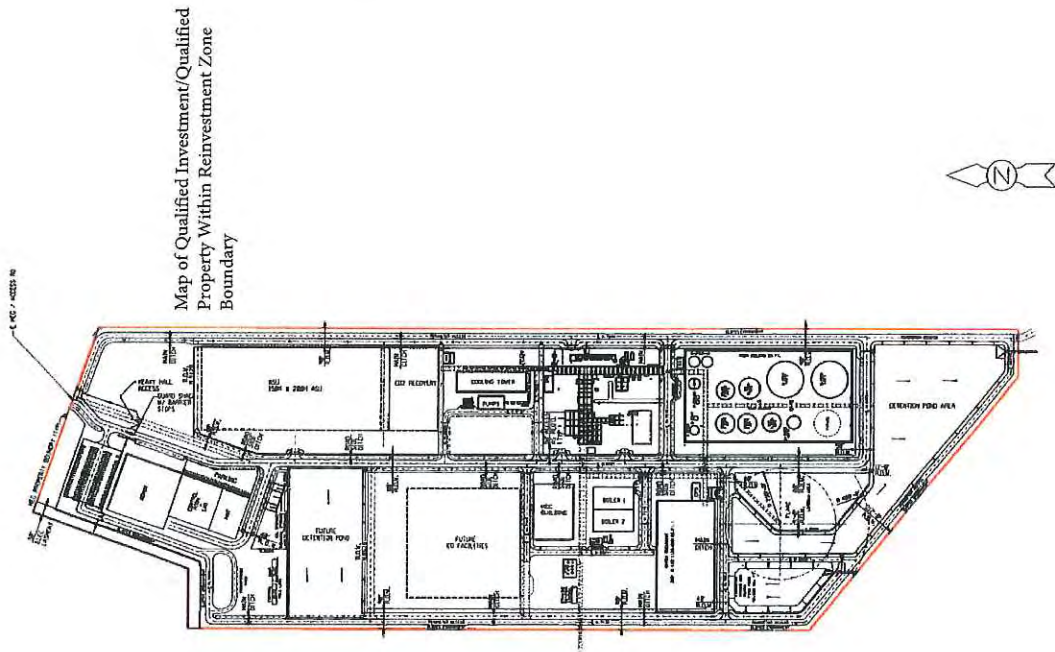
Ethylene Glycol Plant
(Tab 10)

Proposed new property that will not become new improvements: Inventories (estimated) \$18,500,000

TAB 11







○

TAB 12

○

TAB 12

N/A

○

○

○

○

Ethylene Glycol Plant

(Tab 13)

Calculations of Wage Information - Based on Most Recent Data Available for Brazoria Co. (as of 8/5/15)

a. Average Weekly Wage for all jobs (all industries) in the county:

Year	Period	A.W. Wage
2014	3rd Qtr.	\$ 1,002
2014	4th Qtr.	\$ 1,101
2015	1st Qtr.	\$ 1,136
2015	2nd Qtr.	\$ 1,043
Average WW (4Qtrs)		\$ 1,070.50

average weekly wage for all jobs in county

b. Average Weekly Wage for manufacturing jobs in the county:

Year	Period	A.W. Wage
2014	3rd Qtr.	\$ 1,842
2014	4th Qtr.	\$ 1,947
2015	1st Qtr.	\$ 2,395
2015	2nd Qtr.	\$ 1,928
Average WW (4Qtrs)		\$ 2,028
@ 110%:		\$ 2,230.80

110% of average weekly wage for manufacturing jobs in county

c. Average Weekly Wage for manufacturing jobs in the region:

Houston - Galveston Area Council (2014 Data)

\$26.21 per hour
 x40 hr per week
 = \$ 1,048.40 average weekly wage
 @ 110%
 \$ 1,153.24
 x 52 weeks per year
 = \$ 59,968.48 110% of average weekly wage (annualized) for manufacturing jobs in the region

2014	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,403
2014	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,681
2014	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,842
2014	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,947

Sign up to receive workforce updates you can use.



Enter your email address



[LMCI Home](#) | [Site Map](#) | [Feedback](#) | [Help](#) | [About LMCI](#) | [Privacy Policy](#) | [Terms of Use](#)
TWC Home

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)									
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg	Weekly Wages
2015	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,385	
2015	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,929	

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/pages)

Year	Period	City	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	3rd Qtr	Brazoria County	31	2	31-33	Manufacturing	\$1,842
2014	2nd Qtr	Brazoria County	31	2	31-33	Manufacturing	\$1,881
2014	1st Qtr	Brazoria County	31	2	31-33	Manufacturing	\$2,403
2015	1st Qtr	Brazoria County	31	2	31-33	Manufacturing	\$2,386
2015	2nd Qtr	Brazoria County	31	2	31-33	Manufacturing	\$1,928
2014	4th Qtr	Brazoria County	31	2	31-33	Manufacturing	\$1,947
2014	4th Qtr	Brazoria County	00	0	10	Total, All Industries	\$1,101
2015	1st Qtr	Brazoria County	00	0	10	Total, All Industries	\$1,136
2015	2nd Qtr	Brazoria County	00	0	10	Total, All Industries	\$1,043
2014	1st Qtr	Brazoria County	00	0	10	Total, All Industries	\$1,102
2014	2nd Qtr	Brazoria County	00	0	10	Total, All Industries	\$999
2014	3rd Qtr	Brazoria County	00	0	10	Total, All Industries	\$1,002

2014 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	Hourly	Annual
Texas	\$24.18	\$50,305
1. Panhandle Regional Planning Commission	\$21.07	\$43,821
2. South Plains Association of Governments	\$16.75	\$34,834
3. NORTEX Regional Planning Commission	\$20.23	\$42,077
4. North Central Texas Council of Governments	\$25.32	\$52,672
5. Ark-Tex Council of Governments	\$17.80	\$37,017
6. East Texas Council of Governments	\$19.87	\$41,332
7. West Central Texas Council of Governments	\$19.41	\$40,365
8. Rio Grande Council of Governments	\$17.82	\$37,063
9. Permian Basin Regional Planning Commission	\$23.65	\$49,196
10. Concho Valley Council of Governments	\$18.70	\$38,886
11. Heart of Texas Council of Governments	\$20.98	\$43,636
12. Capital Area Council of Governments	\$28.34	\$58,937
13. Brazos Valley Council of Governments	\$17.57	\$36,547
14. Deep East Texas Council of Governments	\$17.76	\$36,939
15. South East Texas Regional Planning Commission	\$29.21	\$60,754
16. Houston-Galveston Area Council	\$26.21	\$54,524
17. Golden Crescent Regional Planning Commission	\$23.31	\$48,487
18. Alamo Area Council of Governments	\$19.46	\$40,477
19. South Texas Development Council	\$13.91	\$28,923
20. Coastal Bend Council of Governments	\$25.12	\$52,240
21. Lower Rio Grande Valley Development Council	\$16.25	\$33,808
22. Texoma Council of Governments	\$20.51	\$42,668
23. Central Texas Council of Governments	\$18.02	\$37,486
24. Middle Rio Grande Development Council	\$20.02	\$41,646

Source: Texas Occupational Employment and Wages

Data published: July 2015

Data published annually, next update will be July 31, 2016

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.

Date: 24-Sep-15
 Applicant Name: The Dow Chemical Company
 ISO Name: Brestport ISO

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

Form 50-286A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS						
(Estimated investment in each year. Do not put cumulative totals.)						
	Year	School Year (YYYY-YYYY)	Tax Year (If it is not the year before)	Column A New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	Column B New investment made during the year in building or permanent structure enable non-personal property to become Qualified Property	Column C Other new investment made during the year that will become Qualified Property (NOTE)
Investment made before filing complete application with district						
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 due, 1 of final complete tax year of qualifying time period						
Complete tax years of qualifying time period						
	2017					
	2018-2019	2018				
	2019-2020	2019				
Total investment through Qualifying Time Period (ENTER this row 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 non-expendable 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 312.02(1)(i) but not meeting a new improvement as defined by IAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is added 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 investments 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 last row in Schedule A2.

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

Signature of School District Representative

DATE

TAB 14

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

24-Sep-15

The Dow Chemical Company
Brazosport ISD

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (FIR in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for IAS after all reductions	Final taxable value for M&D after all reductions
Each year prior to start of Value Limitation Period (used as many rows as necessary)	0	2017-2018	2017	276,920	0	0		276,920	276,920
Value Limitation Period	1	2018-2019	2018	276,920	175,000,000	125,000,000	300,000,000	300,276,920	30,000,000
	2	2019-2020	2019	276,920	400,000,000	600,000,000	955,276,920	955,276,920	30,000,000
	3	2020-2021	2020	276,920	384,000,000	576,000,000	915,276,920	915,276,920	30,000,000
	4	2021-2022	2021	276,920	368,640,000	552,960,000	876,876,920	876,876,920	30,000,000
	5	2022-2023	2022	276,920	353,894,400	530,841,600	840,012,920	840,012,920	30,000,000
	6	2023-2024	2023	276,920	339,738,624	509,607,936	804,623,480	804,623,480	30,000,000
	7	2024-2025	2024	276,920	326,149,079	489,223,619	770,649,619	770,649,619	30,000,000
	8	2025-2026	2025	276,920	313,103,116	469,654,674	738,034,710	738,034,710	30,000,000
	9	2026-2027	2026	276,920	300,578,991	450,868,487	706,724,398	706,724,398	30,000,000
	10	2027-2028	2027	276,920	288,555,832	432,833,747	676,666,499	676,666,499	30,000,000
Continue to maintain viable presence	11	2028-2029	2028	276,920	277,013,598	415,520,397	647,810,916	647,810,916	647,810,916
	12	2029-2030	2029	276,920	265,933,054	398,899,582	620,109,556	620,109,556	620,109,556
	13	2030-2031	2030	276,920	255,285,732	382,943,598	593,516,251	593,516,251	593,516,251
	14	2031-2032	2031	276,920	245,083,903	367,625,854	567,986,677	567,986,677	567,986,677
	15	2032-2033	2032	276,920	235,280,547	352,920,820	543,478,287	543,478,287	543,478,287
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2033-2034	2033	276,920	225,869,325	338,803,987	519,950,232	519,950,232	519,950,232
	17	2034-2035	2034	276,920	216,834,552	325,251,828	497,363,300	497,363,300	497,363,300
	18	2035-2036	2035	276,920	208,161,170	312,241,755	475,679,845	475,679,845	475,679,845
	19	2036-2037	2036	276,920	199,834,723	299,752,085	454,863,728	454,863,728	454,863,728
	20	2037-2038	2037	276,920	191,841,334	287,762,001	434,880,255	434,880,255	434,880,255
	21	2038-2039	2038	276,920	184,167,681	276,251,521	415,696,122	415,696,122	415,696,122
	22	2039-2040	2039	276,920	176,800,974	265,201,460	397,279,354	397,279,354	397,279,354
	23	2040-2041	2040	276,920	169,728,935	254,593,402	379,599,257	379,599,257	379,599,257
	24	2041-2042	2041	276,920	162,939,777	244,408,666	362,626,363	362,626,363	362,626,363
	25	2042-2043	2042	276,920	156,422,186	234,633,279	346,332,385	346,332,385	346,332,385

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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

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

24-Sep-15

The Dow Chemical Company
Brazosport ISD

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (FIR in actual tax year) YYYY	Column A	Column B	Column C	Column D	Column E	Total Investment (A+B+C+D)
				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 improvements to existing 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)		
Enter Investment from Schedule A1*	-	TOTAL FROM SCHEDULE A1			600,000,000	400,000,000			1,000,000,000
Enter year prior to start of value limitation period** (Must be thirty years or less)	0	2017-2018	2017	0	0			0	
Value limitation period**	1	2018-2019	2018	0	0				
	2	2019-2020	2019						
	3	2020-2021	2020						
	4	2021-2022	2021						
	5	2022-2023	2022						
	6	2023-2024	2023						
	7	2024-2025	2024						
	8	2025-2026	2025						
	9	2026-2027	2026						
	10	2027-2028	2027						
Total Investment made through limitation									
Continue to maintain viable presence	11	2028-2029	2028						
	12	2029-2030	2029						
	13	2030-2031	2030						
	14	2031-2032	2031						
	15	2032-2033	2032						
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2033-2034	2033						
	17	2034-2035	2034						
	18	2035-2036	2035						
	19	2036-2037	2036						
	20	2037-2038	2037						
	21	2038-2039	2038						
	22	2039-2040	2039						
	23	2040-2041	2040						
	24	2041-2042	2041						
	25	2042-2043	2042						

* All investments made through the qualifying time period are captured and included on Schedule A1 (plus be) and incorporated into this schedule in the first row.

** Only investments made during the term of the start of the limitation (after the end of the 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 investments should be included in the first row.

*** If your qualifying time period will overlap your value limitation period, do not also include investments made during the qualifying time period in years 1 and/or 2 of the value limitation period depending on the overlap. Only include investments 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 investments 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: This is the total dollar amount of planned investment each year in buildings or improvements to existing components of buildings. Examples of other investments that will not become qualified property include investments meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC § 1051. This is proposed property that is not yet placed in service. Examples of other investments that will not become qualified property include investments that are not placed in service or are not placed in service as defined by TAC § 1051. This is proposed property that is not yet placed in service.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investments that may result in qualified property are land or professional services.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule D: Other Incentives (Estimated)

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					
	Brazos County	2011	10 yr	16,000,000	4,000,000	12,000,000
Tax Code Chapter 312	Brazosport College	2011	10 yr	9,000,000	2,000,000	7,000,000
	Port of Brazos	2011	10 yr	1,500,000	400,000	1,100,000
	Velasco Drainage District	2011	10 yr	3,300,000	800,000	2,500,000
	County					
Local Government Code Chapters 360/381	City					
	Other					
Freeport Exemptions	Brazosport ISD, Port Freeport, Velasco Drainage District		Life of Plant	7,102,874	175,908	6,926,966
Non-Annexation Agreements	Brazosport Industrial District		Through 2026	9,200,000	2,200,000	7,000,000
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				46,102,874	9,575,908	36,526,966

Additional information on incentives for this project:


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

9-24-15
DATE

Schedule C: Employment Information

				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	0	2017-2018	2017	150 FTE	60,000	0	0	
Value Limitation Period The qualifying time period could include the value limitation period.	1	2018-2019	2018	1400 FTE	60,000	17	35	60,000
	2	2019-2020	2019	400 FTE	60,000	17	35	60,000
	3	2020-2021	2020			17	35	60,000
	4	2021-2022	2021			17	35	60,000
	5	2022-2023	2022			17	35	60,000
	6	2023-2024	2023			17	35	60,000
	7	2024-2025	2024			17	35	60,000
	8	2025-2026	2025			17	35	60,000
	9	2026-2027	2026			17	35	60,000
	10	2027-2028	2027			17	35	60,000
Years Following Value Limitation Period	11 through 25					17	35	60,000

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)
If yes, answer the following two questions:

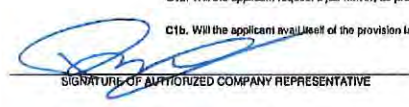
C1a. Will the applicant request a job waiver, as provided under 313.025(i-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

☐ Yes ☒ No

☐ Yes ☒ No

☐ Yes ☒ No


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

9-24-15
DATE

TAB 15

A Report of the Economic Impact of
The Dow Chemical Company/MEGlobal MEG Plant

in

Freeport
Texas

July 22, 2015

Prepared by:

The Economic Development Alliance for Brazoria County
4005 Technology Drive, Suite 1010
Angleton, TX 77515
979.848.0560
979.848.0403 Fax
www.eda-bc.com

Table of Contents

The Economic Impact Analysis Report:

Introduction	3
Description of the Firm and its Operations	3
The Contributions that the Company Makes to the Community	4
Economic Impact of the Firm and its Employees	4
Costs and Benefits for Local Taxing Districts	6
Property Taxes that May be Abated for the Firm by Local Taxing Districts	10
Freeport Exemptions that May be Available to the Firm	10
Incentives, Other than Tax Abatement, that May be Offered to the Firm by the City and County	11
Analysis of Incentives that May be Offered to the Firm by the City	11
Analysis of Incentives that May be Offered to the Firm by the County	12
State Aid for the School District	12
Conduct of this Analysis	12
Data and Rates Used in the Analysis	14
Schedules of Economic Impact	26
Schedules of Costs and Benefits for	
The City	33
The County	37
The School District	40
Special Taxing District 1	43
Special Taxing District 2	45
Special Taxing District 3	47
Special Taxing District 4	49
Special Taxing District 5	51
Special Taxing District 6	53
Special Taxing District 7	54

The Economic Impact Analysis Report The Dow Chemical Company/MEGlobal MEG Plant

Introduction

This report projects the economic impact of this firm over a ten year period. In addition, the costs and benefits over this same period were projected for the city, county, school district and special taxing districts in which the firm is or will be located.

Location of the Firm

City in which the facility is or will be located: Freeport

The facility is or will be located in Brazoria County and in in the following taxing districts:

City:	Freeport
School District:	Brazosport ISD
Special Taxing District 1:	Brazosport Junior College
Special Taxing District 2:	Velasco Drainage Dist.
Special Taxing District 3:	Port Freeport
Special Taxing District 4:	None
Special Taxing District 5:	None
Special Taxing District 6:	None
Special Taxing District 7:	None

Description of the Firm and its Operations

This impact analysis is for a new DOW plant for the manufacture of mono ethylene glycol (MEG) which is used for antifreeze and deicing fluids, as well as a chemical intermediate for a variety of polyester resins, synthetic rubber, adhesives and coatings.

Also, the company plans to spend the following amounts on turnaround projects at its facility and the benefits to the area from this spending are calculated in the economic impact report:

Amounts to be Spent on Turnaround Projects at the Facility	
Year 1	\$10,000,000
Year 2	\$10,100,000
Year 3	\$10,200,000
Year 4	\$10,300,000
Year 5	\$10,400,000
Year 6	\$10,500,000
Year 7	\$10,600,000
Year 8	\$10,700,000
Year 9	\$10,800,000
Year 10	\$10,900,000
Total	\$104,500,000

The Company's Contribution to the Community

Economic Impact of the Facility and its Employees Over the First Ten Years

The facility, its new employees and workers in new spin-off jobs created in the county will have the following economic impact on the area over the first ten years:

Economic Impact of the Firm Over the First Ten Years	
Number of new direct and indirect jobs to be created	172
Number of new residents in the area	153
Number of new students expected in the school district	33
Salaries to be paid to direct and indirect employees	\$109,100,020
Taxable spending expected in the City where the firm is located	\$125,655,482
Spending on local motel rooms	\$436,463
Number of new residential units to be built in the area	10
Taxable value, in the tenth year, of residential property to be constructed for some new direct and indirect workers who move to the area	\$2,420,062
Taxable assets at firm's facility in Year 10	\$965,573,426

The portion of the economic impacts shown above, consisting of new spin-off jobs and spin-off sales expected over the first ten years in existing or new local businesses, is shown below.

Additional Spin-off Jobs and Spin-off Sales in Local Businesses Over the First Ten Year	
	Additional Spin-off Jobs in Other Local Businesses
Local firms supplying goods and services to the firm	21
Restaurants	27
Grocery and convenience stores	21
Other local retail businesses	34
Health services	7
Other service businesses	27
Total	137

\$18,848,322

\$25,131,096

\$18,848,322

\$31,413,871

\$6,282,774

\$25,131,096

\$125,655,482

Costs and Benefits for Local Taxing Districts Over the First Ten Years

The city, county, school district, and special taxing districts in which the firm is or will be located can expect costs and benefits over the first ten years from the firm, its new or expanded facility, its new employees and workers in new indirect and induced jobs. These costs and benefits are discussed below, beginning with benefits.

Benefits or Additional Revenues for Local Taxing Districts

The city, county, school district, and special taxing districts can expect to receive benefits or additional revenues as a result of the new or expanded facility, over the first ten years as shown in the following three tables:

Sales and Property Tax Collections and Utilities Revenues

Sales and Property Tax Collections and Utilities Revenues over the First Ten Years			
	Sales Taxes	Property Taxes	Utilities
City:			
County	\$0	\$0	\$0
School district:			
STD 1:	\$723,740	\$902,885	
STD 2:	\$0	\$111,578,372	
STD 3:	\$0	\$508,716	
STD 4:	\$0	\$126,229	
STD 5:	\$0	\$57,962	
STD 6:	\$0	\$0	
STD 7:	\$0	\$0	
Total	\$723,740	\$113,174,146	\$0

Utility Franchise Fees, Hotel Occupancy Tax Collections and Miscellaneous Taxes and User Fees

Utility Franchise Fees, Hotel Occupancy Tax Collections and Miscellaneous Taxes and User Fees over the First Ten Years				
	Utility Franchise Fees	Hotel Occupancy Taxes	Miscellaneous Taxes and User Fees	
City:				
County	\$0	\$0	\$0	\$0
School district:				
STD 1:				\$83,765
STD 2:				
STD 3:				
STD 4:				
STD 5:				
STD 6:				
STD 7:				
Total	\$0	\$0	\$0	\$83,765

Building Permits, Additional State, Federal and Other School Funding and Total Revenues

Building Permits, Additional State, Federal and Other School Funding and Total Revenues over the First Ten Years				
	Building Permits	Additional State, Federal and Other School Funding	Total	
City:				
County	\$0	\$0	\$0	\$0
School district:				
STD 1:		\$1,951,240	\$1,951,240	\$1,710,371
STD 2:				\$113,529,612
STD 3:				\$508,716
STD 4:				\$126,229
STD 5:				\$57,962
STD 6:				\$0
STD 7:				\$0
Total	\$0	\$1,951,240	\$1,951,240	\$115,932,891

Costs for Local Taxing Districts

The city, county, school district, and special taxing districts may incur additional costs, as a result of the firm's new or expanded facility and new direct and indirect employees moving to the area, over the first ten years, as shown in the two following tables:

Costs of Services to New Residents and the Costs of Providing Utilities

Costs of Services to New Residents and the Costs of Providing Utilities Over the First Ten Years		
	Costs of Providing Services to New Residents	Costs of Providing Utility Services
City:	\$0	\$0
County	\$83,765	
School district:		
STD 1: Brazosport ISD	\$0	
STD 2: Brazosport Junior College	\$0	
STD 3: Velasco Drainage Dist.	\$0	
STD 4: Port Freeport	\$0	
STD 5: None	\$0	
STD 6: None	\$0	
STD 7: None	\$0	
Total	\$83,765	\$0

Costs of Services to New Students, Reduction in State School Funding from New Property being Added to School District Tax Rolls, and Total Costs

Costs of Services to New Students, Reduction in State School Funding as a Result New Property being Added to School District Tax Rolls, and Total Costs Over the First Ten Years			
	Costs of Providing Services to New Students	Reduction in State School Funding	Total Costs
City:			\$0
County			\$83,765
School district:			
STD 1: Brazosport ISD	\$1,134,924	\$101,274,846	\$102,409,770
STD 2: Brazosport Junior College			\$0
STD 3: Velasco Drainage Dist.			\$0
STD 4: Port Freeport			\$0
STD 5: None			\$0
STD 6: None			\$0
STD 7: None			\$0
Total	\$1,134,924	\$101,274,846	\$102,493,535

Net Benefits for Local Taxing Districts Over the First Ten Years

The net benefits (the extent to which revenues exceed costs) over the first ten years for the city, county, school district and special taxing districts in which the new or expanded firm is or will be located are shown below.

Net Benefits for Local Taxing Districts Over the First Ten Years		
	Benefits	Costs
City:	\$0	\$0
County	\$1,710,371	\$83,765
School district:		
STD 1: Brazosport ISD	\$113,529,612	\$102,409,770
STD 2: Brazosport Junior College	\$508,716	\$0
STD 3: Velasco Drainage Dist.	\$126,229	\$0
STD 4: Port Freeport	\$57,962	\$0
STD 5: None	\$0	\$0
STD 6: None	\$0	\$0
STD 7: None	\$0	\$0
Total	\$115,932,891	\$102,493,535

Discounted Cash Flow

The net benefits, shown on the previous page, result in discounted cash flow over the first ten years for each taxing district, as follows:

Discounted Cash Flow Over the First Ten Years		
City:	Freeport	\$0
County	Brazoria	\$1,332,293
School district:	Brazosport ISD	\$10,382,681
STD 1: Brazosport Junior College		\$398,647
STD 2: Velasco Drainage Dist.		\$100,687
STD 3: Port Freeport		\$46,234
STD 4: None		\$0
STD 5: None		\$0
STD 6: None		\$0
STD 7: None		\$0
Total		\$12,260,742

Discounted cash flow is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing time in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of six percent to make the dollars each taxing will receive and the dollars that they will pay comparable -- by expressing them in today's dollars or in present value.

Property Taxes that May be Abated for the Firm by Local Taxing Districts

The firm may qualify for abatement of property taxes on its real and personal property. If tax abatement is considered, the abatement will be at the following percentages:

Percentage of Property Taxes that May Be Abated	
Year	
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%

If tax abatement is being considered for the firm, then the following property taxes will be abated or not collected over the first ten years.

Property Taxes that May be Abated Over the First Ten Years	
City:	Freeport
County:	Brazoria
School district:	Brazosport ISD
STD 1:	Brazosport Junior College
STD 2:	Velasco Drainage Dist.
STD 3:	Port Freeport
STD 4:	None
STD 5:	None
STD 6:	None
STD 7:	None
Total	\$80,798,254

Inventories that May be Subject to Freeport Exemption

The firm's inventories may qualify for freeport exemption. If requested by the firm, those taxing districts granting freeport exemption will exempt or not collect property taxes on the following percent of the firm's inventories.

Percentage of inventories the may be subject to freeport exemption 100%

If freeport exemption is requested and granted, the following taxes will not be collected over the first ten years as a result of freeport exemption:

Property Taxes Not Collected as a Result of Freeport Exemption Over the First Ten Years	
City:	Freeport
County:	Brazoria
School district:	Brazosport ISD
STD 1:	Brazosport Junior College
STD 2:	Velasco Drainage Dist.
STD 3:	Port Freeport
STD 4:	None
STD 5:	None
STD 6:	None
STD 7:	None
Total	\$731,466

Incentives, Other than Tax Abatement, That May be Offered to the Firm

Financial incentives, other than tax abatement, being considered for the firm by the City/City's EDC or the County are scheduled below:

Incentives, Other than Tax Abatement Being Considered for the Firm			
Description of Incentive	City/County's EDC		Total
	City	County	
Total financial incentives	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0

Analysis of Incentives that May be Offered to the Firm by the City

This analysis considers the incentives that the City or the City's economic development corporation may provide to the firm as City investments in the firm.

Four calculations analyzing these investment were made - net benefits, discounted cash flow, rate of return on investment and payback period. Total net benefits and discounted cash flow for the City are scheduled above. Rate of return on investment and payback period are discussed below and scheduled on the next page.

Rate of return on investment is the average annual rate of return over the first ten years, that the City will receive from additional revenues as a result of the City's investment in the facility. Payback period is the

number of years that it will take the City to recover the investment in the facility from additional revenues that the City will receive from the facility and its direct and indirect employees.

Analysis of City Incentives	
Public investment in the facility by the City	\$0
Net benefits that will be received by the City over the first ten years	\$0
Average annual rate of return on investment over the first ten years	Not applicable
Payback period of the investment	Not applicable

Analysis of Incentives that May be Offered to the Firm by the County

Rates of return on investment and investment payback calculations on incentives that the County may consider are scheduled below

Analysis of County Incentives	
Public investment in the facility by the County	\$0
Net benefits that will be received by the County over the first ten years	\$1,626,605
Average annual rate of return on investment over the first ten years	Not applicable
Payback period of the investment	Not applicable

State Aid for the School District

According to the Texas Education Agency, any property added to local tax rolls reduces funding from the state - dollar for dollar. However, it takes a year for this to affect. Therefore, the analysis shows that the school district keeps or benefits from the first year's property taxes but state funding in subsequent years is reduced by the amount of local property taxes collected. However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenue for the school district is calculated in this analysis.

Conduct of This Analysis

This analysis was prepared by The Economic Development Alliance for Brazoria County.

This analysis uses some estimates and assumptions, as well as tax rates and other data obtained from

local taxing districts and data supplied by the firm being analyzed in this report. Data used in this analysis is shown in the Data and Rates Used in This Analysis section that follows.

Using this data, the economic impact of the facility and the costs and benefits for the City where the firm is located, along with other local taxing districts where the firm is or will be located, were calculated for a ten year period.

In addition to the direct economic impact of the firm and its employees, spin-off or indirect and induced benefits were also calculated. Indirect jobs and salaries are created in new or existing area firms, such as service companies, that may supply goods and services to the firm. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to workers and their families.

To estimate the indirect and induced economic impact of the facility and its employees on the area, regional economic multipliers were used. Those multipliers for Brazoria County were obtained from the the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier.

An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the county. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The multipliers show the estimated number of indirect and induced jobs created for every one direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The multipliers used in this analysis are below:

Employment multiplier	3.9087
Earnings multiplier	\$1.7191

Information and rates used in this analysis follow on the next page. In addition, schedules of the results of economic impact calculations are also attached, along with schedules showing the results of calculations of costs and benefits for local taxing districts.

About the Firm

Name of the firm The Dow Chemical Company/MEGlobal MEG Plant 325199

The firm's primary NAICS

The Firm's Taxable Assets, Employees and Operations

Taxable value of the firm's new or additional property added each year at its local facility, that will be on local property tax rolls on January 1:

Year	Land	Buildings and Improvements	Furniture, Fixtures and Equipment	Total
1	\$276,920	\$800,000,000	\$18,500,000	\$818,776,920
2	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0
Total	\$276,920	\$800,000,000	\$18,500,000	\$818,776,920

Percent of construction costs for materials and labor:

Materials 60%

Labor 40%

Percent of construction materials that will be purchased in the City and subject to sales taxes 5%

Percent of taxable spending by construction workers that will be in the City 30%

Percent of furniture, fixtures and equipment that will be purchased in the City 5%

Percent of furniture, fixtures and equipment to be purchased that will be subject to sales taxes 50%

Expected City building permits and fees, if applicable:

Year	
1	\$0
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$0

Estimated taxable inventories, at the end of each year.

Year 1	\$5,000,000
Year 2	\$5,050,000
Year 3	\$5,100,500
Year 4	\$5,151,505
Year 5	\$5,203,020
Year 6	\$5,255,050
Year 7	\$5,307,601
Year 8	\$5,360,677
Year 9	\$5,414,284
Year 10	\$5,468,426
Total	\$52,311,063

The firm's monthly utilities:

Year	Water	Wastewater	Solid Waste	Electricity	Natural Gas	Cable
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

The number of telephone lines at the firm's facility

Year	Number
1	0
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0

Percent of the firm's taxable electricity and natural gas that will be for for manufacturing or processing operations

The firm's estimated taxable purchases in the community:

Year 1	\$2,000,000
Year 2	\$2,040,000
Year 3	\$2,080,800
Year 4	\$2,122,416
Year 5	\$2,164,864
Year 6	\$2,208,182
Year 7	\$2,252,325
Year 8	\$2,297,371
Year 9	\$2,343,319
Year 10	\$2,390,185
Total	\$21,899,442

The firm's estimated taxable sales in the community:

Year 1	\$0
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0
Total	\$0

New employees to be hired:

New employees to be hired		The number of these new employees who will move to the City from somewhere else to take the job with the firm	
Year	each year	1	2
1	35	30	0
2	0	0	0
3	0	0	0
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
Total	35	30	0

Average annual salaries of new employees in the first year \$100,000

Percent of expected annual salary increases after the first year 3%

Multippliers for calculating the number of indirect and induced jobs and earnings in the community:

Earnings	\$1,719
Employment	3,909

This economic impact analysis uses the above multipliers to project the indirect and induced benefits in the community as a result of the direct economic activity. The employment multiplier shows the number of spin-off jobs what will be created from each direct job. Similarly, the earnings multiplier estimates the salaries and wages to be paid to workers in these spin-off jobs for each \$1 paid to direct workers.

Indirect jobs and earnings, as a percent of total, will be created in the following local businesses:

Indirect jobs — businesses that supply goods and services to the firm or buy the firm's products 15%

Induced jobs — businesses that supply goods and services to the employees of the firm and their families and to indirect workers and their families:

Restaurants	20%
Grocery and convenience stores	15%
Other retail businesses	25%
Medical services	5%
Other service businesses	20%
Total	100%

Percent of workers in new indirect and induced jobs created who will move to the City to take a job at the firm 15%

Estimated percent of workers moving to the community who will have new residential property built for them the first year that they move to the City 20%

Household size of a typical new worker moving to the City 3.00

Number of school age children in the household of a typical new worker who will be moving to the City 0.65

Percent of taxable shopping by a typical new worker that will be in:

The City	50%
Anywhere in the County, including the city where the firm is located	90%

Out-of-Town Visitors to the Firm

Number of out-of-town visitors expected at the firm in the first year 250

Percent of annual increase in the number of visitors 1%

Average number of days that each visitor will stay in the community 1

Average daily taxable visitor spending, excluding lodging \$60

Average number of nights that a typical visitor will stay in a local motel 1

Average nightly room rate in a local motel \$125

Out-of-Town Truckers Loading or Unloading at the Firm

Number of out-of-town truckers expected to load or unload at the firm in the first year 200

Percent of annual increase in the number out-of-town truckers 1%

Average daily taxable by a typical trucker \$200.00

Percent of truckers who will stay one night in a local motel 20%

Tax Abatements for the Firm

Property taxes, if applicable, will be abated on the following property that will be acquired each year:

Year	Land	Buildings and Improvements	Furniture, Fixtures, and Equipment	Total
1	\$0	\$800,000.00	\$0	\$800,000.00
2	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0
Total	\$0	\$800,000.00	\$0	\$800,000.00

City of Information and Rates

City property tax rate: 0.0000 City sales tax rate, including ED and other municipal sales taxes 0%

City hotel occupancy tax rate: 0%

The City's utility franchise fee rates:

Electricity	Residential	Industrial
Natural gas	0%	0%
Telephone	0%	0%
Solid Waste	\$0.00	\$0.00
Cable	0%	0%

The City provides the following residential utilities:

Water	No
Wastewater	No
Electricity	No
Natural gas	No
Solid waste	No
Cable	No

The City will provide utilities and collect sales taxes on the firm's utilities for the following:

Provides the Utility	Collects Sales Taxes on the Utility
Water	No
Wastewater	No
Electricity	No
Natural gas	No
Solid waste	Yes
Cable	No
Average annual bills for city-owned utilities per household	\$0.00
Rate of expected annual increase in the above household utility bills (Example .03 for 3%)	0%
Average annual utility franchise fees to be collected from each household	\$0.00
The City's cost of providing utilities, as a percent of total utility billings:	
For residential customers	0.00%
For the firm included in this analysis	0.00%
Miscellaneous taxes and user fees to be collected annually from each new resident	\$0
Rate of expected annual increase in the above miscellaneous taxes and user fees	0%
The city's expected annual operating expenditures for each new resident in the city, excluding utilities	\$0
Rate of expected annual increase in the above expenditures	0%
County Information and Rates	
County property tax rate	0.4995
County sales tax rate	0.5%
County hotel occupancy tax rate	0%

The County's annual miscellaneous taxes and user fees to be collected from each new resident in the County

\$50

Rate of expected annual increase in the above expenditures

2%

The County's expected annual expenditures for each new resident in the County

\$50

Rate of expected annual increase in the above expenditures

2%

School District Information and Rates

Property tax rate

1.2553

The school district's marginal cost of providing services to each new child in the district

\$3,000

The school district's average cost per child

\$7,500

Estimated additional cost that the school district will incur for each child that moves to the district, as a percent of average cost

40%

Rate of expected annual increase in the above costs

3%

Annual state, federal and other funding per child received by the district

\$5,400

Funding received per child from:

State aid

\$4,000

Federal and other

\$1,000

Rate of expected annual increase in the above state funding

2%

Tax Rates for Special Taxing District 1

Name of STD Brazosport Junior College

Property tax rate

0.28088

Sales tax rate

0.0%

Tax Rates for Special Taxing District 2

Name of STD Velasco Drainage Dist.

Property tax rate

0.08800

Sales tax rate

0.0%

Tax Rates for Special Taxing District 3

Name of STD Port Freeport

Property tax rate

0.04500

Sales tax rate

0.0%

Tax Rates for Special Taxing District 4

Name of STD None

Property tax rate

0.00000

Sales tax rate

0.0%

Tax Rates for Special Taxing District 5

Name of STD None

Property tax rate

0.00000

Sales tax rate

0.0%

Tax Rates for Special Taxing District 6

Name of STD None

Property tax rate

0.0000

Sales tax rate

0.0%

Tax Rates for Special Taxing District 7

Name of STD None

Property tax rate

0.0000

Sales tax rate

0.0%

Other Community Rates

Discount rate for calculating the present value of costs and benefits

6%

Inflation rate

3.00%

Percent of the gross salary of a typical worker spends on taxable goods and services

35%

Average taxable value of a new single family residence constructed in the City

\$225,000

Average taxable value of a new multi-family residence constructed in the City
Percent of total new residences that may be built for some new workers moving to the City:

\$120,000

Single family residences
Multi-family residences

80%
20%

Average taxable value of new residential property (single and multifamily) constructed in the City

\$225,000

Rate of expected annual increase in the taxable value of residential property in the area

2%

Rate of expected annual increase in the taxable value of commercial property in the area

2%

Percent of the total value of a new house and multi-family housing unit in the area which is for the structure only - excluding the land cost

90%

Percent of construction costs of new residential property which is for:

Construction materials
Labor

50%
50%

Percent of total construction materials for new residential property that will be purchased in the City

50%

Percent of salaries of workers constructing residential property in the community that will be spent in the City

50%

Multipier for calculating salaries to be paid workers in indirect and induced jobs created in the community as a result of construction activities - construction of the firm's facility, if applicable, and new residential property

0.750

Percentages for computing depreciable or taxable values of FFE and machinery and heavy equipment each year:

Year	Taxable Value of FFE
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	20%

FFE will be depreciated using straight line depreciation, a 10 year life and a 20% salvage value.

Number of new local jobs and worker salaries to be paid each year:

Year	Direct Jobs	Indirect Jobs	Total Jobs	Direct Salaries	Indirect Salaries	Total Salaries
1	35	137	172	\$3,500,000	\$6,016,850	\$9,516,850
2	0	0	0	\$3,605,000	\$6,197,356	\$9,802,356
3	0	0	0	\$3,713,160	\$6,383,276	\$10,096,426
4	0	0	0	\$3,824,545	\$6,574,774	\$10,399,319
5	0	0	0	\$3,939,281	\$6,772,018	\$10,711,299
6	0	0	0	\$4,057,459	\$6,975,178	\$11,032,637
7	0	0	0	\$4,179,183	\$7,184,434	\$11,363,617
8	0	0	0	\$4,304,559	\$7,399,957	\$11,704,525
9	0	0	0	\$4,433,695	\$7,621,966	\$12,055,661
10	0	0	0	\$4,566,706	\$7,850,625	\$12,417,331
Total	35	137	172	\$40,123,578	\$68,576,442	\$109,100,020

Indirect jobs to be created in the following local businesses:

Yr.	Businesses				Total			
	Products	Restaurants	Grocery and Convenience Stores	Other Retail Businesses	Medical Services	Other Service Businesses	Total	
1	20.6	27.4	20.6	34.3	6.9	27.4	137	
2	0.0	0.0	0.0	0.0	0.0	0.0	0	
3	0.0	0.0	0.0	0.0	0.0	0.0	0	
4	0.0	0.0	0.0	0.0	0.0	0.0	0	
5	0.0	0.0	0.0	0.0	0.0	0.0	0	
6	0.0	0.0	0.0	0.0	0.0	0.0	0	
7	0.0	0.0	0.0	0.0	0.0	0.0	0	
8	0.0	0.0	0.0	0.0	0.0	0.0	0	
9	0.0	0.0	0.0	0.0	0.0	0.0	0	
10	0.0	0.0	0.0	0.0	0.0	0.0	0	
Total	20.6	27.4	20.6	34.3	6.9	27.4	137	

Additional sales can be expected in the following local businesses:

	Yr.	Businesses	Products	Restaurants	Grocery and Convenience Stores	Other Retail Businesses	Medical Services	Other Service Businesses	Total
	1	\$13,157,647	\$17,543,529	\$13,157,647	\$21,929,411	\$4,385,882	\$17,543,529	\$87,717,644	
	2	\$571,894	\$762,526	\$571,894	\$953,157	\$190,631	\$762,526	\$3,812,629	
	3	\$586,080	\$781,439	\$586,080	\$976,799	\$195,360	\$781,439	\$3,907,197	
	4	\$600,633	\$800,844	\$600,633	\$1,001,054	\$200,211	\$800,844	\$4,004,218	
	5	\$615,564	\$820,752	\$615,564	\$1,025,940	\$205,188	\$820,752	\$4,103,758	
	6	\$630,883	\$841,177	\$630,883	\$1,051,471	\$210,294	\$841,177	\$4,205,886	
	7	\$646,601	\$862,134	\$646,601	\$1,077,668	\$215,534	\$862,134	\$4,310,671	
	8	\$662,728	\$883,637	\$662,728	\$1,104,946	\$220,909	\$883,637	\$4,418,186	
	9	\$679,276	\$905,701	\$679,276	\$1,132,126	\$226,425	\$905,701	\$4,528,505	
	10	\$697,018	\$929,358	\$697,018	\$1,161,697	\$232,339	\$929,358	\$4,646,790	
		\$18,848,322	\$25,131,095	\$18,848,322	\$31,413,871	\$6,282,774	\$25,131,095	\$125,655,482	

Number of new direct and indirect workers and their families who will move to the City and the number of new students in local schools:

Year	New Residents	New Students
1	153	33
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
7	0	0
8	0	0
9	0	0
10	0	0
Total	153	33

Taxable spending in the City on which sales taxes will be collected:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Utilities	Total
1	\$83,997,195	\$1,865,449	\$55,000	\$0	\$2,000,000	\$87,717,644
2	\$0	\$1,715,412	\$57,217	\$0	\$2,040,000	\$3,812,629
3	\$0	\$1,766,875	\$59,522	\$0	\$2,080,800	\$3,907,197
4	\$0	\$1,819,881	\$61,921	\$0	\$2,122,416	\$4,004,218
5	\$0	\$1,874,477	\$64,416	\$0	\$2,164,864	\$4,103,758
6	\$0	\$1,930,712	\$67,012	\$0	\$2,208,162	\$4,205,886
7	\$0	\$1,986,633	\$69,713	\$0	\$2,252,325	\$4,310,671
8	\$0	\$2,048,292	\$72,523	\$0	\$2,297,371	\$4,418,186
9	\$0	\$2,108,741	\$75,445	\$0	\$2,343,319	\$4,528,505
10	\$0	\$2,173,033	\$83,572	\$0	\$2,390,185	\$4,646,790
Total	\$83,997,195	\$19,032,503	\$566,342	\$0	\$21,859,442	\$125,655,482

Spending on motel rooms by out-of-town visitors to the firm:

Year	Motel Spending
1	\$36,250
2	\$37,711
3	\$39,231
4	\$40,812
5	\$42,456
6	\$44,167
7	\$45,947
8	\$47,799
9	\$49,725
10	\$52,365
Total	\$436,463

Number of new residential units to be built in the City:

Year	Number of Residential Units in the City	New Residential Units	Cumulative Number of New Units
1	10	10	10
2	0	0	10
3	0	0	10
4	0	0	10
5	0	0	10
6	0	0	10
7	0	0	10
8	0	0	10
9	0	0	10
10	0	0	10
Total	10		

The taxable value of new residential property constructed for some new direct and indirect workers who move to the City:

Year	New Residential Property
1	\$2,025,000
2	\$2,065,500
3	\$2,106,810
4	\$2,148,946
5	\$2,191,925
6	\$2,235,764
7	\$2,280,479
8	\$2,326,088
9	\$2,372,610
10	\$2,420,062

The taxable value of new residential property constructed for some new direct and indirect workers who move to the City and the firm's taxable property on local tax rolls:

Year	Taxable Value of New Residential Property Constructed for Some New Direct and Indirect Workers Who Move to the City	Value of the Firm's Property on Tax Rolls	Total Taxable Property on Local Tax Rolls
1	\$2,025,000	\$823,776,920	\$825,801,920
2	\$2,065,500	\$837,962,458	\$840,047,958
3	\$2,106,810	\$852,508,608	\$854,615,418
4	\$2,148,946	\$867,361,775	\$869,510,721
5	\$2,191,925	\$882,548,495	\$884,740,420
6	\$2,235,764	\$898,075,435	\$900,311,199
7	\$2,280,479	\$913,949,393	\$916,229,872
8	\$2,326,088	\$930,177,305	\$932,503,393
9	\$2,372,610	\$946,766,244	\$949,138,854
10	\$2,420,062	\$965,573,426	\$967,993,489

Schedule of Costs and Benefits

Costs and Benefits for the City
Benefits for the City:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Cost and Benefits for the City - Continued

Other taxes and user fees to be collected from new residents:

Year	Misc. Taxes and User Fees	Hotel Occupancy Taxes	Total
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Utility franchise fees collected from new residents and from the firm's facility:

Year	From New Residents	From the Firm	Total Utility Franchise Fees to be Collected
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Cost and Benefits for the City - Continued

Utility revenues from new residents and from the firm's facility:

Year	From New Residents	From the Firm	Total Utility Revenues
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Building permits and fees to be collected from the firm:

Year	Building Permits & Fees
1	\$0
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$0

Cost and Benefits for the City - Continued

Costs for the City:

The City's additional costs for new residents and the firm:

Year	Cost of Providing Services to New Residents	Costs of Providing Utilities	Total
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Net Benefits for the City:

Year	Benefits	Costs	Net Benefits
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Costs and Benefits for the County:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$419,986	\$16,654	\$275	\$0	\$10,000	\$446,915
2	\$0	\$17,154	\$286	\$0	\$10,200	\$27,640
3	\$0	\$17,669	\$298	\$0	\$10,404	\$28,370
4	\$0	\$18,199	\$310	\$0	\$10,612	\$29,120
5	\$0	\$18,745	\$322	\$0	\$10,824	\$29,891
6	\$0	\$19,307	\$335	\$0	\$11,041	\$30,683
7	\$0	\$19,886	\$349	\$0	\$11,262	\$31,497
8	\$0	\$20,483	\$363	\$0	\$11,487	\$32,332
9	\$0	\$21,097	\$377	\$0	\$11,717	\$33,191
10	\$0	\$21,730	\$418	\$0	\$11,951	\$34,099
Total	\$419,986	\$190,925	\$3,332	\$0	\$109,497	\$723,740

Property tax collections on:

Year	Residential Property	The Firm's Taxes	Total Tax Collections
1	\$10,095	\$118,528	\$128,623
2	\$10,297	\$108,583	\$118,879
3	\$10,502	\$100,640	\$111,143
4	\$10,712	\$91,701	\$102,413
5	\$10,927	\$82,765	\$93,692
6	\$11,145	\$73,832	\$84,977
7	\$11,368	\$64,902	\$76,270
8	\$11,596	\$55,975	\$67,571
9	\$11,827	\$47,052	\$58,880
10	\$12,064	\$47,354	\$59,418
Total	\$110,539	\$792,332	\$902,865

Costs and benefits for the County - continued

Other taxes and user fees collected from new residents:

Year	Other Taxes and User Fees
1	\$7,650
2	\$7,803
3	\$7,959
4	\$8,118
5	\$8,281
6	\$8,446
7	\$8,615
8	\$8,787
9	\$8,963
10	\$9,142
Total	\$83,765

Hotel occupancy tax collections:

Year	Hotel Occupancy Taxes
1	\$0
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$0

Costs and benefits for the County - continued

County additional costs:

Year	County Costs for New Residents	Total
1	\$7,650	\$7,650
2	\$7,803	\$7,803
3	\$7,959	\$7,959
4	\$8,118	\$8,118
5	\$8,281	\$8,281
6	\$8,446	\$8,446
7	\$8,615	\$8,615
8	\$8,787	\$8,787
9	\$8,963	\$8,963
10	\$9,142	\$9,142
Total	\$83,765	\$83,765

Net Benefits for the County:

Year	Benefits	Costs	Net Benefits	Discounted Cash Flow
1	\$83,188	\$7,650	\$75,538	\$545,534
2	\$155,322	\$7,803	\$147,519	\$132,539
3	\$147,472	\$7,959	\$139,513	\$115,811
4	\$139,652	\$8,118	\$131,534	\$106,176
5	\$131,863	\$8,281	\$123,583	\$94,557
6	\$124,106	\$8,446	\$115,660	\$83,882
7	\$116,382	\$8,615	\$107,767	\$74,083
8	\$108,691	\$8,787	\$99,903	\$65,037
9	\$101,034	\$8,963	\$92,071	\$56,866
10	\$102,660	\$9,142	\$93,517	\$54,748
Total	\$1,710,371	\$83,765	\$1,626,605	\$1,332,293

Costs and Benefits for the School District:

Benefits for the School District:

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$25,420	\$10,278,107	\$10,303,527
2	\$25,928	\$10,455,801	\$10,481,729
3	\$26,447	\$10,637,514	\$10,663,961
4	\$26,976	\$10,823,326	\$10,850,301
5	\$27,515	\$11,013,318	\$11,040,833
6	\$28,065	\$11,207,574	\$11,235,640
7	\$28,627	\$11,406,180	\$11,434,807
8	\$29,199	\$11,609,223	\$11,638,423
9	\$29,783	\$11,816,791	\$11,846,575
10	\$30,379	\$12,052,198	\$12,082,577
Total	\$278,340	\$111,300,032	\$111,578,372

Reduction in State Aid to the School District as a Result of New Property Being Added to the School District's Tax Rolls:

Year	Reduction in State Aid
1	\$0
2	\$10,481,729
3	\$10,663,961
4	\$10,850,301
5	\$11,040,833
6	\$11,235,640
7	\$11,434,807
8	\$11,638,423
9	\$11,846,575
10	\$12,082,577
Total	#####

Costs and Benefits for the School District - Continued

Additional state, federal and other school funding:

Year	Additional School Funding
1	\$178,200
2	\$181,764
3	\$185,399
4	\$189,107
5	\$192,889
6	\$196,747
7	\$200,682
8	\$204,696
9	\$208,790
10	\$212,965
Total	\$1,951,240

Costs for the school district to educate children of new workers who move to the district:

Year	Costs of Educating New Students
1	\$99,000
2	\$101,970
3	\$105,029
4	\$108,180
5	\$111,425
6	\$114,768
7	\$118,211
8	\$121,758
9	\$125,410
10	\$129,173
Total	\$1,134,924

Costs and Benefits for the School District - Continued

Net Benefits for the School District:

Year	Benefits	Reduction in State Aid and Additional Costs	Net Benefits
1	\$10,481,727	\$99,000	\$10,382,727
2	\$10,663,493	\$10,593,699	\$79,794
3	\$10,849,360	\$10,768,990	\$80,370
4	\$11,039,409	\$10,958,481	\$80,927
5	\$11,233,722	\$11,152,258	\$81,464
6	\$11,432,387	\$11,350,408	\$81,979
7	\$11,635,489	\$11,553,018	\$82,471
8	\$11,843,118	\$11,760,180	\$82,938
9	\$12,055,364	\$11,971,985	\$83,379
10	\$12,295,543	\$12,211,750	\$83,793
Total	#####	\$102,409,770	\$11,119,843

Discounted Cash Flow
\$9,841,447
\$71,691
\$68,444
\$65,326
\$62,331
\$59,455
\$56,694
\$54,042
\$51,498
\$51,753
\$10,382,681

Benefits for Special Taxing District 1:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$5,688	\$68,784	\$72,472
2	\$5,802	\$61,744	\$67,545
3	\$5,918	\$56,705	\$62,623
4	\$6,036	\$51,669	\$57,704
5	\$6,157	\$46,634	\$52,790
6	\$6,280	\$41,600	\$47,880
7	\$6,405	\$36,569	\$42,974
8	\$6,533	\$31,539	\$38,073
9	\$6,664	\$26,511	\$33,175
10	\$6,797	\$21,682	\$28,479
Total	\$62,280	\$446,437	\$508,716

Benefits for Special Taxing District 1 - Continued

Total benefits for Special Taxing District 1:

Year	Total Benefits	Discounted Cash Flow
1	\$72,472	\$68,694
2	\$67,545	\$60,686
3	\$62,623	\$53,331
4	\$57,704	\$46,580
5	\$52,790	\$40,392
6	\$47,880	\$34,725
7	\$42,974	\$29,542
8	\$38,073	\$24,808
9	\$33,175	\$20,490
10	\$33,479	\$19,600
Total	\$508,716	\$398,847

Benefits for Special Taxing District 2:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$1,985	\$18,401	\$20,386
2	\$2,024	\$16,594	\$18,618
3	\$2,065	\$14,786	\$16,851
4	\$2,106	\$12,979	\$15,085
5	\$2,148	\$11,172	\$13,320
6	\$2,191	\$9,365	\$11,556
7	\$2,235	\$7,558	\$9,792
8	\$2,280	\$5,751	\$8,030
9	\$2,325	\$3,944	\$6,269
10	\$2,372	\$3,950	\$6,322
Total	\$21,730	\$104,500	\$126,229

Benefits for Special Taxing District 2 - Continued

Total benefits for Special Taxing District 2:

Year	Total Benefits	Discounted Cash Flow
1	\$20,386	\$19,323
2	\$18,618	\$16,727
3	\$16,851	\$14,351
4	\$15,085	\$12,177
5	\$13,320	\$10,191
6	\$11,556	\$8,381
7	\$9,792	\$6,732
8	\$8,030	\$5,233
9	\$6,269	\$3,872
10	\$6,322	\$3,701
Total	\$126,229	\$100,687

Benefits for Special Taxing District 3:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$911	\$8,450	\$9,361
2	\$929	\$7,620	\$8,549
3	\$948	\$6,790	\$7,738
4	\$967	\$5,960	\$6,927
5	\$986	\$5,130	\$6,116
6	\$1,006	\$4,300	\$5,306
7	\$1,026	\$3,470	\$4,497
8	\$1,047	\$2,641	\$3,687
9	\$1,068	\$1,811	\$2,879
10	\$1,089	\$1,814	\$2,903
Total	\$9,978	\$47,984	\$57,962

Benefits for Special Taxing District 3 - Continued

Total benefits for Special Taxing District 3:

Year	Total Benefits	Discounted Cash Flow
1	\$9,351	\$8,873
2	\$8,549	\$7,681
3	\$7,738	\$6,590
4	\$6,927	\$5,591
5	\$6,116	\$4,680
6	\$5,305	\$3,848
7	\$4,497	\$3,091
8	\$3,687	\$2,403
9	\$2,879	\$1,778
10	\$2,903	\$1,699
Total	\$57,952	\$46,234

Benefits for Special Taxing District 4:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitation	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Benefits for Special Taxing District 4 - Continued

Total benefits for Special Taxing District 4:

Year	Total Benefits	Discounted Cash Flow
1	\$0	\$0
2	\$0	\$0
3	\$0	\$0
4	\$0	\$0
5	\$0	\$0
6	\$0	\$0
7	\$0	\$0
8	\$0	\$0
9	\$0	\$0
10	\$0	\$0
Total	\$0	\$0

Benefits for Special Taxing District 5:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Benefits for Special Taxing District 5 - Continued

Total benefits for Special Taxing District 5:

Year	Total Benefits	Discounted Cash Flow
1	\$0	\$0
2	\$0	\$0
3	\$0	\$0
4	\$0	\$0
5	\$0	\$0
6	\$0	\$0
7	\$0	\$0
8	\$0	\$0
9	\$0	\$0
10	\$0	\$0
Total	\$0	\$0

Benefits for Special Taxing District 6:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Benefits for Special Taxing District 6 - Continued

Total benefits for Special Taxing District 6:

Year	Total Benefits	Discounted Cash Flow
1	\$0	\$0
2	\$0	\$0
3	\$0	\$0
4	\$0	\$0
5	\$0	\$0
6	\$0	\$0
7	\$0	\$0
8	\$0	\$0
9	\$0	\$0
10	\$0	\$0
Total	\$0	\$0

Benefits for Special Taxing District 7:

Sales tax collections on spending:

Year	Spending during Construction at the Firm and New Residential Construction	Workers' Spending and Taxable Residential Utilities	Spending by Visitors	The Firm's Sales	The Firm's Taxable Purchases and Operating Expenses	Total
1	\$0	\$0	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Property tax collections on:

Year	Residential Property	The Firm's Property	Total Tax Collections
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Benefits for Special Taxing District 7 - Continued

TAB 16

Total benefits for Special Taxing District 7:

Year	Total Benefits	Discounted Cash Flow
1	\$0	\$0
2	\$0	\$0
3	\$0	\$0
4	\$0	\$0
5	\$0	\$0
6	\$0	\$0
7	\$0	\$0
8	\$0	\$0
9	\$0	\$0
10	\$0	\$0
Total	\$0	\$0

CERTIFIED COPY

BRAZORIA COUNTY COMMISSIONERS' COURT

ORDER NO. VILLE.1.c. RE: THE DOW CHEMICAL COMPANY TAX ABATEMENT APPLICATION: ORDER CREATING REINVESTMENT ZONE AND GRANTING TAX ABATEMENT

Designation of Reinvestment Zone:

Whereas, a public hearing was held on the Designation of The Dow Chemical Company Reinvestment Zone No. 20 and the public was given an opportunity to speak and present evidence for or against such designation; and

Whereas, notice of the hearing was given in the manner as provided by law;

Therefore, based upon the information presented to the Court and the public hearing, the Court finds that the designation of this zone would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property included in the zone and would contribute to the economic development of the County.

Further that the subject location described in the attached application be designated The Dow Chemical Company Reinvestment Zone No. 20 for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law; and

Granting of Tax Abatement

It is Ordered that the application for tax abatement of THE DOW CHEMICAL COMPANY attached hereto be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in The Dow Chemical Company Reinvestment Zone No. 20 created in Brazoria County for a term of ten (10) years, and at 100% abatement of eligible real and personal properties: Said Company will be investing \$1 billion dollars and creating 35 new jobs in Brazoria County.

Further that the County Judge is authorized to execute a tax abatement agreement with THE DOW CHEMICAL COMPANY in accordance with the same guidelines and criteria.

Motion to Approve by Commissioner Payne, seconded by Commissioner Linder that the above action be taken by the Court.

Motion to Amend by Commissioners Adams, Motion failed for lack of second.

Passed: 4-1

Aye: Commissioner Payne, Commissioner Linder, Commissioner Cade, Judge Sebesta
Nay: Commissioner Adams

STATE OF TEXAS §
COUNTY OF BRAZORIA §

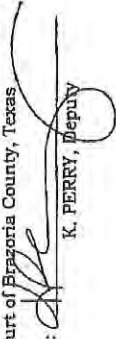
I, Joyce Hudman, Clerk County Court and Ex-Officio Clerk of the Commissioners' Court of Brazoria County, Texas, do hereby certify that the foregoing is a true and correct copy of that certain:

ORDER NO. VILLE.1.c. RE: THE DOW CHEMICAL COMPANY TAX ABATEMENT APPLICATION: ORDER CREATING REINVESTMENT ZONE AND GRANTING TAX ABATEMENT

as passed by the Commissioners' Court on the 28th day of JULY, A.D., 2015, SPECIAL Term of Commissioners' Court and as the same appear(s) in the Commissioners' Court Records of Brazoria County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 3rd DAY OF AUGUST, A. D., 2015.

JOYCE HUDMAN, Clerk County Court
and Ex-Officio Member of the Commissioners'
Court of Brazoria County, Texas

By:  K. PERRY, Deputy



PROPOSED ME GLOBAL PROJECT SITE

OYSTER CREEK EAST

110.78 ACRE SITE

J.A. WHARTON SURVEY, ABSTRACT 383

F.J. CALVIT LEAGUE, ABSTRACT 51

MAURICE HENRY 1/4 LEAGUE, ABSTRACT 74

BRAZORIA COUNTY, TEXAS

ALL THAT CERTAIN 110.78 ACRE TRACT OF LAND, out of the Brazos Coast Invest Company (BCIC) Subdivision, Division 6 as recorded in Volume 2 Page 143 of the Plat Records of Brazoria County, Texas (PRBCT) and the Brazos Coast Invest Company (BCIC) Subdivision, Division 7, as recorded in Volume 2 Page 144 of the Plat Records of Brazoria County, Texas (PRBCT) and being located in the Dow Chemical Company Oyster Creek East Plant Site and being situated in the J. A. Wharton Survey, Abstract 383, in the F. J. Calvit League, Abstract 51, and in the Maurice Henry 1/4 League, Abstract 74, in Brazoria County, Texas, and being more particularly described by metes and bounds using survey terminology as referenced to the Texas State Plane Coordinate System of 1927 (NAD 27), South Central Zone 4204, with the directions being called as Lambert grid bearings and the distances being called as horizontal surface level lengths, having a scale factor of 0.999880, as follows:

COMMENCING at a brass disk set in a concrete monument, being a National Geodetic Survey Triangulation Station, called "Plant A, 1954", at the called position of X=3177921.80 and Y= 426933.20, said monument being the POINT OF COMMENCEMENT of this 110.78 acre tract:

THENCE North 62 degrees 04 minutes 10 seconds West, a distance of 6,639.20 feet to a point for corner at the position of X=3172056.68 and Y= 430042.66, said point for corner being the POINT OF BEGINNING of this 110.78 acre tract;

THENCE South 87 degrees 30 minutes 59 seconds West, a distance of 207.47 feet to a point for corner of this 110.78 acre tract at the position of X=3171849.42 and Y= 430033.67;

THENCE North 53 degrees 18 minutes 50 seconds West, a distance of 1,432.33 feet to a point for corner of this 110.78 acre tract at the position of X=3170700.94 and Y= 430889.29;

THENCE North 02 degrees 32 minutes 44 seconds West, a distance of 2,713.21 feet to a point for corner of this 110.78 acre tract at the position of X=3170580.45 and Y= 433599.49;

THENCE North 87 degrees 30 minutes 57 seconds East, a distance of 294.21 feet to a point for corner of this 110.78 acre tract at the position of X=3170874.34 and Y= 433612.24;

DOW CONFIDENTIAL - Do not share without permission

PROPOSED ME GLOBAL PROJECT SITE

OYSTER CREEK EAST

110.78 ACRE SITE

PAGE 2

THENCE North 17 degrees 17 minutes 56 seconds East, a distance of 796.48 feet to a point for corner of this 110.78 acre tract at the position of X=3171111.15 and Y= 434372.60;

THENCE South 73 degrees 32 minutes 11 seconds East, a distance of 793.80 feet to a point for corner of this 110.78 acre tract at the position of X=3171872.31 and Y= 434147.66;

THENCE South 02 degrees 34 minutes 18 seconds East, a distance of 4,109.63 feet to POINT OF BEGINNING of the herein described tract containing 110.78 acres of land.

This metes and bounds description is for the sole purpose of creating a tax abatement description and for performing a title insurance search. It is not a reflection of an on the ground survey and is not to be recorded as a boundary survey.

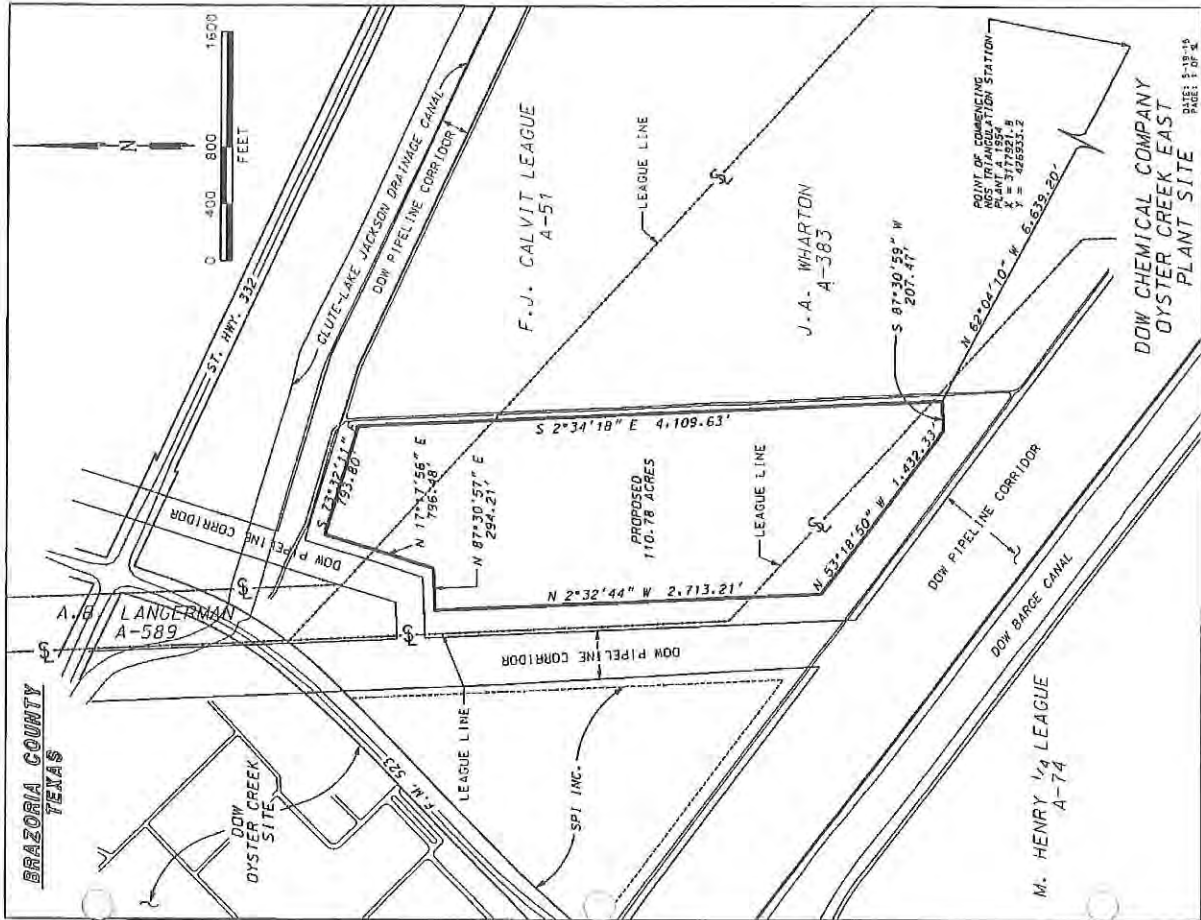
Rene Damian

Registered Professional Land Surveyor

State of Texas Registration No. 5900

May 26, 2015

DOW CONFIDENTIAL - Do not share without permission



GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN BRAZORIA COUNTY

WHEREAS, the creation, retention and diversification of job opportunities that bring new wealth are among the highest civic priority; and

WHEREAS, the purpose of tax abatement is to provide an incentive offered by the tax-payers, i.e. citizens of Brazoria County, to attract investments, that lead to better quality of life and better services. The wealth created by these enterprises leads to more service and retail businesses, which in addition to improving quality of life, increases the tax base. In summary, by giving incentive in terms of tax abatement, the citizens agree to give up short term tax benefits, for long term benefits; and

WHEREAS, new jobs, investment and industrial diversification will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the communities within Brazoria County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects; and

WHEREAS, any tax incentives offered in Brazoria County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

WHEREAS, the abatement of property taxes, when offered to attract capital investment and primary jobs in industries which bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area of economy; and

WHEREAS, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting of any future tax abatement, and said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-quarters vote;

Now, therefore, be it resolved that Brazoria County does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in Brazoria County.

DEFINITIONS Section 1

- (a) "Abatement" means the full or partial exemption from ad valorem taxes on certain property in a reinvestment zone designated by Brazoria County for economic development purposes.
- (b) "Abatement Period" means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- (c) "Abated Facility Site" (or "proposed abated facility site") means the tract(s) or area of land underlying the proposed improvements to be abated.
- (d) "Agreement" means a contractual agreement between a property owner and/or lessee and Brazoria County for the purpose of tax abatement.

Revised/Adopted effective 05/31/2014

- (e) "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the agreement.
- (f) "Brazoria County Vendor and Services" means a company that employs Brazoria County residents and pays Brazoria County taxes.
- (g) "Deferred maintenance" means the improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (h) "Distribution Center Facility" means buildings 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 where seventy percent (70%) of the goods or services are distributed outside of Brazoria County.
- (i) "Economic Development" means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Brazoria County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Brazoria County.
- (j) "Eligible jurisdiction" means Brazoria County and any municipality or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in Brazoria County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Brazoria County.
- (k) "Employee" for the purposes of the economic qualifications of Section 2(b)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.
- (l) "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (b) (2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.
- (m) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (n) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.

- (o) "Manufacturing Facility" means buildings and structures, including 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.
- (p) "Modernization" means the replacement and upgrading of existing facilities which increases the productive 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.
- (q) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (r) "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside Brazoria County.
- (s) "Productive Life" means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.
- (t) "Qualified Vendors and Services" means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.
- (u) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where seventy percent (70%) of users reside at least 50 miles from its location in Brazoria County.
- (v) "Research Facility" means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (w) "Regional Service Facility" means buildings and structures, including machinery and equipment, used or to be used to service goods where seventy percent (70%) of the goods being serviced originate outside of Brazoria County.
- (x) "Tangible personal property" means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the investment zone at any time before the period covered by the agreement with the County.

ABATEMENT AUTHORIZED Section 2

- (a) Authorized Facility. A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Distribution Center or Regional Service Facility, Regional Entertainment Facility, Other Basic Industry, or a facility that Commissioners Court determines would enhance job creation and the economic future of Brazoria County.
- (b) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Brazoria County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Brazoria County may require.
- (c) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (d) Eligible Property. Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

Tangible Personal Property: Abatement may be granted with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the real property, (2) all or a portion of the value of the tangible personal property located on the real property, or (3) all or a portion of the value of both.

An abatement may be granted with the owner of tangible personal property or an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

- (e) Ineligible Property. The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, property already subject to real or personal property tax(es) moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by State law.

- (f) Leased Facilities. Leasehold Interest: Abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

Lessee Interest: Abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease, (2) all or a portion of the value of tangible personal property owned by the lessee and located

on the real property that is the subject of the lease, or (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

Leasehold Interest/Lessee shall be required to submit with its application a copy of the executed lease agreement between lessor/lessee demonstrating a minimum lease term double the abatement term granted.

- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. Commissioners Court shall consider the percent of value and the term of the abatement based upon the overall value of the project and the number of new jobs being created. The term of abatement may be up to 10 years or one-half (1/2) of the productive life of the improvement, whichever is less. The "productive life" will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1 following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years. However, in no event shall the abatement begin later than the January 1 following the commencement of construction.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

New eligible properties must be in active service and operation as part of a facility operating in a producing capacity for a period equal to double the abatement period (i.e. seven year abatement, then in producing capacity for 14 years) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions.

- (h) Economic Qualification. In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:

- (1) must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
- (2) must create employment for at least 10 people on a full-time (40 hours per week equivalent) basis in Brazoria County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of 10 employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:

a. "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered "created" employment for purposes of this sub-section.

The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.

(3) must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.

(4) must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

(5) must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of \$1,000. A part of the application fee will be dedicated by Brazoria County to economic development programs authorized by Local Government Code, Section 381.004.

(6) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County union and/or nonunion vendors and services where applicable in the

construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county union and/or nonunion vendors and services regarding price, quality, safety, availability and ability perform. It is preferred that applicant seek qualified workers who are United States citizens and veterans and also legal residents prior to seeking workers from other countries.

(7) will annually, for the term of the abatement, contribute .000207 of the value reported in "Part IV Section F" of the abatement application (estimated value of abated improvements at the conclusion of the abatement period). Air carriers receiving abatement will contribute an amount equal to .000207 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than \$25,000.00 for projects \$500 million or less in capital investment and no more than \$50,000 for project greater than \$500 million in capital investment nor less than 2,000 annually to be used specifically to fund economic development in Brazoria County as authorized by Local Government Code, Section 381.004. The annual contribution shall be paid to Brazoria County through the County Auditor's Office on or before January 1 of each year of the tax abatement contract term.

(8) must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements' value as integral fixtures of a producing manufacturing facility. An owner's legal protest of the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal practice. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.

(9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.

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

(1) The value of ineligible property as provided in Section 2(c) shall be fully taxable;

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

(3) the additional value of new eligible property shall be taxable in the manner described in Section 2(g).

APPLICATION Section 3

- (a) The Application for tax abatement may be obtained from the County Judge's Office or on the Brazoria County website at www.brazoria-county.com. Applicant may contact the Judge's Office at (979) 864-1200 or (281) 756-1200.
- (b) Any present or potential owner of taxable property in Brazoria County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Brazoria County. The application shall be filed with the County Judge by providing twelve (12) copies of an electronic version and five (5) copies. The additional copies provided will be furnished to each member of the Commissioners Court and the Tax Abatement Review Committee (TARC). After filing the application, the Applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report, to the County Judge's Office prior to the TARC meeting on the Applicant's tax abatement application.

- (c) The application shall consist of a completed application form accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as Brazoria County deems appropriate for evaluating the financial capacity and other factors of the Applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".

- (d) Upon receipt of a completed application, the County Judge shall notify in writing the presiding officer of the legislative body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners' Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.

- (e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.

- (f) If upon written request for a legal opinion or interpretation from the Commissioners' Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners' Court or any duly appointed review

committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners' Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.

The Applicant shall file a supplement or addendum to its application to show cause why the application should be approved and shall present reasons at the public hearing on the same.

Provided that any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Commissioners' Court at its sole discretion.

- (g) Brazoria County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.

- (h) Variance. Requests for variance from the provisions of Subsections (a) (b) (c) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the County Judge with a copy forwarded to the TARC. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4-5) vote of the Commissioners Court.

- (i) Special Variance: Air Carriers. A special variance from all applicable provisions of these guidelines and criteria, with the exception of Section 2 (h) (5) and (h) (7) may be granted allowing abatement or partial abatement of ad valorem taxes on the personal property of a certificated or non-certificated air carrier that owns or leases taxable real property in Brazoria County provided that the personal property has a value of at least \$10,000,000. Approval of a request for this variance requires a three-fourth (3/4) vote of the Commissioners Court.

PUBLIC HEARING Section 4

- (a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
- (1) there would be a substantial adverse effect on the provision of government service or tax base;
 - (2) the Applicant has insufficient financial capacity;
 - (3) planned or potential use of the property would constitute hazard to public safety, health or morals; or,
 - (4) violation of other codes or laws.

AGREEMENT Section 5

- (a) After approval, Brazoria County Commissioners' Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:

- (1) estimated value to be abated and the base year value;
- (2) percent of value to be abated each year as provided in Section 2(g);
- (3) the commencement date and the termination date of abatement;
- (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in Application, Sections II and III;
- (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 2(e), 2(f), 2(g), 2(h) 6, 7, and 8;
- (6) size of investment and average number of jobs involved for the period of abatement; and
- (7) provision that Applicant shall annually furnish information necessary for Brazoria County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria (in the form of an annual report/statement of compliance), together with an additional provision that Brazoria County may, at its election, request and obtain information from Applicant as is necessary for the County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria. See Attachment A.
- (8) provision that, upon expiration of the tax abatement agreement, Applicant shall begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period (i.e. seven year abatement, then follow-up reporting for seven more years). See Attachment B.
- (b) Such agreement shall be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to Brazoria County.

RECAPTURE Section 6

- (a) In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the county may elect to: (1) Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes; (2) Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or (3) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- (b) Should Brazoria County determine that the company or individual is in default according to the terms and conditions of its agreement, Brazoria County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

- (c) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

- (d) Failure to provide any requested statement or information pursuant to the provisions described in Section 5(a)(7) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

ADMINISTRATION Section 7

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levy taxes on the amount of the assessment.
- (b) The agreement shall stipulate that TARC of Brazoria County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.

- (c) Tax Abatement Review Committee:

The Commissioners' Court shall appoint a standing Tax Abatement Review Committee (TARC) for purposes of (i) reviewing the tax abatement application and preparing the feasibility study report required by Section 3(d) of these guidelines; (ii) conducting annual inspections and/or evaluations of the abated facilities to insure compliance with the terms/conditions of the tax abatement agreement.

- (d) The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative appointed by each Commissioners' Court member. The County Auditor, County Treasurer, District Attorney representative, and County Tax Assessor Collector shall serve as ex-officio members of the Committee to advise on abatement qualifications and procedures. The County Judge and the Commissioner of the Precinct in which a proposed abated facility will be located will serve on the Committee during the period when the Committee is preparing the feasibility study report and conducting the annual inspection and/or evaluation of the facility.

- (e) Upon completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners' Court

and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners Court. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.

- (f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (i.e. seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.

- (g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

ASSIGNMENT Section 8

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of Brazoria County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Brazoria County. No assignment or transfer shall be approved if the new parties to the existing agreement, the new owner or new lessee are liable to Brazoria County or any eligible jurisdiction for delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

- (a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by Applicants who have previously entered into a tax abatement agreement with a city regarding that property.
- (b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.
- (c) An Applicant shall file a tax abatement application on the County's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.
- (d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a)

correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the Applicant.

- (e) After review (and subject to approval of the matters in (d) above), the public hearing on the tax abatement shall be scheduled at the Commissioners Court meeting that next follows the one at which the Order Setting Hearing Date is entered, unless otherwise ordered by Commissioners Court. If there are any compliance problems with the application (including any problems to be resolved or amendments to the application to be made prior to the public hearing), the County Judge and Precinct Commissioners shall be advised of these compliance problems/matters to be resolved in a memo from the Civil Division-District Attorney's Office transmitting the Order Setting Hearing Date. No hearing shall be set on any application that fails to attach both the ordinance designating reinvestment zone and the copy of the fully executed tax abatement agreement between the city and the Applicant, or which is deficient as to application form or legal description. In such case the Applicant shall be informed of the necessity of attaching those documents or making necessary corrections, and there will be no further processing of the application until the same are received.

- (f) The notice provisions of Section 3 (c) are not applicable to an application under this section.

- (g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specifically ordered in the Commissioners Court order granting abatement.

SUNSET PROVISION Section 10

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.
- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective May 31, 2014, and shall remain in force until May 31, 2016, unless amended or superseded, modified, renewed, or eliminated by Commissioners' Court prior to that date.

SECTION 19. Authorized Signature and Applicant Certification

After the application and schedule are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization. After the authorized representative from the business and the authorized representative from the school district obtain new signatures and mail the application, Section 19, with the application 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 Name: Danny Massey
 Title: Superintendent
 Signature: *[Signature]*
 Date: 10-13-15

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 schedule 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 Name: Lowell McLaughlin
 Title: State & Local Tax Director
 Signature: *[Signature]*
 Date: 9-24-15

GIVEN under my hand and seal of office this, the

24 day of September, 2015

[Signature]
 Notary Public in and for the State of Texas

CYNTHIA J. STAUFFER
 MY COMMISSION EXPIRES: MAY 11, 2019

(Notary Seal)

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.11.



The Dow Chemical Company
Texas Innovation Center
332 SH 332 E
Lake Jackson, TX 77566
U.S.A.

January 29, 2016

Mr. John Villarreal
Manager
Data Analysis and Transparency Division
Texas Comptroller of Public Accounts
PO Box 13528, Austin, TX 78711-3528

RE: Abatement Application in Brazosport Independent School District's Jurisdiction on behalf of The Dow Chemical Company

Dear Mr. Villarreal:

I have found a rounding error in our math calculations for the annual wages. The wages should get corrected from \$59,968.48 to \$59,976.40 annually.

We want to follow the standards. Please make the necessary adjustments to Tab 1, Section 14 and as well as Tab 13 and 14 accordingly.

Please accept my apology for any inconvenience this may have caused.

Kind Regards,

David Ngo
The Dow Chemical Company

Cc: Mali Hanley, Moak, Casey & Associates



OFFICIAL TIMEKEEPER

Application for Appraised Value Limitation on Qualified Property

Form 50-398-A

SECTION 14: Wage and Employment Information

- What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
- What is the last complete calendar quarter before application review start date:
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2015 (year)
- What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 7,053
 Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
- What is the number of new qualifying jobs you are committing to create? 35
- What is the number of new non-qualifying jobs you are estimating you will create? 17
- Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.021(1)? ☐ Yes ☒ No
- 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.
- 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 your 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(2) and (22).
 - Average weekly wage for all jobs (all industries) in the county is 1,070.00
 - 110% of the average weekly wage for manufacturing jobs in the county is 2,230.00
 - 110% of the average weekly wage for manufacturing jobs in the region is 1,153.39
- 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)
- What is the minimum required annual wage for each qualifying job based on the qualified property? 59,976.40
- What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,000.00
- Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
- 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
- If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.021(3)(F).
 - Do you intend to rely on the project being part of a single unified project, as allowed in §313.021(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
 - If yes, attach in Tab 6 supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

- 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.
- Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in Tab 15. (not required)
- 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 for Appraised Value Limitation on Qualified Property

SECTION 9: Projected Timeline

- | | 3/30/2016 |
|--|---|
| 1. Application approval by school board | |
| 2. Commencement of construction | 4/1/2017 |
| 3. Beginning of qualifying time period | 1/2/2017 |
| 4. First year of limitation | 1/1/2018 |
| 5. Begin hiring new employees | 1/1/2017 |
| 6. Commencement of commercial operations | 12/31/2017 |
| 7. Do you propose to construct a new building or to end or alter a new improvement after your application review start date (after your application is finally determined to be complete)? | ☐ Yes ☒ No |
- 12/31/2017
- Notes:** Improvements made before that time may not be considered qualified property.
 When do you anticipate the new buildings or improvements will be placed in service?

SECTION 10: The Property

- Brazoria**
- Brazoria Central Appraisal Dist.**
1. Identify county or counties in which the proposed project will be located
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property
3. Was 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:

5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
- 5a. If not, attach in Tab 5 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 a written document 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 Chapter's website at www.taxnotesed.org/tax_notes_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 Tax Code §313.021(1)]. The description must include:
- a. a specific and detailed description of the qualified investment (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 §313.021 or §313.053 for Subchapter C school districts for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

- 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

Danny Massey
Print Name (Authorized School District Email)

Prison Name (Authorized School District Employees only)

Superintendent

புதுச்சேரி

By: l. m. s. s. e. y

Feb. 4, 2016

- 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 schedule 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
were

Daudhgy
Pilot-Milling (Authorized Company) is presented.

Pilot-Training (Authorized Company Representative Application)

Authorized Agent

अनुसूचित जाति

Signature of Authorizer (Consent) Representative (Agent)

2-4-16

GIVEN under my hand and seal of office this, the

4 February 2016

Buck Z. Lunder

Voluntary Search

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.

www.TexasAgricult.org/tax_programs/chapter313/



The Dow Chemical Company
Texas Innovation Center
332 SH 332 E
Lake Jackson, TX 77566
U.S.A.

TAB 1

December 21, 2015

Data Analysis and Transparency Division
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

Re: Application to the Brazosport Independent School District from The Dow Chemical Company - Appraised Value Limitation on Qualified Property

Dear Mr. TJ Costello,

Please find attached an updated and amended application to the Brazosport Independent School District from The Dow Chemical Company - Appraised Value Limitation on Qualified Property.

Amendments include:

1. Tab 1 - Pages 1 through 11 of Application-Section 2.4 and 14
2. Tab 5 - Determining Factor Update
3. Tab 7 & 8 - Update to descriptions of Qualified Property and Investment
4. Tab 11 - Updated site map with descriptive detail
5. Tab 17 - Signature page update

Please contact me at 979-238-0065 if you have any further questions.

Sincerely,



David Ngo
Authorized Agent
The Dow Chemical Company

Cc: John Villarreal, Manager-Data Analysis and Transparency Division
Dan Casey- Partner
Lowell McLaughlin - State & Local Tax Director





Economic Development and Analysis Form 50-296-A

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

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 Compeller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.022 requires that a completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

- 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 Section 313.022(a)(1) application for the school district and provide information required in the Comptroller rules located at 34 TAC Chapter 9, Subchapter F;
- 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 9.053(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.texashead.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

Date Application Received by District
July 16, 2015

First Name Danny	Last Name Massey
Title Superintendent	
School District Name Brazosport ISD	
301 W. Brazoswood Dr., Clute, TX 77531	
Street Address P.O. Drawer Z	
Mailing Address Freeport	
City TX	State TX
Zip 77542	Zip 77542
Phone Number 979-730-7000	Fax Number 979-266-2486
Email Address dmassey@brazosportisd.net	

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

The Economic Development and Analysis Division at the Texas Comptroller of Public Accounts provides information and resources for taxpayers and local taxing entities.
For more information, visit our website:
www.texashead.org/tax_programs/chapter313/
50-296-A • 05-14-2



Application for Appraised Value Limitation on Qualified Property Form 50-296-A

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

First Name Dan	Last Name Cassey
Title Partner	
Firm Name Moak, Cassey & Associates	
Phone Number 512-485-7878	Fax Number 512-485-7888
Email Address dcassey@moakcassey.com	
Mobile Number (optional)	
On what date did the district determine this application complete? 11/6/2015	
Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No	

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

First Name David	Last Name Ngo
Title Property Tax Manager	
Organization The Dow Chemical Company	
Tax Dept. TXINN APB	
Street Address 332 SH 332 E	State TX
Mailing Address Lake Jackson	Zip 77565
City TX	State TX
Phone Number 979-238-0065	Fax Number 979-235-8121
Business Email Address drngo@dow.com	
Mobile Number (optional)	
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 Lowell	Last Name McLaughlin
Title State & Local Tax Director	
Organization The Dow Chemical Company	
Street Address 1790 Bldg. Washington St	
Mailing Address Midland	State TX
City TX	Zip 48574
Phone Number 989-636-0458	Fax Number 989-638-7142
Mobile Number (optional)	
Business Email Address lmcclaughlin@dow.com	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

For more information, visit our website:
www.texashead.org/tax_programs/chapter313/
50-296-A • 05-14-2

Application for Appraised Value Limitation on Qualified Property

Form 50-296-A

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

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 make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(f)? ☐ 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(f)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? The Dow Chemical Company
 2. List the Texas Taxpayer ID number of entity subject to Tax Code, Chapter 171 (if digits) 13812851288
 3. List the NAICS code 325199
 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
172, Brazosport ISD, 2011; 213, 214, 215, 216, Brazosport 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, 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 ☐ N/A
 4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
 5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in Tab 3)

Application for Appraised Value Limitation on Qualified Property

Form 50-296-A

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 Subsections (1) through (7) ☐ Yes ☒ No
 (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC § 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 313.024(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.

Application for Appraised Value Limitation on Qualified Property

Form 50-296-A

SECTION 9: Projected Timeline

- Application approval by school board: 3/30/2016
- Commencement of construction: 4/1/2017
- Beginning of qualifying time period: 1/2/2017
- First year of limitation: 1/1/2018
- Begin hiring new employees: 1/1/2018
- Commencement of commercial operations: 12/31/2018
- Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☐ Yes ☒ No
- Note: Improvements made before that time may not be considered qualified property.
- When do you anticipate the new buildings or improvements will be placed in service? 12/31/2018

SECTION 10: The Property

- Identify county or counties in which the proposed project will be located: Brazoria
- Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Brazoria Central Appraisal Dist.
- Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
- List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

County:	Brazoria, 100%, \$0.4985/\$100	City:	Brazoria
Hospital District:		Water District:	Velasco Drainage Dist, 100%, \$0.098018/\$100
Other (describe):	Brzspport Coll, 100%, \$0.280878/\$100	Other (describe):	Port Freeport, 100%, \$0.045/\$100
- Is the project located entirely within the ISD listed in Section 17? ☒ Yes ☐ No
- 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 §313.021(4-2)? ☐ Yes ☒ No
- Is it, 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/.
- At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
 - 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.
 - Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
 - Attach a description of the qualified investment [See §313.021(1)]. The description must include:
 - a. a specific and detailed description of the proposed new buildings or improvements or personal property 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).
 - Do you intend to make at least the minimum qualified investment required by Tax Code §313.022 for §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

For more information, visit www.texasahead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property

Form 50-296-A

SECTION 12: Qualified Property

- 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:
 - 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);
 - 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
 - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
- 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
- If yes, attach complete documentation including:
 - a legal description of the land (Tab 9);
 - 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);
 - owner (Tab 9);
 - a detailed map showing the location of the land is part of larger parcel (Tab 9); and
 - a detailed map showing the location of the land with vicinity map (Tab 11).
- 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
- If yes, attach the applicable supporting documentation:
 - evidence that the area qualifies as a reinvestment zone as defined by the Governor's Office (Tab 10);
 - legal description of reinvestment zone (Tab 10);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 10);
 - guidelines and criteria for creating the zone (Tab 10); and
 - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11).
- 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?

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

- 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.
- In Tab 10, attach a specific and detailed description of all proposed new property that will not become new improvements as defined by Tax Code §313.021. This includes existing property that is not being improved or renewed property that is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property or otherwise existing property that is not being improved or renewed. 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).
- 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:
 - maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
- Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
- 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.
- Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

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

For more information, visit www.texasahead.org/tax_programs/chapter313/

Application for Appraised Value Limitation on Qualified Property

Form 50-256-A

SECTION 14: Wage and Employment Information

- What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 2015
(year)
0
- What is the last complete calendar quarter before application review start date.
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter
7,053
- 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)?
35
- Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
- What is the number of new qualifying jobs you are committing to create?
17
- What is the number of new non-qualifying jobs you are estimating you will create?
17
- Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(-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.
- 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).
 - Average weekly wage for all jobs (all industries) in the county is 1,070.50
 - 110% of the average weekly wage for manufacturing jobs in the county is 2,230.80
 - 110% of the average weekly wage for manufacturing jobs in the region is 1,153.24
- 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) 59,988.48
- What is the minimum required annual wage for each qualifying job based on the qualified property?
59,988.48
- What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property?
59,988.48
- Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
- 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).
- Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(4-2), in meeting the qualifying job requirements?
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

- 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.
- Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in Tab 15. (not required)
- 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 for Appraised Value Limitation on Qualified Property

Form 50-256-A

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 §17.0001(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 initiation is a determining factor
6	Description of how project is located in more than one district, including list of percentages 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: - Project vicinity - Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period - Qualified property including location of new buildings or new improvements - Existing property - Land location within vicinity map - 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: - evidence that the area qualifies as an enterprise zone as defined by the Governor's Office - legal description of reinvestment zone* - order, resolution or ordinance establishing the reinvestment zone* - 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)

The Dow Chemical Company

School Limitation on Appraised Value
(Tab 5)

September 24, 2015

The Dow Chemical Company (Dow) has analyzed the property tax liability of constructing an ethylene glycol manufacturing plant in Texas and Alberta, Canada as an alternate location. Dow is partnering with McGlobal Americas Inc., a joint venture between Dow and Petrochemical Industries Company (PIC) of Kuwait, to advocate for the best siting decision for a global scale ethylene glycol plant. Dow has seen tremendous growth and investment in its operations on the U.S. Gulf Coast recently and is well situated to leverage this growth to attract additional investment. To fully attract this investment, the public partnership with the State and Local Governments in Texas is critical.

Property taxes in the State of Texas are levied on Real and Personal property as well as inventory while the Province of Alberta levies taxes on Real and Personal Property. Projected property tax liability to the company, based on the same \$1 Billion capital investment in Texas compared to Alberta Canada, is approximately three times higher (in Texas) after considering estimated tax savings from negotiated agreements with local authorities in the two locations.

The investment in and siting of such a large project is complex and while no one factor alone can determine site location there are many taken as a group that can. Texas has some advantages over Alberta, Canada such as a deep water port; however one area where Texas is not competitive is in property tax liability. Alberta, Canada is favorable here because property tax rates are substantially less. The lower tax rates in Alberta emphasizes the need for property tax relief. Approval of the 313 agreement is key in closing the property tax gap and thereby will create a more competitive investment environment. Without approval of the 313 agreement a wide gap exists in the company's property tax liability between the two locations which negatively impacts the competitiveness of Texas.

TAB 7

Also important is that property tax liabilities in Alberta are more stable and predictable for the company because business inventories are not taxable. When Texas taxes business inventories, it creates an uncertain and often high tax liability for the company because inventories can vary significantly over time. This uncertainty does not exist in Alberta, Canada.

Approval of the 313 agreement is essential to allow the property tax liabilities in Texas to be as favorable, certain and competitive as possible for this project. Approval will allow the company to be competitive today, so it can make the necessary capital investment decision to make this manufacturing project successful.

Ethylene Glycol Plant (Tabs 7 & 8)

Project Description

This project will design and construct a new Ethylene Glycol plant that will produce a range of chemical intermediate and final products.

Site Information

The plant is proposed to be built primarily at the Oyster Creek East Plant site.

Proposed Improvements

The proposed improvements for this project include: Site improvements such as roads, rail line extensions, buildings, pipeways, utilities, foundations and process equipment including reactors, compressors, purification systems, separation equipment, raw material unloading facilities, storage facilities, vessels, pumps, valves, filters, electrical and instrument systems and other miscellaneous equipment.

Project will also include any other necessary equipment and structures to construct and operate a fully functioning manufacturing plant.

DESCRIPTION OF QUALIFIED PROPERTY

This project provides for the design and construction of an ethylene glycol production facility and related raw material conditioning, utilities and logistics improvements. The plant will manufacture ethylene glycol which is used in products such as polyester fibre (textiles), PET plastic water bottles, automotive antifreeze and many more. The estimated total investment for this project is \$1 Billion.

The proposed ethylene glycol facility will be constructed on a green-field site in the Freeport / Oyster Creek area of Brazoria County, with associated logistics improvements constructed near Brazos Harbor. The proposed site is undeveloped land to be purchased by MEGlobal Americas Inc and developed into a stand-alone manufacturing facility. This facility would be MEGlobal's first operating asset in the United States (all existing assets located in Canada).

Major equipment and facilities provided within the scope of the project may include:

- Heat Exchangers
- Distillation Towers
- Compressors
- Pumps
- Filters
- Chemical Processing Equipment
- Steam Generation Equipment (Boilers)
- Cooling Tower
- Storage Tanks

Ethylene Glycol Plant (Tabs 7 & 8)

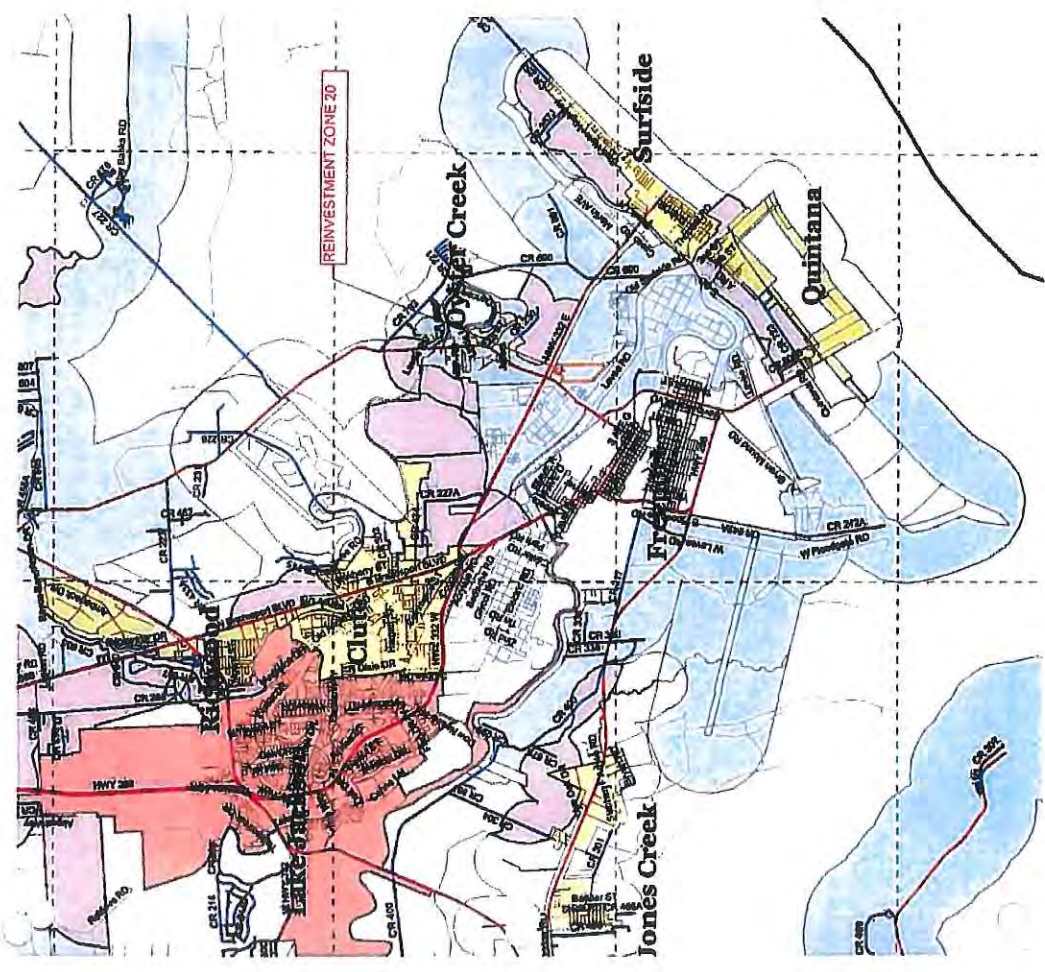
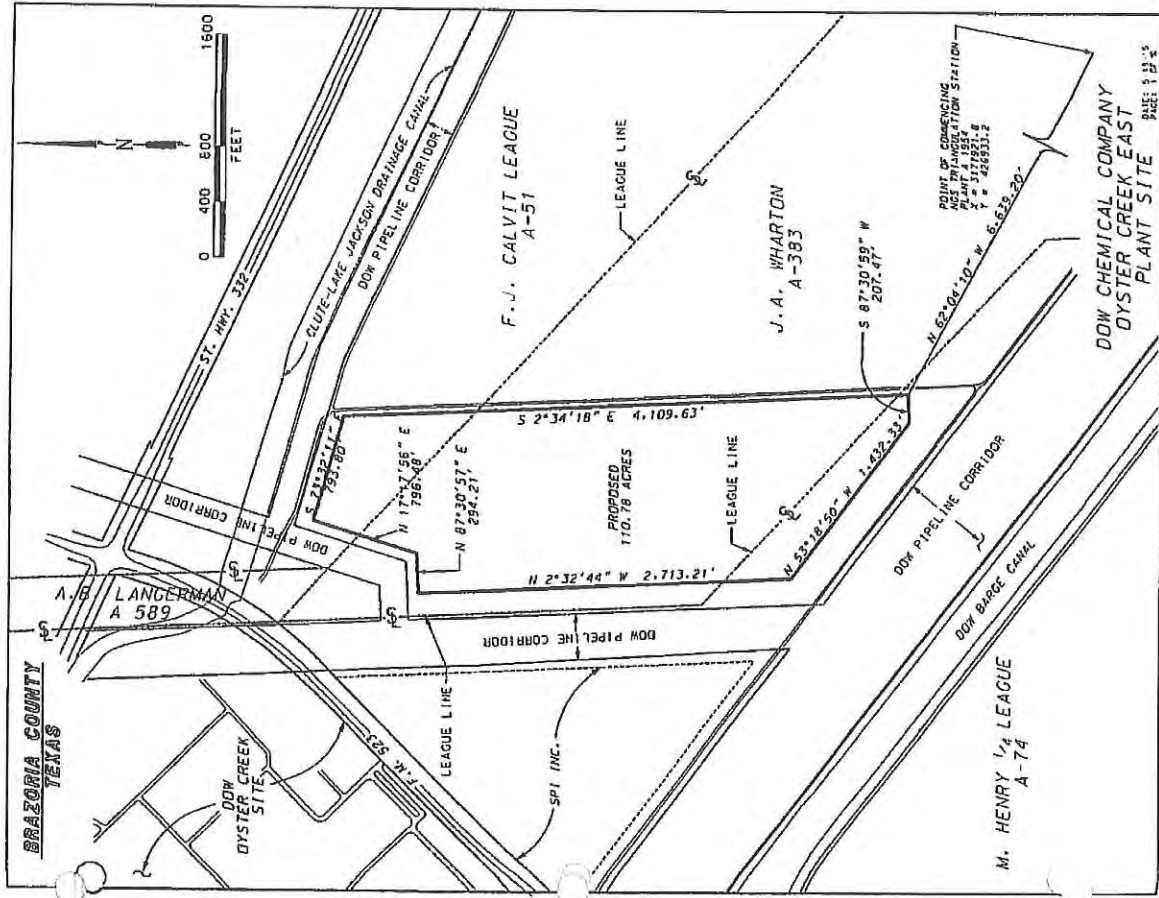
- Electrical Power Distribution
- Transmitters / Instrumentation
- Computer Control System
- Insulation
- Raw Material Conditioning Equipment
- Marine Loading Facility Improvements

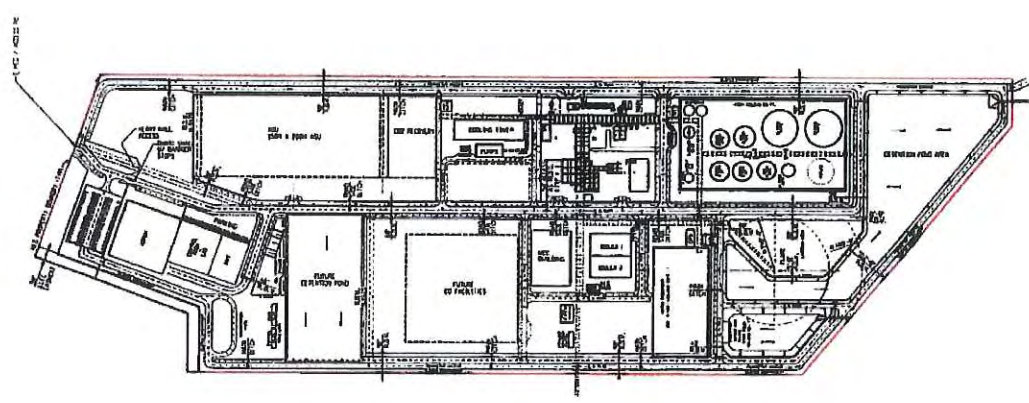
In addition, the project will provide site infrastructure facilities such as:

- Administration Building
- Operations Control Building
- Maintenance Building
- Security Facilities
- Upgrade of Site Roadway Access From Existing Highways
- Site Drainage, Grading and Rainfall Management

TAB 11









Application for Appraised Value Limitation on Qualified Property

Form 50-296A

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.

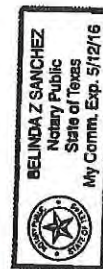
print here Danny Massey Title Superintendent
 sign here [Signature] Date Dec. 14, 2015
Print Name (Authorized School District Representative)
Signature (Authorized School District Representative)

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 David Ngo Title Authorized Agent
 sign here [Signature] Date 12-14-15
Print Name (Authorized Company Representative (Applicant))
Signature (Authorized Company Representative (Applicant))



(Notary Seal)

GIVEN under my hand and seal of office this, the

14 day of December, 2015
Belinda Z Sanchez
 Notary Public in and for the State of Texas

My Commission expires: 5-12-16

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.

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of: 03/09/2016 01:38:18 PM

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

THE DOW CHEMICAL COMPANY	
Texas Taxpayer Number	13812851288
Mailing Address	2030 DOW CENTER ATTN: TAX DEPT MIDLAND, MI 48674-0001
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	07/14/1947
Texas SOS File Number	0001216206
Registered Agent Name	CT CORP SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 10, 2016

Danny Massey
Superintendent
Brazosport Independent School District
P.O. Drawer Z
Freeport, Texas 77542

Dear Superintendent Massey:

On December 28, 2015, the Comptroller issued written notice that the Dow Chemical Company (DOW) (the applicant) submitted a completed application (Application #1112) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on July 16, 2015, to the Brazosport 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 #1112.

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.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem 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 50-826) 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 December 28, 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 Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED DOW CHEMICAL
COMPANY PROJECT IN THE BRAZOSPORT INDEPENDENT
SCHOOL DISTRICT
(PROJECT # 1112)**

PREPARED BY



MARCH 1, 2016

Executive Summary

Dow Chemical Company (Company) has requested that the Brazosport Independent School District (BISD) 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 BISD on July 16, 2015, the Company plans to invest \$955.3 million to construct a ethylene glycol 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 Dow 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, BISD 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 last May. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to BISD	\$9.6 Million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$66.1 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 Comptroller delivered a Completeness Letter to the company and the school district on December 28, 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. After the certificate

is received, the district has until the 150th day from the receipt of the Completeness Letter or until December 31, whichever is earlier, to adopt an agreement. The Certification Letter for the project was issued by the Comptroller's Office on February 10, 2016.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Ch. 313 statute are required. MCA and O'Hanlon, McCollom & Demerath will ensure the best interests of BISD are secured. The Value Limitation Agreement addresses the hold-harmless provisions and supplemental benefit payments, along with provisions on how the Agreement is to be administered. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

At the final board meeting, the school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting, although neither will be required in the board's consideration of the Dow application. Prior to this meeting, O'Hanlon, McCollom & Demerath will provide the district with the necessary agenda language and any additional action items.

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 (ASATR), although ASATR is currently scheduled to be eliminated by the 2017-18 school year. (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 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 guesswork 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. Student enrollment counts are held constant at 11,531 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of BISD. The District's local tax base reached \$7.9 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 \$1.04 per \$100 is used throughout this analysis. The impact of any previously approved Chapter 313 projects is factored into the M&O tax bases used for both models presented below.

BISD has estimated state property wealth per weighted ADA or WADA in the forecasts provided below that exceed the current equalized wealth level. As a result, BISD 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, BISD 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 appears that BISD would benefit from shifting tax effort to take advantage of the fractional funding fix approved by legislators and that change is incorporated in these estimates.

The mandated school district homestead exemption increase from \$15,000 to \$25,000 has been incorporated into the analysis. Given that the models below focus exclusively on the Dow Chemical Company project values, however, the homestead exemption change does not have a significant impact on this analysis.

The M&O tax rate for 2015 is maintained at \$1.0400 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 Dow 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	2016-17	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,729,830,557	\$8,729,830,557	\$7,904,068,615	\$7,904,068,615	\$525,116	\$525,116
QTP1	2017-18	11,530.94	15,052.04	\$1.0400	\$0.2153	\$9,614,098,091	\$9,614,098,091	\$8,727,554,224	\$8,727,554,224	\$579,825	\$579,825
QTP2/VL1	2018-19	11,530.94	15,052.04	\$1.0400	\$0.2153	\$13,213,968,724	\$12,943,691,804	\$9,611,821,758	\$9,611,821,758	\$638,573	\$638,573
VL2	2019-20	11,530.94	15,052.04	\$1.0400	\$0.2153	\$12,526,729,776	\$11,601,452,856	\$13,211,692,391	\$12,941,415,471	\$877,734	\$859,778
VL3	2020-21	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,471,502,495	\$7,586,225,575	\$12,524,453,443	\$11,599,176,523	\$832,077	\$770,605
VL4	2021-22	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,430,079,701	\$7,583,202,781	\$8,469,226,162	\$7,583,949,242	\$562,663	\$503,849
VL5	2022-23	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,390,245,329	\$7,580,232,409	\$8,427,803,368	\$7,580,926,448	\$559,911	\$503,648
VL6	2023-24	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,483,652,047	\$7,709,028,567	\$8,387,968,996	\$7,577,956,076	\$557,265	\$503,450
VL7	2024-25	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,908,497,977	\$8,167,848,359	\$8,481,375,714	\$7,706,752,234	\$563,470	\$512,007
VL8	2025-26	11,530.94	15,052.04	\$1.0400	\$0.2153	\$8,840,007,333	\$8,131,972,623	\$8,906,221,644	\$8,165,572,026	\$591,695	\$542,489
VL9	2026-27	11,530.94	15,052.04	\$1.0400	\$0.2153	\$11,661,122,183	\$10,984,397,785	\$8,837,731,000	\$8,129,696,290	\$587,145	\$540,106
VL10	2027-28	11,530.94	15,052.04	\$1.0400	\$0.2153	\$14,052,022,403	\$13,405,355,904	\$11,658,845,850	\$10,982,121,452	\$774,569	\$729,610
VP1	2028-29	11,530.94	15,052.04	\$1.0400	\$0.2153	\$17,693,324,275	\$17,693,324,275	\$14,049,746,070	\$13,403,079,571	\$933,411	\$890,449
VP2	2029-30	11,530.94	15,052.04	\$1.0400	\$0.2153	\$17,286,795,749	\$17,286,795,749	\$17,691,047,942	\$17,691,047,942	\$1,175,326	\$1,175,326
VP3	2030-31	11,530.94	15,052.04	\$1.0400	\$0.2153	\$16,896,215,042	\$16,896,215,042	\$17,284,519,416	\$17,284,519,416	\$1,148,317	\$1,148,317
VP4	2031-32	11,530.94	15,052.04	\$1.0400	\$0.2153	\$16,525,267,277	\$16,525,267,277	\$16,893,938,709	\$16,893,938,709	\$1,122,369	\$1,122,369
VP5	2032-33	11,530.94	15,052.04	\$1.0400	\$0.2153	\$16,172,738,064	\$16,172,738,064	\$16,522,990,944	\$16,522,990,944	\$1,097,724	\$1,097,724

*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 Dow project on BISD

School finance models were prepared for BISD 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. These model results are detailed in Table 2.

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	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2016-17	\$83,775,296	\$5,262,531	\$0	-\$1,684,761	\$5,129,100	\$2,443,989	\$0	\$77,615	\$247,294	\$95,251,064
QTP1	2017-18	\$92,267,802	\$2,956,342	\$0	-\$9,951,073	\$5,649,049	\$1,903,662	\$0	\$85,538	\$245,190	\$93,156,510
QTP2/VL1	2018-19	\$126,893,933	\$3,878,818	\$0	-\$23,516,739	\$7,769,016	\$1,662,883	\$0	\$117,629	\$236,294	\$117,041,834
VL2	2019-20	\$120,422,071	\$3,878,818	\$0	-\$48,397,876	\$7,372,780	\$0	\$0	\$136,631	\$236,168	\$83,648,593
VL3	2020-21	\$81,467,828	\$3,878,818	\$0	-\$29,637,389	\$4,987,826	\$0	\$0	\$92,434	\$243,163	\$61,032,679
VL4	2021-22	\$81,062,477	\$3,878,818	\$0	-\$6,660,309	\$4,963,009	\$1,875,563	\$0	\$75,113	\$243,453	\$85,438,124
VL5	2022-23	\$80,672,682	\$3,878,818	\$0	-\$6,284,179	\$4,939,144	\$1,899,837	\$0	\$74,759	\$243,729	\$85,424,791
VL6	2023-24	\$81,562,824	\$3,878,818	\$0	-\$6,015,717	\$4,993,642	\$1,952,716	\$0	\$75,628	\$243,768	\$86,691,679
VL7	2024-25	\$85,636,385	\$3,878,818	\$0	-\$7,142,575	\$5,243,044	\$1,970,475	\$0	\$79,379	\$243,202	\$89,908,728
VL8	2025-26	\$84,972,209	\$3,878,818	\$0	-\$10,599,794	\$5,202,380	\$1,613,957	\$0	\$78,756	\$243,521	\$85,389,846
VL9	2026-27	\$112,060,059	\$3,878,818	\$0	-\$13,262,160	\$6,860,820	\$2,197,721	\$0	\$103,885	\$238,618	\$112,077,761
VL10	2027-28	\$135,016,373	\$3,878,818	\$0	-\$43,915,023	\$8,266,309	\$7,799	\$0	\$153,190	\$234,476	\$103,641,943
VP1	2028-29	\$169,860,690	\$3,878,818	\$0	-\$74,818,610	\$10,399,634	\$0	\$0	\$192,725	\$228,073	\$109,741,330
VP2	2029-30	\$165,956,390	\$3,878,818	\$0	-\$91,874,209	\$10,160,595	\$0	\$0	\$188,295	\$228,958	\$88,538,847
VP3	2030-31	\$162,205,253	\$3,878,818	\$0	-\$88,095,128	\$9,930,934	\$0	\$0	\$184,039	\$229,808	\$88,333,724
VP4	2031-32	\$158,642,670	\$3,878,818	\$0	-\$84,485,470	\$9,712,817	\$0	\$0	\$179,997	\$230,616	\$88,159,448
VP5	2032-33	\$155,256,980	\$3,878,818	\$0	-\$81,054,034	\$9,505,529	\$0	\$0	\$176,155	\$231,384	\$87,994,832

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

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 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 \$9.6 million over the course of the Agreement, with nearly all of this loss reflected in the first three limitation years, starting in 2018-19. 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 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	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2016-17	\$83,775,296	\$5,262,531	\$0	-\$1,684,761	\$5,129,100	\$2,443,989	\$0	\$77,615	\$247,294	\$95,251,064
QTP1	2017-18	\$92,267,802	\$2,956,342	\$0	-\$9,951,073	\$5,649,049	\$1,903,662	\$0	\$85,538	\$245,190	\$93,156,510
QTP2/VL1	2018-19	\$124,245,220	\$3,878,818	\$0	-\$23,025,864	\$7,606,850	\$1,627,897	\$0	\$115,197	\$236,781	\$114,684,899
VL2	2019-20	\$111,354,357	\$3,878,818	\$0	-\$43,278,336	\$6,817,614	\$0	\$0	\$126,343	\$237,837	\$79,136,633
VL3	2020-21	\$72,792,114	\$3,878,818	\$0	-\$23,027,205	\$4,456,660	\$27,137	\$0	\$127,447	\$244,760	\$58,499,731
VL4	2021-22	\$72,763,083	\$6,772,042	\$0	\$0	\$4,454,883	\$2,398,422	\$0	\$0	\$244,980	\$86,633,410
VL5	2022-23	\$72,734,556	\$6,801,666	\$0	\$0	\$4,453,136	\$2,400,196	\$0	\$0	\$245,191	\$86,634,745
VL6	2023-24	\$73,971,514	\$6,830,775	\$0	\$0	\$4,528,868	\$2,446,950	\$0	\$0	\$245,166	\$88,023,273
VL7	2024-25	\$78,378,019	\$5,568,573	\$0	\$0	\$4,798,654	\$2,469,007	\$0	\$0	\$244,538	\$91,458,791
VL8	2025-26	\$78,033,469	\$3,878,818	\$0	-\$3,893,113	\$4,777,559	\$2,050,000	\$0	\$72,318	\$244,798	\$85,163,850
VL9	2026-27	\$105,428,160	\$3,878,818	\$0	-\$4,841,069	\$6,454,785	\$2,810,879	\$0	\$97,685	\$239,839	\$114,069,098
VL10	2027-28	\$128,679,042	\$3,878,818	\$0	-\$36,521,287	\$7,878,309	\$493,098	\$0	\$77	\$235,642	\$104,643,699
VP1	2028-29	\$169,860,690	\$3,878,818	\$0	-\$70,305,679	\$10,399,634	\$0	\$0	\$192,725	\$228,073	\$114,254,260
VP2	2029-30	\$165,956,390	\$3,878,818	\$0	-\$91,874,209	\$10,160,595	\$0	\$0	\$188,295	\$228,958	\$88,538,847
VP3	2030-31	\$162,205,253	\$3,878,818	\$0	-\$88,095,128	\$9,930,934	\$0	\$0	\$184,039	\$229,808	\$88,333,724
VP4	2031-32	\$158,642,670	\$3,878,818	\$0	-\$84,485,470	\$9,712,817	\$0	\$0	\$179,997	\$230,616	\$88,159,448
VP5	2032-33	\$155,256,980	\$3,878,818	\$0	-\$81,054,034	\$9,505,529	\$0	\$0	\$176,155	\$231,384	\$87,994,832

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

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	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2018-19	-\$2,648,713	\$0	\$0	\$490,875	-\$162,166	-\$34,986	\$0	-\$2,432	\$487	-\$2,356,934
VL2	2019-20	-\$9,067,714	\$0	\$0	\$5,119,540	-\$555,166	\$0	\$0	-\$10,288	\$1,669	-\$4,511,959
VL3	2020-21	-\$8,675,714	\$0	\$0	\$6,610,184	-\$531,166	\$27,137	\$0	\$35,013	\$1,597	-\$2,532,949
VL4	2021-22	-\$8,299,394	\$2,893,224	\$0	\$6,660,309	-\$508,126	\$522,859	\$0	-\$75,113	\$1,527	\$1,195,286
VL5	2022-23	-\$7,938,126	\$2,922,848	\$0	\$6,284,179	-\$486,008	\$500,359	\$0	-\$74,759	\$1,462	\$1,209,954
VL6	2023-24	-\$7,591,310	\$2,951,957	\$0	\$6,015,717	-\$464,774	\$494,234	\$0	-\$75,628	\$1,398	\$1,331,594
VL7	2024-25	-\$7,258,366	\$1,689,755	\$0	\$7,142,575	-\$444,390	\$498,532	\$0	-\$79,379	\$1,336	\$1,550,063
VL8	2025-26	-\$6,938,740	\$0	\$0	\$6,706,682	-\$424,821	\$436,043	\$0	-\$6,437	\$1,277	-\$225,996
VL9	2026-27	-\$6,631,899	\$0	\$0	\$8,421,091	-\$406,035	\$613,158	\$0	-\$6,200	\$1,221	\$1,991,337
VL10	2027-28	-\$6,337,331	\$0	\$0	\$7,393,736	-\$388,000	\$485,299	\$0	-\$153,113	\$1,166	\$1,001,756
VP1	2028-29	\$0	\$0	\$0	\$4,512,930	\$0	\$0	\$0	\$0	\$0	\$4,512,930
VP2	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2032-33	\$0	\$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 \$1.04 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 \$75.8 million over the life of the agreement. The BISD revenue losses are expected to total approximately \$9.6 million in the first three limitation years of the Agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$66.1 million, prior to any negotiations with Dow on supplemental payments.

Table 5 - Estimated Financial Impact of the Dow Project Property Value Limitation Request Submitted to BISD at \$1.0400 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	2016-17	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
QTP1	2017-18	\$276,920	\$276,920	\$0	\$1.040	\$2,880	\$2,880	\$0	\$0	\$0
QTP2/VL1	2018-19	\$300,276,920	\$30,000,000	\$270,276,920	\$1.040	\$3,122,880	\$312,000	\$2,810,880	-\$2,356,934	\$453,946
VL2	2019-20	\$955,276,920	\$30,000,000	\$925,276,920	\$1.040	\$9,934,880	\$312,000	\$9,622,880	-\$4,511,959	\$5,110,920
VL3	2020-21	\$915,276,920	\$30,000,000	\$885,276,920	\$1.040	\$9,518,880	\$312,000	\$9,206,880	-\$2,532,949	\$6,673,931
VL4	2021-22	\$876,876,920	\$30,000,000	\$846,876,920	\$1.040	\$9,119,520	\$312,000	\$8,807,520	\$0	\$8,807,520
VL5	2022-23	\$840,012,920	\$30,000,000	\$810,012,920	\$1.040	\$8,736,134	\$312,000	\$8,424,134	\$0	\$8,424,134
VL6	2023-24	\$804,623,480	\$30,000,000	\$774,623,480	\$1.040	\$8,368,084	\$312,000	\$8,056,084	\$0	\$8,056,084
VL7	2024-25	\$770,649,618	\$30,000,000	\$740,649,618	\$1.040	\$8,014,756	\$312,000	\$7,702,756	\$0	\$7,702,756
VL8	2025-26	\$738,034,710	\$30,000,000	\$708,034,710	\$1.040	\$7,675,561	\$312,000	\$7,363,561	-\$225,996	\$7,137,565
VL9	2026-27	\$706,724,398	\$30,000,000	\$676,724,398	\$1.040	\$7,349,934	\$312,000	\$7,037,934	\$0	\$7,037,934
VL10	2027-28	\$676,666,499	\$30,000,000	\$646,666,499	\$1.040	\$7,037,332	\$312,000	\$6,725,332	\$0	\$6,725,332
VP1	2028-29	\$647,810,916	\$647,810,916	\$0	\$1.040	\$6,737,234	\$6,737,234	\$0	\$0	\$0
VP2	2029-30	\$620,109,556	\$620,109,556	\$0	\$1.040	\$6,449,139	\$6,449,139	\$0	\$0	\$0
VP3	2030-31	\$593,516,251	\$593,516,251	\$0	\$1.040	\$6,172,569	\$6,172,569	\$0	\$0	\$0
VP4	2031-32	\$567,986,677	\$567,986,677	\$0	\$1.040	\$5,907,061	\$5,907,061	\$0	\$0	\$0
VP5	2032-33	\$543,478,287	\$543,478,287	\$0	\$1.040	\$5,652,174	\$5,652,174	\$0	\$0	\$0
						\$109,799,018	\$34,041,058	\$75,757,961	-\$9,627,839	\$66,130,122

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 BISD currently levying a \$0.2153 per \$100 I&S rate. While the value of the Dow project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the Dow project to the local I&S tax roll.

The project is not expected to affect BISD 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

020/Brazoria

020-905/Brazosport ISD

Category	Local Tax Roll Value	2014 WTD Mean Ratio	2014 PTAD Value Estimate	2014 Value Assigned
A. Single-Family Residences	2,209,480,970	.9563	2,310,447,527	2,209,480,970
B. Multi-Family Residences	139,659,678	N/A	139,659,678	139,659,678
C1. Vacant Lots	87,726,822	N/A	87,726,822	87,726,822
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	2,412,549	1.2312	1,959,526	2,412,549
D2. Real Prop Farm & Ranch	686,090	N/A	686,090	686,090
E. Real Prop NonQual Acres	46,692,324	N/A	46,692,324	46,692,324
F1. Commercial Real	460,715,871	.9830	468,683,490	460,715,871
F2. Industrial Real	4,015,895,130	N/A	4,015,895,130	4,015,895,130
G. Oil, Gas, Minerals	2,226,245	N/A	2,226,245	2,226,245
J. Utilities	143,813,420	N/A	143,813,420	143,813,420
L1. Commercial Personal	305,668,040	1.0228	298,854,165	305,668,040
L2. Industrial Personal	948,249,120	N/A	948,249,120	948,249,120
M. Other Personal	3,461,820	N/A	3,461,820	3,461,820
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	16,386,768	N/A	16,386,768	16,386,768
S. Special Inventory	13,790,810	N/A	13,790,810	13,790,810
Subtotal	8,396,865,657		8,498,532,935	8,396,865,657
Less Total Deductions	1,549,275,758		1,570,487,425	1,549,275,758
Total Taxable Value	6,847,589,899		6,928,045,510	6,847,589,899 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
6,975,206,659	6,847,589,899	6,892,413,310	6,764,796,550	6,849,424,361	6,766,631,012

**Loss To
the Additional
\$10,000 Homestead
Exemption**

127,616,760

**50% of the loss
to the Local Optional
Percentage Homestead
Exemption**

82,793,349

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
7,097,032,999	6,969,416,239	7,014,239,650	6,886,622,890	6,971,250,701	6,888,457,352

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.

x

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

and

THE DOW CHEMICAL COMPANY

(Texas Taxpayer ID # 13812851288)

Comptroller Application # 1112

Dated

March 15, 2016

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

STATE OF TEXAS §

COUNTY OF BRAZORIA §

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 **BRAZOSPORT INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **THE DOW CHEMICAL COMPANY**, Texas Taxpayer Identification Number 13812851288 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on September 24, 1015, the Superintendent of Schools of the Brazosport Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on October 13, 2015, 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 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and December 28, 2015 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Brazoria Appraisal District established in Brazoria County, Texas (the "Brazoria 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 February 10, 2016, 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 313.025 of the TEXAS TAX CODE;

WHEREAS, on March 15, 2016, 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 March 15, 2016, 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) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the 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 the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on March 14, 2016, 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;

WHEREAS, on March 15, 2016, 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 in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, including any statutory amendments that are applicable to Applicant.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means The Dow Chemical Company, (Texas Taxpayer ID #13812851288) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 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 **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** 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 the District by the Applicant on October 13, 2015. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the 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 the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the 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 Brazoria Appraisal District.

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

"Commercial Operation" shall be measured by the installation and placement in service of at least one of the components identified in the Qualified Property set forth in Tab 7 of the Application and achieving a Qualifying Investment of \$550 million.

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

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

"County" means Brazoria County, Texas.

"District" or "School District" means the Brazosport 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 B of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means the last date of the final year in which the 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 sixty (60) 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 operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

"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 by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller's Rules.

"New Non-Qualifying Jobs" means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Investment" has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller's Rules.

"Qualified Property" has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

"Qualifying Time Period" means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller's Rules, and this Agreement.

"State" means the State of Texas.

"Supplemental Payment" means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on the Applicant's Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.027 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.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2014-2015 Average Daily Attendance of 11,573, rounded to the whole number times \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence, which, by virtue of the deferral, shall be Tax Year 2017. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

"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 for each and every year of this Agreement, 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 includes any and all 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.

"Commencement Date" means January 2, 2017, by virtue of the deferral of the start of the Qualifying Time Period.

"M&O Amount" means the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date as set forth in Section 4.2 of this Agreement.

"New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

"Net Tax Benefit" means an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

"Revenue Protection Amount" means the amount calculated pursuant to Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation 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 December 28, 2015, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is March 15, 2016.

C. The Qualifying Time Period for this Agreement:

- i. Starts on January 2, 2017, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE;
- ii. End on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2018, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
- ii. Ends on December 31, 2027, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years..

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 Section 2.3.B. This

Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, 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), based on Section 313.027 of the TEXAS TAX CODE

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.022(b) of the TEXAS TAX CODE.

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

- A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$1,070.50 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 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 the 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;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III

QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is 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, and information concerning the designation, 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 in **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 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** 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. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/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. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section (b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, resulting, at least in part because of or on account of, the execution of this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the risk of any and all negative financial consequences to the District's total annual Maintenance and Operations Revenue, to

which the execution of this Agreement contributed in any manner, will be borne solely by Applicant and not by District.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may well periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement; ii) are based upon current School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and, iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date, the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

- A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions where:
 - i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District's tax levy for debt tax purposes. For the calculation of Original M&O Revenue, Applicant's Taxable value for its Qualified Property for M&O purposes will not be used.
 - ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year
- B. In making the calculations required by this Section 4.2 of this Agreement:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property 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 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.

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") approved each year by the District.

Section 4.5. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year 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 a certification containing the calculations required under Sections 4.2 and/or 4.3, Article VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.7, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, 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 until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.7. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 which exceeds Fifteen Thousand Dollars (\$15,000.00).

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, 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, Applicant shall make payments to District, up to the revenue protection amount limit set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, 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 District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

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

A. 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; and

B. any other loss of District revenues which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

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

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, 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 "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 6.2.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall: not exceed for 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 times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;

B. Supplemental Payments may 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;

C. the limitation in Section 6.2.A 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.
D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon C. the limitation in Section 6.2.A 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.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2014-2015 Average Daily Attendance of 11,573.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT. In addition to the Supplemental Payment limitation set forth in Section 6.2 of this Agreement, during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as ten percent (10 %) of the Applicant's "Net Tax Benefit," as such term is defined in Section 1.2, above; or
- (b) the "Aggregate Limit," as such term is defined in Section 1.2, above.

Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT. The Parties agree that for each Tax Year during the term of this Agreement beginning with the Commencement Date, the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 6.3, 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;

Multiplied by,

The number 0.10;

Minus,

Any amounts previously paid to the District under Sections 6.2 and/or 6.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 4.4 above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) - (Tax Year 2017), the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 6.2 and 6.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward

from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of the third full Tax Year following last year of the Tax Limitation Period as defined in Section 2.3(D)(ii), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.4.

- (a) 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.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.7.

Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice

from the District that such payments are to be made to a different party.

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 beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles 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 the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV 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 the Applicant to the 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 the Applicant to the District under Article IV, Article V, 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, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year 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 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; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration 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 Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the 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, the 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 the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

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

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

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records 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 the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

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

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the 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. The Applicant and the 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 latest occurring date of:

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New 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 the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the 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 the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly 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, the Applicant or the 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. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

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 the Comptroller

would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the 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 the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

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

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

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

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

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

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

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the

satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller 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;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property 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 the Applicant's Qualified Property under Sections 8.5 and 8.6;

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

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this

Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination") and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than thirty (30) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within thirty (30) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Brazoria County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Brazoria County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the 30 days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 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 the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. Consequences of Early Termination or Other Breach by Applicant.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the 30 days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the 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 the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The 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 9.4.C 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 9.5. 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, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS.

Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

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 or email transmission, with notice 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 or email 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 the District shall be addressed to the District's Authorized Representative as follows:

Danny Massey

Superintendent
Brazosport Independent School District
301 W. Brazoswood Drive
Clute, TX 77531
Phone: (979) 730-7000
Facsimile: (979) 266-2486
Email: d.massey@brazosportisd.net

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

Lowell McLaughlin
State and Local Tax Director
The Dow Chemical Company
1790 Bldg, Washington Street
Midland, MI 48674
Phone: (986) 636-0458
Facsimile: (986) 638-7142
Email: lmclaughlin@dow.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND 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 Section 10.2.B. 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, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules 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 the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the 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 Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 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

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

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

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. 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 a state district court in Brazoria County.

Section 10.6. 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 10.7. 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 so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. 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 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

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

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

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

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

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the

Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 15th day of March, 2016.

THE DOW CHEMICAL COMPANY

By: 
EARL SHIPP
VICE PRESIDENT GULF COAST
OPERATIONS

**BRAZOSPORT INDEPENDENT SCHOOL
DISTRICT**

By: _____
RON DAMIAN
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: _____
MASON HOWARD
SECRETARY, BOARD OF TRUSTEES

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 15th day of March, 2016.

THE DOW CHEMICAL COMPANY

**BRAZOSPORT INDEPENDENT SCHOOL
DISTRICT**

By: _____
[INSERT NAME]
[INSERT TITLE]

By: Ron Damian
RON DAMIAN
PRESIDENT, BOARD OF TRUSTEES

ATTEST:
By: Mason P. Howard
MASON HOWARD
SECRETARY, BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

At the time of the Application Approval Date, pursuant to Chapter 312 of the Texas Tax Code, the Brazoria County Commissioner's Court, by Order No. VIII.B.1.c, had created The Dow Chemical Company Reinvestment Zone. A map of this Reinvestment Zone Number One is attached as the last page of this **EXHIBIT 1** following the legal description of the zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of The Dow Chemical Company Reinvestment Zone Number.

**CERTIFIED COPY
BRAZORIA COUNTY COMMISSIONERS' COURT**

**ORDER NO. VIII.B.1.c. RE: THE DOW CHEMICAL COMPANY TAX ABATEMENT
APPLICATION: ORDER CREATING REINVESTMENT
ZONE AND GRANTING TAX ABATEMENT**

Designation of Reinvestment Zone:

Whereas, a public hearing was held on the Designation of The Dow Chemical Company Reinvestment Zone No. 20 and the public was given an opportunity to speak and present evidence for or against such designation; and

Whereas, notice of the hearing was given in the manner as provided by law;

Therefore, based upon the information presented to the Court and the public hearing, the Court finds that the designation of this zone would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property included in the zone and would contribute to the economic development of the County.

Further that the subject location described in the attached application be designated The Dow Chemical Company Reinvestment Zone No. 20 for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law; and

Granting of Tax Abatement

It is Ordered that the application for tax abatement of THE DOW CHEMICAL COMPANY attached hereto be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in The Dow Chemical Company Reinvestment Zone No. 20 created in Brazoria County for a term of ten (10) years, and at 100% abatement of eligible real and personal properties; Said Company will be investing \$1 billion dollars and creating 35 new jobs in Brazoria County.

Further that the County Judge is authorized to execute a tax abatement agreement with THE DOW CHEMICAL COMPANY in accordance with the same guidelines and criteria.

Motion to Approve by Commissioner Payne, seconded by Commissioner Linder that the above action be taken by the Court.

Motion to Amend by Commissioners Adams, Motion failed for lack of second.

Passed: 4-1

Aye: Commissioner Payne, Commissioner Linder, Commissioner Cade, Judge Sebesta
Nay: Commissioner Adams

STATE OF TEXAS §
COUNTY OF BRAZORIA §

I, Joyce Hudman, Clerk County Court and Ex-Officio Clerk of the Commissioners' Court of Brazoria County, Texas, do hereby certify that the foregoing is a true and correct copy of that certain:

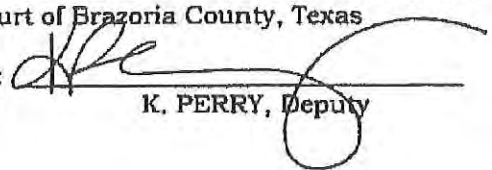
**ORDER NO. VIII.B.1.c. RE: THE DOW CHEMICAL COMPANY TAX ABATEMENT
APPLICATION: ORDER CREATING REINVESTMENT
ZONE AND GRANTING TAX ABATEMENT**

as passed by the Commissioners' Court on the 28th day of JULY, A.D.,
2015, SPECIAL Term of Commissioners' Court and as the same appear(s) in
the Commissioners' Court Records of Brazoria County, Texas.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 3rd
DAY OF AUGUST, A. D., 2015.**

JOYCE HUDMAN, Clerk County Court
and Ex-Officio Member of the Commissioners'
Court of Brazoria County, Texas

By:


K. PERRY, Deputy



PROPOSED ME GLOBAL PROJECT SITE

OYSTER CREEK EAST

110.78 ACRE SITE

J.A. WHARTON SURVEY, ABSTRACT 383

F.J. CALVIT LEAGUE, ABSTRACT 51

MAURICE HENRY ¼ LEAGUE, ABSTRACT 74

BRAZORIA COUNTY, TEXAS

ALL THAT CERTAIN 110.78 ACRE TRACT OF LAND, out of the Brazos Coast Invest Company (BCIC) Subdivision, Division 6 as recorded in Volume 2 Page 143 of the Plat Records of Brazoria County, Texas (PRBCT) and the Brazos Coast Invest Company (BCIC) Subdivision, Division 7, as recorded in Volume 2 Page 144 of the Plat Records of Brazoria County, Texas (PRBCT) and being located in the Dow Chemical Company Oyster Creek East Plant Site and being situated in the J. A. Wharton Survey, Abstract 383, in the F. J. Calvit League, Abstract 51, and in the Maurice Henry ¼ League, Abstract 74, in Brazoria County, Texas, and being more particularly described by metes and bounds using survey terminology as referenced to the Texas State Plane Coordinate System of 1927 (NAD 27), South Central Zone 4204, with the directions being called as Lambert grid bearings and the distances being called as horizontal surface level lengths, having a scale factor of 0.999880, as follows:

COMMENCING at a brass disk set in a concrete monument, being a National Geodetic Survey Triangulation Station, called "Plant A, 1954", at the called position of X=3177921.80 and Y= 426933.20, said monument being the **POINT OF COMMENCEMENT** of this 110.78 acre tract:

THENCE North 62 degrees 04 minutes 10 seconds West, a distance of 6,639.20 feet to a point for corner at the position of X=3172056.68 and Y= 430042.66, said point for corner being the **POINT OF BEGINNING** of this 110.78 acre tract;

THENCE South 87 degrees 30 minutes 59 seconds West, a distance of 207.47 feet to a point for corner of this 110.78 acre tract at the position of X=3171849.42 and Y= 430033.67;

THENCE North 53 degrees 18 minutes 50 seconds West, a distance of 1,432.33 feet to a point for corner of this 110.78 acre tract at the position of X=3170700.94 and Y= 430889.29;

THENCE North 02 degrees 32 minutes 44 seconds West, a distance of 2,713.21 feet to a point for corner of this 110.78 acre tract at the position of X=3170580.45 and Y= 433599.49;

THENCE North 87 degrees 30 minutes 57 seconds East, a distance of 294.21 feet to a point for corner of this 110.78 acre tract at the position of X=3170874.34 and Y= 433612.24;

**PROPOSED ME GLOBAL PROJECT SITE
OYSTER CREEK EAST
110.78 ACRE SITE
PAGE 2**

THENCE North 17 degrees 17 minutes 56 seconds East, a distance of 796.48 feet to a point for corner of this 110.78 acre tract at the position of X=3171111.15 and Y= 434372.60;

THENCE South 73 degrees 32 minutes 11 seconds East, a distance of 793.80 feet to a point for corner of this 110.78 acre tract at the position of X=3171872.31 and Y= 434147.66;

THENCE South 02 degrees 34 minutes 18 seconds East, a distance of 4,109.63 feet to **POINT OF BEGINNING** of the herein described tract containing 110.78 acres of land.

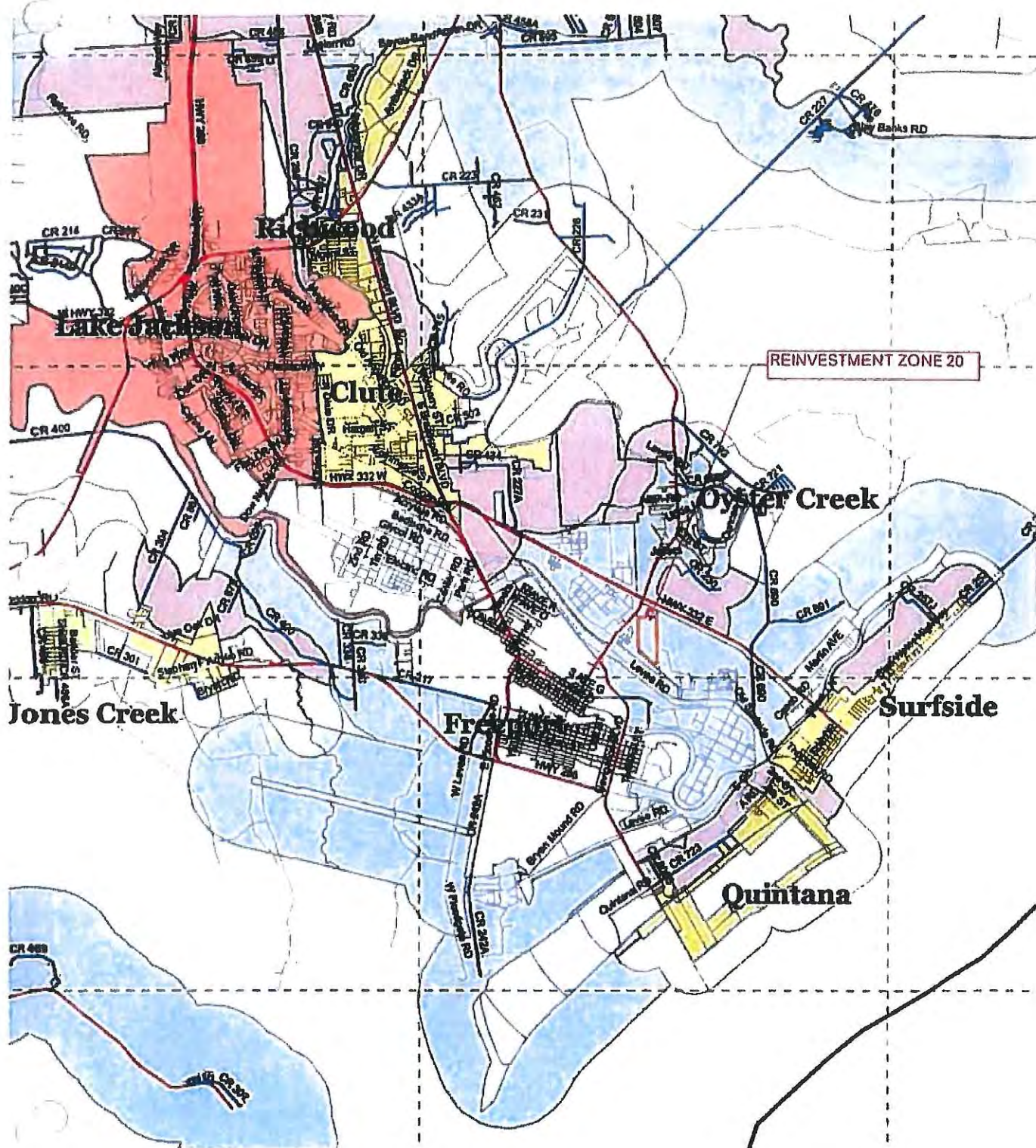
This metes and bounds description is for the sole purpose of creating a tax abatement description and for performing a title insurance search. It is not a reflection of an on the ground survey and is not to be recorded as a boundary survey.

**Rene Damian
Registered Professional Land Surveyor
State of Texas Registration No. 5900
May 26, 2015**

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the map attached to this **Exhibit 2**.



**BRAZORIA COUNTY
TEXAS**

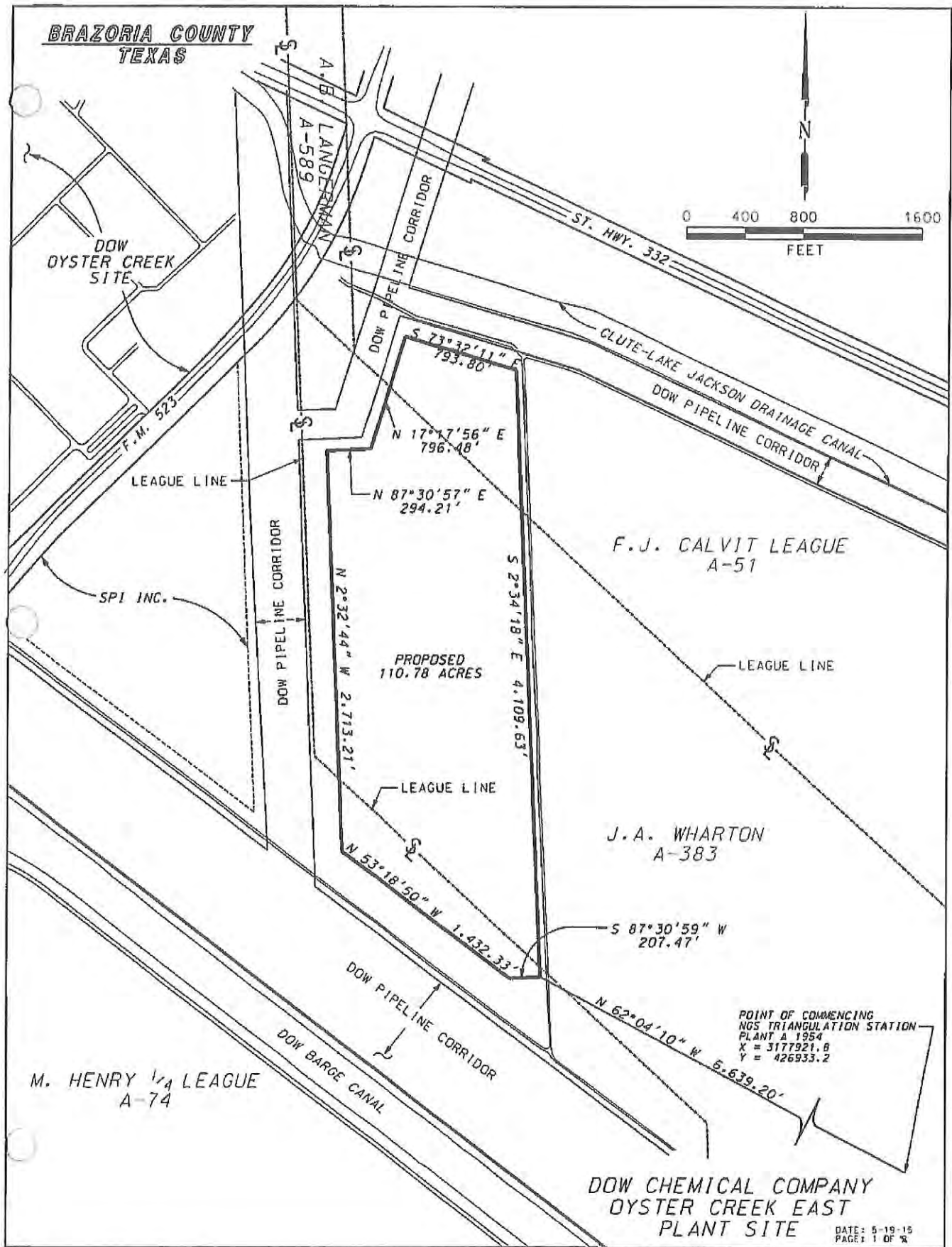




EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after March 15, 2016, owned by the Applicant, as more fully described in Tab 7 of the Application, and located within the boundaries of the Brazosport Independent School District and the map attached to **Exhibit 2**.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Brazosport ISD necessary for the commercial operations of the new Ethylene Glycol plant as more fully 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 4**.

Project Description

This project will design and construct a new Ethylene Glycol plant that will produce a range of chemical intermediate and final produces.

Site Information

The plant is proposed to be built primarily at the Oyster Creek East Plant site.

Proposed Improvements

The proposed improvements for this project include: Site improvements such as roads, rail line extensions, buildings, pipeways, utilities, foundations and process equipment including reactors, compressors, purification systems, separation equipment, raw material unloading facilities, storage facilities, vessels, pumps, valves, filters, electrical and instrument systems and other miscellaneous equipment.

Project will also include any other necessary equipment and structures to construct and operate a fully functioning manufacturing plant.

DESCRIPTION OF QUALIFIED PROPERTY

This project provides for the design and construction of an ethylene glycol production facility and related raw material conditioning, utilities and logistics improvements. The plant will manufacture ethylene glycol which is used in produces such as polyester fibre (textiles), PET plastic water bottles, automotive antifreeze and many more. The estimated total investment for this project is \$1 Billion.

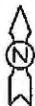
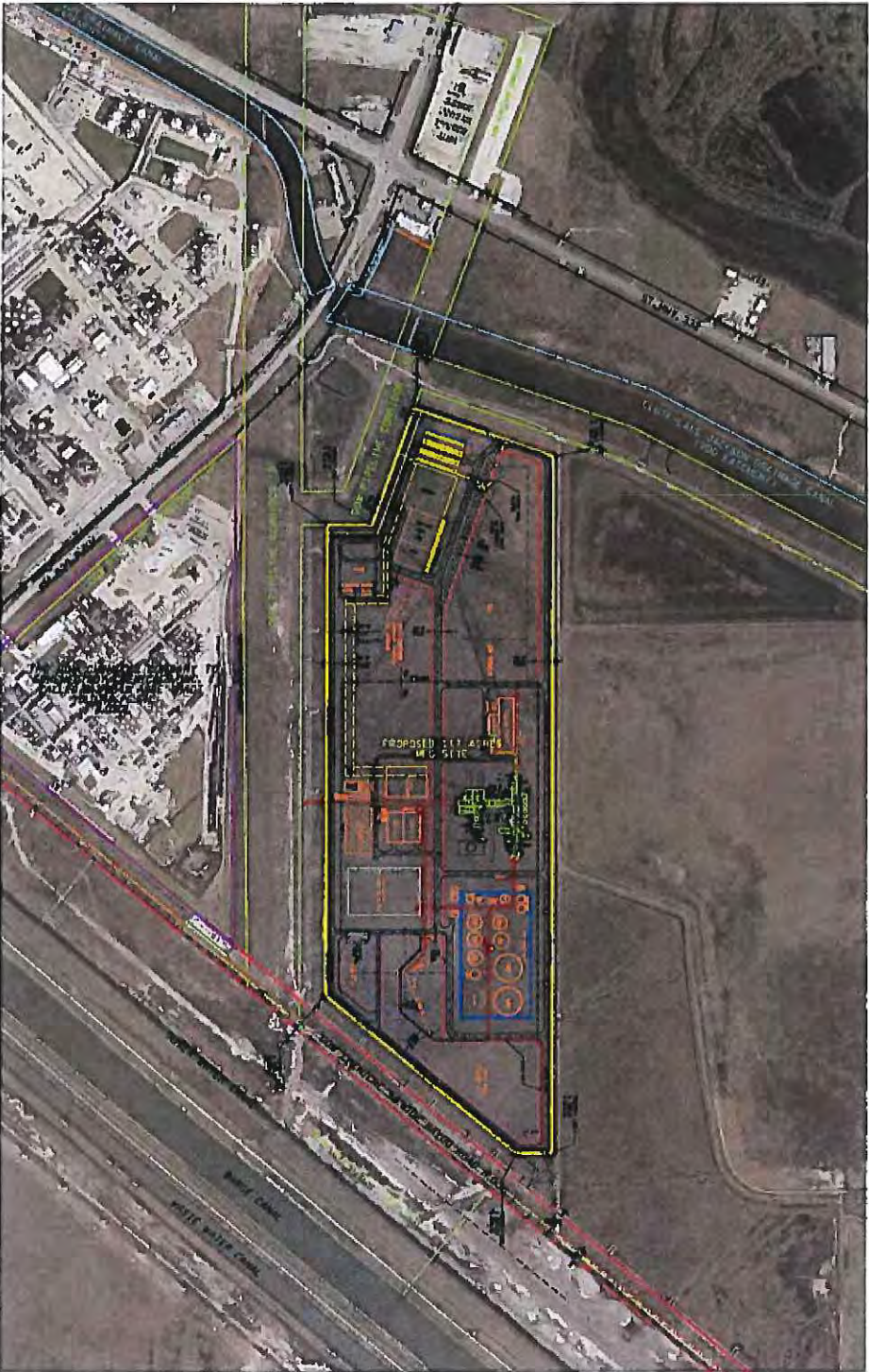
The proposed ethylene glycol facility will be constructed on a green-field site in the Freeport/Oyster Creek area of Brazoria County, with associated logistics improvements constructed near Brazos Harbor. The proposed site is undeveloped land to be purchased by MEGlobal Americas Inc and developed into a stand-alone manufacturing facility. This facility would be MEGlobal's first operating asset in the United States (all existing assets located in Canada).

Major equipment and facilities provided within the scope of the project may include:

- Heat Exchangers
- Distillation Towers
- Compressors
- Pumps
- Filters
- Chemical Processing Equipment
- Steam Generation Equipment (Boilers)
- Cooling Tower
- Storage Tanks
- Electrical Power Distribution
- Transmitters/Instrumentation
- Computer Control System
- Insulation
- Raw Material Conditioning Equipment
- Marine Loading Facility Improvements

In addition, the project will provide site infrastructure facilities such as:

- Administration Building
- Operations Control Building
- Maintenance Building
- Security Facilities
- Upgrade of Site Roadway Access From Existing Highways
- Site Drainage, Grading and Rainfall Management



REVISION										REVISION									
1										1									
2										2									
3										3									
4										4									
5										5									
6										6									
7										7									
8										8									
9										9									
10										10									
11										11									
12										12									
13										13									
14										14									
15										15									
16										16									
17										17									
18										18									
19										19									
20										20									
21										21									
22										22									
23										23									
24										24									
25										25									
26										26									
27										27									
28										28									
29										29									
30										30									
31										31									
32										32									
33										33									
34										34									
35										35									
36										36									
37										37									
38										38									
39										39									
40										40									
41										41									
42										42									
43										43									
44										44									
45										45									
46										46									
47										47									
48										48									
49										49									
50										50									
51										51									
52										52									
53										53									
54										54									
55										55									
56										56									
57										57									
58										58									
59										59									
60										60									
61										61									
62										62									
63										63									
64										64									
65										65									
66										66									
67										67									
68										68									
69										69									
70										70									
71										71									
72										72									
73										73									
74										74									
75										75									
76										76									
77										77									
78										78									
79										79									
80										80									
81										81									
82										82									
83										83									
84										84									
85										85									
86										86									
87										87									
88										88									
89										89									
90										90									
91										91									
92										92									
93										93									
94										94									
95										95									
96										96									
97										97									
98										98									
99										99									
100										100									

ENGINEERED BY JOW ENGINEERING COMPANY
 HOSIOLAB AMERICA, INC.
 10000 100TH AVE. S.W.
 BELLEVUE, WASHINGTON 98003
 TEL: (206) 461-1111
 FAX: (206) 461-1112
 WWW: WWW.HOSIOLAB.COM
 E-MAIL: INFO@HOSIOLAB.COM
 HOSIOLAB AMERICA, INC.
 10000 100TH AVE. S.W.
 BELLEVUE, WASHINGTON 98003
 TEL: (206) 461-1111
 FAX: (206) 461-1112
 WWW: WWW.HOSIOLAB.COM
 E-MAIL: INFO@HOSIOLAB.COM

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

March 9, 2015

President and Members
Board of Trustees
Brazosport Independent School District
P.O. Drawer Z
Freeport, TX 77542

*Re: Recommendations and Findings of the firm Concerning Application of Dow Chemical Company
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 Brazosport Independent School District, with respect to the pending Application of Dow Chemical Company 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 Dow Chemical Company for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

LESLIE MCCOLLOM

CERTIFIED, CIVIL APPELLATE

CERTIFIED, LABOR AND EMPLOYMENT

TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

March 9, 2015

President and Members
Of the Board of Trustees
Brazosport Independent School District
P.O. Drawer Z
Freeport, TX 77542

Re: Recommendations and Findings of the Firm Concerning Application of Dow Chemical Company 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 Brazosport Independent School District, with respect to the pending Application of Dow Chemical Company 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 Dow Chemical Company. 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 Dow Chemical Company for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

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

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter

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.