

FINDINGS
of the
LA PORTE INDEPENDENT
SCHOOL DISTRICT
BOARD OF TRUSTEES

Under Chapter 313 of the
Texas Tax Code

ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY

SUBMITTED BY

PRAXAIR, INC.

Comptroller Application Number 1157

February 14, 2017

BOARD RESOLUTION #2017 - 09

**RESOLUTION AND FINDINGS OF FACT
of the
LA PORTE INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY
SUBMITTED BY PRAXAIR, INC.**

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

PREAMBLE

On the 14th day of February, 2017, a public meeting of the Board of Trustees of the La Porte Independent School District (the “Board”) was held to solicit input from interested parties on the application by Praxair, Inc. (“Praxair” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. 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 considered the application by Praxair for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026 and 34 T.A.C. §9.1054, the Board of Trustees of the La Porte Independent School District makes the following Findings regarding the Application:

On or about the 13th day of September, 2016, the Board of Trustees for the La Porte Independent School District received an Application for Appraised Value Limitation on Qualified Property from Praxair, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for manufacturing, specifically the production of carbon monoxide, hydrogen and steam for distribution to customers along the Texas and Louisiana Gulf Coast (the “Property”). See Application, Tab 4, attached hereto as Attachment A and Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about September 21, 2016. On or about October 5, 2016, the District, on behalf of the Applicant, submitted an Amendment No. 01 (revised wage data). On or about October 20, 2016, Applicant submitted a supplemental qualified investment map. The Comptroller issued its notice of completeness and determined the Application complete as of October 26, 2016, the Application Review Start Date. Thereafter, on or about October 28, 2016, The District submitted Amendment No. 02 (new District consultant and revised Tabs 4 and 5). The Application, supplemental map and Amendment Nos. 01 and 02 are hereafter collectively referred to as the

“Application.” A copy of the Application and Comptroller’s completeness letter of October 26, 2016 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Praxair, Inc. is 10612490507. Praxair is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). See Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Harris County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller’s Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on November 28, 2016 that the Application be approved (the “Certificate Decision”). See Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of La Porte Independent School District. A copy of a report prepared by Moak, Casey & Associates and dated January 9, 2017 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Praxair Application in the La Porte Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category 2 of §313.022 of the Texas Tax Code at the time the Certificate Decision was issued. See “2015 Property Value Study Report,” attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Praxair regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the “Agreement”) pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller’s Office, the parties changed only the provisions of the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined

by 34. Tex. Admin. Code §9.1015) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). See copy of January 27, 2017 Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller's Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Praxair's Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

Board Finding Number 1.

Based on the Applicant's statement in Tab 4 of the Application that the proposed project consists of a specifically a world scale autothermal reformer for the production of carbon monoxide, hydrogen and steam for distribution to customers along the Texas and Louisiana Gulf Coast, and the Comptroller's Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(1) as a manufacturing project.

In support of Finding Number 1, the Comptroller's Certificate Decision states:

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 requested a waiver 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.

* * *

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.

See Attachment C. See also Application, Attachment A (Tab 4); and see Attachment D.

Board Finding Number 2.

The project proposed by Applicant is reasonably likely to generate sufficient tax revenue 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.

In support of Finding Number 2, the Certificate Decision states:

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 C.

Also in support of Finding Number 2, the Comptroller's Economic Impact Analysis states:

Attachment B - Tax Revenue over 25 Years

This [table] represents the Comptroller's determination that Praxair Inc. (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.

[see table on next page]

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$832,000	\$832,000	\$844,278	\$844,278
	2021	\$832,000	\$1,664,000	\$832,684	\$1,676,962
	2022	\$832,000	\$2,496,000	\$750,017	\$2,426,979
	2023	\$832,000	\$3,328,000	\$671,471	\$3,098,449
	2024	\$832,000	\$4,160,000	\$596,839	\$3,695,289
	2025	\$832,000	\$4,992,000	\$525,924	\$4,221,213
	2026	\$832,000	\$5,824,000	\$458,546	\$4,679,759
	2027	\$832,000	\$6,656,000	\$394,521	\$5,074,280
	2028	\$832,000	\$7,488,000	\$333,690	\$5,407,970
	2029	\$832,000	\$8,320,000	\$275,888	\$5,683,858
Maintain Viable Presence (5 Years)	2030	\$1,052,957	\$9,372,957	\$0	\$5,683,858
	2031	\$1,000,763	\$10,373,720	\$0	\$5,683,858
	2032	\$951,169	\$11,324,890	\$0	\$5,683,858
	2033	\$904,042	\$12,228,932	\$0	\$5,683,858
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$859,265	\$13,088,196	\$0	\$5,683,858
	2035	\$816,713	\$13,904,909	\$0	\$5,683,858
	2036	\$776,273	\$14,681,182	\$0	\$5,683,858
	2037	\$737,850	\$15,419,032	\$0	\$5,683,858
	2038	\$701,340	\$16,120,371	\$0	\$5,683,858
	2039	\$666,648	\$16,787,020	\$0	\$5,683,858
	2040	\$633,682	\$17,420,702	\$0	\$5,683,858
	2041	\$602,348	\$18,023,050	\$0	\$5,683,858
	2042	\$572,572	\$18,595,622	\$0	\$5,683,858
	2043	\$544,282	\$19,139,904	\$0	\$5,683,858
	2044	\$539,244	\$19,679,148	\$0	\$5,683,858
		\$19,679,148	is greater than	\$5,683,858	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, Praxair, Inc.

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.

See Attachment D.

Board Finding Number 3.

The new qualifying jobs creation requirement under § 313.021(2)(A)(iv)(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant's facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant submitted information as Tab 12 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Tab 12 provides that for a project of the size and type described in the Application, the project will require less than twenty-five (25) permanent jobs. Applicant reports it will create eighteen (18) full time jobs for this project, which is consistent with industry standards. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J.

See also Attachments A (Tab 4), and D.

Board Finding Number 4.

The Applicant will create eighteen (18) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) an annual wage of \$60,484 (\$1,163.15 per week), an amount equal to at least 110% of the County average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.

See Attachments A, D and J.

Board Finding Number 5.

The Applicant does not intend to create any non-qualifying jobs.

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$1,337 per week, the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

See Attachments A and D.

Board Finding Number 6.

The ability of the Applicant to locate the proposed manufacturing facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and La Porte ISD.

See Attachment C.

In support of Finding Number 5, the Comptroller's Certificate states, "[t]he Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construction the project in this state." See Attachment C. The Economic Impact Analysis states:

The Comptroller has determined that the limitation on appraised value is a determining factor in the Praxair, Inc. 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 Praxair, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "We are evaluating Louisiana and Texas for our current pipeline network investment options."
 - B. "The applicant requires this appraised value limitation in order to move forward with the development of the project."
 - C. "Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world."
 - D. "Praxair has signed a supply agreement with Celanese which will require additional investment to be added somewhere in Praxair pipeline network. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site and renegotiating with Celanese."

See Attachment D.

Board Finding Number 7.

The proposed limitation on appraised value for the qualified property is \$80,000,000.

The Comptroller's Minimum School District Limitation Values Report, updated in October 2015, using School and Appraisal District Property Value Study 2015 Final Findings, provides that the District is Category 2 District under Texas Tax Code §313.022, with a minimum limitation of \$80,000,000. See Attachments A and 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 add \$161,180,530 to the tax base for debt service purposes at the peak investment level for the 2020-21 school year. See Table 5, Attachment E. The project remains fully taxable for debt services taxes, with the District currently levying a \$0.41 per \$100 I&S rate. See Attachment E, p. 8. As a result, local taxpayers should benefit from the addition of the project to the local I&S tax roll. See Attachment E, p. 8. In addition, the potential revenue gains from Supplemental Payments as provided for in the proposed Agreement, are equal to on half of Applicant's tax savings. See Attachment H, Article VI.

Board Finding Number 9.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes after Value Limit").

See also Table 3 of Attachment D.

Board Finding Number 10.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes before Value Limit").

See also Table 3 of Attachment D.

Board Finding Number 11.

The effect of the Applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. La Porte ISD can easily accommodate the projected student growth anticipated from Applicant's project with its existing facilities.

See page 8, Attachment E. See also TEA's Facilities Impact Review Letter at Attachment F.

Board Finding Number 12.

Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application is true and correct as submitted.

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (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 the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. Chapter 313 applications are governmental records under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements 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 Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance 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. See Attachments A, B, C and D.

Board Finding Number 13.

The Applicant (Taxpayer Id. 10612490507) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

See Attachments A, B and C.

Board Finding Number 14.

The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 and 313 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.

See Attachment A (Tab 11) and Attachment K.

Board Finding Number 15.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided and verified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District will incur an estimated revenue loss of \$615,695 during tax years 2020 and 2021. See Table 5 in Attachment E. However, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See proposed Agreement, Article IV, at Attachment H.

Board Finding Number 16.

The Board finds that there are no conflicts of interest at the time of its consideration of the Agreement.

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code.

The Board further finds that it has taken appropriate action to ensure that all District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code.

The Board further finds that it is unaware that a conflict of interest exists as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 17.

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

Board Finding Number 18.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34. T.A.C. Chapter 9, Subchapter F.

See also Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the La Porte Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to Texas Tax Code §313.021(2)(A)(iv)(b) is hereby waived; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the La Porte Independent School District, along with a copy of the these Findings, which shall be binding on the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the La Porte Independent School District Board of Trustees.

Dated this 14th day of February, 2017.

La Porte Independent School District

By Dee Anne Thomson
Signature

Dee Anne Thomson, President
Printed Name and Title

Attest:

By David Janda
Signature

David Janda, Vice President
Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certificate of Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Finance Impact Study
F	TEA's Facilities Impact Letter
G	Comptroller's 2015 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's January 27, 2017 Agreement Review Letter
J	Job Waiver Request
K	Reinvestment Zone Resolution



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 26, 2016

Graham Lloyd
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, Texas 77571-6496

Re: Application for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between La Porte School District and
Praxair, Inc., Application #1157

Dear Superintendent Lloyd:

On September 21, 2016, the Comptroller's office received from La Porte Independent School District (La Porte ISD) an application from Praxair, Inc. for a limitation on appraised value (App #1157).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on October 26, 2016.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

A handwritten signature in black ink, reading "Will Counihan", is positioned below the word "Sincerely,".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Tommy Fisher, Leasor Crass, P.C.
Samir Serhan, Praxair, Inc.
Neil Beup, Praxair, Inc.
Sam Gregson, Cummings Westlake, LLC

TAB 1

Pages 1 through 9 of application.



Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

September 13, 2016

Date Application Received by District

Lloyd

First Name

Graham

Last Name

Superintendent

Title

La Porte Independent School District

School District Name

1002 San Jacinto St.

Street Address

1002 San Jacinto St.

Mailing Address

La Porte

City

281-604-7050

Phone Number

TX

State

281-604-7047

Fax Number

supt-secretary@lpsd.org

Email Address

77571-6496

ZIP

Mobile Number (optional)

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



Yes



No

Application for Appraised Value Limitation on Qualified Property

SECTION 1: School District Information *(continued)*

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

Fred

First Name

Shareholder

Title

Underwood Law Firm, P.C.

Firm Name

806-379-0306

Phone Number

806-570-6299

Mobile Number *(optional)*

Stormer

Last Name

806-379-0316

Fax Number

fred.stormer@uwlaw.com

Email Address

4. On what date did the district determine this application complete? September 20, 2016

5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Samir

First Name

President, Global Hydrogen

Title

1585 Sawdust Road, Suite 300

Street Address

1585 Sawdust Road, Suite 300

Mailing Address

The Woodlands

City

281-203-3665

Phone Number

Mobile Number *(optional)*

Serhan

Last Name

Praxair

Organization

Texas

State

281-203-3829

Fax Number

Samir_Serhan@Praxair.com

Business Email Address

77380

ZIP

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? ☒ Yes ☐ No

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

Neil

First Name

Director, Government Relations

Title

39 Old Ridgebury Road

Street Address

39 Old Ridgeberry Road

Mailing Address

Danbury

City

203-837-2578

Phone Number

Mobile Number *(optional)*

Beup

Last Name

Praxair

Organization

Connecticut

State

06810

ZIP

Fax Number

Neil_Beup@Praxair.com

Business Email Address

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

Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Sam

First Name

Gregson

Last Name

Senior Consultant

Title

Cummings Westlake LLC

Firm Name

713-266-4456

Phone Number

713-266-2333

Fax Number

sgregson@cwlp.net

Business Email Address

SECTION 3: Fees and Payments

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

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

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

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Praxair, Inc.
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 10612490507
3. List the NAICS code 325120
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

App #13; Port Arthur ISD; 8/19/2003, App #217; Port Arthur ISD; 8/23/2012; App #1144; Brazosport ISD

SECTION 5: Applicant Business Structure

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

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

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

1. Application approval by school board May 2017
2. Commencement of construction 1Q 2018
3. Beginning of qualifying time period January 2, 2018
4. First year of limitation 2020
5. Begin hiring new employees 2Q 2019
6. Commencement of commercial operations 4Q 2019
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No
- Note:** Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? 4Q 2019

SECTION 10: The Property

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

County: <u>Harris County; 0.41923; 100%</u> (Name, tax rate and percent of project)	City: (Name, tax rate and percent of project)
Hospital District: <u>Harris County Hosp; 0.17; 100%</u> (Name, tax rate and percent of project)	Water District: (Name, tax rate and percent of project)
Other (describe): <u>See Tab 6</u> (Name, tax rate and percent of project)	Other (describe): (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☒ No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 80,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 80,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 8**);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (**Tab 8**); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (**Tab 11**).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (**Tab 9**);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (**Tab 9**);
 - c. owner (**Tab 9**);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (**Tab 9**); and
 - e. a detailed map showing the location of the land with vicinity map (**Tab 11**).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☐ Yes ☒ No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (**Tab 16**);
 - b. legal description of reinvestment zone (**Tab 16**);
 - c. order, resolution or ordinance establishing the reinvestment zone (**Tab 16**);
 - d. guidelines and criteria for creating the zone (**Tab 16**); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (**Tab 11**).
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? March 31, 2017

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

1. In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 10,609,848.00
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property
(that property described in response to question 2): \$ 0.00

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

Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2016
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 1,247
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? 18
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☒ Yes ☐ No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,336.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 1,744.00
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,163.00
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)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,484.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,484.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No
 - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
 - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Lloyd Graham

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

13 Sept 16

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

Samir Serhan

Print Name (Authorized Company Representative (Applicant))

President, Global Hydrogen

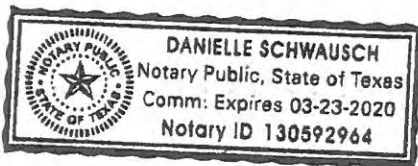
Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

6 September 2016



(Notary Seal)

GIVEN under my hand and seal of office this, the

6 day of September 2016

Danielle Schwausch

Notary Public in and for the State of Texas

My Commission expires: 03-23-2020

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

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

TAB 2

Proof of Payment of Application Fee

Please find on the attached page, copy of the check for the \$75,000 application fee to La Porte Independent School District.

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 membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)

See attached.

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

TAB 4

Detailed Description of the Project

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

Praxair's project provides for the design and construction of a new, world scale autothermal reformer for the production of carbon monoxide, and hydrogen for distribution to customers along the Texas and Louisiana Gulf Coast. Steam will also be supplied to the host customer. Natural gas and power are the key feedstocks for the facility. As proposed in this application, to enable distribution to Praxair's customer along the Texas and Louisiana Gulf Coast, the facility would tie into Praxair's existing pipeline infrastructure with additional ties into the Celanese Pasadena, TX chemical complex.

If approved, the proposed industrial gas complex will be constructed on property leased from Celanese at their Pasadena, TX, chemical complex. Construction is anticipated to begin in 1Q 2018 with commencement of commercial operations in 4Q 2019.

Below is a list of the major equipment comprising the complex:

- Fired heater with NO_x reduction system
- Catalyst-filled reactor vessels
- Heat exchangers
- Compressors
- CO purification equipment
- Steam drum and deaerator
- Flare system
- Pumps
- Filters
- Insulation
- Electrical
- Switchgear
- Transformers
- Instrumentation equipment
- Equipment and structural foundations and supports
- Control Equipment
- Industrial gas loading and unloading equipment and road works
- Industrial gas piping
- In-plant roads

Additional infrastructure to support this property will include:

- Site development/roads
- Utility piping

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
BY PRAXAIR, INC. TO LA PORTE ISD*

TAB 5

Documentation to assist in determining if limitation is a determining factor.

Praxair is a Fortune 500 company headquartered in Danbury, Connecticut. The company employs over 27,000 people worldwide and has key locations in Connecticut, Illinois, Indiana, New York, Texas, Georgia, Iowa, and California. It is a leading industrial gas producer in the Americas. Praxair products include atmospheric, process and specialty gases and related services and technologies. Having diverse sources of industrial gases helps attract other businesses that rely on such products; supply of industrial gases is a critical utility for many businesses. Praxair will use its industrial gases pipeline network to import and export gases from the proposed complex to serve the other petrochemical facilities along the Gulf Coast. Today, Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining; computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; aerospace, chemicals and water treatment

Praxair's pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current pipeline network investment options.

The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world. Praxair has signed a supply agreement with Celanese which will require additional investment to be added somewhere in Praxair pipeline network. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site and renegotiating with Celanese. Approval of this Value limitation application allows us to extend our relationships in Texas and be a contributor to the state's economic growth story.

TAB 6

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

All of the project is located in La Porte ISD. The project is also located 100% in the following tax districts and the tax rate for each is shown below

1) Harris County	- \$0.419230
2) Port of Houston	- \$0.013420
3) Harris County Hospital	- \$0.170000
4) Harris County Education	- \$0.005422
5) San Jacinto College	- \$0.175783
6) Harris County Flood	- \$0.027330
7) La Porte ISD	- \$1.450000

TAB 7

Description of Qualified Investment

Praxair's project provides for the design and construction of a new industrial gas plant designed to produce carbon monoxide, hydrogen, and steam.

If approved, the proposed industrial gas complex will be constructed on property leased from Celanese at their Pasadena, TX, chemical complex. Construction is anticipated to begin in 1Q 2018 with commencement of commercial operations in 4Q 2019.

Below is a list of the major equipment comprising the complex:

- Fired heater with NO_x reduction system
- Catalyst-filled reactor vessels
- Heat exchangers
- Compressors
- CO and H₂ purification equipment
- Steam drum and deaerator
- Flare system
- Pumps
- Filters
- Insulation
- Electrical
- Switchgear
- Transformers
- Instrumentation equipment
- Equipment and structural foundations and supports
- Control Equipment
- Industrial gas piping
- In-plant roads

Additional infrastructure to support this property will include:

- Site development/roads
- Utility piping

TAB 8

Description of Qualified Property

(See Tab 7)

TAB 9

Description of Land

See Attached

Exhibit C-2
DESCRIPTION OF LEASED PREMISES



Andrew Lonnie Sikes, Inc.

Surveying, Mapping and Civil Engineering since 1977 with offices in Houston and Conroe

**METES AND BOUNDS DESCRIPTION
LEASED PREMISES
7.739 ACRES (337,125 Square Feet)
GEORGE B. McKINSTRY LEAGUE, ABSTRACT NO. 47
HARRIS COUNTY, TEXAS**

ALL that certain 7.739 acre tract (337,125 square feet) of land situated in the George B. McKinstry League, Abstract No. 47, Harris County, Texas, and being out of that certain call 963.850 acre tract described as Tract I, in instrument to Celanese Corporation of America, recorded under File Number C447452 of the Official Public Records of Real Property of Harris County, Texas (O.P.R.R.P.H.C.T.), corrected under File Number D789836, O.P.R.R.P.H.C.T., and granted to Celanese Chemical Company, Inc., in instrument recorded under File Number F521601, O.P.R.R.P.H.C.T.; said 7.739 acre tract of land being more particularly described by metes and bounds as follows (all bearings are based upon the Texas Coordinate System of 1983, South Central Zone 4204, distances shown are surface distances, coordinates for corners are shown in Celanese Clear Lake Plant Coordinates, included are Texas Plane Coordinates for the Point of Commencement and the Point of Beginning):

COMMENCING at Copperweld No. 2153, said point being an angle point in the southeasterly line of said Tract I, and being an interior corner of that certain 32.78 acre tract described as Tract 5, Bayport Pipeline Corridor "50" in instrument to Exxon Pipeline Company, recorded under File Number R930140 of the O.P.R.R.P.H.C.T., said point of commencement being located at Texas Plane Coordinates X = 3,218,245.68 and Y = 13,793,658.18, and at Celanese Plant Coordinates X = 5,124.37 and Y = 2,340.09;

THENCE, North 76 Degrees 11 Minutes 53 Seconds West, 257.26 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 4,877.43 and Y = 2,412.22;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 363.31 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,206.78 and Y = 2,566.30;

THENCE, South 27 Degrees 33 Minutes 08 Seconds East, 100.00 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,249.16 and Y = 2,475.72;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 165.28 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,398.71 and Y = 2,545.58;

THENCE, North 27 Degrees 33 Minutes 08 Seconds West, 2,179.81 feet to the southwest corner and **POINT OF BEGINNING** and having Texas Plane Coordinates X = 3,217,502.58 and Y = 13,795,807.95 and Celanese Plant Coordinate X = 4,475.00 and Y = 4,520.00;

11415 Bedford St. • Houston, Texas 77031-2105

Phone: 281-561-8118 • Fax: 281-561-8668 • Email: Houston@surveyor.com
Engineering Firm Registration F-5238 – Surveying Firm Registration 10104700

7.739 Acres
Leased Premises
July 25, 2016

THENCE, North 02 Degrees 28 Minutes 49 Seconds West, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,475.00, to the northwest corner and having Celanese Plant Coordinates X = 4,475.00 and Y = 5,295.00;

THENCE, North 87 Degrees 31 Minutes 11 Seconds East, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 5,295.00, to the northeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 5,295.00;

THENCE, South 02 Degrees 28 Minutes 49 Seconds East, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,910.00 to the southeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 4,520.00;

THENCE, South 87 Degrees 31 Minutes 11 Seconds West, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 4,520.00 to the **POINT OF BEGINNING** and containing 7.739 acres (337,125 square feet) of land.



Michael Hoover, RPLS
Texas Registration No. 5423



Y:\jobs\2692\16-03 - 2 Lease Exhibits with legals\DELIVERY\2692-16-03_Leased_Premises_07252106.docx

NOTES:

1. ALL BEARINGS ARE TEXAS COORDINATE SYSTEM OF 1983, (4204) SOUTH CENTRAL ZONE, (NAD 83)
2. DISTANCES SHOWN ARE SURFACE DISTANCES.
3. COORDINATES SHOWN HEREON LABELED "PLANT" ARE BASED ON CELANESE CLEAR LAKE PLANT COORDINATE SYSTEM.
4. COORDINATES SHOWN HEREON LABELED "TCS" ARE BASED ON TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, (NAD 83)
5. A WRITTEN METES AND BOUNDS DESCRIPTION PREPARED UNDER MICHAEL HOOVER, JOB No. 2692-16-03, DATED JULY 21, 2016, ACCOMPANIES THIS PLAT OF SURVEY.

OWNERSHIP INFORMATION

CELANESE CORPORATION OF AMERICA
TRACT 1 - 963.850 ACRES
F.N. C447452, H.C.O.P.R.R.P.,
(VOL. 6653, PG. 79, H.C.D.R.)

(A) CORRECTED IN
F.N. D789836, H.C.O.P.R.R.P.

CELANESE CHEMICAL COMPANY
F.N. F521601, H.C.O.P.R.R.P.

(B) EXXON PIPELINE COMPANY
BAYPORT PIPELINE CORRIDOR "50"
TRACT 5 - 32.78 ACRES
F.N. R930140, H.C.O.P.R.R.P.

(C) CHOATE ROAD (250' WIDE)
F.N. F713013, H.C.O.P.R.R.P.,
(UNIMPROVED)

EXHIBIT

ALS PROJECT NO. 2692-16-03
PREPARED: 07-25-16 SCALE: 1"=200'

PAGE 1 OF 2

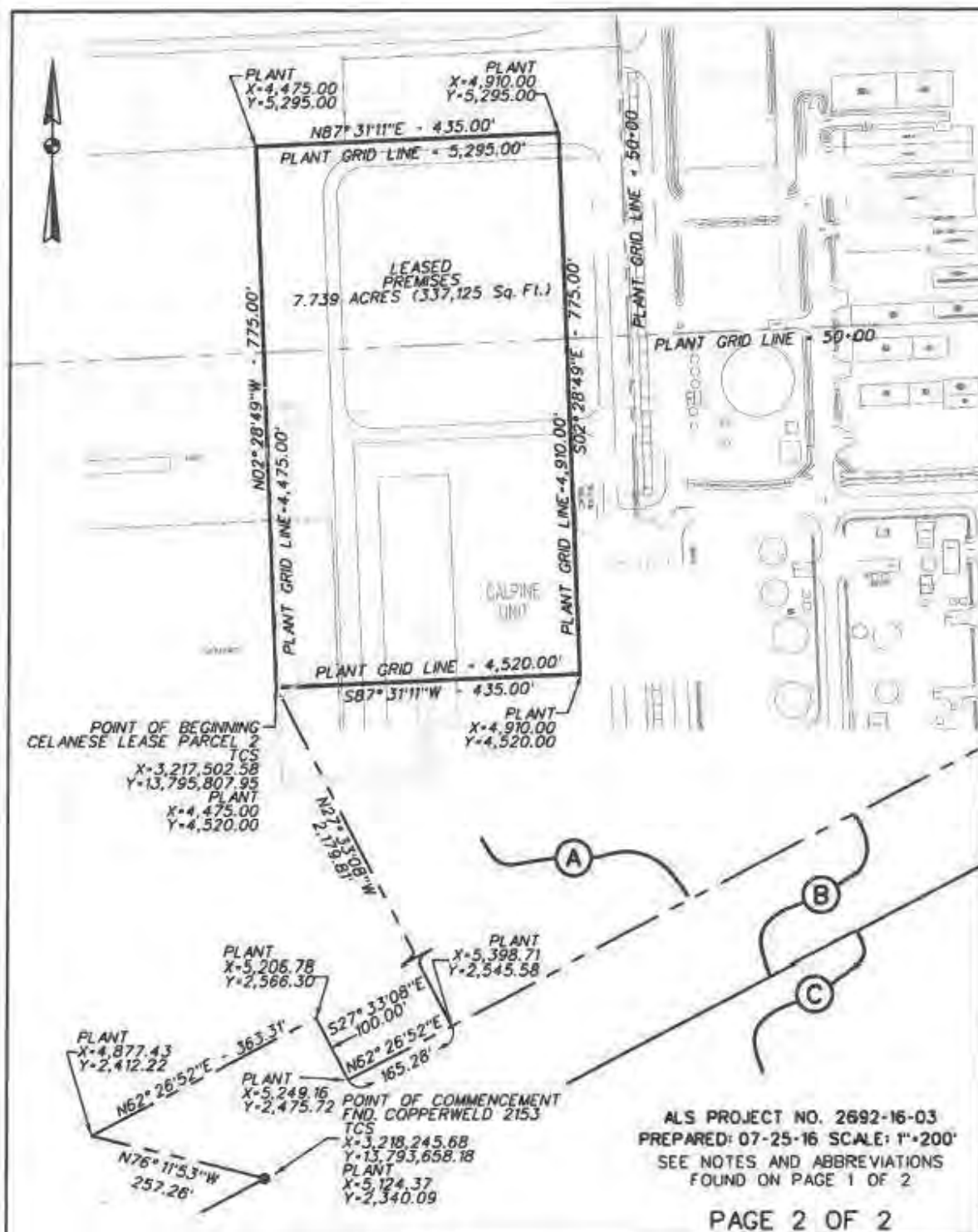


ANDREW LONNIE SIKES, INC.
SURVEYING, ENGINEERING & MAPPING

11415 BEDFORD STREET
HOUSTON, TEXAS 77031
PHONE: (281) 561-8118

LEASED PREMISES

7.739 Acres (337,125 Sq. Ft.)
CELANESE CHEMICAL COMPANY
HARRIS COUNTY, TEXAS
GEORGE B. MCKINSTRY LEAGUE
ABSTRACT No. 47



ANDREW LONNIE SIKES, INC.
 SURVEYING, ENGINEERING & MAPPING

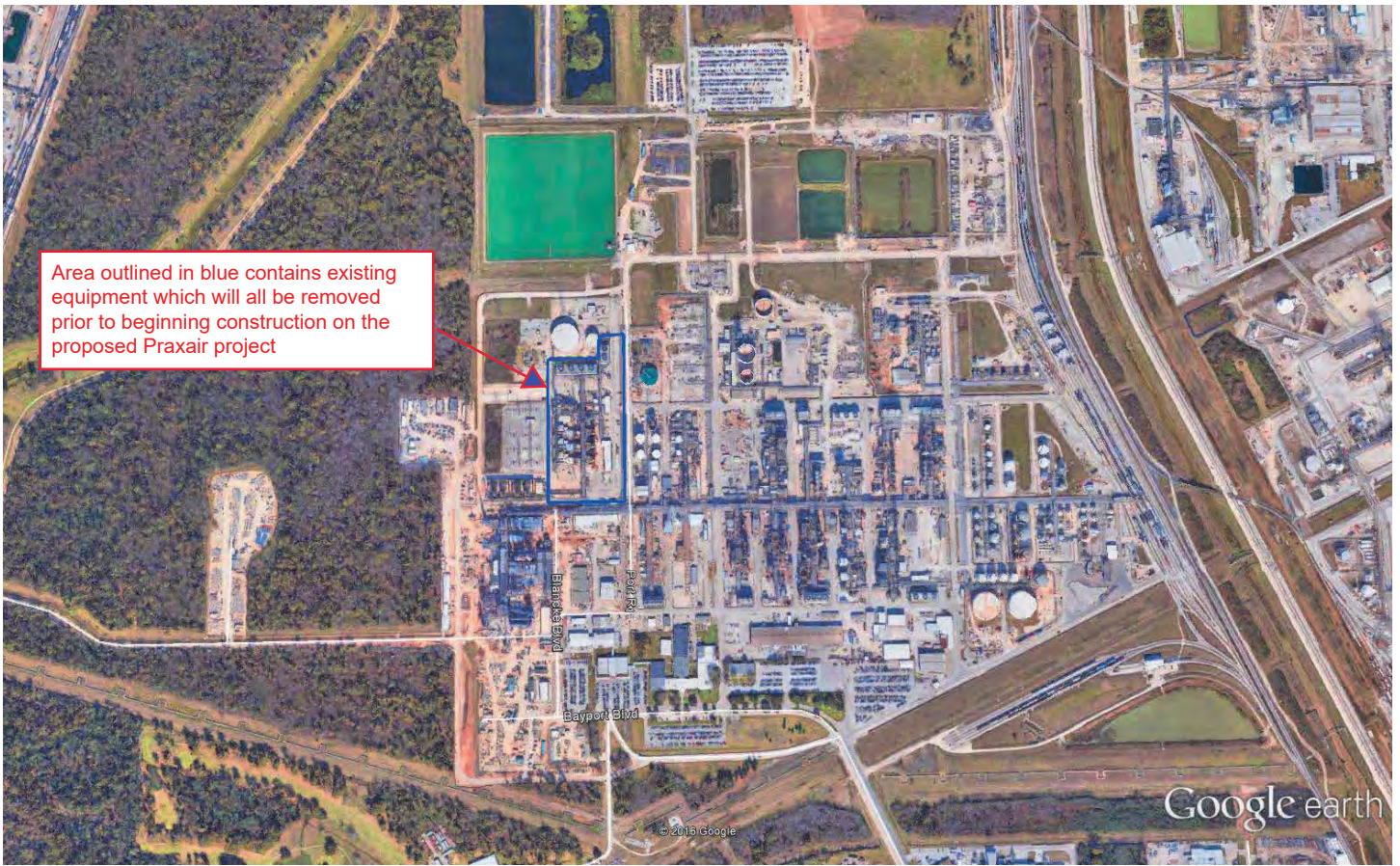
11415 BEDFORD STREET
 HOUSTON, TEXAS 77031
 PHONE: (281) 561-8118

LEASED PREMISES
 7.739 Acres (337,125 Sq. Ft.)
 CELANESE CHEMICAL COMPANY
 HARRIS COUNTY, TEXAS
 GEORGE B. MCKINSTRY LEAGUE
 ABSTRACT No. 47

TAB 10

Description of all property not eligible to become qualified property (if applicable)

This proposed project would be placed on land leased from Celanese. Equipment currently in the proposed project area consists of a combined cycle and cogeneration facility utilizing three combustion turbines and heat recovery steam generators and steam turbines all of which is owned by Clear Lake Cogeneration LP. All equipment currently in the proposed project area will be dismantled and removed prior to the commencement of any work on the proposed Praxair project. I have contacted the Appraiser for the HCAD and he has confirmed that the existing property that will be dismantled and removed is associated with HCAD account numbers 1005150000624, 1005150000384, 0414963 and 0647994. The total current value shown by HCAD for these four accounts is \$10,609,848. Maps showing the existing property and HCAD Records for the four accounts are attached.



Google earth



HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1005150000624

Tax Year: 2016



Owner and Property Information									
Owner Name & Mailing Address: CLEAR LAKE COGENERATION LP % CALPINE CORP 717 TEXAS ST STE 1000 HOUSTON TX 77002-2743					Legal Description: TR 19A (IMPS ONLY) (LAND*1005150000385) (POLLUTION CONTROL) BAYPORT SEC 1 U/R Property Address: 9602 BAYPORT BLVD PASADENA TX 77507				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Total Living Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
F2 -- Real, Industrial	3300 -- Industrial Imps Only Land		0	0 SF	0	0	5980.24	6152C	579Q

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/08/2016	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2015 Rate	2016 Rate
Pollution Control	020	LA PORTE ISD	3,568,800	Certified: 08/12/2016	1.450000	
	040	HARRIS COUNTY	3,568,800	Certified: 08/12/2016	0.419230	
	041	HARRIS CO FLOOD CNTRL	3,568,800	Certified: 08/12/2016	0.027330	
	042	PORT OF HOUSTON AUTHY	3,568,800	Certified: 08/12/2016	0.013420	
	043	HARRIS CO HOSP DIST	3,568,800	Certified: 08/12/2016	0.170000	
	044	HARRIS CO EDUC DEPT	3,568,800	Certified: 08/12/2016	0.005422	
	047	SAN JACINTO COM COL D	3,568,800	Certified: 08/12/2016	0.175783	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2015			Value as of January 1, 2016		
	Market	Appraised		Market	Appraised
Land	0		Land	0	
Improvement	3,568,800		Improvement	3,568,800	
Total	3,568,800	3,568,800	Total	3,568,800	3,568,800

Land

Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	3300 -- Industrial Imps Only Land	--	GR	0	1.00	1.00	1.00	--	1.00	0.00	0.00	0.00

Building

Vacant (No Building Data)

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1005150000384

Tax Year: 2016



Owner and Property Information									
Owner Name & Mailing Address: CLEAR LAKE COGENERATION LP % TEXAS CONGENERATION CO 717 TEXAS ST STE 1000 HOUSTON TX 77002-2743					Legal Description: TR 19A (IMPS ONLY) (LAND*1005150000385) BAYPORT SEC 1 U/R Property Address: 9602 BAYPORT BLVD PASADENA TX 77507				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Total Living Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
F2 -- Real, Industrial	3300 -- Industrial Imps Only Land	E	0	0 SF	0	0	5980.24	6152C	579Q

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/08/2016	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2015 Rate	2016 Rate
None	020	LA PORTE ISD		Certified: 08/12/2016	1.450000	
	040	HARRIS COUNTY		Certified: 08/12/2016	0.419230	
	041	HARRIS CO FLOOD CNTRL		Certified: 08/12/2016	0.027330	
	042	PORT OF HOUSTON AUTHY		Certified: 08/12/2016	0.013420	
	043	HARRIS CO HOSP DIST		Certified: 08/12/2016	0.170000	
	044	HARRIS CO EDUC DEPT		Certified: 08/12/2016	0.005422	
	047	SAN JACINTO COM COL D		Certified: 08/12/2016	0.175783	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2015			Value as of January 1, 2016		
	Market	Appraised		Market	Appraised
Land	0		Land	0	
Improvement	9,094,820		Improvement	6,158,080	
Total	9,094,820	9,094,820	Total	6,158,080	6,158,080

Land

Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	3300 -- Industrial Imps Only Land	--	GR	0	1.00	1.00	1.00	--	1.00	0.00	0.00	0.00

Building

Vacant (No Building Data)

HARRIS COUNTY APPRAISAL DISTRICT
PERSONAL PROPERTY ACCOUNT INFORMATION
0414963

Tax Year: 2016



Owner and Property Information	
Owner Name & Mailing Address: CLEAR LAKE COGENERATION LP ATTN TAX DEPT 717 TEXAS ST STE 1000 HOUSTON TX 77002-2743	Property Address: 9602 BAYPORT BLVD PASADENA TX 77507 Description: None

State Class Code	Property Type	
L2 -- Tangible, Industrial	V -- General Industrial	
SIC Code	Square Ft	Key Map®
4911 -- ELECTRIC SERVICES - TRANSMISSION	0	579Q

Value Status Information	
Value Status	Notice Date
Noticed	6/10/2016

Exemptions and Jurisdictions							
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2015 Rate	2016 Rate	Online Tax Bill
None	020	LA PORTE ISD		Certified: 08/12/2016	1.45000		
	040	HARRIS COUNTY		Certified: 08/12/2016	0.41923		
	041	HARRIS CO FLOOD CNTRL		Certified: 08/12/2016	0.02733		
	042	PORT OF HOUSTON AUTHY		Certified: 08/12/2016	0.01342		
	043	HARRIS CO HOSP DIST		Certified: 08/12/2016	0.17000		
	044	HARRIS CO EDUC DEPT		Certified: 08/12/2016	0.00542		
	047	SAN JACINTO COM COL D		Certified: 08/12/2016	0.17578		

Valuations		
	2015 Value	2016 Value
Total Appraised	--	877,900

Value Detail		
Category	2015 Value	2016 Value
Aircraft	0	0
Vessels	0	0
Inventory	0	0
Supplies	569,250	697,810
Raw Materials	0	0
Work In Progress	0	0
Furniture and Fixtures	3,510	3,700
Machinery and Other Equipment	182,190	175,340
Computers	1,160	1,050
Leasehold Improvements	0	0
Vehicles	0	0
Miscellaneous	0	0

HARRIS COUNTY APPRAISAL DISTRICT
PERSONAL PROPERTY ACCOUNT INFORMATION
0647994

Tax Year: 2016



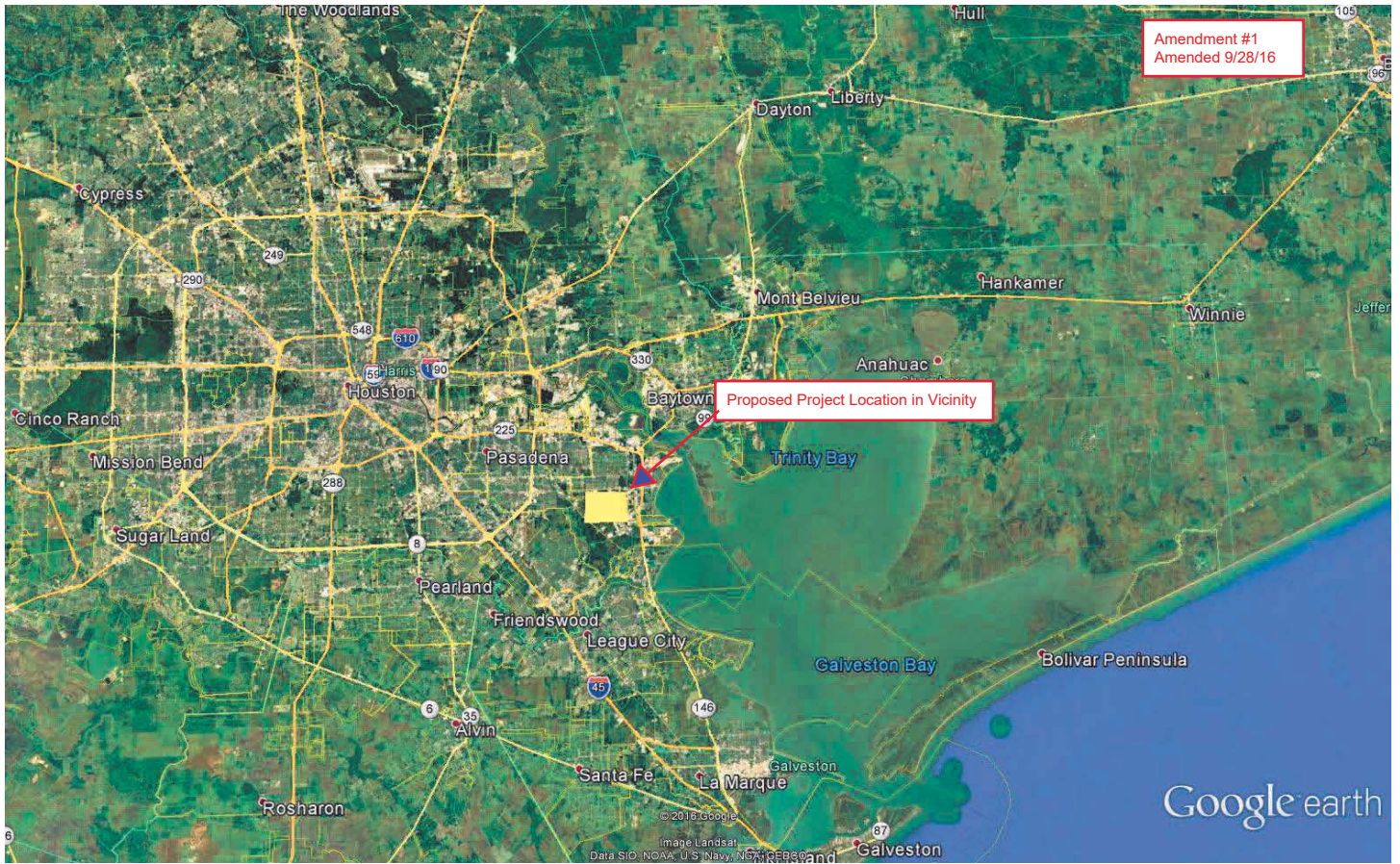
Owner and Property Information							
Owner Name & Mailing Address: CLEAR LAKE COGENERATION LP PO BOX 2629 ADDISON TX 75001-2629				Property Address: 9602 BAYPORT BLVD PASADENA TX 77507			
				Description: Vehicles			
State Class Code				Property Type			
L1 -- Tangible, Commercial				T -- Vehicles			
SIC Code				Square Ft		Key Map®	
0002 -- VEHICLE(S) ONLY				0		579Q	
Value Status Information							
Value Status				Notice Date			
Noticed				6/17/2016			
Exemptions and Jurisdictions							
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2015 Rate	2016 Rate	Online Tax Bill
None	020	LA PORTE ISD		Certified: 08/12/2016	1.45000		
	040	HARRIS COUNTY		Certified: 08/12/2016	0.41923		
	041	HARRIS CO FLOOD CNTRL		Certified: 08/12/2016	0.02733		
	042	PORT OF HOUSTON AUTHY		Certified: 08/12/2016	0.01342		
	043	HARRIS CO HOSP DIST		Certified: 08/12/2016	0.17000		
	044	HARRIS CO EDUC DEPT		Certified: 08/12/2016	0.00542		
	047	SAN JACINTO COM COL D		Certified: 08/12/2016	0.17578		
Valuations							
2015 Value				2016 Value			
Total Appraised			--	5,068			
Value Detail							
Category			2015 Value		2016 Value		
Aircraft			0		0		
Vessels			0		0		
Inventory			0		0		
Supplies			0		0		
Raw Materials			0		0		
Work In Progress			0		0		
Furniture and Fixtures			0		0		
Machinery and Other Equipment			0		0		
Computers			0		0		
Leasehold Improvements			0		0		
Vehicles			5,631		5,068		
Miscellaneous			0		0		

TAB 11

Maps that clearly show:

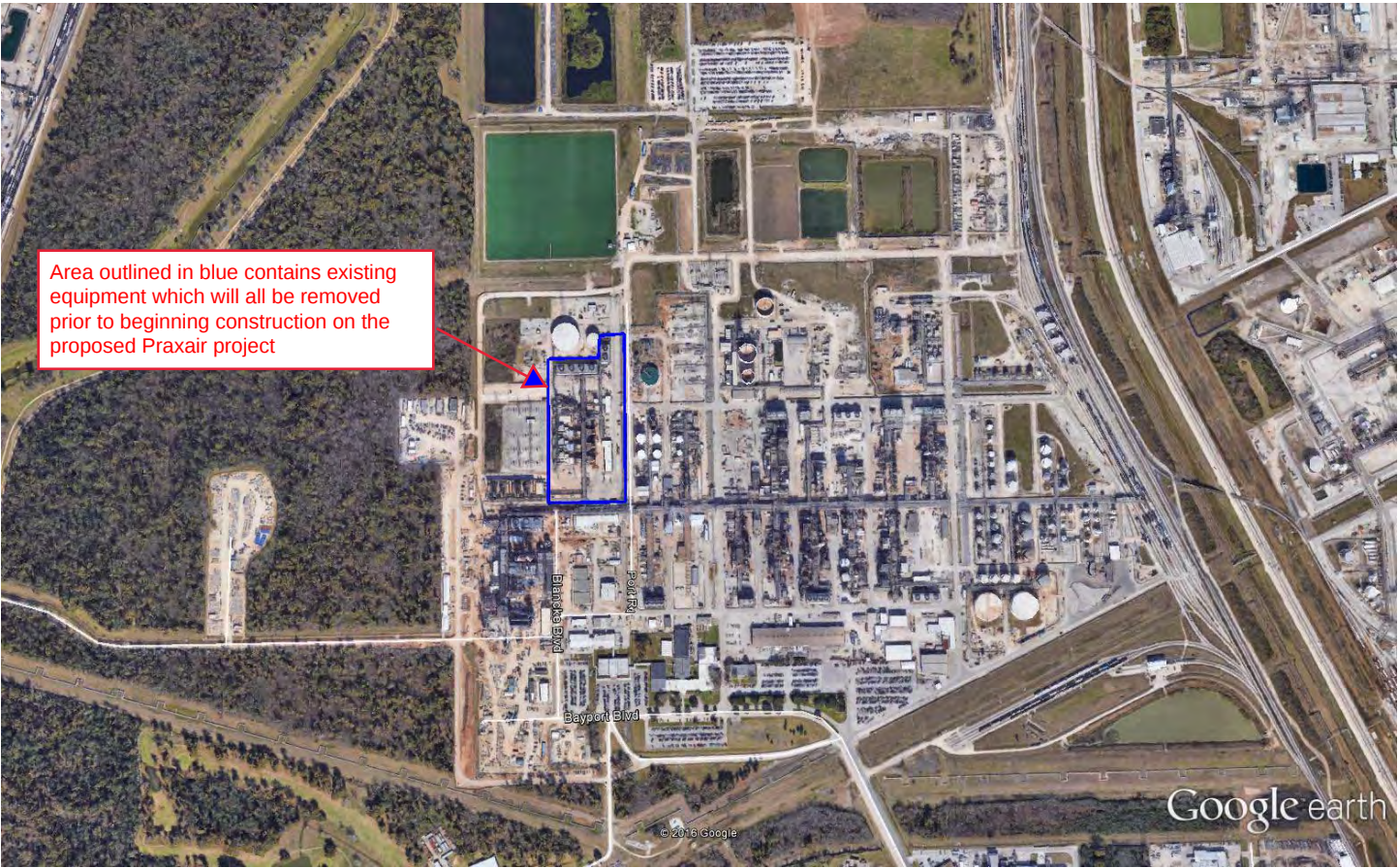
- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

SEE ATTACHED MAPS



Google earth





Area outlined in blue contains existing equipment which will all be removed prior to beginning construction on the proposed Praxair project

Google earth





Area outlined in red is the Proposed Project Site

Google earth





Area outlined in blue is the proposed Reinvestment Zone

Google earth

feet
meters

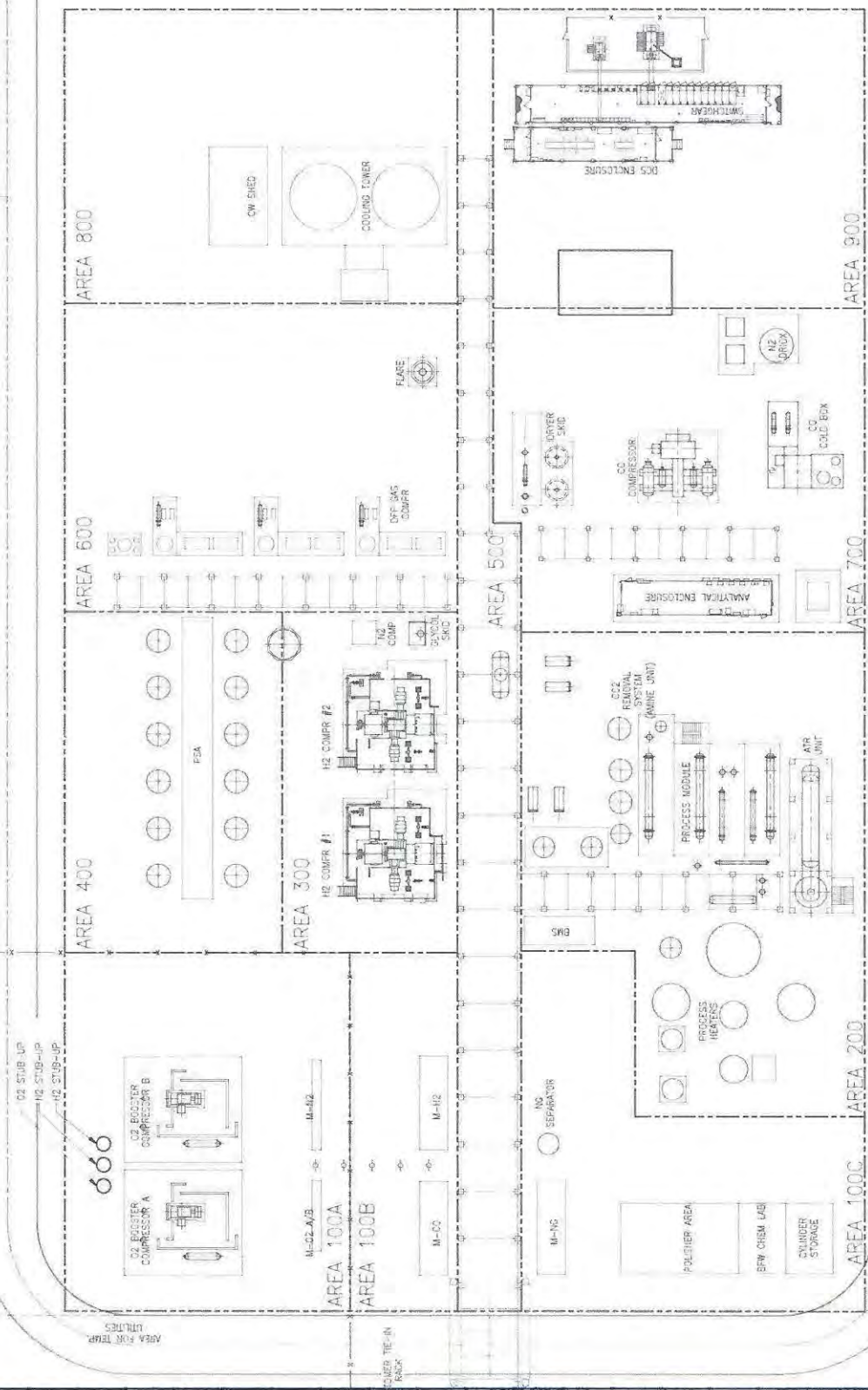


CONTROL ROOM	MAINTENANCE OFFICE	MAINTENANCE BUILDING
--------------	--------------------	----------------------

OIL STORAGE SHED

26 SPACES)

Expanded View of Proposed Equipment Layout in Project Area. Project Area is Outlined in Blue



TAB 12

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

See Attached

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

September 13, 2016

Mr. Lloyd Graham
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, TX 77571-6496

Re: Chapter 313 Jobs Waiver Request

Dear Superintendent Graham,

Praxair, Inc. requests that the La Porte Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Tax Code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

The employment industry standard for the facility that is proposed is 18 permanent jobs. Praxair Inc. requests that the Board of Trustees make such a finding and waive the job creation requirement for 25 permanent jobs and in line with industry standards and consistent with recently awarded waivers within this industry, Praxair Inc. has committed to create eighteen (18) total jobs for the project.

Sincerely,

Sam Gregson
Senior Consultant
Cummings Westlake, LLC

TAB 13

Calculation of three possible wage requirements with TWC documentation

- Harris County average weekly wage for all jobs (all industries)
- Harris County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

**PRAXAIR LA PORTE PROJECT
TAB 13 TO CHAPTER 313 APPLICATION**

**HARRIS COUNTY
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2016	\$ 1,422	\$ 73,944
SECOND	2015	\$ 1,255	\$ 65,260
THIRD	2015	\$ 1,253	\$ 65,156
FOURTH	2015	\$ 1,414	\$ 73,528
AVERAGE		\$ 1,336	\$ 69,472

**HARRIS COUNTY
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2016	\$ 1,675	\$ 87,100
SECOND	2015	\$ 1,513	\$ 78,676
THIRD	2015	\$ 1,471	\$ 76,492
FOURTH	2015	\$ 1,682	\$ 87,464
AVERAGE		\$ 1,585	\$ 65,946
X		110%	110%
		\$ 1,743.78	\$ 72,541.04

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2015	\$ 1,057	\$ 54,985
X	110%	110%
	\$ 1,163	\$ 60,484

* SEE ATTACHED TWC DOCUMENTATION

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	Harris County	Private	00	0	10	Total, All Industries	\$1,505
2015	2nd Qtr	Harris County	Private	00	0	10	Total, All Industries	\$1,255
2015	3rd Qtr	Harris County	Private	00	0	10	Total, All Industries	\$1,253
2015	4th Qtr	Harris County	Private	00	0	10	Total, All Industries	\$1,414
2016	1st Qtr	Harris County	Private	00	0	10	Total, All Industries	\$1,422

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	Harris County	Total All	31	2	31-33	Manufacturing	\$1,832
2016	1st Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,675
2015	2nd Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,513
2015	3rd Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,471
2015	4th Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,682

2015 Manufacturing Average Wages by Council of Government Region

Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
1. Panhandle Regional Planning Commission	\$20.64	\$42,941
2. South Plains Association of Governments	\$17.50	\$36,408
3. NORTEX Regional Planning Commission	\$23.28	\$48,413
4. North Central Texas Council of Governments	\$25.03	\$52,068
5. Ark-Tex Council of Governments	\$18.46	\$38,398
6. East Texas Council of Governments	\$19.84	\$41,270
7. West Central Texas Council of Governments	\$19.84	\$41,257
8. Rio Grande Council of Governments	\$18.32	\$38,109
9. Permian Basin Regional Planning Commission	\$25.18	\$52,382
10. Concho Valley Council of Governments	\$18.80	\$39,106
11. Heart of Texas Council of Governments	\$21.41	\$44,526
12. Capital Area Council of Governments	\$29.98	\$62,363
13. Brazos Valley Council of Governments	\$18.78	\$39,057
14. Deep East Texas Council of Governments	\$17.30	\$35,993
15. South East Texas Regional Planning Commission	\$30.41	\$63,247
16. Houston-Galveston Area Council	\$26.44	\$54,985
17. Golden Crescent Regional Planning Commission	\$23.73	\$49,361
18. Alamo Area Council of Governments	\$19.96	\$41,516
19. South Texas Development Council	\$15.87	\$33,016
20. Coastal Bend Council of Governments	\$25.97	\$54,008
21. Lower Rio Grande Valley Development Council	\$16.17	\$33,634
22. Texoma Council of Governments	\$19.04	\$39,595
23. Central Texas Council of Governments	\$18.04	\$37,533
24. Middle Rio Grande Development Council	\$22.24	\$46,263

\$54,985 X 110% = \$60,484

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

TAB 14

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

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

Date

8/31/2016

Applicant Name

PRAXAIR, INC

ISD Name

LA PORTE ISD

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2018	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application				0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				57,700,000	0	0	0	57,700,000
Complete tax years of qualifying time period	QTP1	2019-2020	2019	108,480,530	2,250,000	0	0	110,730,530
	QTP2	2020-2021	2020	0	0	0	0	0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				166,180,530	2,250,000	0	0	168,430,530
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				168,430,530				

For All Columns:

List amount invested each year, not cumulative totals.

Column A:

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

Column B:

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

Column C:

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

Column D:

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

Total Investment:

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

Qualified Investment:

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

Date	8/31/2016			Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)				
Applicant Name	PRAXAIR, INC			Form 50-296A				
ISD Name	LA PORTE ISD			Revised May 2014				
PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		Enter amounts from TOTAL row in Schedule A1 in the row below				
				166,180,530	2,250,000	0	0	168,430,530
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2018-2019	2018	0	0	0	0	0
	0	2019-2020	2019	0	0	0	0	0
Value limitation period***	1	2020-2021	2020	0	0	0	0	0
	2	2021-2022	2021	0	0	0	0	0
	3	2022-2023	2022	0	0	0	0	0
	4	2023-2024	2023	0	0	0	0	0
	5	2024-2025	2024	0	0	0	0	0
	6	2025-2026	2025	0	0	0	0	0
	7	2026-2027	2026	0	0	0	0	0
	8	2027-2028	2027	0	0	0	0	0
	9	2028-2029	2028	0	0	0	0	0
	10	2029-2030	2029	0	0	0	0	0
Total Investment made through limitation				166,180,530	2,250,000	0	0	168,430,530
Continue to maintain viable presence	11	2030-2031	2030		0			0
	12	2031-2032	2031		0			
	13	2032-2033	2032		0			
	14	2033-2034	2033		0			
	15	2034-2035	2034		0			
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035		0			
	17	2036-2037	2036		0			
	18	2037-2038	2037		0			
	19	2038-2039	2038		0			
	20	2039-2040	2039		0			
	21	2040-2041	2040		0			
	22	2041-2042	2041		0			
	23	2042-2043	2042		0			
	24	2043-2044	2043		0			
	25	2044-2045	2044		0			

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

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

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

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

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

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

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

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

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

Date	8/31/2016		
Applicant Name	PRAXAIR, INC		Form 50-296A
ISD Name	LA PORTE ISD		<i>Revised May 2014</i>

				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 I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	Tax Year (Fill in actual tax year) YYYY	0	0	0	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	0	0	0	0	0	0
Value Limitation Period	1	2020-2021	2020	0	2,250,000	166,180,530	161,180,530	161,180,530	80,000,000
	2	2021-2022	2021	0	2,193,800	157,872,000	160,065,800	160,065,800	80,000,000
	3	2022-2023	2022	0	2,139,000	149,978,000	152,117,000	152,117,000	80,000,000
	4	2023-2024	2023	0	2,085,500	142,479,000	144,564,500	144,564,500	80,000,000
	5	2024-2025	2024	0	2,033,400	135,355,000	137,388,400	137,388,400	80,000,000
	6	2025-2026	2025	0	1,982,600	128,587,000	130,569,600	130,569,600	80,000,000
	7	2026-2027	2026	0	1,933,000	122,158,000	124,091,000	124,091,000	80,000,000
	8	2027-2028	2027	0	1,884,700	116,050,000	117,934,700	117,934,700	80,000,000
	9	2028-2029	2028	0	1,837,600	110,248,000	112,085,600	112,085,600	80,000,000
	10	2029-2030	2029	0	1,791,700	104,736,000	106,527,700	106,527,700	80,000,000
Continue to maintain viable presence	11	2030-2031	2030	0	1,746,900	99,499,000	101,245,900	101,245,900	101,245,900
	12	2031-2032	2031	0	1,703,200	94,524,000	96,227,200	96,227,200	96,227,200
	13	2032-2033	2032	0	1,660,600	89,798,000	91,458,600	91,458,600	91,458,600
	14	2033-2034	2033	0	1,619,100	85,308,000	86,927,100	86,927,100	86,927,100
	15	2034-2035	2034	0	1,578,600	81,043,000	82,621,600	82,621,600	82,621,600
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	0	1,539,100	76,991,000	78,530,100	78,530,100	78,530,100
	17	2036-2037	2036	0	1,500,600	73,141,000	74,641,600	74,641,600	74,641,600
	18	2037-2038	2037	0	1,463,100	69,484,000	70,947,100	70,947,100	70,947,100
	19	2038-2039	2038	0	1,426,500	66,010,000	67,436,500	67,436,500	67,436,500
	20	2039-2040	2039	0	1,390,800	62,710,000	64,100,800	64,100,800	64,100,800
	21	2040-2041	2040	0	1,356,000	59,575,000	60,931,000	60,931,000	60,931,000
	22	2041-2042	2041	0	1,322,100	56,596,000	57,918,100	57,918,100	57,918,100
	23	2042-2043	2042	0	1,289,000	53,766,000	55,055,000	55,055,000	55,055,000
	24	2043-2044	2043	0	1,256,800	51,078,000	52,334,800	52,334,800	52,334,800
	25	2044-2045	2044	0	1,225,400	50,625,000	51,850,400	51,850,400	51,850,400

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.

Date 8/31/2016
Applicant Name PRAXAIR, INC
ISD Name LA PORTE ISD

Schedule C: Employment Information

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	250 FTE	80,000	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	500 FTE	80,000	0	0	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020	N/A	N/A	0	18	60,484
	2	2021-2022	2021	N/A	N/A	0	18	60,484
	3	2022-2023	2022	N/A	N/A	0	18	60,484
	4	2023-2024	2023	N/A	N/A	0	18	60,484
	5	2024-2025	2024	N/A	N/A	0	18	60,484
	6	2025-2026	2025	N/A	N/A	0	18	60,484
	7	2026-2027	2026	N/A	N/A	0	18	60,484
	8	2027-2028	2027	N/A	N/A	0	18	60,484
	9	2028-2029	2028	N/A	N/A	0	18	60,484
	10	2029-2030	2029	N/A	N/A	0	18	60,484
Years Following Value Limitation Period	11 through 25	2030-2045	2030-2045	N/A	N/A	0	18	60,484

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:

☒

Yes

☐

No
- C1a.

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

☒

Yes

☐

No
- C1b.

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

☐

Yes

☒

No

Schedule D: Other Incentives (Estimated)

Date 8/31/2016
Applicant Name PRAXAIR, INC
ISD Name LA PORTE ISD

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County:	2020	N/A		N/A	
	Other:	2020	N/A			
	Other:	2020	N/A			
	Other:	2020	N/A			
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A		N/A	
Texas Enterprise Fund	N/A	N/A	N/A		N/A	
Employee Recruitment	N/A	N/A	N/A		N/A	
Skills Development Fund	N/A	N/A	N/A		N/A	
Training Facility Space and Equipment	N/A	N/A	N/A		N/A	
Infrastructure Incentives	N/A	N/A	N/A		N/A	
Permitting Assistance	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
TOTAL						

Additional information on incentives for this project:

TAB 15

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

None

TAB 16

Description of Reinvestment Zone 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 established the reinvestment zone**
- d) Guidelines and criteria for creating the zone**

16 a) Not Applicable

16 b) Legal Description of the Proposed Reinvestment Zone is attached

16 c) Will be provided once the Reinvestment Zone is established.

16 d) Will be provided once the Reinvestment Zone is established.

Exhibit C-2
DESCRIPTION OF LEASED PREMISES



Andrew Lonnie Sikes, Inc.

Surveying, Mapping and Civil Engineering since 1977 with offices in Houston and Conroe

**METES AND BOUNDS DESCRIPTION
LEASED PREMISES
7.739 ACRES (337,125 Square Feet)
GEORGE B. McKINSTRY LEAGUE, ABSTRACT NO. 47
HARRIS COUNTY, TEXAS**

ALL that certain 7.739 acre tract (337,125 square feet) of land situated in the George B. McKinstry League, Abstract No. 47, Harris County, Texas, and being out of that certain call 963.850 acre tract described as Tract I, in instrument to Celanese Corporation of America, recorded under File Number C447452 of the Official Public Records of Real Property of Harris County, Texas (O.P.R.R.P.H.C.T.), corrected under File Number D789836, O.P.R.R.P.H.C.T., and granted to Celanese Chemical Company, Inc., in instrument recorded under File Number F521601, O.P.R.R.P.H.C.T.; said 7.739 acre tract of land being more particularly described by metes and bounds as follows (all bearings are based upon the Texas Coordinate System of 1983, South Central Zone 4204, distances shown are surface distances, coordinates for corners are shown in Celanese Clear Lake Plant Coordinates, included are Texas Plane Coordinates for the Point of Commencement and the Point of Beginning):

COMMENCING at Copperweld No. 2153, said point being an angle point in the southeasterly line of said Tract I, and being an interior corner of that certain 32.78 acre tract described as Tract 5, Bayport Pipeline Corridor "50" in instrument to Exxon Pipeline Company, recorded under File Number R930140 of the O.P.R.R.P.H.C.T., said point of commencement being located at Texas Plane Coordinates X = 3,218,245.68 and Y = 13,793,658.18, and at Celanese Plant Coordinates X = 5,124.37 and Y = 2,340.09;

THENCE, North 76 Degrees 11 Minutes 53 Seconds West, 257.26 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 4,877.43 and Y = 2,412.22;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 363.31 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,206.78 and Y = 2,566.30;

THENCE, South 27 Degrees 33 Minutes 08 Seconds East, 100.00 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,249.16 and Y = 2,475.72;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 165.28 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,398.71 and Y = 2,545.58;

THENCE, North 27 Degrees 33 Minutes 08 Seconds West, 2,179.81 feet to the southwest corner and **POINT OF BEGINNING** and having Texas Plane Coordinates X = 3,217,502.58 and Y = 13,795,807.95 and Celanese Plant Coordinate X = 4,475.00 and Y = 4,520.00;

11415 Bedford St. • Houston, Texas 77031-2105

Phone: 281-561-8118 • Fax: 281-561-8668 • Email: Houston@surveyor.com
Engineering Firm Registration F-5238 – Surveying Firm Registration 10104700

7.739 Acres
Leased Premises
July 25, 2016

THENCE, North 02 Degrees 28 Minutes 49 Seconds West, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,475.00, to the northwest corner and having Celanese Plant Coordinates X = 4,475.00 and Y = 5,295.00;

THENCE, North 87 Degrees 31 Minutes 11 Seconds East, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 5,295.00, to the northeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 5,295.00;

THENCE, South 02 Degrees 28 Minutes 49 Seconds East, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,910.00 to the southeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 4,520.00;

THENCE, South 87 Degrees 31 Minutes 11 Seconds West, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 4,520.00 to the **POINT OF BEGINNING** and containing 7.739 acres (337,125 square feet) of land.



Michael Hoover, RPLS
Texas Registration No. 5423



Y:\Jobs\2692\16-03 - 2 Lease Exhibits with legals\DELIVERY\2692-16-03_Leased_Premises_07252106.docx

NOTES:

1. ALL BEARINGS ARE TEXAS COORDINATE SYSTEM OF 1983, (4204) SOUTH CENTRAL ZONE, (NAD 83)
2. DISTANCES SHOWN ARE SURFACE DISTANCES.
3. COORDINATES SHOWN HEREON LABELED "PLANT" ARE BASED ON CELANESE CLEAR LAKE PLANT COORDINATE SYSTEM.
4. COORDINATES SHOWN HEREON LABELED "TCS" ARE BASED ON TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, (NAD 83)
5. A WRITTEN METES AND BOUNDS DESCRIPTION PREPARED UNDER MICHAEL HOOVER, JOB No. 2692-16-03, DATED JULY 21, 2016, ACCOMPANIES THIS PLAT OF SURVEY.

OWNERSHIP INFORMATION

CELANESE CORPORATION OF AMERICA
TRACT 1 - 963.850 ACRES
F.N. C447452, H.C.O.P.R.R.P.,
(VOL. 6653, PG. 79, H.C.D.R.)

(A) CORRECTED IN
F.N. D789836, H.C.O.P.R.R.P.

CELANESE CHEMICAL COMPANY
F.N. F521601, H.C.O.P.R.R.P.

(B) EXXON PIPELINE COMPANY
BAYPORT PIPELINE CORRIDOR "50"
TRACT 5 - 32.78 ACRES
F.N. R930140, H.C.O.P.R.R.P.

(C) CHOATE ROAD (250' WIDE)
F.N. F713013, H.C.O.P.R.R.P.,
(UNIMPROVED)

EXHIBIT

ALS PROJECT NO. 2692-16-03
PREPARED: 07-25-16 SCALE: 1"=200'

PAGE 1 OF 2



ANDREW LONNIE SIKES, INC.
SURVEYING, ENGINEERING & MAPPING

11415 BEDFORD STREET
HOUSTON, TEXAS 77031
PHONE: (281) 561-8118

LEASED PREMISES

7.739 Acres (337,125 Sq. Ft.)
CELANESE CHEMICAL COMPANY
HARRIS COUNTY, TEXAS
GEORGE B. MCKINSTRY LEAGUE
ABSTRACT No. 47

TAB 17

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

See Attached

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Lloyd Graham

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

13 Sept 16

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

Samir Serhan

Print Name (Authorized Company Representative (Applicant))

President, Global Hydrogen

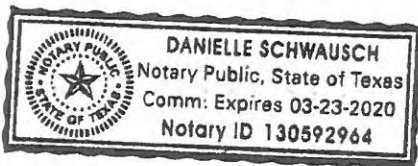
Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

6 September 2016



(Notary Seal)

GIVEN under my hand and seal of office this, the

6 day of September 2016

Danielle Schwausch
Notary Public in and for the State of Texas

My Commission expires: 03-23-2020

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.



Application for Appraised Value Limitation on Qualified Property

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.

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print
here

Lloyd Graham

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

05 OCT 16

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

Samir Serhan

Print Name (Authorized Company Representative (Applicant))

President, Global Hydrogen

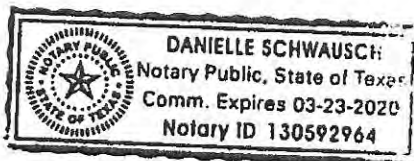
Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

29 September 2016



(Notary Seal)

GIVEN under my hand and seal of office this, the

29 day of September, 2016

Notary Public in and for the State of Texas

My Commission expires: 03-23-2020

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

**Application for Appraised Value Limitation on Qualified Property****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.

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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 ▶

Mr. Lloyd Graham

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here ▶

Signature (Authorized School District Representative)

October 28, 2016

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here ▶

Samir Serhan

Print Name (Authorized Company Representative (Applicant))

President, Global Hydrogen

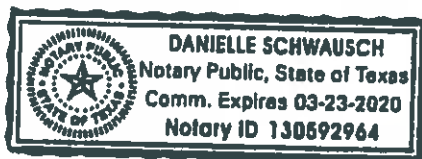
Title

sign
here ▶

Signature (Authorized Company Representative (Applicant))

25 October 2016

Date



(Notary Seal)

GIVEN under my hand and seal of office this the

25 day of October 2016

Danielle Schwausch
Notary Public in and for the State of Texas

My Commission expires 03-23-2020

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.



Franchise Tax Account Status

As of : 01/30/2017 11:19:52

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

PRAXAIR, INC.	
Texas Taxpayer Number	10612490507
Mailing Address	10 RIVERVIEW DR DANBURY, CT 06810-6268
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	12/08/1988
Texas SOS File Number	0007853006
Registered Agent Name	PRENTICE HALL CORPORATION SYSTEM
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 28, 2016

Graham Lloyd
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, Texas 77571-6496

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between La Porte Independent School
District and Praxair, Inc. Application 1157

Dear Superintendent Lloyd:

On October 26, 2016, the Comptroller issued written notice that Praxair, Inc. (applicant) submitted a completed application (Application 1157) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on September 13, 2016, to the La Porte Independent School District (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 B; 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 requested a waiver 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 1157.

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

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.

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 October 26, 2016, 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 Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Praxair, Inc. (project) applying to La Porte Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Praxair, Inc..

Applicant	Praxair, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	La Porte ISD
2014-2015 Average Daily Attendance	7,129
County	Harris
Proposed Total Investment in District	\$168,430,530
Proposed Qualified Investment	\$168,430,530
Limitation Amount	\$80,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	18*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,163.15
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,163.15
Minimum annual wage committed to by applicant for qualified jobs	\$60,484
Minimum weekly wage required for non-qualifying jobs	\$1,337
Minimum annual wage required for non-qualifying jobs	\$69,524
Investment per Qualifying Job	\$9,357,251.67
Estimated M&O levy without any limit (15 years)	\$18,772,054
Estimated M&O levy with Limitation (15 years)	\$13,088,196
Estimated gross M&O tax benefit (15 years)	\$5,683,858
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 2 is the estimated statewide economic impact of Praxair, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	250	306	556	\$20,000,000	\$26,000,000	\$46,000,000
2019	500	625	1125	\$40,000,000	\$57,000,000	\$97,000,000
2020	18	125	143	\$1,088,712	\$16,911,288	\$18,000,000
2021	18	86	104	\$1,088,712	\$12,911,288	\$14,000,000
2022	18	57	75	\$1,088,712	\$10,911,288	\$12,000,000
2023	18	42	60	\$1,088,712	\$8,911,288	\$10,000,000
2024	18	37	55	\$1,088,712	\$7,911,288	\$9,000,000
2025	18	37	55	\$1,088,712	\$7,911,288	\$9,000,000
2026	18	40	58	\$1,088,712	\$7,911,288	\$9,000,000
2027	18	45	63	\$1,088,712	\$7,911,288	\$9,000,000
2028	18	50	68	\$1,088,712	\$8,911,288	\$10,000,000
2029	18	55	73	\$1,088,712	\$9,911,288	\$11,000,000
2030	18	60	78	\$1,088,712	\$10,911,288	\$12,000,000
2031	18	65	83	\$1,088,712	\$11,911,288	\$13,000,000
2032	18	69	87	\$1,088,712	\$11,911,288	\$13,000,000
2033	18	73	91	\$1,088,712	\$12,911,288	\$14,000,000

Source: CPA REMI, Praxair, Inc.

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives															
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	Port of Houston Tax Levy	Harris County Education Tax Levy	San Jacinto College Tax Levy	Harris County Flood Tax Levy	Estimated Total Property Taxes		
			Tax Rate ¹	0.4100	1.0400		0.4192	0.1700	0.0134	0.0054	0.1758	0.0273			
2020	\$161,180,530	\$161,180,530		\$660,840	\$1,676,278	\$2,337,118	\$675,717	\$274,007	\$21,630	\$8,736	\$283,323	\$44,051	\$3,600,531		
2021	\$160,065,800	\$160,065,800		\$656,270	\$1,664,684	\$2,320,954	\$671,044	\$272,112	\$21,481	\$8,676	\$281,364	\$43,746	\$3,575,630		
2022	\$152,117,000	\$152,117,000		\$623,680	\$1,582,017	\$2,205,697	\$637,720	\$258,599	\$20,414	\$8,245	\$267,391	\$41,574	\$3,398,066		
2023	\$144,564,500	\$144,564,500		\$592,714	\$1,503,471	\$2,096,185	\$606,058	\$245,760	\$19,401	\$7,835	\$254,115	\$39,509	\$3,229,354		
2024	\$137,388,400	\$137,388,400		\$563,292	\$1,428,839	\$1,992,132	\$575,973	\$233,560	\$18,438	\$7,446	\$241,501	\$37,548	\$3,069,051		
2025	\$130,569,600	\$130,569,600		\$535,335	\$1,357,924	\$1,893,259	\$547,387	\$221,968	\$17,522	\$7,077	\$229,515	\$35,685	\$2,916,729		
2026	\$124,091,000	\$124,091,000		\$508,773	\$1,290,546	\$1,799,320	\$520,227	\$210,955	\$16,653	\$6,726	\$218,127	\$33,914	\$2,772,007		
2027	\$117,934,700	\$117,934,700		\$483,532	\$1,226,521	\$1,710,053	\$494,418	\$200,489	\$15,827	\$6,392	\$207,306	\$32,232	\$2,634,484		
2028	\$112,085,600	\$112,085,600		\$459,551	\$1,165,690	\$1,625,241	\$469,896	\$190,546	\$15,042	\$6,075	\$197,024	\$30,633	\$2,503,824		
2029	\$106,527,700	\$106,527,700		\$436,764	\$1,107,888	\$1,544,652	\$446,596	\$181,097	\$14,296	\$5,774	\$187,254	\$29,114	\$2,379,669		
2030	\$101,245,900	\$101,245,900		\$415,108	\$1,052,957	\$1,468,066	\$424,453	\$172,118	\$13,587	\$5,488	\$177,970	\$27,671	\$2,261,682		
2031	\$96,227,200	\$96,227,200		\$394,532	\$1,000,763	\$1,395,294	\$403,413	\$163,586	\$12,914	\$5,216	\$169,148	\$26,299	\$2,149,571		
2032	\$91,458,600	\$91,458,600		\$374,980	\$951,169	\$1,326,150	\$383,422	\$155,480	\$12,274	\$4,957	\$160,766	\$24,996	\$2,043,048		
2033	\$86,927,100	\$86,927,100		\$356,401	\$904,042	\$1,260,443	\$364,424	\$147,776	\$11,666	\$4,711	\$152,800	\$23,757	\$1,941,821		
2034	\$82,621,600	\$82,621,600		\$338,749	\$859,265	\$1,198,013	\$346,375	\$140,457	\$11,088	\$4,478	\$145,232	\$22,580	\$1,845,643		
			Total	\$7,400,521	\$18,772,054	\$26,172,576	\$7,567,123	\$3,068,509	\$207,205	\$83,685	\$2,714,040	\$421,975	\$34,490,598		

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Harris County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	Port of Houston Tax Levy	Harris County Education Tax Levy	San Jacinto College Tax Levy	Harris County Flood Tax Levy	Estimated Total Property Taxes
				0.4100	1.0400		0.41923	0.17000	0.01342	0.00542	0.17578	0.02733	
2020	\$161,180,530	\$80,000,000		\$660,840	\$832,000	\$1,492,840	\$675,717	\$274,007	\$21,630	\$8,736	\$283,323	\$21,864	\$2,442,564
2021	\$160,065,800	\$80,000,000		\$656,270	\$832,000	\$1,488,270	\$671,044	\$272,112	\$21,481	\$8,676	\$281,364	\$21,864	\$2,431,425
2022	\$152,117,000	\$80,000,000		\$623,680	\$832,000	\$1,455,680	\$637,720	\$258,599	\$20,414	\$8,245	\$267,391	\$21,864	\$2,351,999
2023	\$144,564,500	\$80,000,000		\$592,714	\$832,000	\$1,424,714	\$606,058	\$245,760	\$19,401	\$7,835	\$254,115	\$21,864	\$2,276,532
2024	\$137,388,400	\$80,000,000		\$563,292	\$832,000	\$1,395,292	\$575,973	\$233,560	\$18,438	\$7,446	\$241,501	\$21,864	\$2,204,826
2025	\$130,569,600	\$80,000,000		\$535,335	\$832,000	\$1,367,335	\$547,387	\$221,968	\$17,522	\$7,077	\$229,515	\$21,864	\$2,136,691
2026	\$124,091,000	\$80,000,000		\$508,773	\$832,000	\$1,340,773	\$520,227	\$210,955	\$16,653	\$6,726	\$218,127	\$21,864	\$2,071,954
2027	\$117,934,700	\$80,000,000		\$483,532	\$832,000	\$1,315,532	\$494,418	\$200,489	\$15,827	\$6,392	\$207,306	\$21,864	\$2,010,439
2028	\$112,085,600	\$80,000,000		\$459,551	\$832,000	\$1,291,551	\$469,896	\$190,546	\$15,042	\$6,075	\$197,024	\$21,864	\$1,951,993
2029	\$106,527,700	\$80,000,000		\$436,764	\$832,000	\$1,268,764	\$446,596	\$181,097	\$14,296	\$5,774	\$187,254	\$21,864	\$1,896,457
2030	\$101,245,900	\$101,245,900		\$415,108	\$1,052,957	\$1,468,066	\$424,453	\$172,118	\$13,587	\$5,488	\$177,970	\$27,671	\$2,064,637
2031	\$96,227,200	\$96,227,200		\$394,532	\$1,000,763	\$1,395,294	\$403,413	\$163,586	\$12,914	\$5,216	\$169,148	\$26,299	\$1,962,294
2032	\$91,458,600	\$91,458,600		\$374,980	\$951,169	\$1,326,150	\$383,422	\$155,480	\$12,274	\$4,957	\$160,766	\$24,996	\$1,865,051
2033	\$86,927,100	\$86,927,100		\$356,401	\$904,042	\$1,260,443	\$364,424	\$147,776	\$11,666	\$4,711	\$152,800	\$23,757	\$1,772,644
2034	\$82,621,600	\$82,621,600		\$338,749	\$859,265	\$1,198,013	\$346,375	\$140,457	\$11,088	\$4,478	\$145,232	\$22,580	\$1,684,844
			Total	\$7,400,521	\$13,088,196	\$20,488,718	\$7,567,123	\$3,068,509	\$242,232	\$97,831	\$3,172,838	\$343,943	\$31,124,350
			Diff	\$0	\$5,683,858	\$5,683,858	\$0	\$0	-\$35,027	-\$14,147	-\$458,799	\$78,032	\$3,366,248

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$832,000	\$832,000	\$844,278	\$844,278
	2021	\$832,000	\$1,664,000	\$832,684	\$1,676,962
	2022	\$832,000	\$2,496,000	\$750,017	\$2,426,979
	2023	\$832,000	\$3,328,000	\$671,471	\$3,098,449
	2024	\$832,000	\$4,160,000	\$596,839	\$3,695,289
	2025	\$832,000	\$4,992,000	\$525,924	\$4,221,213
	2026	\$832,000	\$5,824,000	\$458,546	\$4,679,759
	2027	\$832,000	\$6,656,000	\$394,521	\$5,074,280
	2028	\$832,000	\$7,488,000	\$333,690	\$5,407,970
	2029	\$832,000	\$8,320,000	\$275,888	\$5,683,858
Maintain Viable Presence (5 Years)	2030	\$1,052,957	\$9,372,957	\$0	\$5,683,858
	2031	\$1,000,763	\$10,373,720	\$0	\$5,683,858
	2032	\$951,169	\$11,324,890	\$0	\$5,683,858
	2033	\$904,042	\$12,228,932	\$0	\$5,683,858
	2034	\$859,265	\$13,088,196	\$0	\$5,683,858
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$816,713	\$13,904,909	\$0	\$5,683,858
	2036	\$776,273	\$14,681,182	\$0	\$5,683,858
	2037	\$737,850	\$15,419,032	\$0	\$5,683,858
	2038	\$701,340	\$16,120,371	\$0	\$5,683,858
	2039	\$666,648	\$16,787,020	\$0	\$5,683,858
	2040	\$633,682	\$17,420,702	\$0	\$5,683,858
	2041	\$602,348	\$18,023,050	\$0	\$5,683,858
	2042	\$572,572	\$18,595,622	\$0	\$5,683,858
	2043	\$544,282	\$19,139,904	\$0	\$5,683,858
	2044	\$539,244	\$19,679,148	\$0	\$5,683,858
		\$19,679,148	is greater than	\$5,683,858	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, Praxair, Inc.

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Praxair, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “We are evaluating Louisiana and Texas for our current pipeline network investment options.”
 - B. “The applicant requires this appraised value limitation in order to move forward with the development of the project.”
 - C. “Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world.”
 - D. “Praxair has signed a supply agreement with Celanese which will require additional investment to be added somewhere in Praxair pipeline network. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site and renegotiating with Celanese.”
- According to the Praxair Inc. news release dated February 19, 2015, “Praxair is investing more than \$400 million to add hydrogen and nitrogen production capacity and extending its Gulf Coast pipeline systems approximately 46 miles from Texas City to the Freeport area.”
- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

Documentation to assist in determining if limitation is a determining factor.

Praxair is a Fortune 500 company headquartered in Danbury, Connecticut. The company employs over 27,000 people worldwide and has key locations in Connecticut, Illinois, Indiana, New York, Texas, Georgia, Iowa, and California. It is a leading industrial gas producer in the Americas. Praxair products include atmospheric, process and specialty gases and related services and technologies. Having diverse sources of industrial gases helps attract other businesses that rely on such products; supply of industrial gases is a critical utility for many businesses. Praxair will use its industrial gases pipeline network to import and export gases from the proposed complex to serve the other petrochemical facilities along the Gulf Coast. Today, Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining; computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; aerospace, chemicals and water treatment

Praxair's pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current pipeline network investment options.

The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world. Praxair has signed a supply agreement with Celanese which will require additional investment to be added somewhere in Praxair pipeline network. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site and renegotiating with Celanese. Approval of this Value limitation application allows us to extend our relationships in Texas and be a contributor to the state's economic growth story.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Praxair Gulf Coast Expansion to Serve Freeport, Texas, and Supply New World-Scale Ammonia Project

PRAXAIR GULF COAST EXPANSION TO SERVE FREEPORT, TEXAS, AND SUPPLY NEW WORLD-SCALE AMMONIA PROJECT

 Share

February 19, 2015

DANBURY, Conn., February 19, 2015 — Praxair, Inc. (NYSE: PX) has signed a 20-year agreement to supply approximately 170 million standard cubic feet per day of hydrogen and 2,000 tons per day of nitrogen to a new 750,000 metric tons per year ammonia

complex being built by a new entity formed by Yara and BASF.

To help fulfill the raw material requirements of this world-scale ammonia project located in Freeport, Texas, Praxair is investing more than \$400 million to add hydrogen and nitrogen production capacity and extending its Gulf Coast pipeline systems approximately 46 miles from Texas City to the Freeport area. Praxair's pipeline systems are supported by multiple hydrogen and air separation plants and product storage capabilities including Praxair's innovative 2.5 billion standard cubic foot high-purity hydrogen storage cavern. The pipeline extensions are scheduled to be in operation in 2016 and the supply to the complex is expected to start in late 2017.

"This is an opportunity for Praxair to build out its presence in Freeport, Texas, one of the largest chemical complexes in the western hemisphere," said Eduardo Menezes, executive vice president, Praxair. "Praxair's ability to capture and process by-product hydrogen generated by multiple crackers that are being installed in the Gulf Coast and add this product to the hydrogen produced by our on-purpose steam methane reformer facilities to reliably deliver high-purity hydrogen was critical for this award. We are excited to be a part of this project and to be working alongside Yara and BASF."

Speaking on behalf of the newly-formed entity, Yara International President and Chief Executive Officer Torgeir Kvidal said, "Praxair has been working closely with us to ensure this project becomes a reality. There have been several advantages to working with Praxair including their long history of providing supply reliability along with the infrastructure and industrial gas innovations we need to run a world-class ammonia plant with a low-carbon footprint."

Praxair operates over 50 hydrogen production facilities and seven hydrogen pipeline systems worldwide. Refinery and chemical customers globally benefit from Praxair's complete portfolio of large-volume industrial gases, cylinder gases and specialized technologies and services.

About Praxair

Praxair, Inc., a Fortune 250 company with 2014 sales of \$12.3 billion, is the largest industrial gases company in North and South America and one of the largest [worldwide](#). The company produces, sells and distributes atmospheric, process and specialty [gases](#), and high-performance surface coatings. Praxair products, [services](#) and technologies are making our planet more productive by bringing efficiency and environmental benefits to a wide variety of industries, including [aerospace](#), [chemicals](#), [food and beverage](#), [electronics](#), [energy](#), [healthcare](#), manufacturing, primary metals and many others. More information about Praxair, Inc. is available at www.praxair.com.

 [Download this news release \(165.26 KB\)](#)

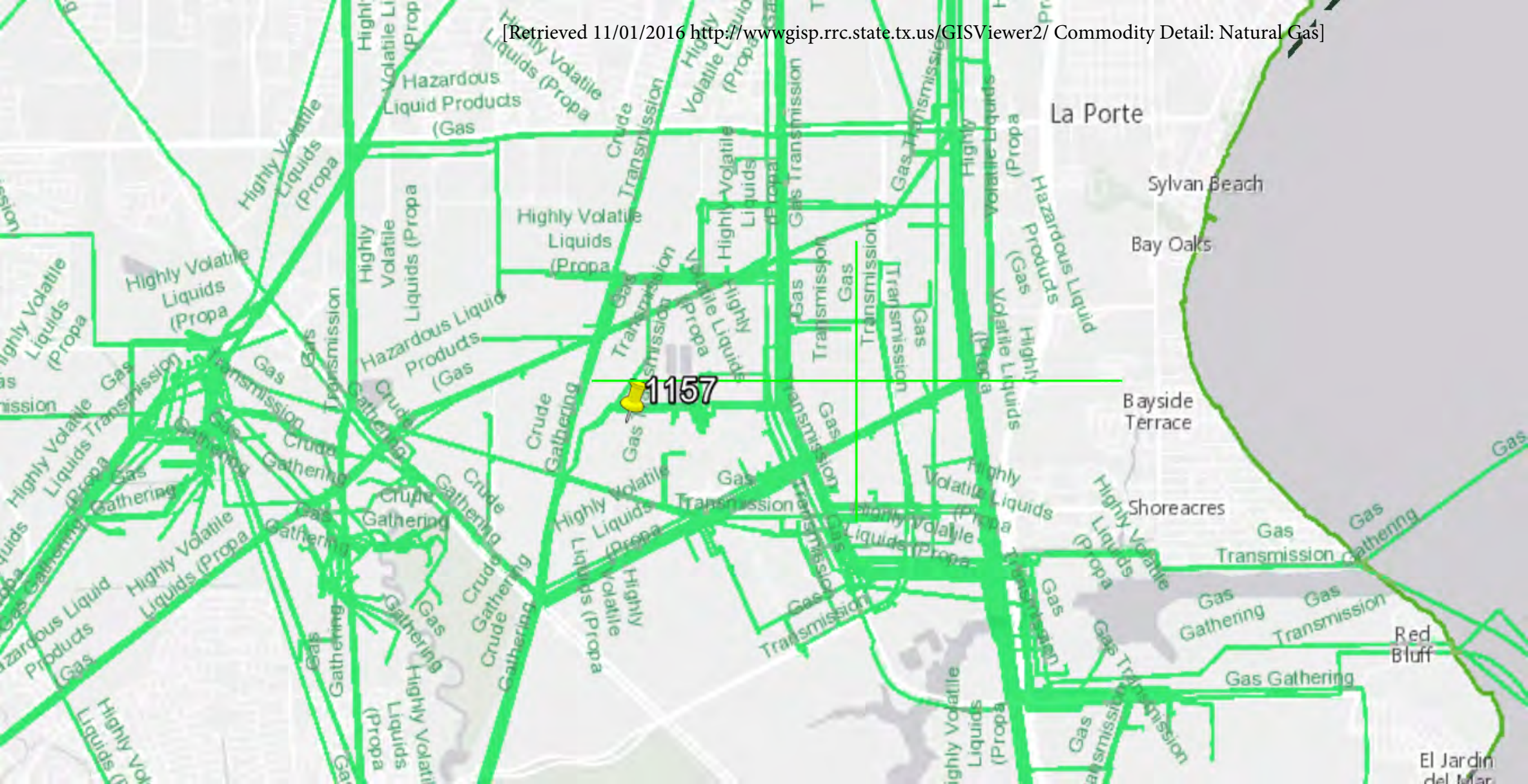
Contact

MEDIA CONTACT:

Jason Stewart

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Phone: 1-203-837-2448



**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED PRAXAIR, INC.
PROJECT IN THE LA PORTE INDEPENDENT SCHOOL
DISTRICT
(PROJECT # 1157)**

PREPARED BY



JANUARY 9, 2017

Executive Summary

Praxair, Inc. (Company) has requested that the La Porte Independent School District (LPISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to LPISD on September 13, 2016 the Company plans to invest \$161.2 million to construct a 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 Praxair 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, LPISD may offer a minimum value limitation of \$80 million. This value limitation, under the proposed application, will begin in 2020-21 and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

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

Total Revenue Loss Payment owed to LPISD	\$615,695
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$5,068,163

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. At the time the application is determined complete—typically 4-6 weeks after receipt—the Comptroller will deliver a Completeness Letter to the company and the school district.

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 31st, whichever is earlier, to adopt an agreement.

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 will ensure the best interests of LPISD are secured. After the Comptroller's certificate is received, MCA will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. 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 Praxair application. Prior to this meeting, the district will be provided 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.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under

the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

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

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

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

Underlying School District Data Assumptions

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

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. Student enrollment counts are held constant at 7,242 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of LPISD. The District's local tax base reached \$7,165.7 million for the 2016 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 \$1.0400 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.

LPISD has estimated 2016-17 state property wealth per weighted ADA or WADA of approximately \$880,016. As a result, LPISD 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.

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 Praxair, Inc. project values, however, the homestead exemption change does not have a significant impact on this analysis.

The M&O tax rate for 2016 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 Praxair 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	2017-18	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,115,633,795	\$7,115,633,795	\$7,128,966,862	\$7,128,966,862	\$753,659	\$753,659
QTP1	2018-19	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,115,633,795	\$7,115,633,795	\$7,078,924,621	\$7,078,924,621	\$748,368	\$748,368
QTP2	2019-20	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,195,633,795	\$7,195,633,795	\$7,078,924,621	\$7,078,924,621	\$748,368	\$748,368
VL1	2020-21	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,356,814,325	\$7,275,633,795	\$7,158,924,621	\$7,158,924,621	\$756,826	\$756,826
VL2	2021-22	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,400,259,195	\$7,320,193,395	\$7,320,105,151	\$7,238,924,621	\$773,865	\$765,283
VL3	2022-23	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,398,780,600	\$7,326,663,600	\$7,363,550,021	\$7,283,484,221	\$778,458	\$769,994
VL4	2023-24	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,417,125,257	\$7,352,560,757	\$7,362,071,426	\$7,289,954,426	\$778,302	\$770,678
VL5	2024-25	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,230,854,047	\$8,173,465,647	\$7,380,416,083	\$7,315,851,583	\$780,241	\$773,416
VL6	2025-26	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,211,408,451	\$8,160,838,851	\$8,194,144,873	\$8,136,756,473	\$866,267	\$860,200
VL7	2026-27	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,143,277,686	\$8,099,186,686	\$8,174,699,277	\$8,124,129,677	\$864,211	\$858,865
VL8	2027-28	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,064,031,723	\$8,026,097,023	\$8,106,568,512	\$8,062,477,512	\$857,008	\$852,347
VL9	2028-29	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,013,878,541	\$7,981,792,941	\$8,027,322,549	\$7,989,387,849	\$848,631	\$844,620
VL10	2029-30	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,079,198,114	\$8,052,670,414	\$7,977,169,367	\$7,945,083,767	\$843,329	\$839,937
VP1	2030-31	7,242.04	9,459.15	\$1.0400	\$0.4100	\$8,033,074,499	\$8,033,074,499	\$8,042,488,940	\$8,015,961,240	\$850,234	\$847,430
VP2	2031-32	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,989,058,078	\$7,989,058,078	\$7,996,365,325	\$7,996,365,325	\$845,358	\$845,358
VP3	2032-33	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,946,927,478	\$7,946,927,478	\$7,952,348,904	\$7,952,348,904	\$840,705	\$840,705
VP4	2033-34	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,906,569,532	\$7,906,569,532	\$7,910,218,304	\$7,910,218,304	\$836,251	\$836,251
VP5	2034-35	7,242.04	9,459.15	\$1.0400	\$0.4100	\$7,867,896,419	\$7,867,896,419	\$7,869,860,358	\$7,869,860,358	\$831,984	\$831,984

***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 Praxair project on LPISD

School finance models were prepared for LPISD under these assumptions through the 2034-35 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.

Additionally, a separate model is established to make a calculation of the “Value Limitation Revenue Model” by adding the project’s limited value of \$80 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 \$615,695 over the course of the Agreement, with nearly all of this loss reflected in the first limitation year (2020-21). 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 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	2017-18	\$69,493,668	\$1,892,502	\$0	-\$21,152,622	\$2,779,747	\$79,837	\$0	\$0	\$193,345	\$53,286,476
QTP1	2018-19	\$69,493,668	\$2,471,866	\$0	-\$20,817,577	\$2,779,747	\$100,118	\$0	\$0	\$193,451	\$54,221,273
QTP2	2019-20	\$70,277,668	\$2,471,866	\$0	-\$21,063,104	\$2,811,107	\$101,137	\$0	\$11	\$193,060	\$54,791,744
VL1	2020-21	\$71,873,473	\$2,471,866	\$0	-\$22,114,509	\$2,874,939	\$70,250	\$0	\$0	\$192,003	\$55,368,021
VL2	2021-22	\$72,299,010	\$2,471,866	\$0	-\$23,332,214	\$2,891,960	\$5,360	\$0	\$35,433	\$191,899	\$54,563,314
VL3	2022-23	\$72,282,930	\$2,471,866	\$0	-\$23,610,074	\$2,891,317	\$0	\$0	\$40,784	\$192,035	\$54,268,857
VL4	2023-24	\$72,461,197	\$2,471,866	\$0	-\$23,661,026	\$2,898,448	\$0	\$0	\$40,885	\$192,074	\$54,403,443
VL5	2024-25	\$80,434,304	\$2,471,866	\$0	-\$26,500,630	\$3,217,372	\$0	\$0	\$45,384	\$188,677	\$59,856,972
VL6	2025-26	\$80,242,374	\$2,471,866	\$0	-\$31,684,591	\$3,209,695	\$0	\$0	\$45,275	\$188,861	\$54,473,480
VL7	2026-27	\$79,573,397	\$2,471,866	\$0	-\$31,300,239	\$3,182,936	\$0	\$0	\$44,898	\$189,281	\$54,162,138
VL8	2027-28	\$78,795,555	\$2,471,866	\$0	-\$30,591,160	\$3,151,822	\$0	\$0	\$44,459	\$189,768	\$54,062,310
VL9	2028-29	\$78,302,884	\$2,471,866	\$0	-\$29,930,353	\$3,132,115	\$0	\$0	\$44,181	\$190,079	\$54,210,771
VL10	2029-30	\$78,941,904	\$2,471,866	\$0	-\$29,881,722	\$3,157,676	\$0	\$0	\$44,542	\$189,881	\$54,924,146
VP1	2030-31	\$78,484,587	\$2,471,866	\$0	-\$30,091,646	\$3,139,383	\$0	\$0	\$44,284	\$190,158	\$54,238,631
VP2	2031-32	\$78,053,226	\$2,471,866	\$0	-\$29,648,886	\$3,122,129	\$0	\$0	\$44,040	\$190,423	\$54,232,797
VP3	2032-33	\$77,640,346	\$2,471,866	\$0	-\$29,225,754	\$3,105,614	\$0	\$0	\$43,807	\$190,675	\$54,226,553
VP4	2033-34	\$77,244,838	\$2,471,866	\$0	-\$28,820,522	\$3,089,794	\$0	\$0	\$43,584	\$190,918	\$54,220,478
VP5	2034-35	\$76,865,842	\$2,471,866	\$0	-\$28,432,192	\$3,074,634	\$0	\$0	\$43,370	\$191,150	\$54,214,669

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

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2017-18	\$69,493,668	\$1,892,502	\$0	-\$21,152,622	\$2,779,747	\$79,837	\$0	\$0	\$193,345	\$53,286,476
QTP1	2018-19	\$69,493,668	\$2,471,866	\$0	-\$20,817,577	\$2,779,747	\$100,118	\$0	\$0	\$193,451	\$54,221,273
QTP1	2019-20	\$70,277,668	\$2,471,866	\$0	-\$21,063,104	\$2,811,107	\$101,137	\$0	\$11	\$193,060	\$54,791,744
QTP2/VL1	2020-21	\$71,061,668	\$2,471,866	\$0	-\$21,854,044	\$2,842,467	\$69,377	\$0	\$5	\$192,352	\$54,783,691
VL2	2021-22	\$71,498,352	\$2,471,866	\$0	-\$22,530,788	\$2,859,934	\$37,427	\$0	\$2,915	\$192,244	\$54,531,949
VL3	2022-23	\$71,561,760	\$2,471,866	\$0	-\$22,845,660	\$2,862,470	\$19,726	\$0	\$20,651	\$192,346	\$54,283,158
VL4	2023-24	\$71,815,552	\$2,471,866	\$0	-\$22,972,585	\$2,872,622	\$17,227	\$0	\$23,294	\$192,352	\$54,420,327
VL5	2024-25	\$79,860,420	\$2,471,866	\$0	-\$25,840,508	\$3,194,417	\$7,790	\$0	\$37,270	\$188,924	\$59,920,178
VL6	2025-26	\$79,736,678	\$2,471,866	\$0	-\$31,145,261	\$3,189,467	\$0	\$0	\$44,990	\$189,079	\$54,486,819
VL7	2026-27	\$79,132,487	\$2,471,866	\$0	-\$30,828,604	\$3,165,299	\$0	\$0	\$44,649	\$189,471	\$54,175,167
VL8	2027-28	\$78,416,208	\$2,471,866	\$0	-\$30,182,133	\$3,136,648	\$0	\$0	\$44,245	\$189,931	\$54,076,764
VL9	2028-29	\$77,982,028	\$2,471,866	\$0	-\$29,579,569	\$3,119,281	\$0	\$0	\$44,000	\$190,217	\$54,227,823
VL10	2029-30	\$78,676,627	\$2,471,866	\$0	-\$29,584,476	\$3,147,065	\$0	\$0	\$44,392	\$189,995	\$54,945,468
VP1	2030-31	\$78,484,587	\$2,471,866	\$0	-\$29,934,627	\$3,139,383	\$0	\$0	\$44,284	\$190,158	\$54,395,650
VP2	2031-32	\$78,053,226	\$2,471,866	\$0	-\$29,648,886	\$3,122,129	\$0	\$0	\$44,040	\$190,423	\$54,232,797
VP3	2032-33	\$77,640,346	\$2,471,866	\$0	-\$29,225,754	\$3,105,614	\$0	\$0	\$43,807	\$190,675	\$54,226,553
VP4	2033-34	\$77,244,838	\$2,471,866	\$0	-\$28,820,522	\$3,089,794	\$0	\$0	\$43,584	\$190,918	\$54,220,478
VP5	2034-35	\$76,865,842	\$2,471,866	\$0	-\$28,432,192	\$3,074,634	\$0	\$0	\$43,370	\$191,150	\$54,214,669

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	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2020-21	-\$811,805	\$0	\$0	\$260,466	-\$32,472	-\$873	\$0	\$5	\$349	-\$584,330
VL2	2021-22	-\$800,658	\$0	\$0	\$801,426	-\$32,026	\$32,067	\$0	-\$32,519	\$345	-\$31,365
VL3	2022-23	-\$721,170	\$0	\$0	\$764,414	-\$28,847	\$19,726	\$0	-\$20,133	\$311	\$14,301
VL4	2023-24	-\$645,645	\$0	\$0	\$688,441	-\$25,826	\$17,227	\$0	-\$17,591	\$278	\$16,883
VL5	2024-25	-\$573,884	\$0	\$0	\$660,122	-\$22,955	\$7,790	\$0	-\$8,114	\$247	\$63,206
VL6	2025-26	-\$505,696	\$0	\$0	\$539,330	-\$20,228	\$0	\$0	-\$285	\$218	\$13,339
VL7	2026-27	-\$440,910	\$0	\$0	\$471,635	-\$17,637	\$0	\$0	-\$249	\$190	\$13,029
VL8	2027-28	-\$379,347	\$0	\$0	\$409,026	-\$15,174	\$0	\$0	-\$214	\$163	\$14,454
VL9	2028-29	-\$320,856	\$0	\$0	\$350,785	-\$12,834	\$0	\$0	-\$181	\$138	\$17,052
VL10	2029-30	-\$265,277	\$0	\$0	\$297,246	-\$10,611	\$0	\$0	-\$150	\$114	\$21,323
VP1	2030-31	\$0	\$0	\$0	\$157,019	\$0	\$0	\$0	\$0	\$0	\$157,019
VP2	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2034-35	\$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 \$1.0400 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 \$5.7 million over the life of the agreement. The LPISD revenue losses are expected to total approximately \$615,695 over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$5,068,163 million, prior to any negotiations with Praxair on supplemental payments.

Table 5 - Estimated Financial Impact of the Praxair Project Property Value Limitation Request Submitted to LPISD 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	2017-18	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
QTP1	2018-19	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
QTP2	2019-20	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
VL1	2020-21	\$161,180,530	\$80,000,000	\$81,180,530	\$1.040	\$1,676,278	\$832,000	\$844,278	-\$584,330	\$259,947
VL2	2021-22	\$160,065,800	\$80,000,000	\$80,065,800	\$1.040	\$1,664,684	\$832,000	\$832,684	-\$31,365	\$801,320
VL3	2022-23	\$152,117,000	\$80,000,000	\$72,117,000	\$1.040	\$1,582,017	\$832,000	\$750,017	\$0	\$750,017
VL4	2023-24	\$144,564,500	\$80,000,000	\$64,564,500	\$1.040	\$1,503,471	\$832,000	\$671,471	\$0	\$671,471
VL5	2024-25	\$137,388,400	\$80,000,000	\$57,388,400	\$1.040	\$1,428,839	\$832,000	\$596,839	\$0	\$596,839
VL6	2025-26	\$130,569,600	\$80,000,000	\$50,569,600	\$1.040	\$1,357,924	\$832,000	\$525,924	\$0	\$525,924
VL7	2026-27	\$124,091,000	\$80,000,000	\$44,091,000	\$1.040	\$1,290,546	\$832,000	\$458,546	\$0	\$458,546
VL8	2027-28	\$117,934,700	\$80,000,000	\$37,934,700	\$1.040	\$1,226,521	\$832,000	\$394,521	\$0	\$394,521
VL9	2028-29	\$112,085,600	\$80,000,000	\$32,085,600	\$1.040	\$1,165,690	\$832,000	\$333,690	\$0	\$333,690
VL10	2029-30	\$106,527,700	\$80,000,000	\$26,527,700	\$1.040	\$1,107,888	\$832,000	\$275,888	\$0	\$275,888
VP1	2030-31	\$101,245,900	\$101,245,900	\$0	\$1.040	\$1,052,957	\$1,052,957	\$0	\$0	\$0
VP2	2031-32	\$96,227,200	\$96,227,200	\$0	\$1.040	\$1,000,763	\$1,000,763	\$0	\$0	\$0
VP3	2032-33	\$91,458,600	\$91,458,600	\$0	\$1.040	\$951,169	\$951,169	\$0	\$0	\$0
VP4	2033-34	\$86,927,100	\$86,927,100	\$0	\$1.040	\$904,042	\$904,042	\$0	\$0	\$0
VP5	2034-35	\$82,621,600	\$82,621,600	\$0	\$1.040	\$859,265	\$859,265	\$0	\$0	\$0
						\$18,772,054	\$13,088,196	\$5,683,858	-\$615,695	\$5,068,163

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 LPISD currently levying a \$0.4100 I&S rate. While the value of the Praxair project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the Praxair project to the local I&S tax roll.

The project is not expected to affect LPISD 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.**

IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

October 31, 2016

Dee Anne Thomson, President
Board of Trustees
La Porte Independent School District
1002 San Jacinto Street
La Porte, TX 77571-6496

Dear Ms. Thomson:

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

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

Sincerely,



Al McKenzie
Director of State Funding

AM/rk
Cc: Lloyd W. Graham



Taxes

Property Tax

SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT

2015 ISD Summary Worksheet

036/Chambers

101-916/La Porte ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	0	N/A	0	0
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	0	N/A	0	0
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop Non Qual Acres	0	N/A	0	0

F1. Commercial Real	640,360	N/A	640,360	640,360
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	0	N/A	0	0
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	640,360		640,360	640,360
Less Total Deductions	0		0	0
Total Taxable Value	640,360		640,360	640,360 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
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640,360	640,360	640,360	640,360
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Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
0	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
640,360	640,360	640,360	640,360

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

The PVS found your local value to be valid, and local value was certified

101/Harris

101-916/La Porte ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	1,985,621,287	.9661	2,055,295,815	1,985,621,287
B. Multi-Family Residences	90,339,458	N/A	90,339,458	90,339,458
C1. Vacant Lots	144,796,571	N/A	144,796,571	144,796,571
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	158,095	.9578	165,053	158,095
D2. Real Prop Farm & Ranch	211,950	N/A	211,950	211,950
E. Real Prop Non Qual Acres	73,043,567	N/A	73,043,567	73,043,567
F1. Commercial Real	1,198,141,310	.9810	1,221,346,901	1,198,141,310
F2. Industrial Real	3,930,325,545	N/A	3,930,325,545	3,930,325,545
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	126,200,247	N/A	126,200,247	126,200,247
L1. Commercial Personal	651,370,231	.9926	656,226,306	651,370,231
L2. Industrial Personal	2,398,541,032	N/A	2,398,541,032	2,398,541,032
M. Other Personal	6,110,765	N/A	6,110,765	6,110,765
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	1,403,187	N/A	1,403,187	1,403,187

S. Special Inventory	13,343,810	N/A	13,343,810	13,343,810
Subtotal	10,619,607,055		10,717,350,207	10,619,607,055
Less Total Deductions	2,296,047,543		2,312,653,506	2,296,047,543
Total Taxable Value	8,323,559,512		8,404,696,701	8,323,559,512 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
8,424,176,087	8,323,559,512	8,273,304,820	8,172,688,245

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
100,616,575	150,871,267

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
8,523,458,787	8,422,842,212	8,372,587,520	8,271,970,945

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

The PVS found your local value to be valid, and local value was certified

101-916/La Porte ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	1,985,621,287	.9661	2,055,295,815	1,985,621,287
B. Multi-Family Residences	90,339,458	N/A	90,339,458	90,339,458
C1. Vacant Lots	144,796,571	N/A	144,796,571	144,796,571
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	158,095	.9578	165,053	158,095
D2. Real Prop Farm & Ranch	211,950	N/A	211,950	211,950

E. Real Prop Non Qual Acres	73,043,567	N/A	73,043,567	73,043,567
F1. Commercial Real	1,198,781,670	.9810	1,221,987,261	1,198,781,670
F2. Industrial Real	3,930,325,545	N/A	3,930,325,545	3,930,325,545
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	126,200,247	N/A	126,200,247	126,200,247
L1. Commercial Personal	651,370,231	.9926	656,226,306	651,370,231
L2. Industrial Personal	2,398,541,032	N/A	2,398,541,032	2,398,541,032
M. Other Personal	6,110,765	N/A	6,110,765	6,110,765
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	1,403,187	N/A	1,403,187	1,403,187
S. Special Inventory	13,343,810	N/A	13,343,810	13,343,810
Subtotal	10,620,247,415		10,717,990,567	10,620,247,415
Less Total Deductions	2,296,047,543		2,312,653,506	2,296,047,543
Total Taxable Value	8,324,199,872		8,405,337,061	8,324,199,872 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

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

by and between

LA PORTE INDEPENDENT SCHOOL DISTRICT

and

PRAXAIR, INC.

(Texas Taxpayer ID #10612490507)

Comptroller Application #1157

Dated

February 14, 2017

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 February 14, 2017, 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 February 14, 2017, 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 February 14, 2017, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.021(3) the TEXAS TAX CODE;

WHEREAS, on January 27, 2017, 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 February 14, 2017, 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 or, in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized [Insert Name] 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 **PRAXAIR, INC.**, (Texas Taxpayer ID # 10612490507), 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 September 13, 2016. 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 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 Harris County Appraisal District.

“Board of Trustees” means the Board of Trustees of the La Porte Independent School District.

“Commercial Operation” shall occur when the project is capable of delivering hydrogen on or prior to January 1, 2020.

“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 Harris County, Texas.

“District” or “School District” means the La Porte 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 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 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 Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, and as further provided in Article VI, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying the District's Average Daily Attendance, as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE based upon the District's Average Daily Attendance for the 2014-15 school year (which the Parties agree is 7,129), times \$100, rounded to the nearest whole number. The Annual Limit shall first be computed for Tax Year 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i.

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

“Applicant's Stipulated Supplemental Payment Amount” means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to fifty percent (50%) of the "Net Tax Benefit," as such term is defined in this Section 1.2, for such Tax Year.

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

education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

“Net Tax Benefit” means, for purposes of Article VI, for any Tax Year during the term of this Agreement, 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 such Tax Year and all previous 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 such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any payments due to the District under Articles IV and V under this Agreement for such Tax Year and all previous Tax Years during the term of this Agreement.

“New M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.ii of the Agreement.

“Original M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.i of the Agreement.

“Third Party” shall have the same meaning as assigned to such term in Section 4.5 of the 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 2.6 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 October 26, 2016, 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 February 14, 2017.

C. The Qualifying Time Period for this Agreement:

- i. Starts on January 2, 2018, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by Section 313.027(h) of the TEXAS TAX CODE; and
- ii. Ends on December 31, 2020, 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, 2020, first complete Tax Year that begins after the date of the commencement of Commercial Operation; and,
- ii. Ends on December 31, 2029, 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, 2034, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii plus five years.

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 Subsection 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. Eighty-Million Dollars (\$80,000,000).

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 \$80,000,000 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 \$1,337 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, the Applicant shall:

A. 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;

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 313.024(b)(1) of the TEXAS TAX CODE as a manufacturing facility.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Section 7.1), 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 the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue for which this Agreement was, in any manner, a producing cause, resulting, at least in part because of, or on account of, executing this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT. Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the M&O Amount calculated under Section 4.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

The Parties expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable Tax 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 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, and 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; (ii) based upon current Applicable 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 REVENUE BY THE DISTRICT. Subject to the provisions of Sections 7.1 and 7.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (as set out in **EXHIBIT 5**), 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 the Applicant to the 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 the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property been subject to the District’s ad valorem maintenance and operations tax at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.4) will base its calculations upon (1) the total Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District's maintenance and operations ad valorem tax purposes, save and except for the Applicant's Qualified Property subject to this Agreement, plus (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant's Qualified Property subject to this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's maintenance and operations ad valorem tax purposes).
- ii. “New M&O Revenue” means the total State and local Maintenance and Operations Revenue that the District actually received for such school year.

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

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law that is current in the year for which that calculation is made.

- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for any year during the Tax Limitation Period under this Section 4.2, the New M&O Revenue will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made using a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factor not contained in this Agreement.

Section 4.3. 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 the Comptroller, the Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to but not to exceed the amount of the limit set forth in this Agreement (including Section 7.1), that are necessary to offset any such negative impact on the District as a result of its participation in this Agreement. The calculation of any such payments to the District shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant shall also pay to the District on an annual basis all non-reimbursed costs arising from entering this Agreement, including but not limited to: (a) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (b) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (c) any non-reimbursed reasonable costs incurred by the District and related to this Agreement, either directly or indirectly, including costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property that is subject to the limitation provided in Section 2.4 herein.

Section 4.5. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party ("Third Party") jointly selected and appointed each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by a mediator selected in accordance with the procedures set forth in Section 9.3.A.

Section 4.6. DATA FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Harris County Appraisal District in its annual certified tax roll submitted to the District pursuant to TEXAS TAX CODE § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.5. 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 Harris County Appraisal District to the District's certified tax roll, or any other changes in student counts, tax collections, or other applicable data.

Section 4.7. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed in Section 4.5 shall forward to the Parties a certification containing the calculations required under Articles IV, V and VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from a review or audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 4.8, if such fee is timely paid.

Section 4.8. 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 for all calculations under this Agreement under Section 4.7, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement application filed with or sent to the State of Texas which are, or may be, required under the terms or because of the execution of this Agreement. Notwithstanding the foregoing, for no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 and Section 4.7, above, in excess of Fifteen Thousand Dollars (\$15,000.00).

Section 4.9. RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations prepared and delivered pursuant to Section 4.7, the Applicant may appeal the findings, in writing, to the Third Party within fifteen (15) days following the earlier of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.7 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of the certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected and appointed under Section 4.5 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 Investment 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 Investment and/or the Applicant's Qualified Property, respectively, by the Appraisal District. If as a result of an appeal or for any other reason the Taxable Value of the 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 required by this Agreement for the applicable year or years using the new Taxable Value. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. In the event the new calculations result in a change of any amount paid or payable by the Applicant under this Agreement, the Party owing funds to the other Party shall pay such funds within thirty (30) days of receipt of the new calculations from the Third Party.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV and Article VI of this Agreement, the Applicant on an annual basis shall also indemnify and reimburse the District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project described in the Application that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

Section 5.2. PAYMENTS. Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. SUPPLEMENTAL PAYMENTS. Applicant shall make Supplemental Payments to the District, as set out in this Article VI, and starting with the first complete or partial year of the Qualifying Time Period, and continuing through the third year following the end of the Tax Limitation Period.

Section 6.1.1 STIPULATED SUPPLEMENTAL PAYMENT AMOUNT—SUBJECT TO AGGREGATE LIMIT. For any Tax Year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

A. the “Applicant's Stipulated Supplemental Payment Amount,” as such term is defined in Section 1.2. for such Tax Year; or,

B. the “Aggregate Limit,” as such term is defined in Section 1.2, for such Tax Year.

Section 6.1.2 ANNUAL CALCULATION OF APPLICANT'S STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.

The Parties agree that for each Tax Year of this Agreement, beginning with the Tax Year 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, the Applicant's Stipulated Supplemental Payment Amount, described in Section 6.1.1, 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 applicable 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 Articles IV and V with respect to such Tax Year:

Multiplied by

The number 0.5;

Minus

Any amounts previously paid to the District under this Article VI 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 4.5, above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 6.1.3 CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year of this Agreement beginning with the Tax Year 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with the Tax Year 2032, which is the third Tax Year following the end of the Tax Limitation Period, the District, or its successor beneficiary should one be designated under Section 6.1.5, shall not be entitled to receive Supplemental Payments, computed under Sections 6.1 and 6.2, 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 6.1 and 6.2 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 VI, 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.

Section 6.1.4 PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

A. 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 and appointed pursuant to Section 4.5.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.7.

C. The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.8.

Section 6.1.5 DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during the term of this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article VI be made to its educational foundation, or to a similar entity. The alternative 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 an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant. Such designation may be rescinded by the District's Board of Trustees, with respect to future payments only, by action of the Board of Trustees at any time, and 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 6.1.5 shall not alter the Aggregate Limit on Supplemental Payments described in this Article VI, including Section 6.1.3, above. Notwithstanding the foregoing, any payments made by the Applicant shall be made in the manner and to the Party designated in this Agreement unless the Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article VI shall not exceed 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 Applicant;

B. Supplemental Payments may only be made during the period starting with 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; and

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 2014-15 Average Daily Attendance of 7,129, rounded to the whole number.

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 recaptured 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 sixty (60) 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 sixty (60) 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 Harris 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 Harris 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 sixty (60) days provided for such payments 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 sixty (60) 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 \$80,000,000 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 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

A. 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:

To the District:

La Porte Independent School District
Attn: Lloyd Graham, Superintendent
(or the successor Superintendent)
1002 San Jacinto St.
La Porte, TX 77571-6496
Phone #: (281) 604-7050
Fax #: (281) 604-7047
Email: supt-secretary@lpsd.org

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
P.O. Box 9158
Amarillo, TX 79105-9158
Phone #: (806) 379-0306
Fax #: (806) 379-0316
Email: fred.stormer@uwlaw.com

And:

Bob Popinski
Moak, Casey & Associates
400 West 15th Street
Austin, Texas 78701
(512) 485-7878 Telephone
(512) 485-7888 Facsimile
Email: bpopinski@moakcasey.com

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

To Applicant:

Praxair, Inc.
c/o Neil Beup, Director of Government Relations
39 Old Ridgebury Rd.
Danbury, CT 06819
Phone #: (203) 837-2578
Email: Neil_Beup@Praxair.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 Harris 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).

[signatures follow on next page]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 14th day of February, 2017.

PRAXAIR, INC.

LA PORTE INDEPENDENT SCHOOL DISTRICT

BY: _____

NAME: _____

TITLE: _____

BY: _____

NAME: _____

TITLE: _____

ATTEST:

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Praxair Reinvestment Zone was originally created on February 14, 2017, by action of the Board of Trustees of La Porte Independent School District. The legal description of the boundaries and a survey of the Praxair Reinvestment Zone are described as follows:

METES AND BOUNDS DESCRIPTION

LEASED PREMISES

7.739 ACRES (337,125 Square Feet)

GEORGE B. McKINSTRY LEAGUE, ABSTRACT NO. 47
HARRIS COUNTY, TEXAS

ALL that certain 7.739 acre tract (337,125 square feet) of land situated in the George B. McKinstry League. Abstract No. 47. Harris County, Texas, and being out of that certain call 963.850 acre tract described as Tract 1. in instrument to Celanese Corporation of America, recorded under Pile Number C447452 of the Official Public Records of Real Property of Harris County, Texas (O.P.R.R.P.H.C.T.), corrected under File Number D789836, O.P.R.R.P.H.C.T., and granted to Celanese Chemical Company, Inc., in instrument recorded under File Number F521601, O.P.&R.P.H.C.T.; said 7.739 acre tract of land being more particularly described by metes and bounds as follows (all bearings are based upon the Texas Coordinate System of 1983, South Central Zone 4204, distances shown are surface distances, coordinates for corners are shown in Celanese Clear Lake Plant Coordinates, included are Texas Plane Coordinates for the Point of Commencement and the Point of Beginning):

COMMENCING at Copperweld No. 2153, said point being an angle point in the southeasterly line of said Tract 1, and being an interior corner of that certain 32.78 acre tract described as Tract 5, Bayport Pipeline Corridor "50" in instrument to Exxon Pipeline Company, recorded under File Number R930140 of the O.P.R.R.P.H.C.T., said point of commencement being located at Texas Plane Coordinates X = 3,218,245.68 and Y = 13,793,658.18, and at Celanese Plant Coordinates X = 5,124.37 and Y = 2,340.09;

THENCE, North 76 Degrees 11 Minutes 53 Seconds West, 257.26 feet, with the common line of said Tracts 1 and 5, to an angle point having Celanese Plant Coordinates X = 4,877.43 and Y = 2,412.22:

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 363.31 feet, with the common line of said Tracts 1 and 5 to an angle point having Celanese Plant Coordinates X = 5,206.78 and Y = 2,566.30;

THENCE, South 27 Degrees 33 Minutes 08 Seconds East, 100.00 feet, with the common line of said Tracts 1 and 5, to an angle point having Celanese Plant Coordinates X = 5,249.16 and Y = 2,475.72;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 165.28 feet, with the common line of said Tracts 1 and 5, to an angle point having Celanese Plant Coordinates X = 5,398.71 and Y = 2,545.58;

THENCE, North 27 Degrees 33 Minutes 08 Seconds West, 2,179.81 feet to the southwest corner and **POINT OF BEGINNING** and having Texas Plane Coordinates X = 3,217,502.58 and Y = 13,795,807.95 and Celanese Plant Coordinate X = 4,475.00 and Y = 4,520.00;

THENCE, North 02 Degrees 28 Minutes 49 Seconds West, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,475.00, to the northwest corner and having Celanese Plant Coordinates X = 4,475.00 and Y = 5,295.00;

THENCE, North 87 Degrees 31 Minutes 11 Seconds East, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 5,295.00, to the northeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 5,295.00;

THENCE, South 02 Degrees 28 Minutes 49 Seconds East, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,910.00 to the southeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 4,520.00;

THENCE, South 87 Degrees 31 Minutes 11 Seconds West, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 4,520.00 to the **POINT OF BEGINNING** and containing 7.739 acres (337,125 square feet) of land.

EXHIBIT 2

DESCRIPTION OF LAND

See **EXHIBIT 1**.

Draft

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Praxair's project provides for the design and construction of a new industrial gas plant designed to produce carbon monoxide, hydrogen, and steam.

If approved, the proposed industrial gas complex will be constructed on property leased from Celanese at their Pasadena, TX, chemical complex. Construction is anticipated to begin in 1Q 2018 with commencement of commercial operations in 4Q 2019.

Below is a list of the major equipment comprising the complex:

- Fired heater with NOx reduction system
- Catalyst-filled reactor vessels
- Heat exchangers
- Compressors
- CO and H₂ purification equipment
- Steam drum and deaerator
- Flare system
- Pumps
- Filters
- Insulation
- Electrical
- Switchgear
- Transformers
- Instrumentation equipment
- Equipment and structural foundations and supports
- Control Equipment
- Industrial gas piping
- In-plant roads

Additional infrastructure to support this property will include:

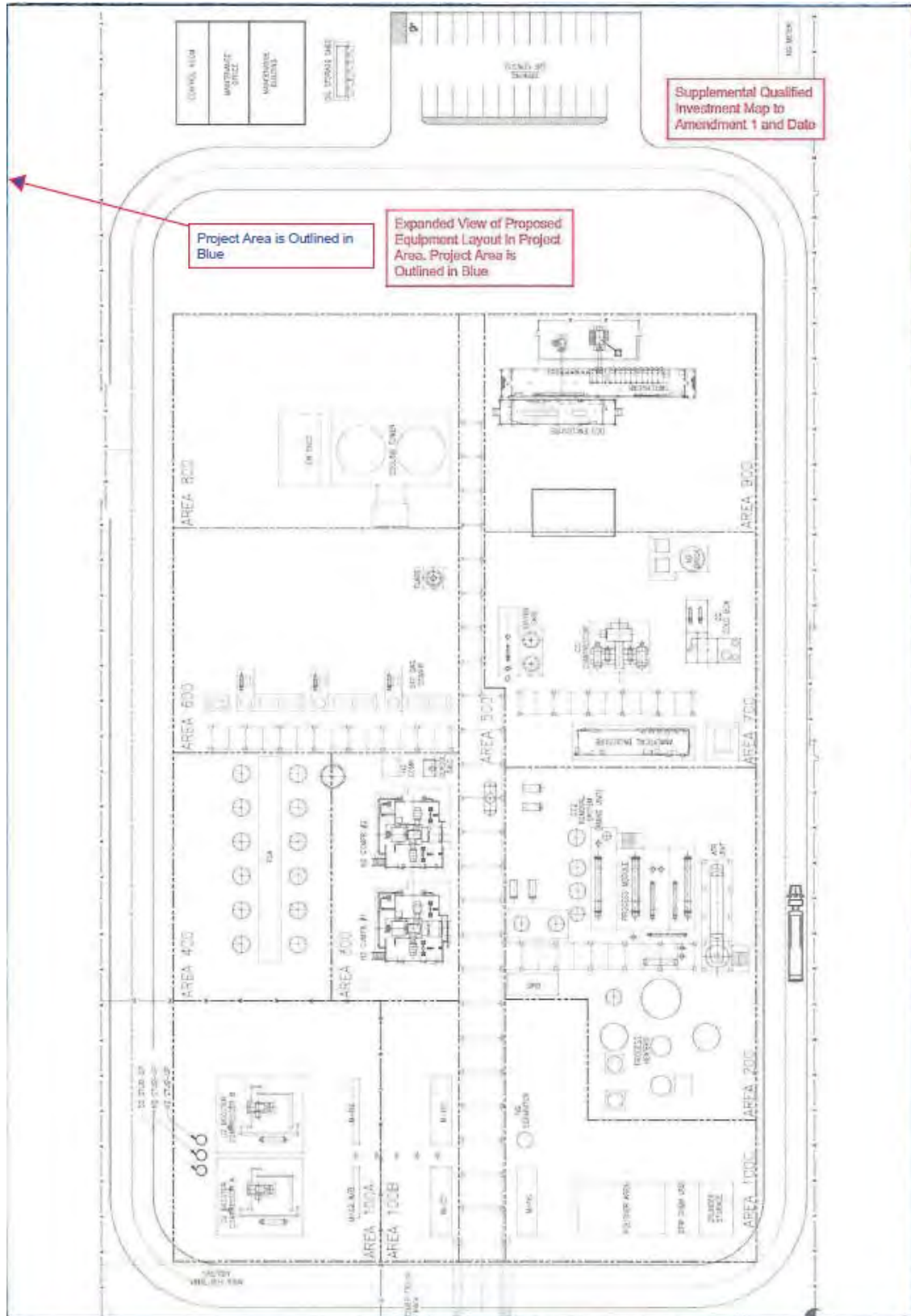
- Site development/roads
- Utility piping

MAPS OF QUALIFIED INVESTMENT



Agreement for Limitation on Appraised Value
Between La Porte ISD and Praxair, Inc.
(App No. 1157), February 14, 2017
Exhibit 3

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)



Agreement for Limitation on Appraised Value
Between La Porte ISD and Praxair, Inc.
(App No. 1157), February 14, 2017
Exhibit 3

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

See **EXHIBIT 3**.

Draft

EXHIBIT 5
AGREEMENT SCHEDULE

	<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
Pre-Limitation Period	Partial year Beginning on the Application Review Start Date (10/26/16)	January 1, 2016	2015-16	2016	Application Review Start Date (10/26/16). No limitation on appraised value.
	Partial year beginning on Application Approval Date (2/14/17)	January 1, 2017	2017-18	2017	Application approval date (2/14/17). No limitation on appraised value.
	1	January 1, 2018	2018-19	2018	Start of Qualifying Time Period, beginning January 2, 2018. No limitation on appraised Value. First year for computation of Annual Limit.
	2	January 1, 2019	2019-20	2019	Limitation Pre-Year
Limitation Period (10 Years)	3	January 1, 2020	2020-21	2020	\$80 million appraisal limitation
	4	January 1, 2021	2021-22	2021	\$80 million appraisal limitation
	5	January 1, 2022	2022-23	2022	\$80 million appraisal limitation
	6	January 1, 2023	2023-24	2023	\$80 million appraisal limitation
	7	January 1, 2024	2024-25	2024	\$80 million appraisal limitation
	8	January 1, 2025	2025-26	2025	\$80 million appraisal limitation
	9	January 1, 2026	2026-27	2026	\$80 million appraisal limitation
	10	January 1, 2027	2027-28	2027	\$80 million appraisal limitation
	11	January 1, 2028	2028-29	2028	\$80 million appraisal limitation
	12	January 1, 2029	2029-30	2029	\$80 million appraisal limitation
Maintain a Viable Presence (5 Years)	13	January 1, 2030	2030-31	2030	No appraisal limitation; must maintain a viable presence
	14	January 1, 2031	2031-32	2031	No appraisal limitation; must maintain a viable presence
	15	January 1, 2032	2032-33	2032	No appraisal limitation; must maintain a viable presence
	16	January 1, 2033	2033-34	2033	No appraisal limitation; must maintain a viable presence
	17	January 1, 2034	2034-35	2034	No appraisal limitation; must maintain a viable presence

Agreement for Limitation on Appraised Value
Between La Porte ISD and Praxair, Inc.
(App No. 1157), February 14, 2017
Exhibit 5

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)*



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 27, 2017

Graham Lloyd
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, Texas 77571-6496

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between La Porte Independent School District and Praxair, Inc., Application 1157

Dear Superintendent Lloyd:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between La Porte Independent School District and Praxair, Inc. (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Counihan", is positioned below the word "Sincerely,".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Samir Serhan, Praxair Inc.
Neil Beup, Praxair Inc.
Sam Gregson, Cummings Westlake, LLC

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

September 13, 2016

Mr. Lloyd Graham
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, TX 77571-6496

Re: Chapter 313 Jobs Waiver Request

Dear Superintendent Graham,

Praxair, Inc. requests that the La Porte Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Tax Code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

The employment industry standard for the facility that is proposed is 18 permanent jobs. Praxair Inc. requests that the Board of Trustees make such a finding and waive the job creation requirement for 25 permanent jobs and in line with industry standards and consistent with recently awarded waivers within this industry, Praxair Inc. has committed to create eighteen (18) total jobs for the project.

Sincerely,

Sam Gregson
Senior Consultant
Cummings Westlake, LLC

BOARD RESOLUTION #2017 - 08

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 313 APPRAISED VALUE LIMITATION IN THE LA PORTE INDEPENDENT SCHOOL DISTRICT, IN PORTIONS OF HARRIS COUNTY, TEXAS, TO BE KNOWN AS THE PRAXAIR REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Trustees of the La Porte Independent School District desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.0025), for the purpose of authorizing an *Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*, as authorized by Chapter 313 of the Texas Tax Code; and

WHEREAS, on February 14, 2017, a hearing before the Board of Trustees of the La Porte Independent School District was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Board of Trustees of La Porte Independent School District at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LA PORTE INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the La Porte Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the *Praxair Reinvestment Zone* has been properly called, held and conducted and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and
- (b) That the boundaries of the *Praxair Reinvestment Zone* be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the legal description attached hereto as “**EXHIBIT A**”; and,
- (c) That the map attached hereto as “**EXHIBIT B**” is declared to be and, by the adoption of this Resolution is certified to accurately depict and show the boundaries of the *Praxair Reinvestment Zone* which is normatively described in **EXHIBIT A**; and
- (d) That creation of the *Praxair Reinvestment Zone* with boundaries as described in **EXHIBIT A** and **EXHIBIT B** will result in benefits to the La Porte Independent School District and to land included in the reinvestment zone, and that the improvements sought are feasible and practical; and
- (e) The *Praxair Reinvestment Zone* described in **EXHIBIT A** and **EXHIBIT B** meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property, and would contribute to economic development within the La Porte Independent School District, and that the entire tract of land is located entirely within the La Porte Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the La Porte Independent School District hereby creates a reinvestment zone under the provisions of Texas Tax Code §312.0025, encompassing the area described by **EXHIBIT A** and **EXHIBIT B**, and such reinvestment zone is hereby designated and shall hereafter be referred to as the *Praxair Reinvestment Zone*.

SECTION 4. That the *Praxair Reinvestment Zone* shall take effect upon adoption by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the La Porte Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general circulation in La Porte Independent School District and Harris County, Texas, and furthermore, such notice was in fact, delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 14th day of February, 2017.

LA PORTE INDEPENDENT SCHOOL DISTRICT

By: 
Dee Anne Thomson, President
Board of Trustees

ATTEST:


~~Lois Rogerson, Secretary~~
Board of Trustees

EXHIBIT A

DESCRIPTION OF REINVESTMENT ZONE

The Praxair Reinvestment Zone includes the property described in the attached Description of Leased Premises. A map of The Praxair Reinvestment Zone is also attached as Exhibit B. In the event of a discrepancy between this Exhibit A and the attached map on Exhibit B, Exhibit B shall control.

Exhibit A
DESCRIPTION OF LEASED PREMISES



Andrew Lonnie Sikes, Inc.

Surveying, Mapping and Civil Engineering since 1977 with offices in Houston and Conroe

**METES AND BOUNDS DESCRIPTION
LEASED PREMISES**

7.739 ACRES (337,125 Square Feet)

**GEORGE B. MCKINSTRY LEAGUE, ABSTRACT NO. 47
HARRIS COUNTY, TEXAS**

ALL that certain 7.739 acre tract (337,125 square feet) of land situated in the George B. McKinstry League, Abstract No. 47, Harris County, Texas, and being out of that certain call 963.850 acre tract described as Tract I, in instrument to Celanese Corporation of America, recorded under File Number C447452 of the Official Public Records of Real Property of Harris County, Texas (O.P.R.R.P.H.C.T.), corrected under File Number D789836, O.P.R.R.P.H.C.T., and granted to Celanese Chemical Company, Inc., in instrument recorded under File Number F521601, O.P.R.R.P.H.C.T.; said 7.739 acre tract of land being more particularly described by metes and bounds as follows (all bearings are based upon the Texas Coordinate System of 1983, South Central Zone 4204, distances shown are surface distances, coordinates for corners are shown in Celanese Clear Lake Plant Coordinates, included are Texas Plane Coordinates for the Point of Commencement and the Point of Beginning);

COMMENCING at Copperweld No. 2153, said point being an angle point in the southeasterly line of said Tract I, and being an interior corner of that certain 32.78 acre tract described as Tract 5, Bayport Pipeline Corridor "50" in instrument to Exxon Pipeline Company, recorded under File Number R930140 of the O.P.R.R.P.H.C.T., said point of commencement being located at Texas Plane Coordinates X = 3,218,245.68 and Y = 13,793,658.18, and at Celanese Plant Coordinates X = 5,124.37 and Y = 2,340.09;

THENCE, North 76 Degrees 11 Minutes 53 Seconds West, 257.26 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 4,877.43 and Y = 2,412.22;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 363.31 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,206.78 and Y = 2,566.30;

THENCE, South 27 Degrees 33 Minutes 08 Seconds East, 100.00 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,249.16 and Y = 2,475.72;

THENCE, North 62 Degrees 26 Minutes 52 Seconds East, 165.28 feet, with the common line of said Tracts I and 5, to an angle point having Celanese Plant Coordinates X = 5,398.71 and Y = 2,545.58;

THENCE, North 27 Degrees 33 Minutes 08 Seconds West, 2,179.81 feet to the southwest corner and **POINT OF BEGINNING** and having Texas Plane Coordinates X = 3,217,502.58 and Y = 13,795,807.95 and Celanese Plant Coordinate X = 4,475.00 and Y = 4,520.00;

7.739 Acres
Leased Premises
July 25, 2016

THENCE, North 02 Degrees 28 Minutes 49 Seconds West, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,475.00, to the northwest corner and having Celanese Plant Coordinates X = 4,475.00 and Y = 5,295.00;

THENCE, North 87 Degrees 31 Minutes 11 Seconds East, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 5,295.00, to the northeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 5,295.00;

THENCE, South 02 Degrees 28 Minutes 49 Seconds East, 775.00 feet, coincident with Celanese Plant Grid Line E (X) 4,910.00 to the southeast corner and having Celanese Plant Coordinates X = 4,910.00 and Y = 4,520.00;

THENCE, South 87 Degrees 31 Minutes 11 Seconds West, 435.00 feet, coincident with Celanese Plant Grid Line N (Y) 4,520.00 to the **POINT OF BEGINNING** and containing 7.739 acres (337,125 square feet) of land.



Michael Hoover, RPLS
Texas Registration No. 5423



Y:\Jobs\2692\16-03 - 2 Lease Exhibits with legals\DEL\VERY\2692-(16-03)_Leased_Premises_07252106.dwg

NOTES:

1. ALL BEARINGS ARE TEXAS COORDINATE SYSTEM OF 1983, (4204) SOUTH CENTRAL ZONE, (NAD 83)
2. DISTANCES SHOWN ARE SURFACE DISTANCES.
3. COORDINATES SHOWN HEREON LABELED "PLANT" ARE BASED ON CELANESE CLEAR LAKE PLANT COORDINATE SYSTEM.
4. COORDINATES SHOWN HEREON LABELED "TCS" ARE BASED ON TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, (NAD 83)
5. A WRITTEN METES AND BOUNDS DESCRIPTION PREPARED UNDER MICHAEL HOOVER, JOB No. 2692-16-03, DATED JULY 21, 2016, ACCOMPANIES THIS PLAT OF SURVEY.

OWNERSHIP INFORMATION

CELANESE CORPORATION OF AMERICA
TRACT 1 - 963.850 ACRES
F.N. C447452, H.C.D.P.R.R.P.
(VOL. 6653, PG. 79, H.C.D.R.)

(A)

CORRECTED IN
F.N. D789836, H.C.D.P.R.R.P.

CELANESE CHEMICAL COMPANY
F.N. F521601, H.C.D.P.R.R.P.

(B)

EXXON PIPELINE COMPANY
BAYPORT PIPELINE CORRIDOR "50"
TRACT 5 - 32.78 ACRES
F.N. R930140, H.C.D.P.R.R.P.

(C)

CHOATE ROAD (250' WIDE)
F.N. F713013, H.C.D.P.R.R.P.
(UNIMPROVED)

EXHIBIT

ALS PROJECT NO. 2692-16-03
PREPARED: 07-25-16 SCALE: 1"=200'

PAGE 1 OF 2



ANDREW LONNIE SIKES, INC.
SURVEYING, ENGINEERING & MAPPING

11415 BEDFORD STREET
HOUSTON, TEXAS 77031
PHONE: (281) 561-8118

LEASED PREMISES

7.739 Acres (337,125 Sq. Ft.)
CELANESE CHEMICAL COMPANY
HARRIS COUNTY, TEXAS
GEORGE B. MCKINSTRY LEAGUE
ABSTRACT No. 47

Exhibit B

