FINDINGS OF THE PALACIOS INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY FORMOSA PLASTICS CORPORATION, TEXAS (#1191)

October 9, 2017

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OF THE
PALACIOS INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
FORMOSA PLASTICS CORPORATION, TEXAS
APPLICATION #1191

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STATE OF TEXAS §

COUNTY OF JACKSON §

On the 9th day of October 2017, a public meeting of the Board of Trustees of the Palacios Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Formosa Plastics Corporation, Texas #1191 ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On April 24, 2017 the Superintendent of the District, acting as agent of the Board of Trustees received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application, as amended, is attached as **Attachment A**.

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

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Jackson Central Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On July 12, 2017, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on September 14, 2017 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

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

Board Finding Number 1.

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

In support of Finding 1, the Application indicates that:

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The interaction of catalyst and ethylene results in the production of polyethylene polymers or "resins."

Property used for chemical manufacturing is eligible for a limitation under §313.024(b)(1).

Board Finding Number 2.

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

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification packet).

Board Finding Number 4.

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

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

Board Finding Number 5.

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

In its Application, Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs will be at least $50,000 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

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

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

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

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

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

Board Finding Number 6.

> **The Applicant intends to create 110 non-qualifying jobs.**

In its Application, Applicant has indicated that it intends to create 110 non-qualifying jobs. For all non-qualifying jobs the Applicant will be required to pay at least the county average wage of $42,680 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add $600.7 million to the tax base for debt service purposes at the peak investment level for the 2019-20 school year. The project remains fully taxable for debt services taxes. While the value of the Project is expected to depreciate over the life of the agreement and beyond, full access to the additional value is expected to increase the District's projected I&S taxable value well above the level available through the state's facility programs. As a result, local taxpayers should benefit from the addition of the Project to the local I&S tax roll.

Board Finding Number 8.

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

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

Board Finding Number 9.

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

Board Finding Number 10.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

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

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

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

Board Finding Number 11.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment E. The total industrial value for the District exceeds $867 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its placement in a strategic investment area. Given that the value of industrial property is more than $200 million, it is classified as a Category I district which can offer a minimum value limitation of $30 million.

Board Finding Number 12.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.**

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

Board Finding Number 13.

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

The Applicant, (Texas Taxpayer No. 12223554648), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

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

Board Finding Number 15.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first and possibly subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 16.

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

Board Finding Number 17.

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at http://pol.tasb.org/Home/Index/852, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

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

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

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

Board Finding Number 18.

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

Board Finding Number 19.

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

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

Dated the 9th day of October 2017.

PALACIOS INDEPENDENT SCHOOL DISTRICT

By: ______________________________
Steve Stuhrenberg, President, Board of Trustees

ATTEST:

By: Fabian Marroquin
Fabian Marroquin, Secretary, Board of Trustees

Attachment A

Application

Formosa Plastics

Formosa Plastics Corporation, Texas
201 Formosa Drive • P.O. Box 700
Point Comfort, TX 77978
Telephone: (361)-987-7000
Fax: (361)-987-2721

The Honorable Glenn Hegar
Texas Comptroller of Public Accounts
PO Box 13528, Capitol Station
Austin, TX 78711-3528

February 2, 2017

Honorable Glenn Hegar,

On October 21, 2015 the Comptroller's office received from the Palacios Independent School District an application from Formosa Plastics Corp. Texas for a limitation on appraised value (App # 1106).

Since the time of the original application, changes in economic conditions and permitting requirements have affected the original project timeline. As a result, Formosa Plastics Corp. Texas will resubmit an application for the Tax Code Chapter 313 Application for Appraised Value Limitation on Qualified Property.

Thank you for kind consideration of this resubmission. If I may be of any service to you in this matter, please feel free to contact me at your convenience.

Sincerely,

Jack Wu

Jack Wu
Vice-President
Formosa Plastics Corp. Texas

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

April 24, 2017
Date Application Received by District

First Name	Last Name
Alexandro	Flores

Superintendent
Title

Palacios ISD
School District Name

1209 12th Street
Street Address

1209 12th Street
Mailing Address

City	State	ZIP
Palacios	Texas	77465

Phone Number	Fax Number
361-972-5491	361-972-3567

Mobile Number (optional)	Email Address
	aflores@palaciosisd.org

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

SECTION 1: School District Information *(continued)*

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

First Name: Kevin
Last Name: O'Hanlon
Title: Consultant
Firm Name: O'Hanlon, McCollom & Demerath
Phone Number: 512/494-9949
Fax Number: 51/494-9919
Mobile Number *(optional)*:
Email Address: kohanlon@808west.com; mhanley@808west.com

4. On what date did the district determine this application complete? May 3, 2017
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)***

First Name: Jack
Last Name: Wu
Title: Vice President
Organization: Formosa Plastics Corporation, Texas
Street Address: 201 Formosa Drive
Mailing Address: PO Box 700
City: Point Comfort
State: Texas
ZIP: 77978
Phone Number: 361/987-7700
Fax Number: 361/987-2729
Mobile Number *(optional)*: 361-920-8800
Business Email Address: jackwu@ftpc.fpcusa.com

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? ☐ Yes ☑ No
   2a. If yes, please fill out contact information for that person.

First Name:
Last Name:
Title:
Organization:
Street Address:
Mailing Address:
City:
State:
ZIP:
Phone Number:
Fax Number:
Mobile Number *(optional)*:
Business Email Address:

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

SECTION 2: Applicant Information (continued)

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

First Name: N/A
Last Name:
Title:
Firm Name:
Phone Number:
Fax Number:
Business Email Address:

SECTION 3: Fees and Payments

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

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

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

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

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

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Formosa Plastics Corporation, Texas
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 *(11 digits)*: 12223554648
3. List the NAICS code: 325110
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☑ Yes ☐ No
   4a. If yes, please list application number, name of school district and year of agreement

   #45 Calhoun County ISD 2007; #235 Calhoun County ISD 2012; #1048 Calhoun County ISD 2015

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**)*

   N/A

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

1. Application approval by school board: August 2017
2. Commencement of construction: August 2017
3. Beginning of qualifying time period: August 2017
4. First year of limitation: 2020
5. Begin hiring new employees: 2018
6. Commencement of commercial operations: 2018
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date *(date your application is finally determined to be complete)*? ☑ Yes ☐ No

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

8. When do you anticipate the new buildings or improvements will be placed in service? 2018

SECTION 10: The Property

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

County:	Jackson .4768 (100%) *(Name, tax rate and percent of project)*	City:	*(Name, tax rate and percent of project)*
Hospital District:	HOS .210 (100%) *(Name, tax rate and percent of project)*	Water District:	*(Name, tax rate and percent of project)*
Other *(describe)*:	Groundwater .010 100% *(Name, tax rate and percent of project)*	Other *(describe)*:	ESD2 .0450 (100%) *(Name, tax rate and percent of project)*

5. Is the project located entirely within the ISD listed in Section 1? ☑ Yes ☐ No
   5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☑ No
   6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00

Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.

3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☑ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
   a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 **(Tab 7)**;
   b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment **(Tab 7)**; and
   c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map **(Tab 11)**.
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☑ Yes ☐ No

SECTION 12: Qualified Property

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

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

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

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

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 1,858
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)? 1,858

   Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 110
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 821.00
   b. 110% of the average weekly wage for manufacturing jobs in the county is 897.88
   c. 110% of the average weekly wage for manufacturing jobs in the region is 1,044.12
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☑ §313.021(5)(A) or ☐ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 46,689.50
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 50,000.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☑ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☑ No
    12a. If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☑ No
    13a. If yes, attach in Tab 6 supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here Alexandro M Flores — Print Name (Authorized School District Representative)
Superintendent — Title

sign here [signature] — Signature (Authorized School District Representative)
4/24/17 — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here Jack Wu — Print Name (Authorized Company Representative (Applicant))
Vice President — Title

sign here [signature] — Signature (Authorized Company Representative (Applicant))
4-24-2017 — Date

NANCY L MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the 24 day of April, 2017

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

My Commission expires: 1/28/2018

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

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

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

2. Proof of Payment of Application Fee

To be presented at the board meeting.

School district voted to apply application fee for withdrawn application 1106 to this reapplication

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)

3. Documentation of Combined Group Memberships

Combined Group Membership in Calhoun County

Formosa Plastics Corp., Texas
Formosa Plastics Corp., America
Nan Ya Plastics Corp., America
Formosa Utility Venture, LTD
Formosa Transrail Corp.
Formosa Hydorcarbons
Neumin Production Company
Lavaca Pipeline
Formosa Olefins, L.L.C.
Formosa Industries Corporation

Contact Information

Jack Wu
PO Box 700
Point Comfort, TX 77978
361/987-7700
jackwu@ftpc.fpcusa.com

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

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Carlos H. Cascos
Secretary of State

Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

FORMOSA INDUSTRIES CORPORATION
File Number: 802303962

The undersigned, as Secretary of State of Texas, hereby certifies that an Application for Registration for the above named Foreign For-Profit Corporation to transact business in this State has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the authority of the entity to transact business in this State from and after the effective date shown below for the purpose or purposes set forth in the application under the name of

FORMOSA INDUSTRIES CORPORATION

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 09/30/2015

Effective: 09/30/2015

Carlos H. Cascos
Secretary of State

4. Detailed descripton of the project.

Detailed Project Description of Utilities Plant

The Utilities plant will provide power generation and steam required for operation of the facility and the planned LDPE resin plant and the HDPE unit. The Utilities plant will be powered by two natural gas-fired turbines. Heat exhaust will be captured to heat water and produce steam.

The Utilities plant will be located near the LDPE plant. Natural gas fuel supplies are delivered to the Utilities plant by piping from onsite natural gas plants. Water for production of steam is piped from the existing water treatment facility located on the FPC Texas site. Natural gas is then injected into the compression area of the turbine and subsequently burned in the gas combustion chamber. The expanding gasses exit the combustion chamber and over the surface of the turbine blades. This spins the turbine and its associated electrical generator thereby producing electrical power. Electrical power is then distributed to end users through the power distribution system.

Heat from the escaping gasses is captured in the exhaust system which employs a heat exchanger to boil water for steam production. Steam can then be piped from the Utilities plant to end users in the facility.

The major components of this unit include:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation
- Distributive Control Systems
- Two gas fired generators with each including a:
  - Gas Compressor
  - Gas Combustion Chamber
  - Turbine
  - Exhaust System
  - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Cooling Water Towers
- Safety Infrastructure

Detailed Project Description of LDPE

Production of plastic resins is a complex process of converting natural gas fractions, principally singular molecules of ethane (C_2H_6) and propane (C_3H_8) into a specific type of resin. The first step is the dehydrogenation of ethane and propane to produce ethylene (C_2H_4) and propylene (C_2H_6) through a process called "cracking." These molecules generally referred to as "olefins" in the chemical industry, then become the molecular building blocks for plastic resins.

The Low Density Polyethylene (LDPE) plant is designed to convert single molecules (monomers) into long chains (polymers) of plastic. Ethylene monomer is piped to the LDPE plant from storage spheres, introduced into a reactor in the presence of a catalyst with the resultant production of polyethylene polymers. The polymers are then piped within the plant to an extruder, which forms the warm polymer into a strand of plastic. This strand is then moved into a pelletizer which cuts the polymer into small pellets. The pellets are then packaged for shipment by container or stored in silos for shipment by railcar.

The location and design of the LDPE plant allows for its integration into existing FPC infrastructure and processes. In addition to feed stocks mentioned above, all resin plant process consumables include a power supply, process water and steam. Electricity, water and steam necessary for the LDPE plant operation are all produced onsite and distributed to the plant through the facility's piping and electrical distribution infrastructure. In addition, resin plants must have a means of storing and distributing finished resins for transport. The LDPE plant will have direct access to railcar loading and product bagging resources. FPC has onsite security, maintenance services and safety assets. When a new plant comes online, overall operational and support functions are similar to existing plants.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

Detailed Project Description of HDPE

Production of plastic resins is a complex process of converting natural gas fractions, principally singular molecules of ethane (C_2H_6) and propane (C_3H_8) into a specific type of resin. The first step is the dehydrogenation of ethane and propane to produce ethylene (C_2H_4) and propylene (C_2H_6) through a process called "cracking." These molecules generally referred to as "olefins" in the chemical industry, then become the molecular building blocks for plastic resins.

The High Density Polyethylene (HDPE) plant is designed to convert single molecules (monomers) into long chains (polymers) of plastic. The HDPE plant is designed to use a low pressure gas-phase "swing" reactor, that will be capable of producing both HDPE and Linear Low Density Polyethylene (LLDPE).

Ethylene monomer is piped to the HDPE plant from storage spheres, introduced into a reactor in the presence of a catalyst with the resultant production of polyethylene polymers. In some grades of resin, "co-monomers" (usually butane or hexane based) are combined with ethylene. The resin grades produced in the HDPE plant will be dependent upon the types of catalysts and co-monomers used in the process. This proposed HDPE plant will be capable of employing co-monomers and different catalyst formulations.

The polymers are then piped within the plant to an extruder, which forms the warm polymer into a strand of plastic. This strand is then moved into a pelletizer which cuts the polymer into small pellets. The pellets are then packaged for shipment by container or stored in silos for shipment by railcar.

The location and design of the HDPE plant allows for its integration into existing FPC infrastructure and processes. In addition to feed stocks mentioned above, all resin plant process consumables include a power supply, process water and steam. Electricity, water and steam necessary for the HDPE plant operation are all produced onsite and distributed to the plant through the facility's piping and electrical distribution infrastructure. In addition, resin plants must have a means of storing and distributing finished resins for transport. The HDPE plant will have direct access to railcar loading and product bagging resources. FPC has onsite security, maintenance services and safety assets. When a new plant comes online, overall operational and support functions are similar to existing plants.

The major components of this unit include:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Raw Material Purification
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers
- Vent collections systems

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

Section 8: Limitation as Determining Factor

5. Has the applicant received any local or state permits for activities on the proposed project site'

Yes:	HDPE-	NSR Air Permit
	LDPE-	NSR Air Permit
	UTILITY-	NSR Air Permit

The NSR permits authorize construction of these units.

State of Louisiana
Office of the Governor
GOVERNOR BOBBY JINDAL

FOR IMMEDIATE RELEASE

September 3, 2015

Press Office: Doug Cain

Contact: 225-342-8006, (c) 225-921-4502

GOVERNOR JINDAL AND FORMOSA PETROCHEMICAL CORP. CHAIRMAN BAO-LANG CHEN ANNOUNCE FEASIBILITY STUDY FOR $9.4 BILLION COMPLEX IN LOUISIANA

In St. James Parish, ethane crackers and downstream plants in two phases would create up to 1,200 new direct jobs and result in thousands of new indirect jobs

ST. JAMES PARISH – Today, Governor Bobby Jindal and Formosa Petrochemical Corp. Chairman Bao-Lang Chen announced the company is studying the feasibility of an estimated $9.4 billion industrial complex in St. James Parish, where the company would build two project phases producing ethylene and a host of downstream chemical products. A final investment decision expected by mid-2016 will determine the final capital investment figure for the project, in which Formosa would create 1,200 new direct jobs with an average annual salary of $84,500, plus benefits. Louisiana Economic Development estimates the project also would result in 8,000 new indirect jobs, for a total of 9,200 new jobs in Louisiana.

Upon completion of both phases of the project, which would be built on the west bank of the Mississippi River near the Gramercy bridge, Taiwan-based Formosa would have developed one of the largest, single-site ethylene production complexes in the world. In January 2014, Governor Jindal visited Taiwan to meet with company officials and lay the foundation for the current project.

Governor Jindal said, "Formosa's desire to develop a new world-scale chemical complex in Louisiana excites us on a number of levels. This tremendous capital investment signals that the many reforms we have installed to improve Louisiana's business climate are succeeding – from our tax structure to workforce development programs to school choice and governmental ethics. This project also is a testament to Louisiana's ability to deliver world-class infrastructure and logistics solutions that attract the world's most important and innovative companies. Most important for our state, this major petrochemical investment will provide high-paying jobs for Louisiana families for generations to come. We look forward to Formosa's final decision to embark on this game-changing project."

Formosa Petrochemical Corp., a member of the Formosa Group, would develop the project with an ethane cracker and downstream plants in an initial phase, followed by a doubling of those capacities in the second phase. The facility would convert ethane to ethylene and then produce polyethylene, with customized outputs of low- and high-density polyethylene, ethylene glycol, polypropylene and other derivatives. Formosa Group has operated in Louisiana since 1981, with three plastics manufacturing locations in East Baton Rouge and Pointe Coupee parishes.

"Formosa Petrochemical Corp. has been dedicated to the petrochemical industry for decades," said company Chairman Bao-Lang Chen. "We believe strategic growth in petrochemicals in the future will be in the U.S., especially in Louisiana. It is the right and perfect location for our company's next development base. With our experience, we will not only focus on the industry itself to improve economics, but also take serious consideration of environmental issues."

To secure the project, the State of Louisiana offered a competitive incentive package that would include a $12 million performance-based grant to offset infrastructure costs, with the grant to be paid in four equal annual installments beginning in 2018, the first year of hiring for the project. Formosa also would receive the services of the nation's No. 1 state workforce development program, LED FastStart®, and the company would expect to utilize Louisiana's Quality Jobs and Industrial Tax Exemption programs.

Should the company make a final investment decision to proceed with the project, Formosa would move forward with construction and development of the initial phase beginning in 2016, with plant hiring starting in 2018. The second-phase ethane cracker and downstream chemical plants would begin construction in 2022, following completion of the first phase.

"Louisiana's industrial renaissance has brought us this potential major investment by Formosa Petrochemical Corporation," said St. James Parish President Timmy Roussel. "This large industrial complex will add value and become part of our economic family in St. James Parish. I, as parish president, want to see them become successful in St. James while helping improve life situations for more of our residents through well-paying jobs."

"This announcement marks the first step in creating a world-class facility right here in Southeast Louisiana," said President and CEO Michael Hecht of Greater New Orleans Inc. "The Formosa Petrochemical Corporation is part of a family of companies based in Taiwan, with operations around the globe, and is another example of the world discovering greater New Orleans."

THE ADVOCATE

Jindal holds meetings in Taiwan

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

25 COMMENTS

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

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

RELATED STORIES

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

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

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

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

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

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

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

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

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Formosa Plastics plans to build ethylene plant in Louisiana

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

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

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

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

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Jack Wu/FTADSF

From:	Patrick Tarlton <PatrickTarlton@txchemcouncil.org>
Sent:	Monday, September 29, 2014 3:31 PM
To:	Patrick Tarlton
Subject:	Texas Chapter 313 Agreements and Analysis
Attachments:	Texas Chapter 313 Analysis.docx; ATT00001.htm

Tax Committee:

The Texas Chemical Council testified last week at the House Select Committee on Economic Development Incentives public hearing in Houston. We were specifically asked to testify on the importance of Chapter 313 Agreements and the competition for industry investment between Texas and Louisiana. TCC President, Hector Rivero, provided testimony - including the attached analysis of incentives for a theoretical investment comparing Texas and Louisiana. The handout illustrates how the state incentives compare for a $1 billion investment project.

Testimony concluded the following questions and comments from members present:

Jim Murphy: Chairman Murphy acknowledged the work of the industry to reform Chapter 313 agreements and thanked the chemical industry for its many contributions to Texas. As inquiry, he asked Hector to expand on the Louisiana 10 year abatement - specifically tax rate and dollars being delayed over the ten year abatement. According to our research, Louisiana's tax incentives account for about 2.1% of the total investment.

Drew Springer: Rep. Springer mentioned previous discussions on job waivers. He acknowledged that our projects meet the need for job creation in the state, as well as meeting the criteria outlined by the Economic Development Act.

If you have any questions, please feel free to contact me. Always happy to help.

Patrick

Patrick R. Tarlton
Director of Government Affairs
Texas Chemical Council
Office: 512.646.6407
Cell: 512.217.0456
Tarlton@texaschemistry.org

Texas Chapter 313 Analysis
Theoretical Texas Investment Opportunity

Texas Capital Investment Project with $1 Billion Investment
Without Ch. 313 Agreement

School Tax*	$	120,000,000
City Tax**	$	10,000,000
County Tax**	$	10,000,000
Total	**$**	**140,000,000**

Texas – Louisiana Economic Incentive Comparison
10 Year Tax Profile

	Texas	Louisiana
	With Chapt. 313***	With 10 yr. Abatement
School Tax*	$ 21,000,000	0
City Tax**	$ 10,000,000	0
County/Parish Tax**	$ 10,000,000	0
Total	**$ 41,000,000**	**$0**

* Assumes 1.10% M&O rate, and 0.10% I&S rate.
** Assumes 75% abatement by Texas locals, and 0.4% tax rate for each of city and county.
*** Assumes a $100 million school M&O tax limitation.

Texas Chapter 313 Analysis
Theoretical Texas Investment Opportunity

Texas Capital Investment Project with $1 Billion Investment
Without Ch. 313 Agreement

School Tax*	$	120,000,000
City Tax**	$	10,000,000
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Total	**$ 41,000,000**	**$0**

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** Assumes 75% abatement by Texas locals, and 0.4% tax rate for each of city and county.
*** Assumes a $100 million school M&O tax limitation.

From: Jerry Lai/TXTF
Sent: Tuesday, January 14, 2014 5:29 PM
To: Jack Wu/FTADSF
Subject: FW: Texas and Louisiana Property Tax Comparison

fyi

Jerry lai
Formosa Plastics Corporation, TX
Tel: 361-987-7720

From: George Johnson [mailto:geojohnson@prodigy.net]
Sent: Tuesday, January 14, 2014 5:15 PM
To: David Lin / FPC Chief Financial Officer
Cc: Jerry Lai/TXTF
Subject: Texas and Louisiana Property Tax Comparison

David,

In order to demonstrate the property tax differences between Texas and Louisiana please see the attached Analysis for a capitol investment scenario of $100,000,000 for M&E and $10,000,000 monthly inventory balance. The Texas calculations used the latest exemptions percentages obtained for our SPVC and CFB plants as the basis for determining the total property tax impact for the first 7 years, 10 years of the exemptions and the 11th year where no exemptions would be in effect. For Louisiana, I used the 5 year exemption and the 5 year extension that Louisiana allows.

At the bottom highlighted in gray you will see the estimated property taxes for both Texas and Louisiana. In every case the property taxes would be less in Louisiana as indicated by the Difference totals for 7 yrs., 10 yrs and the 11th year where all exemptions have expired.

Should you need clarification on any part feel free to call me at 281-257-2168.

Best regards,

George

1

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Remarks
1	Appraisal Date	January 1st every year	Same	
2	Taxable item	Real Property, Personal Property and Inventory	Same	
3	Appraisal Method			
	a. Real Property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value	Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	LA can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	b. Personal Property, mostly Administration and Office related, LA Specify Computer and Electronic property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value	Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	LA can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	c. Inventory - Product or Material	Render the actual cost or Market Value and refer to profitable situation	Render the actual cost with annual 12 month average * 15% = Taxable Value	
4	Tax Rate	2013 County Tax 0.49% School Tax 1.1151% Navigation Tax 0.0031% Total 1.6082% *City Tax 0.5299% if within City	2013 Rate 9.25%	
5	Tax Paid - Taxable Value * Rate	2013 Paid $21M (0.347% against Acquired Value)	2013 Paid $1.9M (0.298% against Acquired Value)	
6	Exemption	Pollution Control Property by application	First 5 year by application, and can apply extension 5 more years, on 100% of new construction.	
7	Other Legislation	Abatement to County and Navigation Tax at 0.4931% by application, normally due in 7 years. The first 2 years 100% exempt, and the rest years 85% exempt.		

Example:

Impts Investment	Inventory Monthly Avg.
100,000,000	10,000,000

Formosa Property Tax Comparison
Texas Vs Louisiana

State: Texas — Description: Plant Impts — Investment Amount: 100,000,000

Taxing Entity	2014	2015	2016-2020	2021-2023	2024
Calhoun County	50,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Cost index	1.00	1.027	1.045	1.4006	1.434
Depreciation	0.98	0.97	0.90	0.71	0.69
Exemption	100%	100%	85%	0	0%
Service factor	0.5	0.5	0.45	0.45	0.45
Assessment Ratio	100%	100%	100%	100%	100%
Tax Rate	0.004931	0.004931	0.004931	0.004931	0.004931
Estimated Taxes	0	0	$ 198,954	$ 504,736	$ 219,556

State: Texas — Description: Inventory — Investment Amount: 10,000,000

Taxing Entity	2014	2015	2016-2020	2021-2023	2024
County and ISD	0	0	10,000,000	10,000,000	10,000,000
Cost index	1.00	1.00	1.00	1.00	1.00
Assessment Ratio	100%	100%	100%	100%	100%
Tax Rate	0.004931	0.004931	0.016062	0.016062	0.016062
Estimated Taxes	0	0	884,150	482,483	160,620

Total County w/ Exemption for 7 yrs $ 971,554
County Total for 10 yrs $ 2,117,851
Total for Year 2024 after exemptions $ 380,378

State: Louisiana — Description: Plant Impts — Investment Amount: 100,000,000

	15 Year Exemption 2014 - 2023	2024
E. Baton Rouge	100,000,000	100,000,000
Cost Index	1.00	1.397
Depreciation	1.00	0.37
Exemption	100%	0
Service factor	1.00	1.00
Assessment Ratio	15%	15%
Tax Rate	0.0923	0.0923
Estimated Taxes	$ -	$ 717,186

State: Louisiana — Description: Inventory — Investment Amount: 10,000,000

	15 Year Exemption 2014 - 2023	2024
E. Baton Rouge	10,000,000	10,000,000
Cost Index	1.00	1.00
Assessment Ratio	15%	15%
Tax Rate	0.0923	0.0923
Estimated Taxes	1,387,500	138,750

Total Parish Exemption w/Exemption for 10 yrs 1,387,500
Total for Year 2024 after exemptions $ 855,935

State: Texas — Description: Plant Impts — Investment Amount: 100,000,000

Taxing Entity	2014	2015	2016-2020	2021-2023	2024
Calhoun ISD Value Limitation	30,000,000	100,000,000	30,000,000	30,000,000	100,000,000
Cost Index	1.00	1.027	1.045	1.4006	1.434
Depreciation	0.98	0.97	0.90	0.71	0.69
Exemption	0	0	0	0	0
Service factor	0.5	0.5	0.45	0.45	0.45
Assessment Ratio	100%	100%	100%	100%	100%
Tax Rate	0.01151	0.01151	0.01151	0.01151	0.01151
Estimated Taxes	$ 291,993	$ 573,307	$ 779,411	$ 488,212	$ 512,481

Calhoun ISD Value Contribution					
Cost Index			70,000,000	70,000,000	70,000,000
Depreciation			1.045	1.4006	1.434
Exemption			0.96	0.71	0.69
Service factor			0.30	0.50	0
Assessment Ratio			0.45	0.45	0.45
Tax Rate			100%	100%	100%
Estimated Taxes			0.01161	0.01151	0.01151
			$ 990,312	$ 842,747	$ 358,744

Summary of Taxes calculated for a $100,000,000 capital investment and a $10,000,000 average monthly inventory.

State	Description		7 Yrs	10Yrs	11th Yr
Texas	Plant and Inventory	Grand Total County and ISD w/ Exemption for 7 yrs	$ 2,018,000		
Texas	Plant and Inventory	Grand Total County and ISD w/ Exemption for 10 yrs		$ 5,606,830	
Texas	Plant and Inventory	Grand Total County and ISD for Year 2024 after Exemptions			$ 1,261,011
		Difference Texas and Louisiana	$ 2,043,830	$ 4,332,330	$ 380,076

	7 Yrs	10Yrs	11th Yr
Louisiana	971,200	1,307,500	880,935

Major Differences: 1. Louisiana offers a 5 year with an additional 5 year option 100% exemption for capital expenditures, whereas Texas has 7 year variable exemption % for Calhoun county and a value limitation exemption for Calhoun ISD.
2. Louisiana uses a 15 year life depreciation whereas Texas uses a range of 25-35 year life.
Louisiana has an overall lower effective tax rate of 013875 (15% x .0923) vs. Texas .016062 (.016062 x 1.00).
3. Each state uses a general cost approach. However Louisiana uses a state tax commission determined value manual for determining assessments and Texas employs valuation firms to use their own valuation models.

Overall Louisiana property taxes are significantly lower due to more favorable exemption benefits received for new capital investments and from assessment methods utilized after the exemptions expired.
Please see the calculated estimated property taxes for the hypothetical scenario above.

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Remarks
		HB1200 Tax Credit bill helped the new construction in first 2 years to pay School Tax based on 100% Actual Expenditure, and starting 3rd year, first $30M be 100% taxable, and the amount access $30M will pay only 50%. The Exemption need to apply and get local government approval. Currently CFB and SPVC approved to be effective 2008 and end 2017.		

Example

Impts Investment   Inventory Monthly Avg.

Formosa Plastics

Memorandum

Business Development/Communications

Date: 06/04/10
To: David Lin
From: Jack Wu
Subject: Property Tax

Property Tax – Tx vs. La

1) Tax = Taxable value x Tax Rate

2) Taxable Value

TX	LA
Fair Market Value 100% With Exemption i.e. Ag Land Pollution Control Equipment	Fair Market Value *Percentage i.e.: Land 10% Machine, Real Improvement 15%

3) Tax Rate is Based on the Location
i.e.: Within City Limit additional tax entity such as Hospital, College, Fire

TX		LA
Point Comfort Complex		Baton Rouge
1. County	0.4900%	9.35%
School	1.1201%	
Navigation Dst.	0.0039%	
Total	1.6140%	
2. County	0.4900%	
School	1.1201%	
Navigation Dst.	0.0039%	
City/Pt Comfort	0.7200%	
Total	2.3340%	

In Texas: 1) The School Tax Reform bill passed in 2006 reduced the tax rate by 30%
2) Statewide, the Robin Hood Tax is still in effect. It penalizes the Taxable Value Rich School District.

Formosa Plastics

Memorandum

Business Development/Communications

4) Property Value Exemption

TX	LA
1. Pollution Control 2. Agriculture Use Land 3. Tax Abatement 7 yr. is commonly used Typical, but not 100% each year i.e: 100% First 2 yr. and reduce 10-15% each year after that	5 yr. Exemption on all assets Capitalized, then deduct this Exemption from Fair Market Value. Then apply 15% rule to get the Taxable value. Can extend another 5 Yrs.

*HB 1200. Value Limitation Bill also can reduce the School Tax on New Project.

6. Description of how project is located in more than one District

   NA

7. Description of Qualified Investment

Description of Qualified Investment

The proposed improvements for which the tax limitation is sought will include the LDPE Unit:

LDPE Unit

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The interaction of catalyst and ethylene results in the production of polyethylene polymers or "resins". Resins are moved into an extrusion system which terminates in a pelletizer. The resin pellets can then be packaged in bags for transport of placed into silos prior to loading for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

UTILITY Unit

The proposed Utility Unit will provide power generation and steam required for operation of the planned LDPE and HDPE plants as well as for others already in production. The Utilities plant consists of two natural gas-fired turbines for production of electrical power for transport to end users through the onsite electrical power grid. Heat exhaust will be captured to boil water and produce steam which can be piped throughout the facility.

The major components of this unit include:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation

8. Description of Qualified Property

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The major components of this unit include:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation
- Distributive Control Systems
- Two has fired generators with each including a:
    - Gas Compressor
    - Gas Combustion Chamber
    - Turbine
    - Exhaust System
    - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Cooling Water Towers
- Safety Infrastructure

HDPE Unit

The proposed HDPE Unit receives ethylene from pipelines and storage spheres which is introduced into "low pressure gas-phase "swing" reactor. In the presence of a specific catalyst ethylene can be polymerized into polyethylene resins. This unit will be capable of employing of co-monomers and different catalyst formulations. These polymers are then sent to an extrusion system which terminates in a pelletizer. Plastic pellets can then be packaged for shipment by container or stored in silos for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Raw Material Purification
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers
- Vent collections systems

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  - Gas Combustion Chamber
  - Turbine
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- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers
- Vent collections systems

9. Description of Land

Description of Land

The land for the new construction is owned by Formosa Plastics Corp., Texas. The Jackson County Appraisal District has assigned the property number **R26831** for the new area to be considered for the Value Limitation Application.

The area is approximately 588 acres @ $1,170.30 per acre $688,136.00. Attached is a map, yellow borders, indicating the Utility Unit (approximately 18 acres) the LDPE Unit (approximately 25 acres) and the HDPE Unit (approximately 29 acres)

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

Jackson Central Appraisal District

WORK IN PROGRESS

Data on this website may represent working values and may change at any time

History | Datasheet | Statement | Bills

Owner Information

Owner ID:	O21363
Owner Name:	FORMOSA PLASTIC CORP
Owner Address:	P O BOX 700 POINT COMFORT,TX 77978-0700
Property Address:	17105 FM 1593

Parcel Information

Legal Description:	A5043 MCGUFFIN, HUGH, BLOCK TR 1-3 E/2, ACRES 588.15
Neighborhood:	P151AG89E(P1 Class A,G)
Acreage:	588.15
Cross Reference:	5043000000300
Undivided Interest:	
Exemption Codes:	
Entity Codes:	FLD (Flood District) GJA (Jackson County) HOS (Hospital District) SPA (Palacios Isd) ESD2 (ESD2) WTG (Texana Groundwater Conservation District)
Deed Type:	GENERAL WARRANTY DEED
Deed Book:	445
Deed Page:	262
Map Page:	
Links:	

Values Breakdown	2016 Value
Land HS:	$0 +
Land NHS:	$634,350 +
Improvement HS:	$0 +
Improvement NHS:	$53,830 +
Ag Market:	$0
Ag Use:	$0 +
Timber Market:	$0
Timber Use:	$0 +
Assessed:	$688,180 =

Improvements

ID	Type	SPTB	Seg
Imp1	R (Residential)	E1 (E1 - Farm And Ranch Single Family)	2
Imp2	R (Residential)	D2 (D2 - Farm and Ranch Improvements on Qualified Open-Space Lan)	0
Imp3	I (Misc. Improvement)	E1 (E1 - Farm And Ranch Single Family)	0
Imp4	I (Misc. Improvement)	E1 (E1 - Farm And Ranch Single Family)	1

Land

ID	Type	SPTB	Acres
Land1	R (Residential)	E1 (E1 - Farm And Ranch Single Family)	5.00000
Land2	RL (Rural Land)	E (E-Rural Land, not Qualified for Open-Space and Res. Improvem)	561.15000 $
Land3	C (Commercial)	F1 (F1 - Commercial (Real))	22.00000

N
HDPE
LDPE
FM 1593
Utilities
Jackson County
Calhoun County
Formosa Plastics Corporation

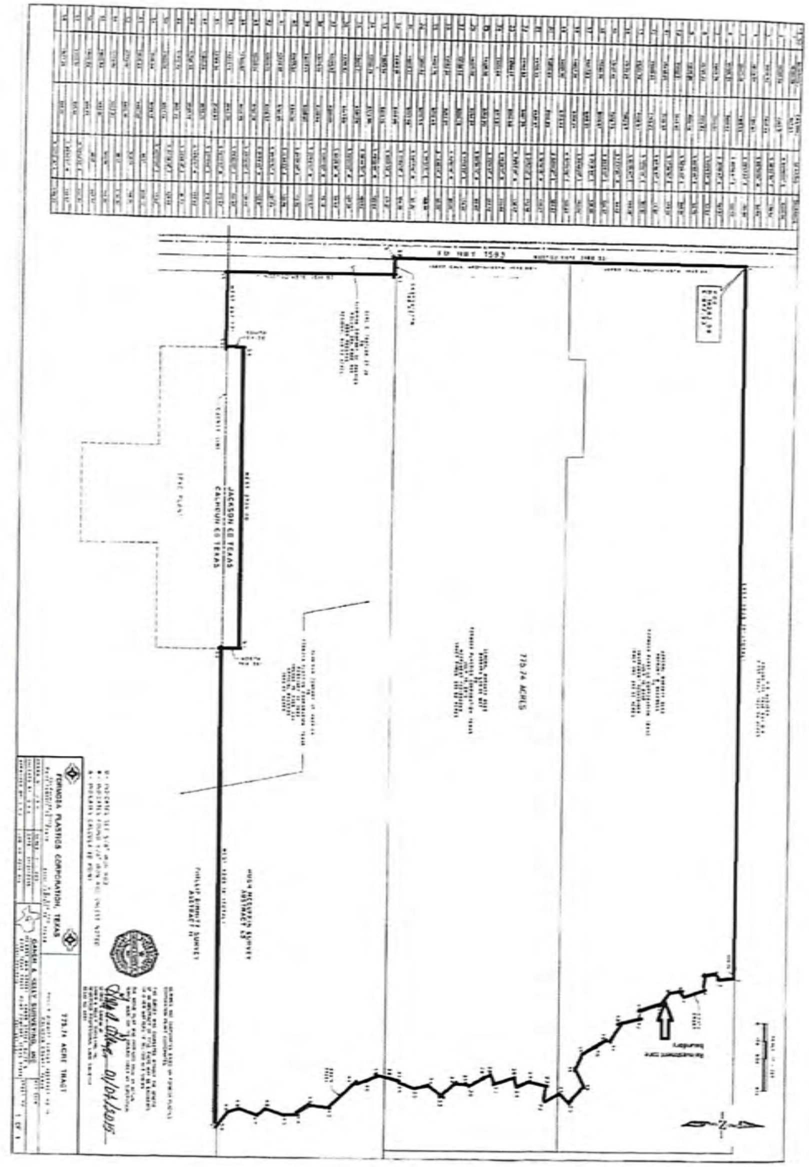


EXHIBIT A
775.74 ACRE TRACT
LEGAL DESCRIPTION

STATE OF TEXAS
COUNTY OF JACKSON

BEING a 775.74 acre tract situated in the Hugh McGuffin Survey, Abstract 43, Jackson County, Texas and being out of a 292.53 acre tract described as "Tract One" conveyed in General Warranty Deed dated July 12, 2013 from Anthony B. McDowell to Formosa Plastics Corporation, Texas and recorded in Instrument #201301969 of the Official Records of Jackson County, Texas, and being out a 295.62 acre tract described as "Tract Three" conveyed in General Warranty Deed dated July 12, 2013 from Barbara Louise May to Formosa Plastics Corporation, Texas and recorded in Instrument #201302044 of the Official Records of Jackson County, Texas, and also being out of a 1,560.40 acre tract conveyed in Deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Jackson County, Texas and this 775.74 acre tract of land being more particularly described by metes and bounds as follows:

BEGINNING at an existing 5/8 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of a 1,624.06 acre tract described in Volume 175, Page 603 of the Deed Records of said county and the northwest corner of said 282.53 acre tract for the northwest corner of the herein described tract;

THENCE East with the north line of said 292.53 acre tract and the south line of said 1,624.06 acre tract at 6,439.38 feet pass a set 5/8 inch iron rod on line and continuing for fa total distance of 6,539.38 feet to a point on the west bank of Cox's Creek for the northeast corner of the herein described tract;

THENCE with the meanders of the west bank of Cox's Creek for the following courses and distances:

South 08°22'38 East for a distance of 138.54 feet to a point;
South 68°29'09 West for a distance of 59.69 feet to a point;
South 09°43'23 East for a distance of 100.80 feet to a point;
South 80°56'41 East for a distance of 120.69 feet to a point;
South 21°09'47 East for a distance of 197.87 feet to a point;
South 59°28'27 West for a distance of 52.23 feet to a point;
South 09°32'46 East for a distance of 99.75 feet to a point;
South 50°24'20 East for a distance of 146.31 feet to a point;
South 17°39'50 East for a distance of 173.59 feet to a point;
South 67°36'37 East for a distance of 74.30 feet to a point;
South 12°04'34 East for a distance of 151.51 feet to a point;
South 61°05'41 East for a distance of 189.28 feet to a point;
South 13°47'26 West for a distance of 44.13 feet to a point;
South 33°24'10 East for a distance of 104.37 feet to a point;
South 25°36'49 East for a distance of 136.00 feet to a point;
South 66°40'25 East for a distance of 152.25 feet to a point;
North 67°34'05 East for a distance of 166.83 feet to a point;
South 53°04'21 East for a distance of 184.95 feet to a point;
South 36°14'38 West for a distance of 128.27 feet to a point;
South 21°52'10 East for a distance of 152.58 feet to a point;
North 76°53'28 West for a distance of 138.17 feet to a point;
South 16°29'17 West for a distance of 150.69 feet to a point;
South 25°11'57 East for a distance of 127.52 feet to a point;
South 69°34'15 West for a distance of 89.60 feet to a point;
South 17°19'29 East for a distance of 174.41 feet to a point;
South 52°51'18 West for a distance of 93.05 feet to a point;
South 10°48'14 East for a distance of 55.58 feet to a point;
South 35°37'11 East for a distance of 168.44 feet to a point;
South 54°17'16 West for a distance of 45.25 feet to a point;
South 11°45'18 East for a distance of 104.39 feet to a point;
South 40°01'19 East for a distance of 171.21 feet to a point;
South 49°05'49 West for a distance of 122.64 feet to a point;
South 06°44'39 East for a distance of 150.13 feet to a point;
South 19°29'09 West for a distance of 127.38 feet to a point;
South 48°26'31 West for a distance of 54.43 feet to a point;
South 10°07'03 West for a distance of 76.19 feet to a point;
South 02°19'03 West for a distance of 113.51 feet to a point;
South 24°09'51 East for a distance of 110.89 feet to a point;
South 11°44'25 East for a distance of 135.89 feet to a point;
South 45°20'51 East for a distance of 287.64 feet to a point;
South 01°58'49 West for a distance of 160.61 feet to a point;
South 28°29'35 East for a distance of 136.18 feet to a point;
South 08°40'05 East for a distance of 108.63 feet to a point;
South 14°37'07 West for a distance of 172.42 feet to a point;
South 22°18'48 East for a distance of 114.21 feet to a point;
South 14°52'21 West for a distance of 169.89 feet to a point;
South 20°49'18 East for a distance of 91.73 feet to a point;
South 47°34'24 East for a distance of 129.98 feet to a point;

THENCE South 03°27'25 East and continuing with the west bank of Cox's Creek for a distance of 17.40 feet to a point for the southeast corner of the herein described tract;

THENCE West at 345.86 feet pass a 5/8 inch iron rod on line and continuing for a total distance of 4,306.19 feet to an existing 5/8 iron rod for a southerly exterior corner of the herein described tract.

THENCE North for a distance of 164.36 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE West for a distance of 2,730.00 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE South a distance of 164.36 feet to a set 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE West a distance of 697.77 feet to set 5/8 iron rod in the west line of said 1,560.40 acre tract and the east line of the remaining portion of a 909.53 acre tract described in Volume 294, Page 599 of the Deed Records of said county for the southwest corner of the herein described tract;

THENCE North 00°02'48 East with the west line of said 1,560.40 acre tract and the east line of the remaining portion of said 909.53 acre tract for a distance of 1,511.87 feet to an existing 5/8 iron rod in the south line of said 295.62 acre tract at the northwest corner of said 1,560.40 acre tract and the northeast corner of the remaining portion of said 909.53 acre tract for a southwesterly interior corner of the herein described tract;

THENCE South 89°54'37 West with the south line of said 295.62 acre tract and the north line of the remaining portion of said 909.53 acre tract for a distance of 149.47 feet to an existing 1/2 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of said 295.62 acre tract for a westerly southwesterly corner of the herein described tract;

THENCE North 00°02'06 East with the east right-of-way line of Farm-to-Market Road 1593 and the west line of said 295.62 acre tract and the west line of said 292.53 acre tract for a distance of 3,166.32 feet to the **POINT OF BEGINNING**. Containing 775.74 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings and coordinates are based on Formosa Plastics Corporation plant coordinates.

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

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

Date 01/04/2015

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

There is no property located at the site where this project is proposed to be developed. The Formosa Plant, however, is located in adjacent Calhoun County. Applicant has provided information on the neighboring plant for information purposes only and to explicitly exclude all such property from this application.

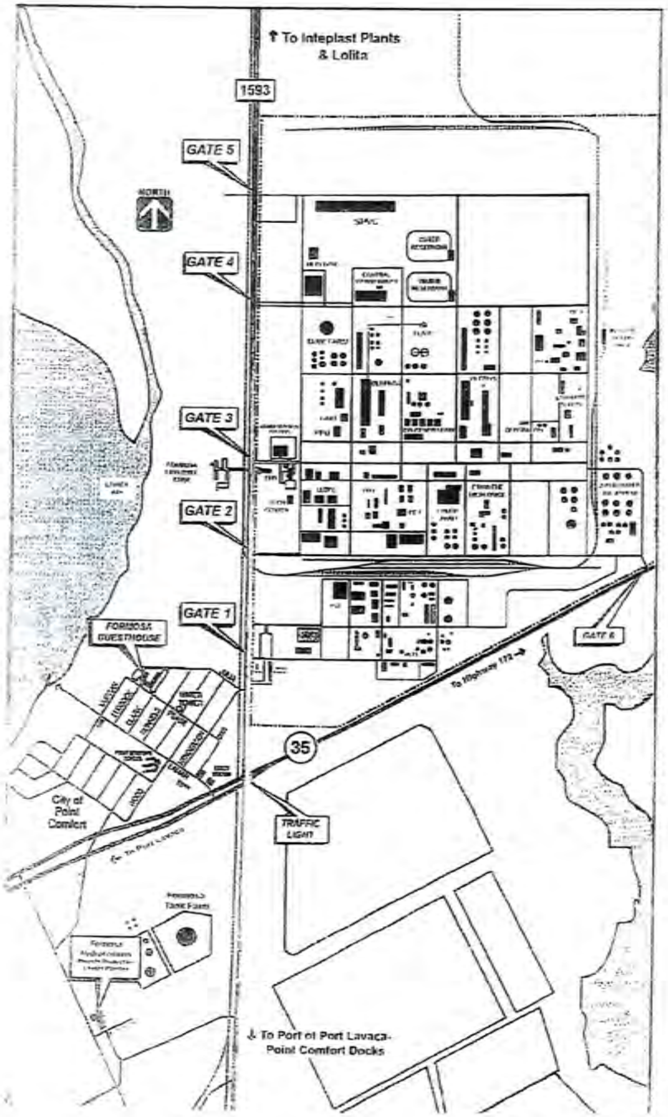
On several of the google maps provided for the property, it appears that there was ongoing business activity on this property. The area was known as Contractor Road. As of May 31, 2013 all of the contractors have vacated this area and relocated to other areas.

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

The 15 existing plants include:

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

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



Description of Qualified Property

The proposed improvements for which the tax limitation is sought will include the LDPE Unit:

LDPE Unit

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The interaction of catalyst and ethylene results in the production of polyethylene polymers or "resins". Resins are moved into an extrusion system which terminates in a pelletizer. The resin pellets can then be packaged in bags for transport of placed into silos prior to loading for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

UTILITY Unit

The proposed Utility Unit will provide additional power generation and steam required for operation of the planned LDPE and HDPE plants as well as for others already in production. The Utilities plant consists of two natural gas-fired turbines for production of electrical power for transport to end users through the onsite electrical power grid. Heat exhaust will be captured to boil water and produce steam which can be piped throughout the facility.

The major components of this unit include:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation

- Distributive Control Systems
- Two has fired generators with each including a;
  - Gas Compressor
  - Gas Combustion Chamber
  - Turbine
  - Exhaust System
  - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Cooling Water Towers
- Safety Infrastructure

HDPE Unit

The proposed HDPE Unit receives ethylene from pipelines and storage spheres which is introduced into "low pressure gas-phase "swing" reactor. In the presence of a specific catalyst ethylene can be polymerized into polyethylene resins. This unit will be capable of employing of co-monomers and different catalyst formulations. These polymers are then sent to an extrusion system which terminates in a pelletizer. Plastic pellets can then be packaged for shipment by container or stored in silos for shipment by railcar.

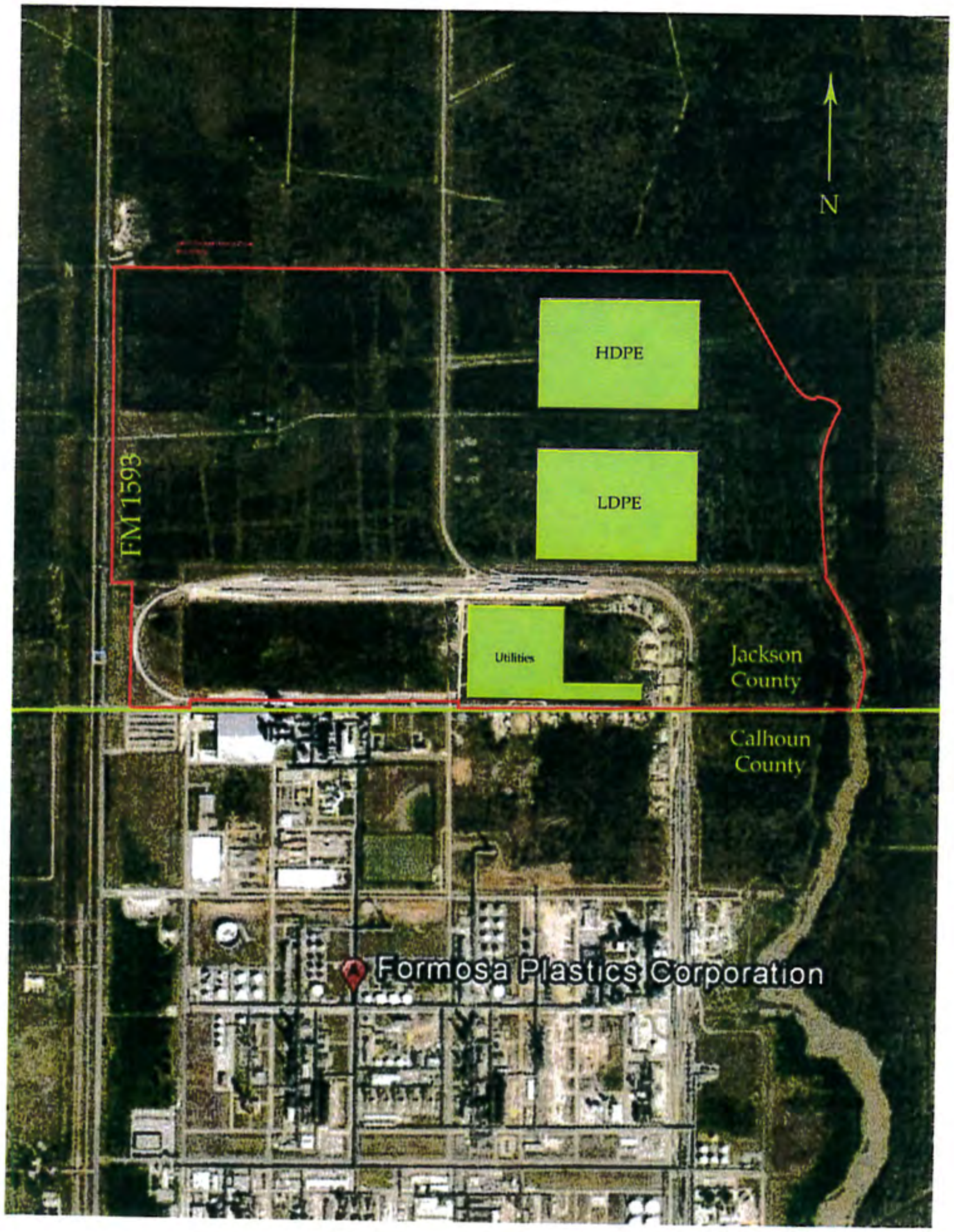
The major components of this unit include:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Raw Material Purification
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers
- Vent collections systems

11. Maps that clearly show:

a. Project vicinity
b. Qualified investment, including location of tangible personal property
c. Qualified property including location of new buildings or new improvements
d. Existing property
e. Land location within vicinity map
f. Reinvestment Zone within vicinity map, showing actual or proposed boundaries and size

TEA Texas Education Agency Texas School District L


N
HDPE
LDPE
FM 1593
Utilities
Jackson County
Calhoun County
Formosa Plastics Corporation


Lavaca River
481
1593
Formosa Plastics Corporation Texas
1593
1593
35
POINT COMFORT
35
Evapora
Lake

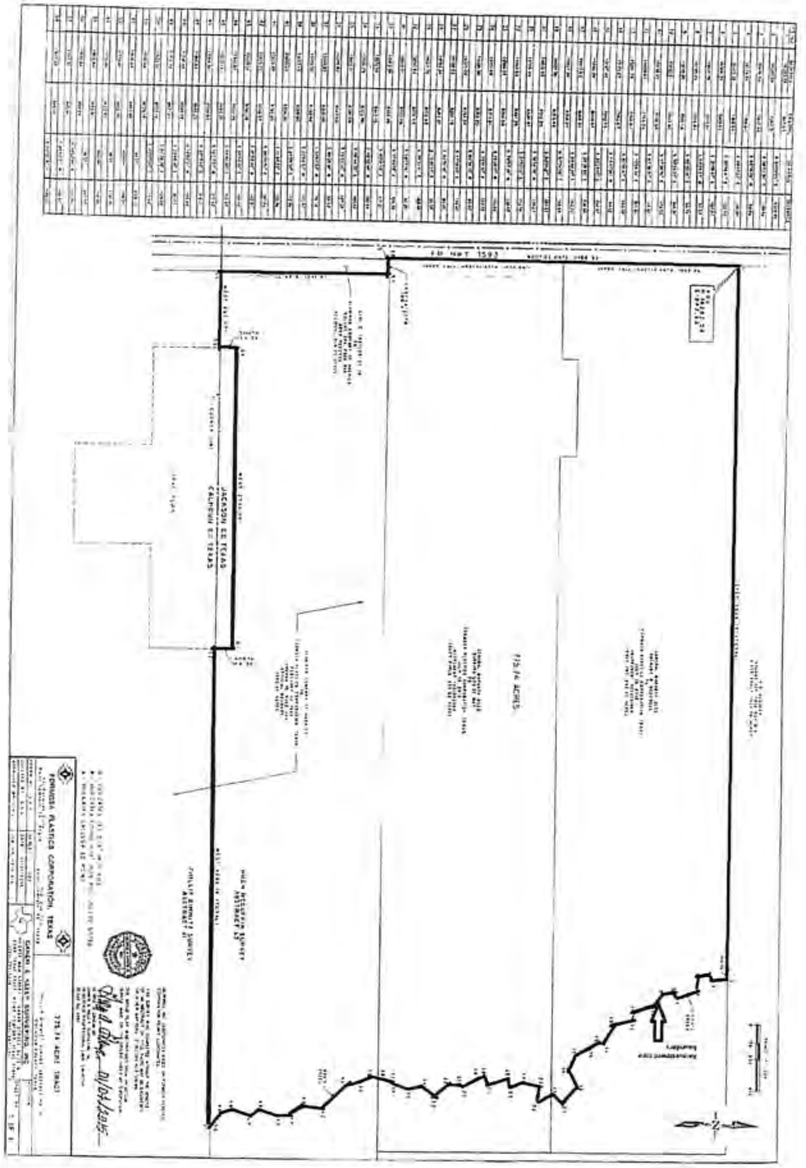


EXHIBIT A
775.74 ACRE TRACT
LEGAL DESCRIPTION

STATE OF TEXAS
COUNTY OF JACKSON

BEING a 775.74 acre tract situated in the Hugh McGuffin Survey, Abstract 43, Jackson County, Texas and being out of a 292.53 acre tract described as "Tract One" conveyed in General Warranty Deed dated July 12, 2013 from Anthony B. McDowell to Formosa Plastics Corporation, Texas and recorded in Instrument #201301969 of the Official Records of Jackson County, Texas, and being out a 295.62 acre tract described as "Tract Three" conveyed in General Warranty Deed dated July 12, 2013 from Barbara Louise May to Formosa Plastics Corporation, Texas and recorded in Instrument #201302044 of the Official Records of Jackson County, Texas, and also being out of a 1,560.40 acre tract conveyed in Deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Jackson County, Texas and this 775.74 acre tract of land being more particularly described by metes and bounds as follows.

BEGINNING at an existing 5/8 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of a 1,624.06 acre tract described in Volume 175, Page 603 of the Deed Records of said county and the northwest corner of said 282.53 acre tract for the northwest corner of the herein described tract:

THENCE East with the north line of said 292.53 acre tract and the south line of said 1,624.06 acre tract at 6,439.38 feet pass a set 5/8 inch iron rod on line and continuing for fa total distance of 6,539.38 feet to a point on the west bank of Cox's Creek for the northeast corner of the herein described tract;

THENCE with the meanders of the west bank of Cox's Creek for the following courses and distances:

South 08°22'38 East for a distance of 138.54 feet to a point,
South 68°29'09 West for a distance of 59.69 feet to a point:
South 09°43'23 East for a distance of 100.80 feet to a point;
South 80°56'41 East for a distance of 120.69 feet to a point:
South 21°09'47 East for a distance of 197.87 feet to a point;
South 59°28'27 West for a distance of 52.23 feet to a point;
South 09°32'46 East for a distance of 99.75 feet to a point:
South 50°24'20 East for a distance of 146.31 feet to a point;
South 17°39'50 East for a distance of 173.59 feet to a point;
South 67°36'37 East for a distance of 74.30 feet to a point;
South 12°04'34 East for a distance of 151.51 feet to a point;
South 61°05'41 East for a distance of 189.28 feet to a point;
South 13°47'26 West for a distance of 44.13 feet to a point;
South 33°24'10 East for a distance of 104.37 feet to a point;
South 25°36'49 East for a distance of 136.00 feet to a point;
South 66°40'25 East for a distance of 152.25 feet to a point;
North 67°34'05 East for a distance of 166.83 feet to a point;
South 53°04'21 East for a distance of 184.93 feet to a point;
South 36°14'38 West for a distance of 128.27 feet to a point;
South 21°52'10 East for a distance of 152.58 feet to a point;
North 76°53'28 West for a distance of 138.17 feet to a point;
South 16°29'17 West for a distance of 150.69 feet to a point;
South 25°11'57 East for a distance of 127.52 feet to a point;
South 69°34'15 West for a distance of 89.60 feet to a point;
South 17°19'29 East for a distance of 174.41 feet to a point;
South 52°51'18 West for a distance of 93.05 feet to a point;
South 10°48'14 East for a distance of 55.58 feet to a point;
South 35°37'11 East for a distance of 168.44 feet to a point;
South 54°17'16 West for a distance of 45.25 feet to a point;
South 11°45'18 East for a distance of 104.39 feet to a point;
South 40°01'19 East for a distance of 171.21 feet to a point;
South 49°05'49 West for a distance of 122.64 feet to a point;
South 06°44'39 East for a distance of 150.13 feet to a point;
South 19°29'09 West for a distance of 127.38 feet to a point;
South 48°26'31 West for a distance of 54.43 feet to a point;

South 10°07'03 West for a distance of 76.19 feet to a point;
South 02°19'03 West for a distance of 113.51 feet to a point;
South 24°09'51 East for a distance of 110.89 feet to a point;
South 11°44'25 East for a distance of 135.89 feet to a point;
South 45°20'51 East for a distance of 287.64 feet to a point;
South 01°58'49 West for a distance of 160.61 feet to a point;
South 28°29'35 East for a distance of 136.18 feet to a point;
South 08°40'05 East for a distance of 108.65 feet to a point;
South 14°37'07 West for a distance of 172.42 feet to a point;
South 22°18'48 East for a distance of 114.21 feet to a point;
South 14°52'21 West for a distance of 169.89 feet to a point;
South 20°49'18 East for a distance of 91.73 feet to a point;
South 47°34'24 East for a distance of 129.98 feet to a point;

THENCE South 03°27'25 East and continuing with the west bank of Cox's Creek for a distance of 17.40 feet to a point for the southeast corner of the herein described tract;

THENCE West at 345.86 feet pass a 5/8 inch iron rod on line and continuing for a total distance of 4,306.19 feet to an existing 5/8 iron rod for a southerly exterior corner of the herein described tract,

THENCE North for a distance of 164.36 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE West for a distance of 2,730.00 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract:

THENCE South a distance of 164.36 feet to a set 5/8 iron rod for a southerly exterior corner of the herein described tract:

THENCE West a distance of 697.77 feet to set 5/8 iron rod in the west line of said 1,560.40 acre tract and the east line of the remaining portion of a 909.53 acre tract described in Volume 294, Page 599 of the Deed Records of said county for the southwest corner of the herein described tract;

THENCE North 00°02'48 East with the west line of said 1,560.40 acre tract and the east line of the remaining portion of said 909.53 acre tract for a distance of 1,511.87 feet to an existing 5/8 iron rod in the south line of said 295.62 acre tract at the northwest corner of said 1,560.40 acre tract and the northeast corner of the remaining portion of said 909.53 acre tract for a southwesterly interior corner of the herein described tract:

THENCE South 89°54'37 West with the south line of said 295.62 acre tract and the north line of the remaining portion of said 909.53 acre tract for a distance of 149.47 feet to an existing 1/2 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of said 295.62 acre tract for a westerly southwesterly corner of the herein described tract:

THENCE North 00°02'06 East with the east right-of-way line of Farm-to-Market Road 1593 and the west line of said 295.62 acre tract and the west line of said 292.53 acre tract for a distance of 3,166.32 feet to the **POINT OF BEGINNING**. Containing 775.74 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings and coordinates are based on Formosa Plastics Corporation plant coordinates.

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

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

Date 01/04/2015

12. Request for Waiver of Job Creation Requirement & supporting information (if applicable)

NA

13. Calculation of three possible wage requirements with TWC documentation

TAB 13-Calculation of Wage Targets

Year	Period	Area	Ownership	Industry		Avg Weekly Wages
2015	4th Qtr	Jackson County	Private	Total, All Industries		$907
2016	1st Qtr	Jackson County	Private	Total, All Industries		$786
2016	2nd Qtr	Jackson County	Private	Total, All Industries		$770
2016	3rd Qtr	Jackson County	Private	Total, All Industries		$820
				AVERAGE		**$821**
2015	4th Qtr	Jackson County	Private	Fabricated metal prod		$1,304
2016	1st Qtr	Jackson County	Private	Fabricated metal prod		$761
2016	2nd Qtr	Jackson County	Private	Fabricated metal prod		$626
2016	3rd Qtr	Jackson County	Private	Fabricated metal prod		$574
				110% of AVERAGE	**$**	**897.88**

110% of the Average Weekly Wage for Manufacturing Jobs in the Golden Crescent Region

$23.73 *40 hrs * 110% = $1,044.12 weekly wage

Required minimum wage (110% of county average wage §313.021(5)(A))
$ 897.88 * 52 weeks $ 46,689.50

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

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.

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

2015	1st Qtr	Jackson County Private	00	0	10	Total, All Industries	$795
2015	2nd Qtr	Jackson County Private	00	0	10	Total, All Industries	$762
2015	3rd Qtr	Jackson County Private	00	0	10	Total, All Industries	$804
2015	4th Qtr	Jackson County Private	00	0	10	Total, All Industries	$907
2016	1st Qtr	Jackson County Private	00	0	10	Total, All Industries	$786
2016	2nd Qtr	Jackson County Private	00	0	10	Total, All Industries	$770
2016	3rd Qtr	Jackson County Private	00	0	10	Total, All Industries	$820
2015	1st Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$1,622
2015	2nd Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$1,824
2015	3rd Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$972
2015	4th Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$1,304
2016	1st Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$761
2016	2nd Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$626
2016	3rd Qtr	Jackson County Private	31	3	332	Fabricated metal product manufacturing	$574

Date 10-19-15

Applicant Name Formosa Plastics Corporation, Texas

ISD Name Palacios

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

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B: New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C: Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E: 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)		Not eligible to become Qualified Property			[illegible]	
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2017-2018	2017	100,000,000.00	Qualified Investment	Qualified Investment		100,000,000.00
Complete tax years of qualifying time period	QTP1	2018-2019	2018	350,000,000.00	Qualified Investment	Qualified Investment		350,000,000.00
	QTP2	2019-2020	2019	150,000,000.00	Qualified Investment	Qualified Investment		150,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				600,000,000.00				600,000,000.00

Enter amounts from TOTAL row above in Schedule A2

Total Qualified Investment (sum of green cells)	600,000,000.00

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.

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

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

Date: 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

ISD Name: Palacios

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property: Estimated Market Value of Land	Qualified Property: Estimated Total Market Value of new buildings or other new improvements	Qualified Property: Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Estimated Taxable Value: Market Value less any exemptions (such as pollution control) and before limitation	Estimated Taxable Value: Final taxable value for I&S after all reductions	Estimated Taxable Value: Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period (Insert as many rows as necessary)	0	2017-2018	2017	$ 689,720.00		$ -	na	$ 689,720.00	$ 689,720.00
	0	2018-2019	2018	$ 689,720.00	$ 14,000,000.00	$ -	na	$ 14,689,720.00	$ 14,689,720.00
Value Limitation Period	1	2019-2020	2019	$ 689,720.00	$ 600,000,000.00	$ -	na	$ 600,689,720.00	$ 30,000,000.00
	2	2020-2021	2020	$ 689,720.00	$ 570,000,000.00	$ -	na	$ 570,689,720.00	$ 30,000,000.00
	3	2021-2022	2021	$ 689,720.00	$ 541,500,000.00	$ -	na	$ 542,189,720.00	$ 30,000,000.00
	4	2022-2023	2022	$ 689,720.00	$ 514,425,000.00	$ -	na	$ 515,114,720.00	$ 30,000,000.00
	5	2023-2024	2023	$ 689,720.00	$ 488,703,750.00	$ -	na	$ 489,393,470.00	$ 30,000,000.00
	6	2024-2025	2024	$ 689,720.00	$ 464,268,562.50	$ -	na	$ 464,958,282.50	$ 30,000,000.00
	7	2025-2026	2025	$ 689,720.00	$ 441,055,134.38	$ -	na	$ 441,744,854.38	$ 30,000,000.00
	8	2026-2027	2026	$ 689,720.00	$ 419,002,377.66	$ -	na	$ 419,692,097.66	$ 30,000,000.00
	9	2027-2028	2027	$ 689,720.00	$ 398,052,258.77	$ -	na	$ 398,741,978.77	$ 30,000,000.00
	10	2028-2029	2028	$ 689,720.00	$ 378,149,645.83	$ -	na	$ 378,839,365.83	$ 30,000,000.00
Continue to maintain viable presence	11	2029-2030	2029	$ 689,720.00	$ 359,242,163.54	$ -	na	$ 359,931,883.54	$ 359,242,163.54
	12	2030-2031	2030	$ 689,720.00	$ 341,280,055.37	$ -	na	$ 341,969,775.37	$ 341,969,775.37
	13	2031-2032	2031	$ 689,720.00	$ 324,216,052.60	$ -	na	$ 324,905,772.60	$ 324,905,772.60
	14	2032-2033	2032	$ 689,720.00	$ 308,005,249.97	$ -	na	$ 308,694,969.97	$ 308,694,969.97
	15	2033-2034	2033	$ 689,720.00	$ 292,604,987.47	$ -	na	$ 293,294,707.47	$ 293,294,707.47
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	$ 689,720.00	$ 277,974,738.10	$ -	na	$ 278,664,458.10	$ 278,664,458.10
	17	2035-2036	2035	$ 689,720.00	$ 264,076,001.19	$ -	na	$ 264,765,721.19	$ 264,765,721.19
	18	2036-2037	2036	$ 689,720.00	$ 250,872,201.13	$ -	na	$ 251,561,921.13	$ 251,561,921.13
	19	2037-2038	2037	$ 689,720.00	$ 238,328,591.07	$ -	na	$ 239,018,311.07	$ 239,018,311.07
	20	2038-2039	2038	$ 689,720.00	$ 226,412,161.52	$ -	na	$ 227,101,881.52	$ 227,101,881.52
	21	2039-2040	2039	$ 689,720.00	$ 215,091,553.45	$ -	na	$ 215,781,273.45	$ 215,781,273.45
	22	2040-2041	2040	$ 689,720.00	$ 204,336,975.77	$ -	na	$ 205,026,695.77	$ 205,026,695.77
	23	2041-2042	2041	$ 689,720.00	$ 194,120,126.98	$ -	na	$ 194,809,846.98	$ 194,809,846.98
	24	2042-2043	2042	$ 689,720.00	$ 184,414,120.64	$ -	na	$ 185,103,840.64	$ 185,103,840.64
	25	2043-2044	2043	$ 689,720.00	$ 175,193,414.60	$ -	na	$ 175,883,134.60	$ 175,883,134.60

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

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

Date: 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

ISD Name: Palacios

Form 50-296A

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B: New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C: Other investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other investment made during this year that will become Qualified Property [SEE NOTE]	Column E: 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				
Each year prior to start of value limitation period**	0	2017-2018	2017	[illegible]				$ 100,000,000.00
	0	2018-2019	2018	[illegible]				$ 350,000,000.00
	0	20019-2020	2019	[illegible]				$ 150,000,000.00
Value limitation period***	1	2020-2021	2020					
	2	2021-2022	2021					
	3	2022-2023	2022					
	4	2023-2024	2023					
	5	2024-2025	2024					
	6	2025-2026	2025					
	7	2026-2027	2026					
	8	2027-2028	2027					
	9	2028-2029	2028					
	10	2029-2030	2029					
Total Investment made through limitation				$ 600,000,000.00	$ -		$ -	$ 600,000,000.00
Continue to maintain viable presence	11	2030-2031	2030	[redacted]	[redacted]		[redacted]	
	12	2031-2032	2031	[redacted]	[redacted]		[redacted]	
	13	2032-2033	2032	[redacted]	[redacted]		[redacted]	
	14	2033-2034	2033	[redacted]	[redacted]		[redacted]	
	15	2034-2035	2034	[redacted]	[redacted]		[redacted]	
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	[redacted]	[redacted]		[redacted]	
	17	2036-2037	2036	[redacted]	[redacted]		[redacted]	
	18	2037-2038	2037	[redacted]	[redacted]		[redacted]	
	19	2038-2039	2038	[redacted]	[redacted]		[redacted]	
	20	2039-2040	2039	[redacted]	[redacted]		[redacted]	
	21	2040-2041	2040	[redacted]	[redacted]		[redacted]	
	22	2041-2042	2041	[redacted]	[redacted]		[redacted]	
	23	2042-2043	2042	[redacted]	[redacted]		[redacted]	
	24	2043-2044	2043	[redacted]	[redacted]		[redacted]	
	25	2044-2045	2044	[redacted]	[redacted]		[redacted]	

* 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 §.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 12, 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.

Date: 10-19-15

Applicant Name: Formosa Plastics Corportation, Texas

ISD Name: Palacios

Schedule D: Other Incentives (Estimated)

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant Intends to apply (Estimated)

Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Jackson	2017	6 years	328515.2	100% abatement	0
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
			TOTAL	328515.2		0

Additional information on incentives for this project:

Date: 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

ISD Name: Palacios

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 Insert as many rows as necessary	0	2017-2018	2017	100,000/MH/Month	$ 52,693.00	10	10	$ 50,000.00
	0	2018-2019	2018	840,000/MH/Month	$ 52,693.00	60	10	$ 50,000.00
Value Limitation Period The qualifying time period could overlap the value limitation period	1	2019-2020	2019		$ 52,693.00	110	10	$ 50,000.00
	2	2020-2021	2020		$ 52,693.00	110	10	$ 50,000.00
	3	2021-2022	2021		$ 52,693.00	110	10	$ 50,000.00
	4	2022-2023	2022		$ 52,693.00	110	10	$ 50,000.00
	5	2023-2024	2023		$ 52,693.00	110	10	$ 50,000.00
	6	2024-2025	2024		$ 52,693.00	110	10	$ 50,000.00
	7	2025-2026	2025		$ 52,693.00	110	10	$ 50,000.00
	8	2026-2027	2026		$ 52,693.00	110	10	$ 50,000.00
	9	2027-2028	2027		$ 52,693.00	110	10	$ 50,000.00
	10	2028-2029	2028		$ 52,693.00	110	10	$ 50,000.00
Years Following Value Limitation Period	11 through 25	2029-2043	2029-2043		$ 52,693.00	110	10	$ 50,000.00

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ☑ No

If yes, answer the following two questions:

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

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

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

NA

16. Description of Reinvestment or Enterprise Zone, including:

a evidence that the area qualifies as an 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

EXHIBIT D

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

SECTION I

BACKGROUND

(A) Pursuant to the Texas Tax Code (hereinafter the "Code"), Jackson County, Texas (hereinafter "the County"), is authorized to designate Reinvestment Zones in areas of the County that do not include areas in the taxing jurisdiction of a municipality, to enter into tax abatement agreements with regard to properties located in Reinvestment Zones, and to enter into tax abatement agreements with regard to properties for which a municipality has given tax abatement incentives by agreement.

(B) The Code requires that the County establish guidelines and criteria governing tax abatement agreements. These guidelines and criteria are for the purpose of promoting the efficient and reasonably consistent administration of tax abatement incentives. These guidelines are effective for two (2) years from date adopted by the Jackson County Commissioners Court (the "Commissioners Court"). A three-quarter (3/4) vote by the Commissioners Court is required to amend or repeal these guidelines.

(C) These guidelines and criteria, and the procedures established herein, are in compliance with the requirements of the Code.

(D) NOTHING HEREIN SHALL IMPLY OR SUGGEST THAT THE COUNTY IS UNDER ANY OBLIGATION TO PROVIDE ANY TAX ABATEMENT, OR PROVIDE ANY LENGTH, LEVEL OR VALUE OF TAX ABATEMENT, TO ANY APPLICANT.

SECTION II

DEFINITIONS

(A) *"Abatement"* means the full or partial exemption from County ad valorem taxation of the increased values of eligible properties in a Reinvestment Zone designated as such in accordance with state law, or the full or partial exemption from County ad valorem taxation of the increased values of eligible properties located within a municipality's taxing jurisdiction where the municipality has granted full or partial exemption to those properties from municipal ad valorem taxation.

(B) *"Agreement"* means a contractual agreement between a property owner and a taxing jurisdiction for the purpose of tax abatement.

(C) *"Base Year Value"* means the market value of any property eligible for abatement under these guidelines and criteria on January 1 of the year of the execution of the agreement. In addition, Base Year Value may include a guaranteed minimum agreed upon value of any property improvements or additions eligible for abatement under these guidelines and criteria made after such January 1 but before execution of such agreement.

(D) *"Economic Life"* means the number of the years a property improvement is expected to be in service in a facility.

(E) *"Expansion"* means the addition of buildings, structures, machinery, or equipment for the purpose of increasing production capacity.

(F) *"Facility"* means property improvements completed or in the process of construction which together comprise an integral whole.

(G) *"Lease"* means a relationship whereby the person applying for a tax abatement has a contract for exclusive possession of the real property on which improvements are to be made and/or personal property to be used for the operation of the business for a defined period of time.

(H) *"Modernization"* means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment. Modernization shall not include reconditioning, refurbishing, repairing, or completion of deferred maintenance.

(I) *"New facility"* means a Facility on property previously undeveloped and which is placed into service by means other than expansion or a modernization.

(J) *"Personal Property"* means machinery, equipment and/or tools used, or bought or leased for use, in the operations of the person applying for tax abatement, other than that which was located on the real property at any time before execution of the tax abatement agreement. "Personal Property" shall not include inventory, supplies, office furniture, office equipment, motor vehicles, vessels, aircraft, housing, hotel accommodations, or deferred maintenance investments.

(K) *"Real Property"* means the area of land defined by legal description as being owned or leased by the person applying for a tax abatement, including any improvements thereto, which is to be improved and valued for property tax purposes, and which is to be included in the Reinvestment Zone.

(L) *"Reinvestment Zone"* is an area designated as such for the purpose of a tax abatement as authorized by the County in accordance with the Code.

SECTION III

REINVESTMENT ZONE DESIGNATION

(A) A Reinvestment Zone may only be designated in accordance with the Code.

(B) A Reinvestment Zone may only be designated by the Commissioners Court in an area of the County that does not include an area within the taxing jurisdiction of a municipality.

(C) An area may be designated as a Reinvestment Zone if the Commissioners Court, after a public hearing on the proposed designation, finds that the designation would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the Reinvestment Zone and would contribute to the economic development of the County.

(D) A public hearing on a proposed Reinvestment Zone designation must be held prior to the findings and action of the Commissioners Court on the proposal. The public hearing shall be conducted in accordance with all applicable provisions of the Code. Notice of the healing shall be given in accordance with the Code. The public hearing must also be posted as an agenda item in accordance with Chapter 551 of the Texas Government Code (the "Texas Open Meetings Act").

(E) Property may be located both in a Reinvestment Zone designated by the County and in a Reinvestment Zone designated by a municipality.

(F) If the Commissioners Court finds that designation of an area as a Reinvestment Zone is proper, such proposed designation shall be put to a vote of the Commissioners Court, and will pass if a majority of the members of the Commissioners Court in attendance vote to approve the designation. The order of the Commissioners Court designating the area as a Reinvestment Zone shall contain a sufficient description of the boundaries of the Reinvestment Zone.

(G) The designation of a Reinvestment Zone shall be for a period of five (5) years. No designation of a Reinvestment Zone shall exceed five (5) years, and a designation of a Reinvestment Zone shall automatically expire five (5) years after the date of designation unless renewed by the Commissioners Court for one or more subsequent periods not to exceed five (5) years each. The expiration of a designation of a Reinvestment Zone does not affect any existing tax abatement agreement relating to property in such Reinvestment Zone.

(H) Tax abatement agreements entered into by the County shall be in compliance with all applicable requirements set forth in the Code.

SECTION IV

ABATEMENT AUTHORIZED

(A) Abatement is authorized, subject to approval of the Commissioners Court and execution of a tax abatement agreement, for properties located within a Reinvestment Zone designated by the Commissioners Court.

(B) Abatement is also authorized for properties located within a municipal Reinvestment Zone when the municipality has entered into a tax abatement agreement with regard to property located within the Reinvestment Zone if the County enters into a tax abatement agreement with regard to that property. Such an agreement must be in compliance with all applicable requirements set forth in the Code.

(C) Authorized Facilities: Tax abatement may be granted for New Facilities or for the Expansion or Modernization of existing Facilities. The economic life of a Facility or improvements thereto must exceed the life of the tax abatement agreement.

(D) Eligible Property: Tax abatement may be granted for improvements to owned real property or real property subject to a Lease and for Personal Property located on such real property to the extent allowed by state law.

(E) Value of Abatement: Authorized Facilities may be granted abatement on all or a portion of the increased taxable value of eligible property over the base year value for a period not to exceed ten (10) years. Such abatement, if granted as to real property, is not with regard to the entire value of the real property, but only to the extent that the value of the real property exceeds the value for the year in which the abatement is granted (i.e., the Base Year Value). Ad valorem taxes on tangible Personal Property may be abated to the extent of additions, but cannot be abated as to personal property located on the real property at any time before the tax abatement agreement is executed, and cannot be abated for inventory, supplies, office furniture, office equipment, motor vehicles, vessels, aircraft, housing, hotel accommodations, or deferred maintenance investments.

SECTION V

PROJECT IMPACT DATA

(A) Introduction

The information required in this Section V will be used by the Commissioners Court to determine whether or not it is in the best interest of the County to offer tax abatement to a particular applicant. The County may request that the applicant describe the methodologies used to respond to the questions below and to supply supporting documentation.

(B) Proposed Investment

The applicant must submit information providing answers to the following inquiries:

(1) Identify and describe the type and location. of the proposed real property improvements and/or personal property additions to the property and describe the planned development schedule for the proposed improvements and/or additions.

(2) To what extent, if any, will material, additional public improvements be needed? Describe the plans, if any, in existence for the provision of such improvements.

(3) What material governmental approvals or permits will be required for the improvements?

(4) Is the financial capital required to complete the project already available (financing commitments, reserved funds, etc.)? Explain in reasonable detail.

(C) Fiscal Impact

The applicant must submit information providing answers to the following inquiries:

(1) What is the estimated cost of the proposed real property improvements and/or personal property additions?

(2) What is the proposed depreciation schedule for the real and personal property to be abated?

(D) Community Impact

The applicant must submit information providing answers to the following inquiries:

(1) Provide a copy of an economic impact study prepared with respect to the proposed project. An economic impact evaluation prepared in connection with an application for appraised value limitation under Chapter 313 of the Code will satisfy this requirement.

(2) What support services or products, if any, does the applicant anticipate will be procured from the local community in the construction of improvements or additions of personal property, and with regard to its operations?

(E) A legal description of the subject real property must be supplied to the County by the applicant.

(F) Pursuant to the Code, information submitted in the application process is confidential, and is not subject to public disclosure, unless and until a tax abatement agreement is executed. If an application for abatement is granted, the information submitted in the application process will be considered public once the abatement agreement has been signed by representatives for both parties.

SECTION VI

GUIDELINES

(A) Economic Qualification

To be eligible for designation of a Reinvestment Zone and to receive tax abatement, the proposed project must be reasonably shown to have an estimated cost upon completion of at least $5,000,000.00

(B) Eligibility

The Commissioners Court shall determine eligibility for abatement on a case-by-case basis.

(C) Rate and Duration of Tax Abatement

When a determination has been made to offer tax abatement, the County will determine the percent of value abated and the length of abatement on a case-by-case basis.

SECTION VII

PROCEDURE

(A) Any person or entity desiring that the County consider tax abatement for a proposed project must comply with the following procedural guidelines.

(B) Application Process

The applicant shall submit a letter of application for tax abatement to the County Judge for submission to the Commissioners Court. The application must:

(1) give a reasonably detailed explanation of the proposed project (improvements to owned of leased real property, and/or addition of owned or leased Personal Property);
(2) address all criteria questions and inquiries outlined in Section V above;

(3) provide a current survey of the real property and information showing the proposed location of the proposed improvements and additions on such real property, together with a legal description of such real property;

(4) identify the name, address, telephone number, fax number, and e-mail address of the applicant's contact person for purposes of the application;

(5) identify the form of organization & the applicant (e.g., sole proprietorship, partnership, corporation, limited liability company, etc.) and any assumed or trade names under which the applicant operates; and

(6) identify how the project will comply with or fit within the criteria and guidelines set forth in the preceding sections.

All applications will be reviewed by the Commissioners Court's designee or designees for accuracy and completeness. If requested by the Commissioners Court or its designee, the applicant shall verify any information submitted to the Commissioners Court. In addition, the applicant shall provide any additional information requested by the Commissioners Court or its designee. Upon completion of the application process, the application will be placed on the agenda for a meeting of the Commissioners Court for consideration.

(C) The application shall be considered at a meeting of the Commissioners Court held in compliance with the Texas Open Meetings Act. If the abatement would involve the designation of a Reinvestment Zone, a public hearing regarding such designation must first be held in accordance with the procedures and notice requirements in the Code. No applicant has a legal right or expectation to a favorable determination by the Commissioners Court with respect to its application.

(D) The abatement, if granted, must be made pursuant to a tax abatement agreement which meets all of the requirements of law and is acceptable to the Commissioners Court. Any such tax abatement agreement shall provide that in filling any new employment positions created as a result of the project, the applicant will use commercially reasonable efforts to hire qualified applicants located in the County and willing to perform the work required by such position. A tax abatement agreement must be approved by the Commissioners Court for execution by the County Judge before it can be effective.

(E) Any abatement is for County ad valorem taxes only, and does not provide abatement from taxation by other taxing jurisdictions in which the property may be located unless otherwise provided by state law. Property owned or leased by a member of the Commissioners Court is not eligible for tax abatement.

SECTION VIII

ADMINISTRATION

(A) The tax abatement agreement shall stipulate that employees of the County and/or designated representatives of the County will have access to the Reinvestment Zone during the term of the abatement to inspect the Facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after giving forty-eight (48) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the company and in accordance with the safety standards for the Facility.

(B) The employees and/or designated representatives of the County who conduct an inspection of the Facility shall within ten days of the inspection submit a written report to the Jackson County Commissioners Court regarding the property owner's compliance with the terms and conditions of the agreement.

(C) Violations of the terms of the tax abatement agreement by the tax abatement recipient may result in the full or partial loss of the abatement and give rise to a right of the County to recoup taxes abated and terminate the agreement, all as may be more fully provided for in the agreement.

SECTION IX

ASSIGNMENT

A tax abatement agreement may be assigned to a new owner or lessee of the Facility with the prior written consent of the Commissioners Court, which consent shall not be unreasonably withheld, delayed or conditioned. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee are indebted to the County for delinquent ad valorem taxes or other obligations.

SECTION X

SUNSET PROVISION

These Guidelines and Criteria are effective **September 8, 2014**, and will remain in force until **September 8, 2016**, at which time all tax abatement agreements created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

ORDER DESIGNATING FPC-TX REINVESTMENT ZONE

NOW WHEREAS the Jackson County Commissioners Court is authorized by Texas Tax Code §312.401 to designate reinvestment zones; and

WHEREAS property owner Formosa Plastics Corporation, Texas has applied for a tax abatement in an area of Jackson County which is described in Exhibit A (which is attached to this Order) and which does not include area in the taxing jurisdiction of a municipality; and

WHEREAS a reinvestment zone must be designated if an abatement is to be granted regarding the property described in Exhibit A; and

WHEREAS the Commissioners Court has held a public hearing on the designation and hereby finds that the designation of the FPC-TX Reinvestment Zone:

would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the zone; and

would contribute to the economic development of Jackson County; and

WHEREAS THE Commissioners Court has established guidelines and criteria governing its tax abatement agreements and a resolution stating that the Commissioners Court has elected to become eligible to participate in tax abatements;

NOW THEREFORE BE IT ORDERED that the real property consisting of approximately 775.74 acres (the legal description of which is attached hereto as Exhibit "A") is hereby designated as a reinvestment zone to be known as the 2015 Jackson County FPC-TX Reinvestment Zone; and

BE IT FURTHER RESOLVED that the designation of this reinvestment zone will expire five years after the date that this Order of designation is signed, unless it is renewed for one or more subsequent periods not to exceed five years each.

APPROVED BY MAJORITY VOTE OF THE JACKSON COUNTY COMMISSIONERS COURT AT ITS REGULARLY SCHEDULED PUBLIC MEETING ON THE 12th DAY OF November, 2015.

Dennis Simons, County Judge

Wayne Hunt, Commissioner, Pct. #1

Wayne Bubela, Commissioner, Pct. #2

Johnny E. Belicek, Commissioner, Pct. #3

Dennis Karl, Commissioner, Pct. #4

FILED November 17 2015 @ 8:24am
BARBARA WILLIAMS-Clerk of County Court
Jackson County, Texas
BY

EXHIBIT A
775.74 ACRE TRACT
LEGAL DESCRIPTION

STATE OF TEXAS
COUNTY OF JACKSON

BEING a 775.74 acre tract situated in the Hugh McGuffin Survey, Abstract 43, Jackson County, Texas and being out of a 292.53 acre tract described as "Tract One" conveyed in General Warranty Deed dated July 12, 2013 from Anthony B. McDowell to Formosa Plastics Corporation, Texas and recorded in Instrument #201301969 of the Official Records of Jackson County, Texas, and being out a 295.62 acre tract described as "Tract Three" conveyed in General Warranty Deed dated July 12, 2013 from Barbara Louise May to Formosa Plastics Corporation, Texas and recorded in Instrument #201302044 of the Official Records of Jackson County, Texas, and also being out of a 1,560.40 acre tract conveyed in Deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Jackson County, Texas and this 775.74 acre tract of land being more particularly described by metes and bounds as follows:

BEGINNING at an existing 5/8 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of a 1,624.06 acre tract described in Volume 175, Page 603 of the Deed Records of said county and the northwest corner of said 282.53 acre tract for the northwest corner of the herein described tract;

THENCE East with the north line of said 292.53 acre tract and the south line of said 1,624.06 acre tract at 6,439.38 feet pass a set 5/8 inch iron rod on line and continuing for fa total distance of 6,539.38 feet to a point on the west bank of Cox's Creek for the northeast corner of the herein described tract;

THENCE with the meanders of the west bank of Cox's Creek for the following courses and distances:

South 08°22'38 East for a distance of 138.54 feet to a point;
South 68°20'09 West for a distance of 59.69 feet to a point;
South 09°43'23 East for a distance of 100.80 feet to a point;
South 80°56'41 East for a distance of 120.69 feet to a point;
South 21°09'47 East for a distance of 197.87 feet to a point;
South 59°28'27 West for a distance of 52.23 feet to a point;
South 09°32'46 East for a distance of 99.75 feet to a point;
South 50°24'20 East for a distance of 146.31 feet to a point;
South 17°39'50 East for a distance of 173.59 feet to a point;
South 67°36'37 East for a distance of 74.30 feet to a point;
South 12°04'34 East for a distance of 151.51 feet to a point;
South 61°05'41 East for a distance of 189.28 feet to a point;
South 13°47'26 West for a distance of 44.13 feet to a point;
South 33°24'10 East for a distance of 104.37 feet to a point;
South 25°36'49 East for a distance of 136.00 feet to a point;
South 66°40'25 East for a distance of 152.25 feet to a point;
North 67°34'05 East for a distance of 166.83 feet to a point;
South 53°04'21 East for a distance of 184.93 feet to a point;
South 36°14'38 West for a distance of 128.27 feet to a point;
South 21°52'10 East for a distance of 152.58 feet to a point;
North 76°53'28 West for a distance of 138.17 feet to a point;
South 16°29'17 West for a distance of 150.69 feet to a point;
South 25°11'57 East for a distance of 127.52 feet to a point;
South 69°34'15 West for a distance of 89.60 feet to a point;
South 17°19'29 East for a distance of 174.41 feet to a point;
South 52°51'18 West for a distance of 93.05 feet to a point;
South 10°48'14 East for a distance of 55.58 feet to a point;
South 35°37'11 East for a distance of 168.44 feet to a point;
South 54°17'16 West for a distance of 45.25 feet to a point;
South 11°45'18 East for a distance of 104.39 feet to a point;
South 40°01'19 East for a distance of 171.21 feet to a point;
South 49°05'49 West for a distance of 122.64 feet to a point;
South 06°44'39 East for a distance of 150.13 feet to a point;
South 19°29'09 West for a distance of 127.38 feet to a point;
South 48°26'31 West for a distance of 54.43 feet to a point;

South 10°07'03 West for a distance of 76.19 feet to a point;
South 02°19'03 West for a distance of 113.51 feet to a point;
South 24°09'51 East for a distance of 110.89 feet to a point;
South 11°44'25 East for a distance of 135.89 feet to a point;
South 45°20'51 East for a distance of 287.64 feet to a point;
South 01°58'49 West for a distance of 160.61 feet to a point;
South 28°29'35 East for a distance of 136.18 feet to a point;
South 08°40'05 East for a distance of 108.63 feet to a point;
South 14°37'07 West for a distance of 172.42 feet to a point;
South 22°18'48 East for a distance of 114.21 feet to a point;
South 14°52'21 West for a distance of 169.89 feet to a point;
South 20°49'18 East for a distance of 91.73 feet to a point;
South 47°34'24 East for a distance of 129.98 feet to a point;

THENCE South 03°27'25 East and continuing with the west bank of Cox's Creek for a distance of 17.40 feet to a point for the southeast corner of the herein described tract;

THENCE West at 345.86 feet pass a 5/8 inch iron rod on line and continuing for a total distance of 4,306.19 feet to an existing 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE North for a distance of 164.36 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE West for a distance of 2,730.00 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE South a distance of 164.36 feet to a set 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE West a distance of 697.77 feet to set 5/8 iron rod in the west line of said 1,560.40 acre tract and the east line of the remaining portion of a 909.53 acre tract described in Volume 294, Page 599 of the Deed Records of said county for the southwest corner of the herein described tract;

THENCE North 00°02'48 East with the west line of said 1,560.40 acre tract and the east line of the remaining portion of said 909.53 acre tract for a distance of 1,511.87 feet to an existing 5/8 iron rod in the south line of said 295.62 acre tract at the northwest corner of said 1,560.40 acre tract and the northeast corner of the remaining portion of said 909.53 acre tract for a southwesterly interior corner of the herein described tract;

THENCE South 89°54'37 West with the south line of said 295.62 acre tract and the north line of the remaining portion of said 909.53 acre tract for a distance of 149.47 feet to an existing 1/2 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of said 295.62 acre tract for a westerly southwesterly corner of the herein described tract;

THENCE North 00°02'06 East with the east right-of-way line of Farm-to-Market Road 1593 and the west line of said 295.62 acre tract and the west line of said 292.53 acre tract for a distance of 3,166.32 feet to the **POINT OF BEGINNING**, Containing 775.74 acres of land.

Reference is made to that plat accompanying this legal description.

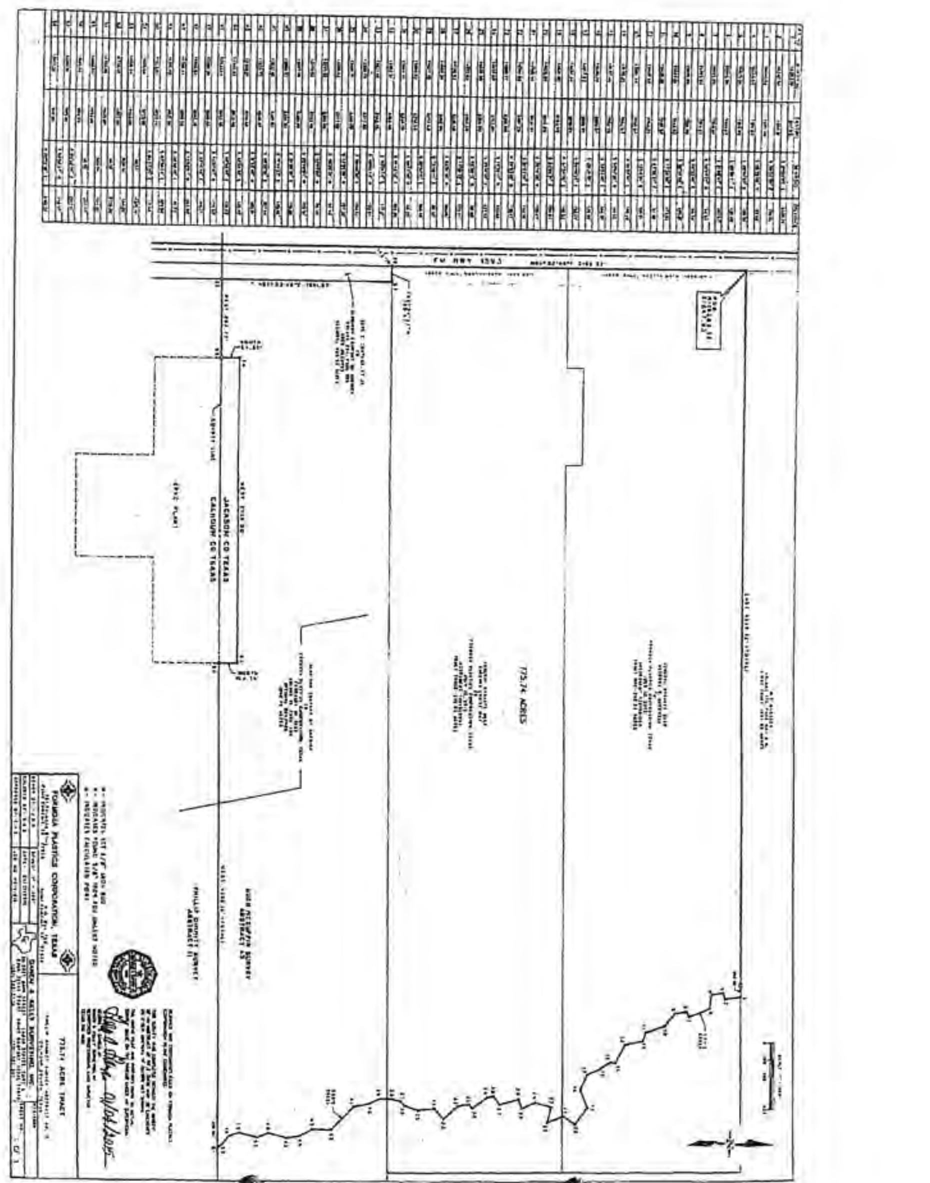
Bearings and coordinates are based on Formosa Plastics Corporation plant coordinates.

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

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

Date 01/04/2015

FC13015



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 Alexandro M Flores
Print Name (Authorized School District Representative)

Superintendent
Title

sign here [signature]
Signature (Authorized School District Representative)

4/24/17
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here Jack Wu
Print Name (Authorized Company Representative (Applicant))

Vice President
Title

sign here [signature]
Signature (Authorized Company Representative (Applicant))

4-24-2017
Date

NANCY L MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the

24 day of April, 2017

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

My Commission expires: 1/28/2018

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

PALACIOS INDEPENDENT SCHOOL DISTRICT

1209 Twelfth Street • Palacios, Texas 77465-3799
(361) 972-5491 • FAX (361) 972-3567
www.palaciosisd.org

Alexandro Flores
Superintendent of Schools

June 20, 2017

Mr. Jack Wu
Vice President
Formosa Plastics Corporation, Texas
PO Box 700
Point Comfort, TX 77978

RE: Application to the Palacios Independent School District from Formosa Plastics Corporation, Texas, et al

RE: Application Fee

Mr. Wu,

As you know, Formosa Plastics Corporation, Texas ("Formosa") withdrew its application (Application #1106) to the Palacios Independent School District for a limitation of appraised value pursuant to Texas Tax Code Chapter 313.

Formosa formally resubmitted an application to the Palacios ISD. The new application has been assigned Comptroller Application Number 1191. At the Board meeting to accept the new application, the Board's consultants notified the District that they would not charge for any of the work performed for Application 1106. The Board determined that it would apply the nonrefundable application fee submitted with Application 1106 to the new Application. The District considers the application fee submitted for Comptroller Application 1106 sufficient to cover any costs associated with the new Application submitted by Formosa Plastics Corporation, Texas. Therefore, a second application fee has not been assessed by the District.

Sincerely,

[signature]

Alexandro Flores
Superintendent, Palacios ISD

"Keeping Students First"

4/24/2017

Item #2: Section7: **Project Description request a timeline on Tab 4**
Please provide a timeline for property construction or installation

2017: Begin clearing the land for the units, install roadways and parking lots. Concrete to be poured for the new equipment foundation.

2018: Begin installation of the major equipment such as reactors, water cooling towers, product silo, raw material purification equipment, and piping.

2019: Install exterior systems, pelletizing system, vent collection system and production control system.

4/24/2017

Item #3: Tab 7: Qualified Investment

- This tab only mentions the LDPE Unit and partial of "Utility Unit as qualified investment. Is the qualified investment and qualified property the same? Is the "HDPE Unit" part of the qualified investment? Please revise tab 7 as necessary.

Attached

4/24/2017

7. Description of Qualified Investment

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June 30, 2017

Description of Qualified Property

4-24-2017

The proposed improvements for which the tax limitation is sought will include the LDPE Unit:

LDPE Unit

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The interaction of catalyst and ethylene results in the production of polyethylene polymers or "resins". Resins are moved into an extrusion system which terminates in a pelletizer. The resin pellets can then be packaged in bags for transport of placed into silos prior to loading for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

UTILITY Unit

The proposed Utility Unit will provide power generation and steam required for operation of the planned LDPE and HDPE plants as well as for others already in production. The Utilities plant consists of two natural gas-fired turbines for production of electrical power for transport to end users through the onsite electrical power grid. Heat exhaust will be captured to boil water and produce steam which can be piped throughout the facility.

The major components of this unit include:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation

4-24-2017

- Distributive Control Systems
- Two has fired generators with each including a:
  - Gas Compressor
  - Gas Combustion Chamber
  - Turbine
  - Exhaust System
  - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Cooling Water Towers
- Safety Infrastructure

HDPE Unit

The proposed HDPE Unit receives ethylene from pipelines and storage spheres which is introduced into "low pressure gas-phase "swing" reactor. In the presence of a specific catalyst ethylene can be polymerized into polyethylene resins. This unit will be capable of employing of co-monomers and different catalyst formulations. These polymers are then sent to an extrusion system which terminates in a pelletizer. Plastic pellets can then be packaged for shipment by container or stored in silos for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Raw Material Purification
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers
- Vent collections systems

4/24/2017

Item #4: Tab 8: **Revise Tab 8 as necessary**

Attached

4/24/2017

8. Description of Qualified Property

1191-palacios-formosa-amendment001
June 30, 2017

The proposed improvements for which the tax limitation is sought will include the LDPE Unit:

LDPE Unit

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The interaction of catalyst and ethylene results in the production of polyethylene polymers or "resins". Resins are moved into an extrusion system which terminates in a pelletizer. The resin pellets can then be packaged in bags for transport of placed into silos prior to loading for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

UTILITY Unit

The proposed Utility Unit will provide power generation and steam required for operation of the planned LDPE and HDPE plants as well as for others already in production. The Utilities plant consists of two natural gas-fired turbines for production of electrical power for transport to end users through the onsite electrical power grid. Heat exhaust will be captured to boil water and produce steam which can be piped throughout the facility.

The major components of this unit include:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation

4-24-2017

- Distributive Control Systems
- Two has fired generators with each including a;
  - Gas Compressor
  - Gas Combustion Chamber
  - Turbine
  - Exhaust System
  - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Cooling Water Towers
- Safety Infrastructure

HDPE Unit

The proposed HDPE Unit receives ethylene from pipelines and storage spheres which is introduced into "low pressure gas-phase "swing" reactor. In the presence of a specific catalyst ethylene can be polymerized into polyethylene resins. This unit will be capable of employing of co-monomers and different catalyst formulations. These polymers are then sent to an extrusion system which terminates in a pelletizer. Plastic pellets can then be packaged for shipment by container or stored in silos for shipment by railcar.

The major components of this unit include:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Raw Material Purification
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers
- Vent collections systems

4/24/2017

Item #6: **Please provide information regarding possible interconnections with operations at or near the site that may impact the proposed project.**

The feed stock, ethylene, for the new units, LDPE and HDPE is being provided from the Calhoun County Olefins Units by way of an independent pipeline along FM1593 (this road is in Jackson and Calhoun Counties). For economic reasons the additional outside feedstock is sent to the Olefins Units, if for some reason there is an extra demand for an increase in supply, the Units, LDPE and HDPE will have the capability to tie into the main supply pipeline. The existing pipeline is not a part of the project qualified investment or qualified property.

The electric power is mainly coming from the new Utility Unit in Jackson County BUT the powerline is going to tie into the existing Calhoun County facility. The existing unit is outside the school district boundaries and outside the County boundaries. It is not a part of the project qualified investment or qualified property.

4/24/2017

Item #7: **Please provide the proposed value for each unit. (Utility, LDPE, HDPE)**

Utility	$100 Million
LDPE	$300 Million
HDPE	$200 Million

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Item #5: **Schedules A1-D**

- The schedules submitted in the application are dated 10/19/2015. The schedules must be updated to reflect a recent request
- Section 9 (Project timeline) of application indicates first year of limitation start 2020, schedule A2-C first year of limitation starts 2019. Please revise.
- Revise schedule D as necessary

Attached

Date 4/24/17

Applicant Name Formosa Plastics Corporation, Texas

ISD Name Palacios

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

4/24/2017
Form 50-296A

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B: New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C: Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E: 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)		[illegible]				
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2017-2018	2017	100,000,000.00	Qualified Investment	Qualified Investment		100,000,000.00
Complete tax years of qualifying time period	QTP1	2018-2019	2018	350,000,000.00	Qualified Investment	Qualified Investment		350,000,000.00
	QTP2	2019-2020	2019	150,000,000.00	Qualified Investment	Qualified Investment		150,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				600,000,000.00				600,000,000.00
					Enter amounts from TOTAL row above in Schedule A2			
Total Qualified Investment (sum of green cells)				600,000,000.00				

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.

1191-palacios-formosa-amendment001
June 30, 2017

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

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

1191-palacios-formosa-amendment001
June 30, 2017

Date: 4/24/17
Applicant Name: Formosa Plastics Corporation, Texas
ISD Name: Palacios

4/24/2017
Form 50-296A
Revised May 2014

				Qualified Property			Estimated Taxable Value		
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2017-2018	2017	$ 689,720.00		$ -	na	$ 689,720.00	$ 689,720.00
	0	2018-2019	2018	$ 689,720.00	$ 14,000,000.00	$ -	na	$ 14,689,720.00	$ 14,689,720.00
	0	2019-2020	2019	$ 689,720.00	$ 600,000,000.00	$ -	na	$ 600,689,720.00	$ 600,689,720.00
Value Limitation Period	1	2020-2021	2020	$ 689,720.00	$ 570,000,000.00	$ -	na	$ 570,689,720.00	$ 30,000,000.00
	2	2021-2022	2021	$ 689,720.00	$ 541,500,000.00	$ -	na	$ 542,189,720.00	$ 30,000,000.00
	3	2022-2023	2022	$ 689,720.00	$ 514,425,000.00	$ -	na	$ 515,114,720.00	$ 30,000,000.00
	4	2023-2024	2023	$ 689,720.00	$ 488,703,750.00	$ -	na	$ 489,393,470.00	$ 30,000,000.00
	5	2024-2025	2024	$ 689,720.00	$ 464,268,562.50	$ -	na	$ 464,958,282.50	$ 30,000,000.00
	6	2025-2026	2025	$ 689,720.00	$ 441,055,134.38	$ -	na	$ 441,744,854.38	$ 30,000,000.00
	7	2026-2027	2026	$ 689,720.00	$ 419,002,377.66	$ -	na	$ 419,692,097.66	$ 30,000,000.00
	8	2027-2028	2027	$ 689,720.00	$ 398,052,258.77	$ -	na	$ 398,741,978.77	$ 30,000,000.00
	9	2028-2029	2028	$ 689,720.00	$ 378,149,645.83	$ -	na	$ 378,839,365.83	$ 30,000,000.00
	10	2029-2030	2029	$ 689,720.00	$ 359,242,163.54	$ -	na	$ 359,931,883.54	$ 359,242,163.54
Continue to maintain viable presence	11	2030-2031	2030	$ 689,720.00	$ 341,280,055.37	$ -	na	$ 341,969,775.37	$ 341,969,775.37
	12	2031-2032	2031	$ 689,720.00	$ 324,216,052.60	$ -	na	$ 324,905,772.60	$ 324,905,772.60
	13	2032-2033	2032	$ 689,720.00	$ 308,005,249.97	$ -	na	$ 308,694,969.97	$ 308,694,969.97
	14	2033-2034	2033	$ 689,720.00	$ 292,604,987.47	$ -	na	$ 293,294,707.47	$ 293,294,707.47
	15	2034-2035	2034	$ 689,720.00	$ 277,974,738.10	$ -	na	$ 278,664,458.10	$ 278,664,458.10
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	$ 689,720.00	$ 264,076,001.19	$ -	na	$ 264,765,721.19	$ 264,765,721.19
	17	2036-2037	2036	$ 689,720.00	$ 250,872,201.13	$ -	na	$ 251,561,921.13	$ 251,561,921.13
	18	2037-2038	2037	$ 689,720.00	$ 238,328,591.07	$ -	na	$ 239,018,311.07	$ 239,018,311.07
	19	2038-2039	2038	$ 689,720.00	$ 226,412,161.52	$ -	na	$ 227,101,881.52	$ 227,101,881.52
	20	2039-2040	2039	$ 689,720.00	$ 215,091,553.45	$ -	na	$ 215,781,273.45	$ 215,781,273.45
	21	2040-2041	2040	$ 689,720.00	$ 204,336,975.77	$ -	na	$ 205,026,695.77	$ 205,026,695.77
	22	2041-2042	2041	$ 689,720.00	$ 194,120,126.98	$ -	na	$ 194,809,846.98	$ 194,809,846.98
	23	2042-2043	2042	$ 689,720.00	$ 184,414,120.64	$ -	na	$ 185,103,840.64	$ 185,103,840.64
	24	2043-2044	2043	$ 689,720.00	$ 175,193,414.60	$ -	na	$ 175,883,134.60	$ 175,883,134.60
	25	2044-2045	2044	$ 689,720.00	$ 166,433,743.87	$ -	na	$ 167,123,463.87	$ 167,123,463.87

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.

1191-palacios-formosa-amendment001
June 30, 2017

Date 4/24/17
Applicant Name: Formosa Plastics Corporation, Texas
ISD Name: Palacios

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

4/24/2017
Form 50-296A
Revised May 2014

				PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.) Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will not become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	–	TOTALS FROM SCHEDULE A1		Enter amounts from TOTAL row in Schedule A1 in the row below				
Each year prior to start of value limitation period** Insert as many rows as necessary	0	2017-2018	2017	100,000,000.00				100,000,000.00
	0	2018-2019	2018	350,000,000.00				200,000,000.00
	0	2019-2020	2019	150,000,000.00				100,000,000.00
Value limitation period***	1	2020-2021	2020					100,000,000.00
	2	2021-2022	2021					
	3	2022-2023	2022					
	4	2023-2024	2023					
	5	2024-2025	2024					
	6	2025-2026	2025					
	7	2026-2027	2026					
	8	2027-2028	2027					
	9	2028-2029	2028					
	10	2029-2030	2029					
	Total investment made through limitation			$ 600,000,000.00	$ -		$ -	$ 600,000,000.00
Continue to maintain viable presence	11	2030-2031	2030					
	12	2031-2032	2031					
	13	2032-2033	2032					
	14	2033-2034	2033					
	15	2034-2035	2034					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035					
	17	2036-2037	2036					
	18	2037-2038	2037					
	19	2038-2039	2038					
	20	2039-2040	2039					
	21	2040-2041	2040					
	22	2041-2042	2041					
	23	2042-2043	2042					
	24	2043-2044	2043					
	25	2044-2045	2044					

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

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

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

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

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

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

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investments meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.105. 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 D: Other Incentives (Estimated)

Date: 4/24/17
Applicant Name: Formosa Plastics Corportation, Texas
ISD Name: Palacios

4/24/2017
Form 50-296A
Revised May 2014

State and Local Incentives for which the Applicant Intends to apply (Estimated)

Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County					
	City					
	Other					
Tax Code Chapter 312	County: Jackson	2017	7 years	1,826,104.00	100% abatement	0.00
	City					
	Other: Jackson County Hospital District	2017	7 years	962,072.00	100% abatement	0.00
	Other: Jackson Co. County Wide Drainage District	2017	7 years	358,257.00	100% abatement	0.00
	Other: Jackson Co. Emergency Service District 2	2017	7 years	206,158.00	100% abatement	0.00
Local Government Code Chapters 380/381	County					
	City					
	Other					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
			TOTAL	3,352,591.00		0

Additional information on incentives for this project:

Schedule C: Employment Information

Date: 4/24/17
Applicant Name: Formosa Plastics Corporation, Texas
ISD Name: Palacios

4/24/2017
Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2017-2018	2017	100,000/MH/Month	$ 52,693.00	0	0	$ -
	0	2018-2019	2018	840,000/MH/Month	$ 52,693.00	60	10	$ 50,000.00
	0	2019-2020	2019	100,000/MH/Month	$ 52,693.00	110	10	$ 50,000.00
Value Limitation Period *The qualifying time period could overlap the value limitation period*	1	2020-2021	2020		$ 52,693.00	110	10	$ 50,000.00
	2	2021-2022	2021		$ 52,693.00	110	10	$ 50,000.00
	3	2022-2023	2022		$ 52,693.00	110	10	$ 50,000.00
	4	2023-2024	2023		$ 52,693.00	110	10	$ 50,000.00
	5	2024-2025	2024		$ 52,693.00	110	10	$ 50,000.00
	6	2025-2026	2025		$ 52,693.00	110	10	$ 50,000.00
	7	2026-2027	2026		$ 52,693.00	110	10	$ 50,000.00
	8	2027-2028	2027		$ 52,693.00	110	10	$ 50,000.00
	9	2028-2029	2028		$ 52,693.00	110	10	$ 50,000.00
	10	2029-2030	2029					
Years Following Value Limitation Period	11 through 25	2030-2044	2030-2044		$ 52,693.00	110	10	$ 50,000.00

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
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

Form 50-296-A

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 ▶ Alexandro Flores — Print Name (Authorized School District Representative)

Superintendent — Title

sign here ▶ Signature (Authorized School District Representative)

6-30-17 — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here ▶ Jack Wu — Print Name (Authorized Company Representative (Applicant))

Vice President — Title

sign here ▶ Signature (Authorized Company Representative (Applicant))

June 30, 2017 — Date

NANCY L. MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the 18th day of January 2016

Notary Public in and for the State of Texas

My Commission expires: 1-28-2018

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

Combined Group Membership in Calhoun County

Formosa Plastics Corp., Texas
Formosa Plastics Corp., America
Nan Ya Plastics Corp., America
Formosa Utility Venture, LTD
Formosa Transrail Corp.
Formosa Hydorcarbons
Neumin Production Company
Lavaca Pipeline
Formosa Olefins, L.L.C.
Formosa Industries Corporation
Nan Ya Plastics Corp., Texas

Contact Information

Jack Wu
PO Box 700
Point Comfort, TX 77978
361/987-7700
jackwu@ftpc.fpcusa.com

TX102P01 F5.00.02

TX2016 Ver. 7.0 05-102 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number 12223554648 | Report year 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name FORMOSA PLASTICS CORPORATION, TEXAS		Check box if the mailing address has changed
Mailing address 9 PEACH TREE HILL ROAD		Secretary of State (SOS) file number or Comptroller file number
City LIVINGSTON	State NJ	ZIP code plus 4 07039	0005107506

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office POINT COMFORT, TX

Principal place of business POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1 2 2 2 3 5 5 4 6 4 8 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager

Name	Title	Director	Term expiration (m m d d y y)
SEE ATTACHMENT		☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA UTILITY VENTURE	TX	0005752510	29
FORMOSA OLEFINS, L.L.C.	TX	0802300613	46

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA PLASTICS CORPORATION, U.S.A.	DE	0801274618	100

Registered agent and registered office currently on file. (see instructions if you need to make changes) You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent: CORPORATION SERVICE COMPANY

Office: 800 BRAZOS ST STE 750 | City AUSTIN | State TX | ZIP Code 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here David Lin | Title SVP | Date 9/1/16 | Area code and phone number (973) 992-2090

Texas Comptroller Official Use Only

VE/DE ☐ PIR IND ☐

1023

FORMOSA PLASTICS CORPORATION, TEXAS
FOR THE REPORT YEAR 2016
TAXPAYER NUMBER: 12223554648

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WONG, WILLIAM	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WANG, SUSAN	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, JASON	DIRECTOR/PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, C.T.	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHEN, WALTER	DIRECTOR/EVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, DAVID	DIRECTOR/SVP/TREASURER	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, H.C	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WU, JACK	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CRABTREE, RICK	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
ALAN CHIANG	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
NIGHTINGALE, ALICE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

1191-palacios-formosa-amendment002
August 21, 2017

TX102P01 F5.00.02

TX2016 05-102
Ver. 7.0 (Rev. 9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 12230265949

Report year: 2016

You have certain rights under Chapter 552 and 559 Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381

Taxpayer name: FORMOSA PLASTICS CORPORATION, AMERICA

☐ Check box if the mailing address has changed

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON | State: NJ | ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number: 0008177006

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TX

Principal place of business: POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1223026594916

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration
SEE ATTACHMENT		☐ YES	m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	m m d d y y
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA UTILITY VENTURE	TX	0005752510	12

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA PLASTICS CORPORATION, U.S.A	DE	0801274618	100

Registered agent and registered office currently on file. (see instructions if you need to make changes)
Agent: CORPORATION SERVICE COMPANY

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Office: 800 BRAZOS STREET, | City: AUSTIN | State: TX | ZIP Code: 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here: DAVID LIN | Title: SVP | Date: 9/1/16 | Area code and phone number: (973) 992-2090

Texas Comptroller Official Use Only

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1191-palacios-formosa-amendment002
August 21, 2017

FORMOSA PLASTICS CORPORATION, AMERICA
FOR THE REPORT YEAR 2016
F.E.I.N. 1-22-3026594-9
SECRETARY OF STATE FILE NUMBER: 00081770-06-7

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WONG, WILLIAM	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WANG, SUSAN	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, JASON	DIRECTOR/PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, C.T.	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHEN, WALTER	DIRECTOR/EVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, DAVID	DIRECTOR/SVP/TREASURER	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, H.C.	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
NIGHTINGALE, ALICE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

TX102P01 F5.00.02

TX2016 05-102
Ver. 7.0 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 12230091196

Report year: 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: NAN YA PLASTICS CORPORATION, AMERICA

☐ Check box if the mailing address has changed.

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON State: NJ ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number: 0008176806

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: LAKE CITY, SC

Principal place of business: LAKE CITY, SC

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1223009119616

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
SEE STATEMENT 1		☐ YES	
Mailing address:	City:	State:	ZIP Code:
Name:	Title:	☐ YES	
Mailing address:	City:	State:	ZIP Code:
Name:	Title:	☐ YES	
Mailing address:	City:	State:	ZIP Code:

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA UTILITY VENTURE, LTD.	TX	0005752510	12
NAN YA PLASTICS CORPORATION, TEXAS	TX	0802244384	100

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
NAN YA PLASTICS CORPORATION, TAIWAN		N/A	100

Registered agent and registered office currently on file. (see instructions if you need to make changes)

Agent: CORPORATION SERVICE CO

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Office: 2019 PARK STREET, COLUMBIA City: AUSTIN State: TX ZIP Code: 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here: [signature] GEORGE CHANG | Title: CONTROLLER | Date: 9/1/2016 | Area code and phone number: (973) 992-2090

Texas Comptroller Official Use Only

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1191-palacios-formosa-amendment002
August 21, 2017

NAN YA PLASTICS CORPORATION, AMERICA
FOR THE REPORT YEAR ENDED 12/31/2016
F.E.I.#: 1-22-3009119-6

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WILLIAM WONG	CHAIRMAN	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
SUSAN WANG	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHIA-CHAU WU	PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
ALLEN F.C. LIN	SVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
M.J. TZOU	EXEC. VP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
Z.C. JEN	SVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
SHIOU-YEH SHENG	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
S.Y. HUANG	SVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
YANG-DOUN CHIEN	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
YU-SHENG CHEN	AVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
HUNG-NAN YANG	AVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHARLIE TSAI	AVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
DAVID LIN	TREASURER	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
GEORGE CHANG	CONTROLLER	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
ALICE NIGHTINGALE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

STATEMENT 1

TX102P01 F5 00.02

TX2016 05-102
Ver. 7.0 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 12230325024

Report year: 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: FORMOSA UTILITY VENTURE, LTD.

☐ Check box if the mailing address has changed

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON State: NJ ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number:

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TX

Principal place of business: POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1 2 2 3 0 3 2 5 0 2 4 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
FORMOSA PLASTIC CORPORATION, TX	GENERAL PARTNER	☐ YES	
Mailing address: 9 PEACH TREE HILL ROAD	City: LIVINGSTON	State: NJ	ZIP Code: 07039
DAVID LIN	TREASURER	☐ YES	
Mailing address: 9 PEACH TREE HILL ROAD	City: LIVINGSTON	State: NJ	ZIP Code: 07039
ALICE NIGHTINGALE	SECRETARY	☐ YES	
Mailing address: 9 PEACH TREE HILL ROAD	City: LIVINGSTON	State: NJ	ZIP Code: 07039

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
SEE STATEMENT			

Registered agent and registered office currently on file (see instructions if you need to make changes)

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent: CORPORATION SERVICE COMPANY

Office: 800 BRAZOS ST STE 750 City: AUSTIN State: TX ZIP Code: 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here: DAVID LIN Title: SVP Date: 9/1/16 Area code and phone number: (973) 992-2090

Texas Comptroller Official Use Only

VE/DE ☐ PIR IND ☐

1023

1191-palacios-formosa-amendment002
August 21, 2017

FORMOSA UTILITY VENTURE, LTD.
FOR THE REPORT YEAR 2016
TAXPAYER NUMBER 12230325024

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION C

MEMBER	STATE of FORMATION	TEXAS SOS FILE NUMBER	PERCENTAGE OF OWNERSHIP
FORMOSA PLASTICS CORPORATION, TEXAS	DE	0005107506	29
FORMOSA PLASTICS CORPORATION, NEVADA	DE	NONE	45
FORMOSA PLASTICS CORPORATION, AMERICA	DE	0008177086	12
NAN YA PLASTICS CORPORATION, AMERICA	DE	0008176806	12

TX102P01 F5.00.02

TX2016 Ver. 7.0 05-102 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 12234985609

Report year: 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: FORMOSA TRANSRAIL CORPORATION

☐ Check box if the mailing address has changed.

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON | State: NJ | ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number: 0011439506

☐ Check box if there are currently no changes from previous year. If no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TX

Principal place of business: POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1 2 2 3 4 9 8 5 6 0 9 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
SEE ATTACHMENT		☐ YES	
Mailing address:	City:	State:	ZIP Code:
Name:	Title:	☐ YES	
Mailing address:	City:	State:	ZIP Code:
Name:	Title:	☐ YES	
Mailing address:	City:	State:	ZIP Code:

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA PLASTICS CORPORATION, NEVADA	DE	0801274618	87

Registered agent and registered office currently on file. (see instructions if you need to make changes)

Agent: CORPORATION SERVICE COMPANY

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Office: 800 BRAZOS ST, STE 750 | City: AUSTIN | State: TX | ZIP Code: 78774

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here: DAVID LIN | Title: SVP | Date: 9/1/16 | Area code and phone number: (973) 992-2090

Texas Comptroller Official Use Only

VE/DE ☐ PIR IND ☐

1023

1191-palacios-formosa-amendment002
August 21, 2017

FORMOSA TRANSRAIL CORPORATION
FOR THE REPORT YEAR 2016
F.E.I.# 1-22-3498560 9

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WONG, WILLIAM	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WANG, SUSAN	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, JASON	DIRECTOR/PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, C.T.	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHEN, WALTER	DIRECTOR/EVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, DAVID	DIRECTOR/SVP/TREASURER	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
NIGHTINGALE, ALICE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

TX102P01 F5.00 02

TX2016 05-102
Ver. 7.0 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 12515859135

Report year: 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: FORMOSA HYDROCARBONS COMPANY, INC.

☐ Check box if the mailing address has changed.

Mailing address: 201 FORMOSA DRIVE

City: POINT COMFORT State: TX ZIP code plus 4: 77978

Secretary of State (SOS) file number or Comptroller file number: 0007916306

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TEXAS

Principal place of business: POINT COMFORT, TEXAS

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1 2 5 1 5 8 5 9 1 3 5 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager

Name	Title	Director	Term expiration (m m d d y y)
SEE ATTACHMENT		☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
ONG JOINT VENTURE	TX		50

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA PLASTICS CORPORATION, U.S.A	DE	0801274618	100

Registered agent and registered office currently on file. (see instructions if you need to make changes)

Agent: CORPORATION SERVICE COMPANY

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Office: 800 BRAZOS ST STE 750 City: AUSTIN State: TX ZIP Code: 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here ▶ DAVID LIN Title: SVP Date: 9/1/16 Area code and phone number: (973) 992-2090

Texas Comptroller Official Use Only

VE/DE ☐ PIR IND ☐

1023

FORMOSA HYDROCARBONS COMPANY
FOR THE REPORT YEAR 2016
F.E.I.# : 1-25-1585913

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WONG, WILLIAM	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WANG, SUSAN	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, JASON	DIRECTOR/PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, C.T	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHEN, WALTER	DIRECTOR/EVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, DAVID	DIRECTOR/SVP/TREASURER	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, H.C	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
UENG, STAN	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
NIGHTINGALE, ALICE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

1191-palacios-formosa-amendment002
August 21, 2017

TX102P01 F5.00.02

TX2016 Ver. 7.0 | 05-102 (Rev. 9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 12512555538

Report year: 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: NEUMIN PRODUCTION COMPANY

☐ Check box if the mailing address has changed.

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON | State: NJ | ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number: 0003676606

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TX

Principal place of business: POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! This report must be signed to satisfy franchise tax requirements.

1 2 5 1 2 5 5 5 5 3 8 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
SEE ATTACHMENT		☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
NEUMIN OIL AND GAS, LLC	DE	0800788411	40
DALE OKLAHOMA, LLC	DE	N/A	17

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA PLASTICS CORPORATION, U.S.A	DE	0801274618	100

Registered agent and registered office currently on file (see instructions if you need to make changes): Agent: CORPORATION SERVICE COMPANY

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Office: 800 BRAZOS ST STE 750 | City AUSTIN | State TX | ZIP Code 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	DAVID LIN (signature)	Title SVP	Date 9/1/16	Area code and phone number (973) 992-2050

Texas Comptroller Official Use Only

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August 21, 2017

NEUMIN PRODUCTION COMPANY
FOR THE REPORT YEAR 2016
F.E.I.# 1-25-1255553-8

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WONG, WILLIAM	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WANG, SUSAN	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, JASON	DIRECTOR/PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, C.T.	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHEN, WALTER	DIRECTOR/EVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, DAVID	DIRECTOR/SVP/TREASURER	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, H.C.	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
N.S. Jou	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
NIGHTINGALE, ALICE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

TX102P01 F5.00.02

TX2016 Ver. 7.0 05-102 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number 12509438714

Report year 2016

You have certain rights under Chapter 552 and 559 Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: LAVACA PIPELINE COMPANY

Check box if the mailing address has changed. ☐

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON | State: NJ | ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number: 0009512800

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TX

Principal place of business: POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! **This report must be signed to satisfy franchise tax requirements.**

1 2 5 0 9 4 3 8 7 1 4 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
SEE ATTACHMENT		☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	Term expiration (m m d d y y)
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	Term expiration (m m d d y y)
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA PLASTICS CORPORATION, U.S.A	DE	0801274618	100

Registered agent and registered office currently on file. (see instructions if you need to make changes)

Agent: CORPORATION SERVICE COMPANY

You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Office: 800 BRAZOS ST STE 750 | City AUSTIN | State TX | ZIP Code 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here: DAVID LIN | Title: SVP | Date: 9/1/16 | Area code and phone number: (973) 992-2090

Texas Comptroller Official Use Only

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August 21, 2017

LAVACA PIPE LINE COMPANY
FOR THE REPORT YEAR 2016
F.E.I.# 1-35-0943871-4

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WONG, WILLIAM	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
WANG, SUSAN	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, JASON	DIRECTOR/PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, C.T.	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHEN, WALTER	DIRECTOR/EVP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LIN, DAVID	DIRECTOR/SVP/TREASURER	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
LEE, H.C.	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
W.S. Jou	VP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
NIGHTINGALE, ALICE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

Franchise Tax

2016 Annual No Tax Due Report

Confirmation

You Have Filed Successfully

Please do NOT send a paper form

Print this page for your records

Submission ID: 33992436
Date and Time of Filing: 09/20/2016 08:31:06 AM

Taxpayer ID: 32058395933
Taxpayer Name: FORMOSA OLEFINS, L.L.C.
Taxpayer Address: PO BOX 510 POINT COMFORT, TX 77978 - 0510

Entered By: Chia-Wei Hsu
Email Address: chsu@fpcusa.com
Telephone Number: (973) 992-2090
IP Address: 96.90.147.17

Additional Reports	
Is this the reporting entity of a combined group?	No
Do any of the entities in the combined group have a temporary business loss preserved?	No
Will your total revenue be adjusted for the Tiered Partnership Election?	No

No Tax Due Report

SIC Code: NAICS Code: 325200
Accounting Year Begin Date: 09/24/2015 Accounting Year End Date: 12/31/2015

Is this a passive entity as defined in Chapter 171 of the Texas Tax Code?	No
Is this entity's annualized total revenue below the no tax due threshold?	Yes
Does the entity have zero Texas Gross Receipts?	Yes
Is this entity a Real Estate Investment Trust (REIT) that meets the qualifications specified in section 171.0002(c)(4)?	No
Total Revenue:	$0

Mailing Address

Street Address: PO BOX 510
City: POINT COMFORT
State: TX
Zip Code: 77978 - 0510
Country: USA

Public Information Report

Taxpayer

Taxpayer Name: FORMOSA OLEFINS, L.L.C.
Taxpayer Number: 32058395933
SOS File Number or Comptroller File Number: 0802300613
Mailing Address: PO BOX 510
POINT COMFORT, TX 77978-0510
Principal Office:
Principal Place Of Business: POINT COMFORT, TX
Changes from previous year?: Yes

Officers, Directors, Managers, Member or General Partner

Name: FORMOSA PLASTICS CORPORATION, TEXAS
Title: MEMBER Director? No Term Expiration Date:
Mailing Address:

9 PEACH TREE HILL ROAD
LIVINGSTON , NEW JERSEY 07039

Name: FORMOSA INDUSTRIES CORPORATION
Title: MEMBER Director? No Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD
LIVINGSTON , NEW JERSEY 07039

Name: NAN YA PLASTICS CORPORATION, TEXAS
Title: MEMBER Director? No Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD
LIVINGSTON , NEW JERSEY 07039

Owned Entity(s)

Owned Entity(s)	State of Formation	TX SOS File #	Percentage of Ownership
None entered.			

Owners

Owned Entity(s)	State of Formation	TX SOS File #	Percentage of Ownership
FORMOSA PLASTICS CORPORATION, TEXAS	DELAWARE	5107506	46.0
FORMOSA INDUSTRIES CORPORATION	DELAWARE	802303962	33.0
NAN YA PLASTICS CORPORATION, TEXAS	DELAWARE	802244384	21.0

Registered Agent and Office

Agent: CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO
Office: 211 E. 7TH STREET, SUITE 620
AUSTIN, TX 78701-0510

Declaration Statement

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the submission date, and that a copy of this information has been mailed to each person named in this section who is an officer, director or manager and who is not currently employed by this, or a related, corporation or limited liability company.

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Glenn Hegar
Texas Comptroller of Public Accounts

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Franchise Tax

2016 Annual No Tax Due Report

Confirmation

You Have Filed Successfully

Please do NOT send a paper form

Print this page for your records

Submission ID: 33987550
Date and Time of Filing: 09/19/2016 11:08:31 AM

Taxpayer ID: 32058442867
Taxpayer Name: FORMOSA INDUSTRIES CORPORATION
Taxpayer Address: 9 PEACH TREE HILL RD LIVINGSTON, NJ 07039 - 5702

Entered By: Sho Hung
Email Address: shung@fpcusa.com
Telephone Number: (973) 716-7359
IP Address: 96.90.147.17

Additional Reports

Is this the reporting entity of a combined group?	No
Do any of the entities in the combined group have a temporary business loss preserved?	No
Will your total revenue be adjusted for the Tiered Partnership Election?	No

No Tax Due Report

SIC Code: NAICS Code: 325200
Accounting Year Begin Date: 03/09/2015 Accounting Year End Date: 12/31/2015
Is this a passive entity as defined in Chapter 171 of the Texas Tax Code? No

Is this entity's annualized total revenue below the no tax due threshold?	Yes
Does the entity have zero Texas Gross Receipts?	Yes
Is this entity a Real Estate Investment Trust (REIT) that meets the qualifications specified in section 171.0002(c)(4)?	No
Total Revenue:	$0

Mailing Address

Street Address: 9 PEACH TREE HILL RD
City: LIVINGSTON
State: NJ
Zip Code: 07039 - 5702
Country: USA

Public Information Report
Taxpayer

Taxpayer Name: FORMOSA INDUSTRIES CORPORATION
Taxpayer Number: 32058442867
SOS File Number or Comptroller File Number: 0802303962
Mailing Address: 9 PEACH TREE HILL RD LIVINGSTON, NJ 07039-5702
Principal Office: POINT COMFORT, TEXAS
Principal Place Of Business: POINT COMFORT, TEXAS
Changes from previous year?: Yes

Officers, Directors, Managers, Member or General Partner

Name: C.T. LEE
Title: DIRECTOR Director? Yes Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD LIVINGSTON, NJ 07039

Name: JASON LIN
Title: DIRECTOR Director? Yes Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD LIVINGSTON, NJ 07039

Name: KING-LONG HUANG
Title: DIRECTOR Director? Yes Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD LIVINGSTON, NJ 07039

Name: JASON LIN
Title: PRESIDENT Director? Yes Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD LIVINGSTON, NJ 07039

Name: DAVID LIN
Title: TREASURER Director? No Term Expiration Date:
Mailing Address: 9 PEACH TREE HILL ROAD LIVINGSTON, NJ 07039

Name: ALICE NIGHTINGALE
Title: SECRETARY Director? No Term Expiration Date:

Mailing Address: 9 PEACH TREE HILL ROAD
LIVINGSTON, NJ 07039

Owned Entity(s)

Owned Entity(s)	State of Formation	TX SOS File #	Percentage of Ownership
FORMOSA OLEFINS, L.L.C.	TX	802300613	33.0

Owners

Owned Entity(s)	State of Formation	TX SOS File #	Percentage of Ownership
FORMOSA PLASTICS CORPORATION TAIWAN	NA	0	100.0

Registered Agent and Office

Agent: CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO
Office: 211 E. 7TH STREET, SUITE 620
AUSTIN, TX 78701-5702

Declaration Statement

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the submission date, and that a copy of this information has been mailed to each person named in this section who is an officer, director or manager and who is not currently employed by this, or a related, corporation or limited liability company.

Print

Return to Menu | File for Another Taxpayer

1191-palacios-formosa-amendment002
August 21, 2017

TX102P01 F5 00.02

TX2016 Ver. 7.0 | 05-102 (Rev.9-15/33)

Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP), Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number: 32057655006

Report year: 2016

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

Taxpayer name: NAN YA PLASTICS CORPORATION, TEXAS

☐ Check box if the mailing address has changed.

Mailing address: 9 PEACH TREE HILL ROAD

City: LIVINGSTON | State: NJ | ZIP code plus 4: 07039

Secretary of State (SOS) file number or Comptroller file number: 0802244384

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office: POINT COMFORT, TX

Principal place of business: POINT COMFORT, TX

You must report officer, director, member, general partner and manager information as of the date you complete this report.

Please sign below! This report must be signed to satisfy franchise tax requirements.

3 2 0 5 7 6 5 5 0 0 6 1 6

SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name	Title	Director	Term expiration (m m d d y y)
SEE STATEMENT 3		☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code
Name	Title	☐ YES	
Mailing address	City	State	ZIP Code

SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
FORMOSA OLEFINS, L.L.C.	TX	0802300613	21

SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
NAN YA PLASTICS CORPORATION, AMERICA	DE	0008176806	100

Registered agent and registered office currently on file. (see instructions if you need to make changes)
You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.

Agent: CORPORATION SERVICE COMPANY

Office: 2019 PARK STREET, COLUMBIA | City AUSTIN | State TX | ZIP Code 78701

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Title	Date	Area code and phone number
GEORGE CHANG (signature)	CONTROLLER	9/6/2016	(973) 992-2090

Texas Comptroller Official Use Only

VE/DE ☐ | PIR IND ☐

1023

NAN YA PLASTICS CORPORATION, TEXAS
FOR THE REPORT YEAR ENDED 12/31/2016
F.E.I.#: 3-20-5765500-6

A STATEMENT ATTACHED TO AND MADE PART OF FORM 05-102 SECTION A

NAME	TITLE	DIRECTOR	ADDRESS
WILLIAM WONG	CHAIRMAN	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
SUSAN WANG	DIRECTOR	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
CHIA-CHAU WU	PRESIDENT	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
M.J. TZOU	EXEC. VP	YES	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
Z.C. JEN	SVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
YU-SHENG CHEN	AVP	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
DAVID LIN	TREASURER	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
GEORGE CHANG	CONTROLLER	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039
ALICE NIGHTINGALE	SECRETARY	NO	9 PEACH TREE HILL ROAD, LIVINGSTON, NJ 07039

1191-palacios-formosa-amendment002
August 21, 2017

Form 50-296-A **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 ▶ Alexandro Flores — Print Name (Authorized School District Representative)

Superintendent — Title

sign here ▶ [signature] — Signature (Authorized School District Representative)

8/21/17 — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here ▶ Jack Wu — Print Name (Authorized Company Representative (Applicant))

Vice President — Title

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

August 16, 2017 — Date

NANCY L. MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the

16 day of August, 2017

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

My Commission expires: ~~1/18/2018~~ 1/28/2018

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

Formosa Plastics

Formosa Plastics Corporation, Texas
201 Formosa Drive• P.O. Box 700 Point
Comfort, TX 77978
Telephone: (361)-987-7000
Fax: (361)-987-2721

TAB 5

Section 8: Limitation as Determining Factor

5. Has the applicant received any local or state permits for activities on the proposed project site'

Yes: HDPE- NSR Air Permit LDPE- NSR Air Permit UTILITY- NSR Air Permit

The NSR permits authorize construction of these units.

Additional information about ability to relocate

It is not required that these production units be located next to any existing property. The new HDPE and LDPE units will receive power solely through the new Utility unit. Without the power generated in the new Utility unit, the new production units cannot operate. The new Utility unit's main purpose is to generate electricity for the new manufacturing units. It is not replacing any existing property. The new Utility unit is not to provide power or support to the current production or existing operational units located in Calhoun County.

The new Utility unit is completely separate and distinguishable from existing property. The new Utility unit will connect to the existing AEP substation through a new power line that runs along FM 1593. The AEP substation is located, along FM1593, within the boundaries of Calhoun County. The new power line is expressly not included in this application.

Form 50-296-A **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 ▶ Alexandro Flores — Superintendent
Print Name (Authorized School District Representative) — Title

sign here ▶
Signature (Authorized School District Representative) — Date: 8-30-17

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here ▶ Jack Wu — Vice President
Print Name (Authorized Company Representative (Applicant)) — Title

sign here ▶ Jack Wu — August 30, 2017
Signature (Authorized Company Representative (Applicant)) — Date

GIVEN under my hand and seal of office this, the 30 day of August, 2017

NANCY L MAYER
MY COMMISSION EXPIRES
January 28, 2018

(Notary Seal)

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

My Commission expires: 1/28/2018

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

Attachment B

Franchise Tax Account Status

Franchise Tax Account Status

As of : 09/29/2017 09:00:32

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

FORMOSA PLASTICS CORPORATION, TEXAS

Texas Taxpayer Number	12223554648
Mailing Address	9 PEACH TREE HILL RD LIVINGSTON, NJ 07039-5702
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	05/15/1981
Texas SOS File Number	0005107506
Registered Agent Name	CORPORATION SERVICE COMPANY D B A +
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 14, 2017

Alexandro Flores
Superintendent
Palacios Independent School District
1209 12th Street
Palacios, Texas 77465

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Palacios Independent School District and Formosa Plastics Corporation, Texas, Application 1191

Dear Superintendent Flores:

On July 12, 2017, the Comptroller issued written notice that Formosa Plastics Corporation, Texas (applicant) submitted a completed application (Application 1191) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on April 24, 2017, to the Palacios 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 C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

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

Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1191.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district'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, 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 by December 31, 2017.

Note that any building or improvement existing as of the application review start date of July 12, 2017, 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 Formosa Plastics Corporation, Texas (project) applying to Palacios 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 Formosa Plastics Corporation, Texas.

Applicant	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Palacios ISD
2015-2016 Average Daily Attendance	1,234
County	Jackson
Proposed Total Investment in District	\$600,000,000
Proposed Qualified Investment	\$600,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	110
Average weekly wage of qualifying jobs committed to by applicant	\$962
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$898
Minimum annual wage committed to by applicant for qualified jobs	\$50,000
Minimum weekly wage required for non-qualifying jobs	\$821
Minimum annual wage required for non-qualifying jobs	\$42,680
Investment per Qualifying Job	\$60,000,000
Estimated M&O levy without any limit (15 years)	\$70,146,907
Estimated M&O levy with Limitation (15 years)	\$25,621,428
Estimated gross M&O tax benefit (15 years)	\$44,525,479

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

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

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	48	63	111	$2,529,264	$4,954,136	$7,483,400
2018	474	719	1192.95	$24,318,272	$57,657,728	$81,976,000
2019	168	505	673	$7,724,064	$43,744,836	$51,468,900
2020	120	474	594	$5,194,800	$43,478,000	$48,672,800
2021	120	453	573	$5,194,800	$44,503,700	$49,698,500
2022	120	429	549	$5,194,800	$45,215,100	$50,409,900
2023	120	411	531	$5,194,800	$45,924,000	$51,118,800
2024	120	396	516	$5,194,800	$46,707,900	$51,902,700
2025	120	388	508	$5,194,800	$47,878,200	$53,073,000
2026	120	384	504	$5,194,800	$49,309,500	$54,504,300
2027	120	383	503	$5,194,800	$51,167,000	$56,361,800
2028	120	385	505	$5,194,800	$53,325,300	$58,520,100
2029	120	390	510	$5,194,800	$55,901,000	$61,095,800
2030	120	387	507	$5,194,800	$57,894,800	$63,089,600
2031	120	391	511	$5,194,800	$60,582,800	$65,777,600
2032	120	396	516	$5,194,800	$63,677,900	$68,872,700
2033	120	402	522	$5,194,800	$66,991,700	$72,186,500
2034	120	407	527	$5,194,800	$70,510,600	$75,705,400

Source: CPA REMI, Formosa Plastics Corporation, Texas

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Palacios ISD I&S Tax Levy	Palacios ISD M&O Tax Levy	Palacios ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Jackson County Wide Drainage District Tax Levy	Jackson County Emergency District #2 Tax Levy
			Tax Rate*	0.0950	1.0400		0.4768	0.2100	0.0100	0.0450
2017	$689,720	$689,720		$655	$7,173	$7,828	$3,289	$1,448	$69	$310
2018	$14,689,720	$14,689,720		$13,955	$152,773	$166,728	$70,041	$30,848	$1,469	$6,610
2019	$600,689,720	$600,689,720		$570,655	$6,247,173	$6,817,828	$2,864,089	$1,261,448	$60,069	$270,310
2020	$570,689,720	$570,689,720		$542,155	$5,935,173	$6,477,328	$2,721,049	$1,198,448	$57,069	$256,810
2021	$542,189,720	$542,189,720		$515,080	$5,638,773	$6,153,853	$2,585,161	$1,138,598	$54,219	$243,985
2022	$515,114,720	$515,114,720		$489,359	$5,357,193	$5,846,552	$2,456,067	$1,081,741	$51,511	$231,802
2023	$489,393,470	$489,393,470		$464,924	$5,089,692	$5,554,616	$2,333,428	$1,027,726	$48,939	$220,227
2024	$464,958,283	$464,958,283		$441,710	$4,835,566	$5,277,277	$2,216,921	$976,412	$46,496	$209,231
2025	$441,744,854	$441,744,854		$419,658	$4,594,146	$5,013,804	$2,106,239	$927,664	$44,174	$198,785
2026	$419,692,098	$419,692,098		$398,707	$4,364,798	$4,763,505	$2,001,092	$881,353	$41,969	$188,861
2027	$398,741,979	$398,741,979		$378,805	$4,146,917	$4,525,721	$1,901,202	$837,358	$39,874	$179,434
2028	$378,839,366	$378,839,366		$359,897	$3,939,929	$4,299,827	$1,806,306	$795,563	$37,884	$170,478
2029	$359,931,884	$359,931,884		$341,935	$3,743,292	$4,085,227	$1,716,155	$755,857	$35,993	$161,969
2030	$341,969,775	$341,969,775		$324,871	$3,556,486	$3,881,357	$1,630,512	$718,137	$34,197	$153,886
2031	$324,905,773	$324,905,773		$308,660	$3,379,020	$3,687,681	$1,549,151	$682,302	$32,491	$146,208
2032	$308,694,970	$308,694,970		$293,260	$3,210,428	$3,503,688	$1,471,858	$648,259	$30,869	$138,913
2033	$293,294,707	$293,294,707		$278,630	$3,050,265	$3,328,895	$1,398,429	$615,919	$29,329	$131,983
2034	$278,664,458	$278,664,458		$264,731	$2,898,110	$3,162,842	$1,328,672	$585,195	$27,866	$125,399
			Total	$6,407,650	$70,146,907	$76,554,558	$32,159,659	$14,164,279	$674,489	$3,035,203

Source: CPA, Formosa Plastics Corporation, Texas
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jackson County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the Jackson County, Jackson County Hospital District, Jackson County Wide Drainage District, and Jackson County Emergency District #2.

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		Palacios ISD I&S Tax Levy	Palacios ISD M&O Tax Levy	Palacios ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Jackson County Wide Drainage District Tax Levy	Jackson County Emergency District #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0950	1.0400		0.4768	0.2100	0.0100	0.0450	
2017	$689,720	$689,720		$655	$7,173	$7,828	$0	$0	$0	$0	$7,828
2018	$14,689,720	$14,689,720		$13,955	$152,773	$166,728	$0	$0	$0	$0	$166,728
2019	$600,689,720	$600,689,720		$570,655	$6,247,173	$6,817,828	$0	$0	$0	$0	$6,817,828
2020	$570,689,720	$30,000,000		$542,155	$312,000	$854,155	$0	$0	$0	$0	$854,155
2021	$542,189,720	$30,000,000		$515,080	$312,000	$827,080	$0	$0	$0	$0	$827,080
2022	$515,114,720	$30,000,000		$489,359	$312,000	$801,359	$0	$0	$0	$0	$801,359
2023	$489,393,470	$30,000,000		$464,924	$312,000	$776,924	$0	$0	$0	$0	$776,924
2024	$464,958,283	$30,000,000		$441,710	$312,000	$753,710	$2,216,921	$976,412	$46,496	$209,231	$4,202,771
2025	$441,744,854	$30,000,000		$419,658	$312,000	$731,658	$2,106,239	$927,664	$44,174	$198,785	$4,008,521
2026	$419,692,098	$30,000,000		$398,707	$312,000	$710,707	$2,001,092	$881,353	$41,969	$188,861	$3,823,983
2027	$398,741,979	$30,000,000		$378,805	$312,000	$690,805	$1,901,202	$837,358	$39,874	$179,434	$3,648,673
2028	$378,839,366	$30,000,000		$359,897	$312,000	$671,897	$1,806,306	$795,563	$37,884	$170,478	$3,482,128
2029	$359,931,884	$30,000,000		$341,935	$312,000	$653,935	$1,716,155	$755,857	$35,993	$161,969	$3,323,910
2030	$341,969,775	$341,969,775		$324,871	$3,556,486	$3,881,357	$1,630,512	$718,137	$34,197	$153,886	$6,418,089
2031	$324,905,773	$324,905,773		$308,660	$3,379,020	$3,687,681	$1,549,151	$682,302	$32,491	$146,208	$6,097,832
2032	$308,694,970	$308,694,970		$293,260	$3,210,428	$3,503,688	$1,471,858	$648,259	$30,869	$138,913	$5,793,587
2033	$293,294,707	$293,294,707		$278,630	$3,050,265	$3,328,895	$1,398,429	$615,919	$29,329	$131,983	$5,504,555
2034	$278,664,458	$278,664,458		$264,731	$2,898,110	$3,162,842	$1,328,672	$585,195	$27,866	$125,399	$5,229,975
			Total	$6,407,650	$25,621,428	$32,029,078	$19,126,537	$8,424,020	$401,144	$1,805,147	$61,785,926
			Diff	$0	$44,525,479	$44,525,479	$13,033,122	$5,740,259	$273,346	$1,230,056	$64,802,262
Assumes School Value Limitation and Tax Abatements with the County.											

Source: CPA, Formosa Plastics Corporation, Texas

*Tax Rate per $100 Valuation

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

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

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	$7,173	$7,173	$0	$0
	2018	$152,773	$159,946	$0	$0
	2019	$6,247,173	$6,407,119	$0	$0
Limitation Period (10 Years)	2020	$312,000	$6,719,119	$5,623,173	$5,623,173
	2021	$312,000	$7,031,119	$5,326,773	$10,949,946
	2022	$312,000	$7,343,119	$5,045,193	$15,995,139
	2023	$312,000	$7,655,119	$4,777,692	$20,772,831
	2024	$312,000	$7,967,119	$4,523,566	$25,296,397
	2025	$312,000	$8,279,119	$4,282,146	$29,578,544
	2026	$312,000	$8,591,119	$4,052,798	$33,631,342
	2027	$312,000	$8,903,119	$3,834,917	$37,466,258
	2028	$312,000	$9,215,119	$3,627,929	$41,094,188
	2029	$312,000	$9,527,119	$3,431,292	$44,525,479
Maintain Viable Presence (5 Years)	2030	$3,556,486	$13,083,605	$0	$44,525,479
	2031	$3,379,020	$16,462,625	$0	$44,525,479
	2032	$3,210,428	$19,673,053	$0	$44,525,479
	2033	$3,050,265	$22,723,318	$0	$44,525,479
	2034	$2,898,110	$25,621,428	$0	$44,525,479
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$2,753,564	$28,374,991	$0	$44,525,479
	2036	$2,616,244	$30,991,235	$0	$44,525,479
	2037	$2,485,790	$33,477,026	$0	$44,525,479
	2038	$2,361,860	$35,838,885	$0	$44,525,479
	2039	$2,244,125	$38,083,011	$0	$44,525,479
	2040	$2,132,278	$40,215,288	$0	$44,525,479
	2041	$2,026,022	$42,241,311	$0	$44,525,479
	2042	$1,925,080	$44,166,391	$0	$44,525,479
	2043	$1,829,185	$45,995,575	$0	$44,525,479
	2044	$1,738,084	$47,733,659	$0	$44,525,479

$47,733,659	is greater than	$44,525,479

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

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

Source: CPA, Formosa Plastics Corporation, Texas

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- This project was originally submitted to the Comptroller on October 21, 2015 and assigned application number 1106.
- June 9, 2016, the Comptroller's office issued a certificate letter for application number 1106.
- May 22, 2017, the Comptroller's office received a withdrawal letter request from Formosa Plastics Corporation, Texas to Palacios Independent School District stating, "the District and Formosa were unable to execute an agreement for limitation on appraised value prior to the December 31, 2016."
- May 4, 2017, Palacios Independent School District submitted to the Comptroller's office a new application for the property described in application number 1106, seeking an appraised value limitation for an HDPE (High Density Polyethylene) plant, and an onsite utilities plant on behalf of Formosa Plastics Corporation, Texas (assigned application number 1191).
- Per Formosa Plastics Corporation, Tab 5 of their Application for a Limitation on Appraised Value:
  A. "The applicant has received permits for activities on the proposed project site: HDPE-NSR Air permit, LDPE-NSR Air permit, and Utility-NSR Air permit. The NSR permits authorize construction of these units."
  B. "The applicant announced that Governor Bobby Jindal and Formosa Petrochemical Corp. Chairman Bao-Lang Chen announced the company is studying the feasibility of estimated

$9.4 billion industrial complex of St James Parish, where they would build two project phases producing ethylene and a host of downstream, chemical products."

C. "To secure the project, the State of Louisiana offered a competitive incentive package that would include a $12 million performance-based grant to offset infrastructure cots, with the grant to be paid in four equal annual installments beginning in 2018, the first year of hiring for the project. Formosa also would receive the services of the nation's No. 1 state workforce development program LED FastStart, and the company would expect to utilize Louisiana's Quality Jobs and Industrial Tax Exemption program."

D. "The applicant also provided supporting documentation of property tax comparison between Texas and Louisiana. In the scenarios provided, property taxes would be less in the Louisiana than Texas."

E. "It is not required that these production units be located next to any existing property. The new HDPE and LDPE units will receive power solely through the new Utility unit. Without the power generated in the new Utility unit, the new production units cannot operate. The new Utility unit's main purpose is to generate electricity for the new manufacturing units. It is not replacing any existing property. The new Utility unit is not to provide power or support to the current production or existing operational units located in Calhoun County."

F. "The new Utility unit is completely separate and distinguishable from existing property. The new Utility unit will connect to the existing AEP substation through a new power line that runs along FM 1593. The AEP substation is located, along FM1593, within the boundaries of Calhoun County. The new power line is expressly not included in this application."

- According to *FuelFix* news release online dated September 02, 2014, "Regulators OK Formosa chemical expansion in Point Comfort."
- According to the *Victoria Advocate* news release date October 10, 2015, "Formosa talk about plant expansion."
- According to the *Victoria Advocate* news release dated November 12, 2015, "If built, the plant would be on 800 acres near Farm-to-Market Road 1593 at the Jackson County line with Calhoun County. It will feature: High density polyethylene unit, low density polyethylene resin unit, and power generation unit."
- According to the *Victoria Advocate*, news release dated November 18, 2015, related to a Jackson County tax abatement for the project, "Instead of taxes, Formosa agreed to pay $2.3 million over six years. In return, the county expects the new plant to supply at least 140 people with jobs by 2019, according to the revised agreement."
- On the (Point Comfort, Texas) Formosa Plastics website : "We've begun our next major production capacity expansion, which will add a third olefins unit, a propane dehydrogenation (PDH) unit, a LDPE resin plant, another HDPE resin plant and an additional polypropylene (PP) line."
- According to a February 22, 2017, article in the *Greater Baton Rouge Business Report* titled, "Formosa reportedly moving forward with $9.4B plan for new plants in Louisiana,": "Formosa Petrochemical Corp. Executive Vice President Lin Keh-Yen says the company is waiting for Louisiana to authorize construction of the facilities. Formosa is also planning another $5 billion investment to expand production line in Texas, another company executive says."

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 *(complete Section 13)*
☐ Expansion of existing operation on the land *(complete Section 13)*
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Formosa Plastics

Formosa Plastics Corporation, Texas
201 Formosa Drive• P.O. Box 700 Point Comfort, TX 77978
Telephone (361)-987-7000
Fax (361)-987-2721

TAB 5

Section 8: Limitation as Determining Factor

5. Has the applicant received any local or state permits for activities on the proposed project site'

Yes: HDPE- NSR Air Permit LDPE- NSR Air Permit UTILITY- NSR Air Permit

The NSR permits authorize construction of these units.

Additional information about ability to relocate

It is not required that these production units be located next to any existing property. The new HDPE and LDPE units will receive power solely through the new Utility unit. Without the power generated in the new Utility unit, the new production units cannot operate. The new Utility unit's main purpose is to generate electricity for the new manufacturing units. It is not replacing any existing property. The new Utility unit is not to provide power or support to the current production or existing operational units located in Calhoun County.

The new Utility unit is completely separate and distinguishable from existing property. The new Utility unit will connect to the existing AEP substation through a new power line that runs along FM 1593. The AEP substation is located, along FM1593, within the boundaries of Calhoun County. The new power line is expressly not included in this application.

Section 8: Limitation as Determining Factor

5. Has the applicant received any local or state permits for activities on the proposed project site'

Yes:	HDPE-	NSR Air Permit
	LDPE-	NSR Air Permit
	UTILITY-	NSR Air Permit

The NSR permits authorize construction of these units.

State of Louisiana

FOR IMMEDIATE

RELEASE

Office of the Governor

September 3,

2015

GOVERNOR BOBBY JINDAL

Press Office: Doug

Cain

Contact: 225-342-8006, (c) 225-921

4502

GOVERNOR JINDAL AND FORMOSA PETROCHEMICAL CORP. CHAIRMAN BAO-LANG CHEN ANNOUNCE FEASIBILITY STUDY FOR $9.4 BILLION COMPLEX IN LOUISIANA

In St. James Parish, ethane crackers and downstream plants in two phases would create up to 1,200 new direct jobs and result in thousands of new indirect jobs

ST. JAMES PARISH – Today, Governor Bobby Jindal and Formosa Petrochemical Corp. Chairman Bao-Lang Chen announced the company is studying the feasibility of an estimated $9.4 billion industrial complex in St. James Parish, where the company would build two project phases producing ethylene and a host of downstream chemical products. A final investment decision expected by mid-2016 will determine the final capital investment figure for the project, in which Formosa would create 1,200 new direct jobs with an average annual salary of $84,500, plus benefits. Louisiana Economic Development estimates the project also would result in 8,000 new indirect jobs, for a total of 9,200 new jobs in Louisiana.

Upon completion of both phases of the project, which would be built on the west bank of the Mississippi River near the Gramercy bridge, Taiwan-based Formosa would have developed one of the largest, single-site ethylene production complexes in the world. In January 2014, Governor Jindal visited Taiwan to meet with company officials and lay the foundation for the current project.

Governor Jindal said, "Formosa's desire to develop a new world-scale chemical complex in Louisiana excites us on a number of levels. This tremendous capital investment signals that the many reforms we have installed to improve Louisiana's business climate are succeeding – from our tax structure to workforce development programs to school choice and governmental ethics. This project also is a testament to Louisiana's ability to deliver world-class infrastructure and logistics solutions that attract the world's most important and innovative companies. Most important for our state, this major petrochemical investment will provide high-paying jobs for Louisiana families for generations to come. We look forward to Formosa's final decision to embark on this game-changing project."

Formosa Petrochemical Corp., a member of the Formosa Group, would develop the project with an ethane cracker and downstream plants in an initial phase, followed by a doubling of those capacities in the second phase. The facility would convert ethane to ethylene and then produce polyethylene, with customized outputs of low- and high-density polyethylene, ethylene glycol, polypropylene and other derivatives. Formosa Group has operated in Louisiana since 1981, with three plastics manufacturing locations in East Baton Rouge and Pointe Coupee parishes.

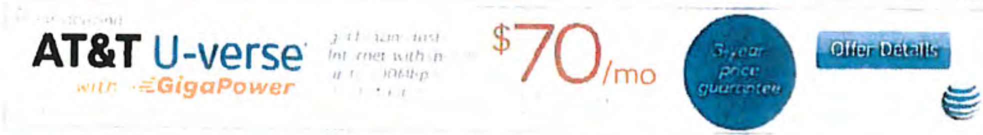
"Formosa Petrochemical Corp. has been dedicated to the petrochemical industry for decades," said company Chairman Bao-Lang Chen. "We believe strategic growth in petrochemicals in the future will be in the U.S., especially in Louisiana. It is the right and perfect location for our company's next development base. With our experience, we will not only focus on the industry itself to improve economics, but also take serious consideration of environmental issues."

To secure the project, the State of Louisiana offered a competitive incentive package that would include a $12 million performance-based grant to offset infrastructure costs, with the grant to be paid in four equal annual installments beginning in 2018, the first year of hiring for the project. Formosa also would receive the services of the nation's No. 1 state workforce development program, LED FastStart®, and the company would expect to utilize Louisiana's Quality Jobs and Industrial Tax Exemption programs.

Should the company make a final investment decision to proceed with the project, Formosa would move forward with construction and development of the initial phase beginning in 2016, with plant hiring starting in 2018. The second-phase ethane cracker and downstream chemical plants would begin construction in 2022, following completion of the first phase.

"Louisiana's industrial renaissance has brought us this potential major investment by Formosa Petrochemical Corporation," said St. James Parish President Timmy Roussel. "This large industrial complex will add value and become part of our economic family in St. James Parish. I, as parish president, want to see them become successful in St. James while helping improve life situations for more of our residents through well-paying jobs."

"This announcement marks the first step in creating a world-class facility right here in Southeast Louisiana," said President and CEO Michael Hecht of Greater New Orleans Inc. "The Formosa Petrochemical Corporation is part of a family of companies based in Taiwan, with operations around the globe, and is another example of the world discovering greater New Orleans."



HOME

Jindal holds meetings in Taiwan

MICHELLE MILLHOLLON
mmillhollon@theadvocate.com
Feb 20, 2014

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

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

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

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

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

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

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

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

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

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

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Jindal signs governor's warrant to extradite Bourbon St. shooting suspect Le

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East Baton Rouge Parish Homicide Map
A map listing homicides or suspected homicides in EBR Parish

Gas Prices in BR
Current gas prices in BR area

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Formosa Plastics plans to build ethylene plant in Louisiana

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

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

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

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

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WEBCASTS

Jack Wu/FTADSF

From:	Patrick Tarlton <PatrickTarlton@txchemcouncil.org>
Sent:	Monday, September 29, 2014 3:31 PM
To:	Patrick Tarlton
Subject:	Texas Chapter 313 Agreements and Analysis
Attachments:	Texas Chapter 313 Analysis.docx; ATT00001.htm

Tax Committee:

The Texas Chemical Council testified last week at the House Select Committee on Economic Development Incentives public hearing in Houston. We were specifically asked to testify on the importance of Chapter 313 Agreements and the competition for industry investment between Texas and Louisiana. TCC President, Hector Rivero, provided testimony - including the attached analysis of incentives for a theoretical investment comparing Texas and Louisiana. The handout illustrates how the state incentives compare for a $1 billion investment project.

Testimony concluded the following questions and comments from members present:

Jim Murphy: Chairman Murphy acknowledged the work of the industry to reform Chapter 313 agreements and thanked the chemical industry for its many contributions to Texas. As inquiry, he asked Hector to expand on the Louisiana 10 year abatement - specifically tax rate and dollars being delayed over the ten year abatement. According to our research, Louisiana's tax incentives account for about 2.1% of the total investment.

Drew Springer: Rep. Springer mentioned previous discussions on job waivers. He acknowledged that our projects meet the need for job creation in the state, as well as meeting the criteria outlined by the Economic Development Act.

If you have any questions, please feel free to contact me. Always happy to help.

Patrick

Patrick R. Tarlton
Director of Government Affairs
Texas Chemical Council
Office: 512.646.6407
Cell: 512.217.0456
Tarlton@texaschemistry.org

Texas Chapter 313 Analysis
Theoretical Texas Investment Opportunity

Texas Capital Investment Project with $1 Billion Investment
Without Ch. 313 Agreement

School Tax*	$	120,000,000
City Tax**	$	10,000,000
County Tax**	$	10,000,000
Total	**$**	**140,000,000**

Texas – Louisiana Economic Incentive Comparison
10 Year Tax Profile

	Texas		Louisiana
	With Chapt. 313***		With 10 yr. Abatement
School Tax*	$	21,000,000	0
City Tax**	$	10,000,000	0
County/Parish Tax**	$	10,000,000	0
Total	**$**	**41,000,000**	**$0**

* Assumes 1.10% M&O rate, and 0.10% I&S rate.

** Assumes 75% abatement by Texas locals, and 0.4% tax rate for each of city and county.

*** Assumes a $100 million school M&O tax limitation.

Texas Chapter 313 Analysis
Theoretical Texas Investment Opportunity

Texas Capital Investment Project with $1 Billion Investment
Without Ch. 313 Agreement

School Tax*	$	120,000,000
City Tax**	$	10,000,000
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** Assumes 75% abatement by Texas locals, and 0.4% tax rate for each of city and county.

*** Assumes a $100 million school M&O tax limitation.

From: Jerry Lai/TXTF
Sent: Tuesday, January 14, 2014 5:29 PM
To: Jack Wu/FTADSF
Subject: FW: Texas and Louisiana Property Tax Comparison

fyi

Jerry lai
Formosa Plastics Corporation, TX
Tel: 361-987-7720

From: George Johnson [mailto:geojohnson@prodigy.net]
Sent: Tuesday, January 14, 2014 5:15 PM
To: David Lin / FPC Chief Financial Officer
Cc: Jerry Lai/TXTF
Subject: Texas and Louisiana Property Tax Comparison

David,

In order to demonstrate the property tax differences between Texas and Louisiana please see the attached Analysis for a capitol investment scenario of $100,000,000 for M&E and $10,000,000 monthly inventory balance. The Texas calculations used the latest exemptions percentages obtained for our SPVC and CFB plants as the basis for determining the total property tax impact for the first 7 years, 10 years of the exemptions and the 11th year where no exemptions would be in effect. For Louisiana, I used the 5 year exemption and the 5 year extension that Louisiana allows.

At the bottom highlighted in gray you will see the estimated property taxes for both Texas and Louisiana. In every case the property taxes would be less in Louisiana as indicated by the Difference totals for 7 yrs., 10 yrs and the 11th year where all exemptions have expired.

Should you need clarification on any part feel free to call me at 281-257-2168.

Best regards,

George

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Remarks
1	Appraisal Date	January 1st every year	Same	
2	Taxable item	Real Property, Personal Property and Inventory	Same	
3	Appraisal Method			
	a. Real Property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value	Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	LA can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	b. Personal Property, mostly Administration and Office related, LA Specify Computer and Electronic property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value	Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	LA can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	c. Inventory - Product or Material	Render the actual cost or Market Value and refer to profitable situation	Render the actual cost with annual 12 month average * 15% = Taxable Value	
4	Tax Rate	2013 County Tax 0.49% School Tax 1.1151% Navigation Tax 0.0031% Total 1.6082% *City Tax 0.5299% if within City	2013 Rate 9.25%	
5	Tax Paid - Taxable Value * Rate	2013 Paid $21M (0.347% against Acquired Value)	2013 Paid $1.9M (0.298% against Acquired Value)	
6	Exemption	Pollution Control Property by application	First 5 year by application, and can apply extension 5 more years, on 100% of new construction.	
7	Other Legislation	Abatement to County and Navigation Tax at 0.4931% by application, normally due in 7 years. The first 2 years 100% exempt, and the rest years 85% exempt.		

Example

Impts Investment	Inventory Monthly Avg.
100,000,000	10,000,000

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Remarks
		HB1200 Tax Credit bill helped the new construction in first 2 years to pay School Tax based on 100% Actual Expenditure, and starting 3rd year, first $30M be 100% taxable, and the amount access $30M will pay only 50%. The Exemption need to apply and get local government approval. Currently CFB and SPVC approved to be effective 2008 and end 2017.		

Example

Impts Investment Inventory Monthly Avg.

Formosa Property Tax Comparison
Texas Vs Louisiana

State	Description	Investment Amount	Taxing Entity	2014	2015	2016-2020	2021-2023	2024
Texas	Plant Impts	100,000,000	Calhoun County	50,000,000	100,000,000	100,000,000	100,000,000	100,000,000
			Cost Index	1.00	1.027	1.045	1.4058	1.434
			Depreciation	0.98	0.97	0.90	0.71	0.69
			Exemption	100%	100%	85%	0	0%
			Service factor	0.5	0.5	0.45	0.45	0.45
			Assessment Ratio	100%	100%	100%	100%	100%
			Tax Rate	0.004931	0.004931	0.004931	0.004931	0.004931
			Estimated Taxes	0	0	$ 166,954	$ 864,336	$ 219,556
Texas	Inventory	10,000,000	County and ISD	0	0	10,000,000	10,000,000	10,000,000
			Cost Index	1.00	1.00	1.00	1.00	1.00
			Assessment Ratio	100%	100%	100%	100%	100%
			Tax Rate	0.004931	0.004931	0.016082	0.016082	0.016082
			Estimated Taxes	0	0	804,100	482,460	160,820

Total County w/ Exemption for 7 yrs $ 971,054
County Total for 10 yrs $ 2,117,651
Total for Year 2024 after exemptions $ 380,376

State	Description	Investment Amount	Taxing Entity	2014	2015	2016-2020	2021-2023	2024
Texas	Plant Impts	100,000,000	Calhoun ISD Value Limitation	50,000,000	100,000,000	30,000,000	30,000,000	100,000,000
			Cost Index	1.00	1.027	1.045	1.4056	1.434
			Depreciation	0.98	0.97	0.90	0.71	0.69
			Exemption	0	0	0	0	0
			Service factor	0.5	0.5	0.45	0.45	0.45
			Assessment Ratio	100%	100%	100%	100%	100%
			Tax Rate	0.01151	0.01151	0.01151	0.01151	0.01151
			Estimated Taxes	$ 281,985	$ 573,307	$ 779,411	$ 486,212	$ 512,491
			Calhoun ISD Value Contribution					
			Cost Index			70,000,000	70,000,000	70,000,000
			Depreciation			1.045	1.4050	1.434
			Exemption			0.96	0.71	0.69
			Service factor			0.50	0.50	0
			Assessment Ratio			0.46	0.45	0.45
			Tax Rate			100%	100%	100%
			Estimated Taxes			0.01161	0.01151	0.01151
						$ 809,313	$ 542,747	$ 358,744

State	Description	Investment Amount	10 Year Exemption	2014 - 2023	2024
Louisiana	Plant Impts	100 000 000	E. Baton Rouge	100,000,000	100,000,000
			Cost Index	1.00	1.397
			Depreciation	1.00	0.37
			Exemption	100%	0
			Service factor	1.00	1.00
			Assessment Ratio	15%	15%
			Tax Rate	0.0925	0.0925
			Estimated Taxes	$ -	$ 717,185
Louisiana	Inventory	10,000,000	E. Baton Rouge	10,000,000	10,000,000
			Cost Index	1.00	1.00
			Assessment Ratio	15%	15%
			Tax Rate	0.0925	0.0925
			Estimated Taxes	1,387,500	138,750

Total Parish Exemption w/Exemption for 10 yrs 1,387,500

Total for Year 2024 after exemptions $ 855,935

2

Summary of Taxes calculated for a $100,000,000 capital investment and a $10,000,000 average monthly inventory.

			7 Yrs	10 Yrs	11th Yr
Texas	Plant and Inventory	Grand Total County and ISD w/ Exemption for 7 yrs	$ [illegible]		
Texas	Plant and Inventory	Grand Total County and ISD w/ Exemption for 10 yrs		$ [illegible]	
Texas	Plant and Inventory	Grand Total County and ISD for Year 2024 after Exemptions			$ [illegible]
		Difference Texas and Louisiana	$ [illegible]	$ [illegible]	$ [illegible]

		7 Yrs	10 Yrs	11th Yr
Louisiana		[illegible]	1,387,500	855,935

Major Differences: 1. Louisiana offers a 5 year with an additional 5 year option 100% exemption for capitol expenditures, whereas Texas has 7 year variable exemption % for Calhoun county and a value limitation exemption for Calhoun ISD.
2. Louisiana uses a 15 year life depreciation whereas Texas uses a range of 25-36 year life.
Louisiana has an overall lower effective tax rate of 013878 (15% x .0925) vs. Texas .016082 (.016082 x 1.00).
3. Each state uses a general cost approach. However Louisiana uses a state tax commission determined value manual for determining assessments and Texas employs valuation firms to use their own valuation models.

Overall Louisiana property taxes are significantly lower due to more favorable exemption benefits received for new capitol investments and from assessment methods utilized after the exemptions expired.
Please see the calculated estimated property taxes for the hypothetical scenario above.

Formosa Plastics

Memorandum

Business Development/Communications

Date: 06/04/10
To: David Lin
From: Jack Wu
Subject: Property Tax

Property Tax – Tx vs. La

1) Tax = Taxable value x Tax Rate

2) Taxable Value

TX	LA
Fair Market Value 100% With Exemption i.e.. Ag Land Pollution Control Equipment	Fair Market Value *Percentage i.e.: Land 10% Machine, Real Improvement 15%

3) Tax Rate is Based on the Location
i.e.: Within City Limit additional tax entity such as Hospital, College, Fire

TX		LA
Point Comfort Complex		Baton Rouge
1. County	0.4900%	
School	1.1201%	9.35%
Navigation Dst.	0.0039%	
Total	1.6140%	
2. County	0.4900%	
School	1.1201%	
Navigation Dst.	0.0039%	
City/Pt Comfort	0.7200%	
Total	2.3340%	

In Texas 1) The School Tax Reform bill passed in 2006 reduced the tax rate by 30%.
2) Statewide, the Robin Hood Tax is still in effect It penalizes the Taxable Value Rich School District.

Formosa Plastics

Memorandum

Business Development/Communications

4) Property Value Exemption

TX	LA
1. Pollution Control 2. Agriculture Use Land 3. Tax Abatement 7 yr. is commonly used Typical, but not 100% each year i.e: 100% First 2 yr. and reduce 10-15% each year after that	5 yr. Exemption on all assets Capitalized, then deduct this Exemption from Fair Market Value. Then apply 15% rule to get the Taxable value. Can extend another 5 Yrs.

*HB 1200. Value Limitation Bill also can reduce the School Tax on New Project.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Formosa Plastics Plans $1.7B Expansion at Point Comfort Site

March 1, 2012

A $1.7-billion expansion of Formosa Plastics' Point Comfort, Texas, site could create an estimated 1,800 construction jobs, according to the company. The Chinese petrochemical company announced the project this week, noting that the expansion would enable it to "take advantage of the increasingly reliable and low-cost domestic natural gas."

The investment consists of a new 800,000 MT/Y olefins cracker, an associated 600,000 MT/Y propane dehydrogenation (PDH) unit and a new 300,000 MT/Y low density polyethylene (LDPE) resin plant. It will create an estimated 1800 construction jobs and, once completed, an additional 225 long-term operating and maintenance jobs, according to the company.

"We anticipate construction completion and start-up in 2016," said Randy Smith, site vice president/general manager. "This is a tremendous vote of confidence in the U.S. economy, the State of Texas and the Gulf Coast region's workforce."

The project marks the third major expansion of the Point Comfort site. The 1,600 acre petrochemical complex has thirteen production units and a variety of support facilities. The first plane went online in 1983. An additional investment of $1.5 billion was made in 1994, followed by a $900-million expansion in 1998.

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Jackson County close to agreement with Formosa Plastics

By Sky Chadde

Nov. 12, 2015 at 10:51 p.m.

Updated Nov. 13, 2015 at 6 a.m.

If built

- The plant would be on 800 acres near Farm-to-Market Road 1593 at the Jackson County line with Calhoun County.

It will feature:

- High density polyethyene project
- Low density polyethyene resin unit
- Power generation unit

EDNA - Jackson County commissioners were set to approve a plant expansion deal with Formosa Plastics Thursday - until residents voiced their disapproval with the swift decision.

At a special meeting, several residents said that, although they supported adding county jobs, they wanted an opportunity to review the tax abatement agreement before commissioners signed it.

"I'm not opposed to the abatement, but I don't know what it says in the abatement," said businessman

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David Rose, echoing others in the small room. "Give us time to digest this thing."

For about the past four months, Jackson County and Formosa Plastics officials have negotiated a deal to let the plastics manufacturing company expand its Calhoun County operations, Jackson County Judge Dennis Simons said.

An abatement, or a tax break, had been a sticking point on the deal, he said.

But the agreement commissioners allowed residents to see - normally, such deals aren't public record until signed - gives Formosa a six-year abatement.

Between 2016 and 2021, instead of taxes, Formosa would pay the county $2.3 million, according to the abatement agreement.

The yearly amount would gradually increase. In 2016, Formosa would donate $50,000, the next year $100,000 and the year after $200,000. The company would pay $650,000 each of the last three years.

After the six years, Formosa would pay county taxes on the plant.

A few residents who could make the 1:30 p.m. meeting voiced support for the deal, but the majority favored caution. And commissioners took note.

"The people who want to seek more information outweighs the people who said I'm in favor," Precinct 3 Commissioner Johnny Belicek said during the meeting. "I don't want anyone to think I'm hiding anything about this."

The three other commissioners, Dennis Karl, Wayne Bubela and Wayne Hunt, then said they wanted to give the public a chance to review the agreement and offer comments. Commissioners even agreed to waive the copying fees for the residents present.

Commissioners didn't set a date for another public hearing Thursday. But they did approve setting aside about 800 acres of land near Formosa's Calhoun County plant for the proposed expansion.

Jack Wu, Formosa's vice president for business development, also attended the special meeting.

Addressing the gathering, he said he thought the deal was sound, though he wanted it signed sooner rather than later.

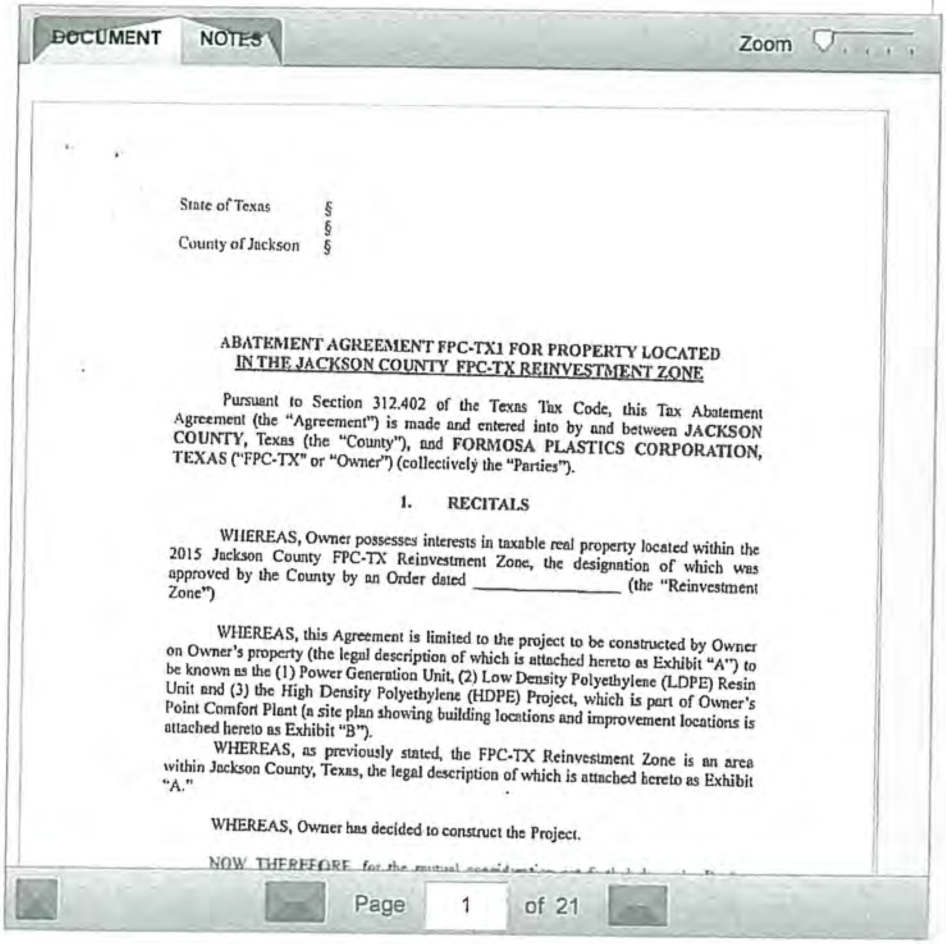
"For me," Wu said, "it's just better to get it over with."

After residents voiced their concerns and commissioners agreed to allow the deal to become public, Belicek addressed Wu.

"I hope you didn't get the misunderstanding that the court doesn't want Formosa or that the public doesn't want Formosa," he said, adding he thought making the agreement public was a good gesture. "Let the public trust you, along with trusting the court."

Simons agreed.

"We're not trying to hide anything," he said. "I think we've come up with a good agreement."



State of Texas §
§
County of Jackson §

ABATEMENT AGREEMENT FPC-TX1 FOR PROPERTY LOCATED IN THE JACKSON COUNTY FPC-TX REINVESTMENT ZONE

Pursuant to Section 312.402 of the Texas Tax Code, this Tax Abatement Agreement (the "Agreement") is made and entered into by and between **JACKSON COUNTY**, Texas (the "County"), and **FORMOSA PLASTICS CORPORATION, TEXAS** ("FPC-TX" or "Owner") (collectively the "Parties").

1. RECITALS

WHEREAS, Owner possesses interests in taxable real property located within the 2015 Jackson County FPC-TX Reinvestment Zone, the designation of which was approved by the County by an Order dated ______________ (the "Reinvestment Zone")

WHEREAS, this Agreement is limited to the project to be constructed by Owner on Owner's property (the legal description of which is attached hereto as Exhibit "A") to be known as the (1) Power Generation Unit, (2) Low Density Polyethylene (LDPE) Resin Unit and (3) the High Density Polyethylene (HDPE) Project, which is part of Owner's Point Comfort Plant (a site plan showing building locations and improvement locations is attached hereto as Exhibit "B").

WHEREAS, as previously stated, the FPC-TX Reinvestment Zone is an area within Jackson County, Texas, the legal description of which is attached hereto as Exhibit "A."

WHEREAS, Owner has decided to construct the Project.

NOW THEREFORE, for the mutual

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Jackson County, Formosa ink tax abatement deal

By Sky Chadde
Nov. 18, 2015 at 11:03 p.m.
Updated Nov. 19, 2015 at 6 a.m.

Six-year tax abatement

Instead of taxes, Formosa Plastics will donate the following amount to Jackson County each year.

TAX YEAR	PAYMENT
2016	$50,000
2017	$100,000
2018	$200,000
2019	$650,000
2020	$650,000
2021	$650,000

EDNA - Jackson County commissioners unanimously approved a slightly revised tax abatement agreement with Formosa

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Plastics on Wednesday.

The company plans to expand its Calhoun County plant into neighboring Jackson County.

Instead of taxes, Formosa agreed to pay $2.3 million over six years.

In return, the county expects the new plant to supply at least 140 people with jobs by 2019, according to the revised agreement.

Jackson County Judge Dennis Simons reiterated that he thought the deal was solid. Formosa and the county need to be good partners, he said.

"Our success is going to depend on their success with this project," Simons said.

Jack Wu, Formosa's vice president of business development, said the agreement showed the county was committed to the company's expansion. Both sides benefited, he said.

"It's a win-win," Wu said.

Last week, several residents spurred commissioners to publicly release the agreement before it was signed. Commissioners then rescheduled the meeting to approve it.

On Wednesday, commissioners and Wu met in executive session for about 40 minutes.

When they returned, Simons announced they had agreed on primarily technical changes. The abatement's length, dollar amount and number of expected jobs remained.

The meeting had no public comment portion.

For the revised agreement, the sides came to an agreement to change the year Formosa was expected to have the full complement of jobs from 2017 to 2019.

The a href="https://www.documentcloud.org/documents/2512838-jackson-county-formosa-abatement-agreement-2015.html" target="_blank">original, unsigned agreement

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contract for Texas olefins nsion

By OGJ editors

Formosa Plastics Corp. (FPC) has let a contract to Germany's ThyssenKrupp Industrial Solutions AG to provide process technology for a propane dehydrogenation plant (PDH) to be built as part of the third major expansion of its petrochemical complex in Point Comfort, Tex. (OGJ Online, June 3, 2013).

ThyssenKrupp will deliver its proprietary Steam Active Reforming (STAR) process technology for dehydrogenation of light hydrocarbons for the plant, the service provider said.

The contract includes licensing, basic engineering, detail engineering for the key equipment, delivery of STAR catalyst, and technical support during the entire project execution, according to ThyssenKrupp.

The PDH plant in Point Comfort will have a propylene production capacity of 545,000 tonnes/year (tpy), ThyssenKrupp said.

Neither a value of the contract nor a timeframe for the PDH project was disclosed.

The US Environmental Protection Agency recently issued three final greenhouse gas prevention of significant deterioration construction permits for the Point Comfort complex expansion, which FPC first announced in February 2012 (OGJ Online, Aug. 6, 2014).

According to EPA documents, the $2 billion planned expansion will include:

• A low-density polyethylene plant with a production capacity of 625,500 tpy.

• An olefins production unit at the complex as well as a PDH unit consisting of 14 cracking furnaces, four PDH reactors, four steam boilers, and other associated equipment.

• Two GE 7EA, 80-Mw natural gas-fired, combined-cycle turbines to the plant's existing six GE 7EA combined-cycle gas turbines.

The Olefins 3 and associated PDH units will increase the plant's production capacity of high-purity ethylene by about 1.75 million short tons/year (about 1.59 million tpy), according to the final EPA permit.

FPC previously said the Point Comfort expansion was designed to take advantage of increasingly reliable and low-cost North American natural gas feedstock supplies, as well increase the security, flexibility, and breadth of material supplies and products at the complex.

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Regulators OK Formosa chemical expansion in Point Comfort

Posted by Rhiannon Meyers Date: September 02, 2014

Federal and state regulators have cleared the way for Formosa Plastics Corp. to begin construction on a $2 billion expansion of its petrochemical complex in Point Comfort.

The approvals come two years after the privately owned affiliate of the Taiwan-based industrial company announced plans to build new units and expand its capacity on 372 acres within its existing 1,600-acre site 120 miles southwest of Houston near Port Lavaca. It's the fourth expansion since the Point Comfort plant went online in 1983.

The Environmental Protection Agency issued final greenhouse gas permits and the Texas Commission on Environmental Quality greenlighted the environmental permits for the major Formosa Plastics projects, including a propane dehydrogenation unit, which converts propane into propylene, company spokesman Steve Rice said.

The project is part of a surge of new construction, primarily on the Texas Gulf Coast, aimed at filling a growing global demand for more propylene, a key chemical building block essential for making films, packaging and synthetic fibers.

Propylene was long manufactured in the United States as a byproduct of the petrochemical and refining process, but an industry shift to lighter and cheaper feedstock reduced the propylene production, at times creating shortages.

Related: Growing global propylene demand leads to new projects

Only one propane dehydrogenation unit exists in the United States — a Flint Hills Resources plant on the Houston Ship Channel — but plans have been announced for six more to be built by 2018. Formosa's unit will have the capacity to produce 725,000 tons per year of propylene, according to the EPA.

Formosa's expansion also includes the construction of an ethane cracker, a low-density polyethylene plant and two more natural gas-fired turbines in addition the company's six existing turbines.

The expansion is expected to generate 1,800 construction jobs and 225 permanent operations jobs, according to the company.

Formosa Plastics needed approval from the EPA because the projects were expected to emit more than 75,000 tons per year in greenhouse gas.

Formosa reportedly moving forward with $9.4B plan for new plants in Louisiana

DAILY REPORT STAFF
FEBRUARY 22, 2017

Taiwan-based Formosa Plastics Group is seeking permits for $9.4 billion worth of new petrochemical facilities in St. James Parish, Bloomberg reports.

Formosa Petrochemical Corp. Executive Vice President Lin Keh-Yen says the company is waiting for Louisiana to authorize construction of the facilities. Formosa is also planning another $5 billion investment to expand production lines in Texas, another company executive says.

Louisiana officials announced in September 2015 that Formosa was studying the feasibility of building a $9.4 billion industrial complex in St. James Parish to produce ethylene and other chemical products. At that time, officials said a final investment decision was expected in mid-2016, and Louisiana Economic Development estimated the project would create 1,200 new direct jobs in southwest Louisiana. The state also said at that time that it was offering Formosa an incentive package that includes a $12 million performance-based grant to offset infrastructure costs.

In early 2016, *Business Facilities* magazine named the deal one of the nation's top three of 2015.

"Seeking a permit solidifies that Formosa wants to do the project," says Tony Potter, a vice president at IHS in Singapore. "Ethane prices will remain relatively low. Because of the lower cost, you have a situation where the U.S. ethane based production will be able to deliver polymer products into places like China cheaper than they can be made from naphtha in China and the surrounding countries like Taiwan, Japan, Korea, Thailand, Singapore."

Bloomberg reports the company is joining other Asian companies in boosting investments in the U.S. amid President

Attachment D

Summary of Financial Impact

Chapter 313 Property Value Limitation Financial Impact of the Proposed Formosa Plastics Corporation, Texas Project in the Palacios Independent School District (Project # 1191)

Prepared by

MOAK, CASEY & ASSOCIATES

TEXAS SCHOOL FINANCE EXPERTS

October 4, 2017

Executive Summary

Formosa Plastics Corporation, Texas (Company) has requested that the Palacios Independent School District (PISD) 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 PISD on March 20, 2017, the Company plans to invest $600.7 million to construct a chemical manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, PISD may offer a minimum value limitation of $30 million. This value limitation, under the proposed application, will begin in the 2020-21 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

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

Total Revenue Loss Payment owed to PISD	$3.3 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	$41.2 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for the Formosa project was issued on July 12, 2017.

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. The Certificate for this project was issued on September 14, 2017.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo will contact the school district to discuss the value limitation agreement and finalize negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, Demerath & Castillo will provide the district with the necessary agenda language and any additional action items. 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 Formosa application.

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 two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (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.)

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, 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. **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

The agreement between the school district and the applicant 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. The Basic Allotment remained at $5,140 and the Tier II Austin yield per WADA increased to $99.41 for 2017-18 and $106.28 for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report.

ADA:	1,351
Local Tax Base:	$1.27 billion
M&O Tax Rate:	$1.04 per $100
I&S Tax Rate:	$0.0950 per $100
Wealth per WADA:	$633,654

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

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

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2017-18	1,351.00	2,011.42	$1.0400	$0.0950	$1,273,769,548	$1,273,769,548	$1,278,060,935	$1,278,060,935	$635,403	$635,403
QTP1	2018-19	1,351.00	2,011.42	$1.0400	$0.0950	$1,288,459,268	$1,288,459,268	$1,278,060,935	$1,278,060,935	$635,403	$635,403
QTP2	2019-20	1,351.00	2,011.42	$1.0400	$0.0950	$1,874,459,268	$1,874,459,268	$1,292,750,655	$1,292,750,655	$642,706	$642,706
VL1	2020-21	1,351.00	2,011.42	$1.0400	$0.0950	$1,844,459,268	$1,303,769,548	$1,878,750,655	$1,878,750,655	$934,043	$934,043
VL2	2021-22	1,351.00	2,011.42	$1.0400	$0.0950	$1,815,959,268	$1,303,769,548	$1,848,750,655	$1,308,060,935	$919,128	$650,318
VL3	2022-23	1,351.00	2,011.42	$1.0400	$0.0950	$1,788,884,268	$1,303,769,548	$1,820,250,655	$1,308,060,935	$904,959	$650,318
VL4	2023-24	1,351.00	2,011.42	$1.0400	$0.0950	$1,763,163,018	$1,303,769,548	$1,793,175,655	$1,308,060,935	$891,499	$650,318
VL5	2024-25	1,351.00	2,011.42	$1.0400	$0.0950	$1,738,727,831	$1,303,769,548	$1,767,454,405	$1,308,060,935	$878,711	$650,318
VL6	2025-26	1,351.00	2,011.42	$1.0400	$0.0950	$1,715,514,402	$1,303,769,548	$1,743,019,218	$1,308,060,935	$866,563	$650,318
VL7	2026-27	1,351.00	2,011.42	$1.0400	$0.0950	$1,693,461,646	$1,303,769,548	$1,719,805,789	$1,308,060,935	$855,022	$650,318
VL8	2027-28	1,351.00	2,011.42	$1.0400	$0.0950	$1,672,511,527	$1,303,769,548	$1,697,753,033	$1,308,060,935	$844,058	$650,318
VL9	2028-29	1,351.00	2,011.42	$1.0400	$0.0950	$1,652,608,914	$1,303,769,548	$1,676,802,914	$1,308,060,935	$833,643	$650,318
VL10	2029-30	1,351.00	2,011.42	$1.0400	$0.0950	$1,633,701,432	$1,303,769,548	$1,656,900,301	$1,308,060,935	$823,748	$650,318
VP1	2030-31	1,351.00	2,011.42	$1.0400	$0.0950	$1,615,739,323	$1,615,739,323	$1,637,992,819	$1,308,060,935	$814,348	$650,318
VP2	2031-32	1,351.00	2,011.42	$1.0400	$0.0950	$1,598,675,321	$1,598,675,321	$1,620,030,710	$1,620,030,710	$805,418	$805,418
VP3	2032-33	1,351.00	2,011.42	$1.0400	$0.0950	$1,582,464,518	$1,582,464,518	$1,602,966,708	$1,602,966,708	$796,934	$796,934
VP4	2033-34	1,351.00	2,011.42	$1.0400	$0.0950	$1,567,064,255	$1,567,064,255	$1,586,755,905	$1,586,755,905	$788,875	$788,875
VP5	2034-35	1,351.00	2,011.42	$1.0400	$0.0950	$1,552,434,006	$1,552,434,006	$1,571,355,642	$1,571,355,642	$781,218	$781,218

***Basic Allotment: $5,140; AISD Yield: $106.28; Equalized Wealth: $514,000 per WADA**

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

M&O Impact of the Formosa project on PISD

A model is established to make a calculation of the "Baseline Revenue Model" (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the "Value Limitation Revenue Model" (Table 3) by adding the project's limited value of $30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of $3.3 million over the course of the Agreement, with current estimates indicating this loss reflected in the first limitation year (2020-21). Nearly all 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	$12,239,397	$352,843	$0	-$2,102,690	$749,351	$422,792	$0	$0	$45,292	$11,706,984
QTP1	2018-19	$12,380,477	$590,297	$0	-$2,126,927	$757,988	$509,786	$0	$0	$45,292	$12,156,912
QTP2	2019-20	$18,008,421	$352,843	$0	-$3,255,026	$1,102,556	$720,771	$0	$0	$45,292	$16,974,857
VL1	2020-21	$17,826,276	$590,297	$0	-$7,731,392	$1,091,405	$150,469	$0	$0	$45,292	$11,972,347
VL2	2021-22	$17,546,976	$352,843	$0	-$7,447,698	$1,074,305	$167,899	$0	$0	$45,292	$11,739,616
VL3	2022-23	$17,281,641	$590,297	$0	-$7,178,054	$1,058,060	$184,457	$0	$0	$45,292	$11,981,693
VL4	2023-24	$17,029,573	$352,843	$0	-$6,921,763	$1,042,627	$200,188	$0	$0	$45,292	$11,748,759
VL5	2024-25	$16,790,108	$590,297	$0	-$6,678,167	$1,027,966	$215,503	$0	$0	$45,292	$11,990,999
VL6	2025-26	$16,562,616	$352,843	$0	-$6,446,636	$1,014,038	$229,724	$0	$0	$45,292	$11,757,876
VL7	2026-27	$16,346,499	$590,297	$0	-$6,226,574	$1,000,806	$243,234	$0	$0	$45,292	$11,999,553
VL8	2027-28	$16,141,188	$352,843	$0	-$6,017,415	$988,236	$256,069	$0	$0	$45,292	$11,766,212
VL9	2028-29	$15,946,142	$590,297	$0	-$5,818,619	$976,294	$268,262	$0	$0	$45,292	$12,007,667
VL10	2029-30	$15,760,849	$352,843	$0	-$5,629,674	$964,950	$279,845	$0	$0	$45,292	$11,774,104
VP1	2030-31	$15,523,674	$590,297	$0	-$5,427,921	$950,429	$289,850	$0	$0	$45,292	$11,971,620
VP2	2031-32	$15,359,792	$352,843	$0	-$5,258,868	$940,395	$300,268	$0	$0	$45,292	$11,739,722
VP3	2032-33	$15,204,103	$590,297	$0	-$5,098,158	$930,863	$310,699	$0	$0	$45,292	$11,983,096
VP4	2033-34	$15,056,199	$352,843	$0	-$4,945,383	$921,808	$320,118	$0	$0	$45,292	$11,750,877
VP5	2034-35	$14,915,690	$590,297	$0	-$4,800,152	$913,206	$329,065	$0	$0	$45,292	$11,993,397

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	$12,239,397	$352,843	$0	-$2,102,690	$749,351	$422,792	$0	$0	$45,292	$11,706,984
QTP1	2018-19	$12,380,477	$590,297	$0	-$2,126,927	$757,988	$509,786	$0	$0	$45,292	$12,156,912
QTP2	2019-20	$18,008,421	$352,843	$0	-$3,255,026	$1,102,556	$720,771	$0	$0	$45,292	$16,974,857
VL1	2020-21	$12,527,517	$590,297	$0	-$5,373,491	$766,991	$105,665	$0	$0	$45,292	$8,662,270
VL2	2021-22	$12,527,517	$352,843	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$11,800,292
VL3	2022-23	$12,527,517	$590,297	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$12,037,746
VL4	2023-24	$12,527,517	$352,843	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$11,800,292
VL5	2024-25	$12,527,517	$590,297	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$12,037,746
VL6	2025-26	$12,527,517	$352,843	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$11,800,292
VL7	2026-27	$12,527,517	$590,297	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$12,037,746
VL8	2027-28	$12,527,517	$352,843	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$11,800,292
VL9	2028-29	$12,527,517	$590,297	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$12,037,746
VL10	2029-30	$12,527,517	$352,843	$0	-$2,378,538	$766,991	$486,188	$0	$0	$45,292	$11,800,292
VP1	2030-31	$15,523,674	$590,297	$0	-$2,947,404	$950,429	$603,173	$0	$0	$45,292	$14,765,460
VP2	2031-32	$15,359,792	$352,843	$0	-$5,258,868	$940,395	$300,268	$0	$0	$45,292	$11,739,722
VP3	2032-33	$15,204,103	$590,297	$0	-$5,098,158	$930,863	$310,699	$0	$0	$45,292	$11,983,096
VP4	2033-34	$15,056,199	$352,843	$0	-$4,945,383	$921,808	$320,118	$0	$0	$45,292	$11,750,877
VP5	2034-35	$14,915,690	$590,297	$0	-$4,800,152	$913,206	$329,065	$0	$0	$45,292	$11,993,397

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
QTP2	2019-20	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VL1	2020-21	-$5,298,759	$0	$0	$2,357,900	-$324,414	-$44,804	$0	$0	$0	-$3,310,077
VL2	2021-22	-$5,019,459	$0	$0	$5,069,159	-$307,314	$318,289	$0	$0	$0	$60,675
VL3	2022-23	-$4,754,124	$0	$0	$4,799,515	-$291,069	$301,731	$0	$0	$0	$56,053
VL4	2023-24	-$4,502,056	$0	$0	$4,543,225	-$275,636	$286,000	$0	$0	$0	$51,533
VL5	2024-25	-$4,262,591	$0	$0	$4,299,628	-$260,975	$270,685	$0	$0	$0	$46,747
VL6	2025-26	-$4,035,099	$0	$0	$4,068,097	-$247,047	$256,464	$0	$0	$0	$42,415
VL7	2026-27	-$3,818,982	$0	$0	$3,848,036	-$233,815	$242,954	$0	$0	$0	$38,193
VL8	2027-28	-$3,613,671	$0	$0	$3,638,877	-$221,245	$230,119	$0	$0	$0	$34,080
VL9	2028-29	-$3,418,625	$0	$0	$3,440,081	-$209,303	$217,926	$0	$0	$0	$30,079
VL10	2029-30	-$3,233,332	$0	$0	$3,251,136	-$197,959	$206,343	$0	$0	$0	$26,188
VP1	2030-31	$0	$0	$0	$2,480,517	$0	$313,323	$0	$0	$0	$2,793,840
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

Under the assumptions used here, the potential tax savings from the value limitation total $44.5 million over the life of the agreement. The PISD revenue losses are expected to total approximately $3.3 million over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total $41.2 million, prior to any negotiations with Formosa on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with PISD currently levying a $0.0950 per $100 I&S rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the Formosa project to the local I&S tax roll. 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.

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

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QtP0	2017-18	$689,720	$689,720	$0	$1.040	$7,173	$7,173	$0	$0	$0
QTP1	2018-19	$14,689,720	$14,689,720	$0	$1.040	$152,773	$152,773	$0	$0	$0
QTP2	2019-20	$600,689,720	$600,689,720	$0	$1.040	$6,247,173	$6,247,173	$0	$0	$0
VL1	2020-21	$570,689,720	$30,000,000	$540,689,720	$1.040	$5,935,173	$312,000	$5,623,173	-$3,310,077	$2,313,096
VL2	2021-22	$542,189,720	$30,000,000	$512,189,720	$1.040	$5,638,773	$312,000	$5,326,773	$0	$5,326,773
VL3	2022-23	$515,114,720	$30,000,000	$485,114,720	$1.040	$5,357,193	$312,000	$5,045,193	$0	$5,045,193
VL4	2023-24	$489,393,470	$30,000,000	$459,393,470	$1.040	$5,089,692	$312,000	$4,777,692	$0	$4,777,692
VL5	2024-25	$464,958,283	$30,000,000	$434,958,283	$1.040	$4,835,566	$312,000	$4,523,566	$0	$4,523,566
VL6	2025-26	$441,744,854	$30,000,000	$411,744,854	$1.040	$4,594,146	$312,000	$4,282,146	$0	$4,282,146
VL7	2026-27	$419,692,098	$30,000,000	$389,692,098	$1.040	$4,364,798	$312,000	$4,052,798	$0	$4,052,798
VL8	2027-28	$398,741,979	$30,000,000	$368,741,979	$1.040	$4,146,917	$312,000	$3,834,917	$0	$3,834,917
VL9	2028-29	$378,839,366	$30,000,000	$348,839,366	$1.040	$3,939,929	$312,000	$3,627,929	$0	$3,627,929
VL10	2029-30	$359,931,884	$30,000,000	$329,931,884	$1.040	$3,743,292	$312,000	$3,431,292	$0	$3,431,292
VP1	2030-31	$341,969,775	$341,969,775	$0	$1.040	$3,556,486	$3,556,486	$0	$0	$0
VP2	2031-32	$324,905,773	$324,905,773	$0	$1.040	$3,379,020	$3,379,020	$0	$0	$0
VP3	2032-33	$308,694,970	$308,694,970	$0	$1.040	$3,210,428	$3,210,428	$0	$0	$0
VP4	2033-34	$293,294,707	$293,294,707	$0	$1.040	$3,050,265	$3,050,265	$0	$0	$0
VP5	2034-35	$278,664,458	$278,664,458	$0	$1.040	$2,898,110	$2,898,110	$0	$0	$0
						$70,146,907	$25,621,428	$44,525,479	-$3,310,077	$41,215,403

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

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

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

Attachment E

Taxable Value of Property

158-905/Palacios ISD – 2015 Value Study

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	240,955,507	1.0095	238,695,557	240,955,507
B. Multi-Family Residences	3,020,293	N/A	3,020,293	3,020,293
C1. Vacant Lots	46,674,392	.9791	47,668,826	46,674,392
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	21,751,482	1.0596	20,528,078	21,751,482
D2. Real Prop Farm & Ranch	3,773,725	N/A	3,773,725	3,773,725
E. Real Prop NonQual Acres	52,834,832	.9752	54,176,061	52,834,832
F1. Commercial Real	35,453,450	N/A	35,453,450	35,453,450
F2. Industrial Real	803,322,060	N/A	803,322,060	803,322,060
G. Oil, Gas, Minerals	12,520,630	N/A	12,520,630	12,520,630
J. Utilities	56,299,039	1.0087	55,815,041	56,299,039
L1. Commercial Personal	16,039,927	N/A	16,039,927	16,039,927
L2. Industrial Personal	63,986,570	N/A	63,986,570	63,986,570
M. Other Personal	3,178,940	N/A	3,178,940	3,178,940
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	5,979,660	N/A	5,979,660	5,979,660
S. Special Inventory	524,800	N/A	524,800	524,800
Subtotal	1,366,315,307		1,364,683,618	1,366,315,307
Less Total Deductions	76,370,453		75,844,967	76,370,453
Total Taxable Value	1,289,944,854		1,288,838,651	1,289,944,854 T2

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

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by and between

PALACIOS INDEPENDENT SCHOOL DISTRICT

and

FORMOSA PLASTICS CORPORATION, TEXAS

(Texas Taxpayer ID # 12223554648)

Comptroller Application # 1191

Dated

October 9, 2017

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

STATE OF TEXAS §

COUNTY OF JACKSON §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **PALACIOS INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **FORMOSA PLASTICS CORPORATION, TEXAS,** Texas Taxpayer Identification Number *12223554648* hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on April 24, 2017, the Superintendent of Schools of the Palacios Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on April 24, 2017, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

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

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and July 12, 2017, is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, Applicant filed and the Superintendent submitted additional Application materials to the Comptroller's office on or about August 21, 2017;

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

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on September 14, 2017, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on October 9, 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 October 9, 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 October 5, 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 October 9, 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 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, as amended.

"*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 **FORMOSA PLASTICS CORPORATION, TEXAS,** *(Texas Taxpayer ID # 12223554648)* 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 April 24, 2017 together with the Supplemental materials submitted by Applicant through the District to the Comptroller's Office on or about August 21, 2017. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

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

"*Appraisal District*" means the Jackson County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Palacios Independent School District.

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

"*District*" or "*School District*" means the Palacios Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

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

"*Force Majeure*" means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

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

"*Maintain Viable Presence*" means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

"*Market Value*" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"*New Qualifying Jobs*" means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller's Rules.

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

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

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

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

"*State*" means the State of Texas.

"*Supplemental Payment*" means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

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

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

"*Tax Year*" shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

"*Taxable Value*" shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

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 Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance in the amount of 1351 for the 16-17 school year as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, times by $100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2017, the start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

"*Applicable School Finance Law*" means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any 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 forty percent (40%) of the "Net Tax Benefit," as such term is defined in this Section 1.2, for such Tax Year.

"*Cumulative Payments*" means for any Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by or owed by the Applicant for all previous Tax Years during the term of this Agreement.

"*Cumulative Unadjusted Tax Benefit*" means for any Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

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

"*M&O Amount*" has the meaning given such term in Section 4.2.

"*New M&O Revenue*" has the meaning given such term in Section 4.2. A. ii.

"*Net Tax Benefit*" means, 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,~~ 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, V and VI under this Agreement for such Tax Year and all previous Tax Years during the term of this Agreement.

"*Original M&O Revenue*" has the meaning given such term in Section 4.2. A. i.

"*Supplemental Payments*" has the meaning given such term in Section 6.1(a).

"*Unadjusted Tax Benefit*" means, for any Tax Year during the term of this Agreement, the total of all gross tax savings calculated for such Tax Year by multiplying (i) an amount equal to (a) the Taxable Value of the Applicant's Qualified Property used for the District's debt service (interest and sinking fund) property tax purposes for such Tax Year, minus (b) the Tax Limitation Amount (defined in Section 2.4, below, as Thirty Million Dollars ($30,000,000.00), by (ii) the District's maintenance and operations tax rate for such Tax Year.

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 July 12, 2017, 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 October 9, 2017.

C. The Qualifying Time Period for this Agreement:

i. Starts on October 9, 2017, the Application Approval Date;

ii. Ends on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2020, the first complete Tax Year that begins after the end of the Qualifying Time Period; 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 5 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 Section 2.3.E, unless extended by the express terms of this Agreement.

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

A. the Market Value of the Applicant's Qualified Property; or

B. Thirty Million Dollars ($30,000,000), based on Section 313.054 of the TEXAS TAX CODE.

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

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

A. have completed the Applicant's Qualified Investment in the amount of $30,000,000 during the Qualifying Time Period;

B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. pay an average weekly wage of at least $821.00 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 property used for manufacturing.

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 Sections 7.1 and 4.10), 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 in each year of this Agreement for which this Agreement was, in any manner, a producing cause, or which resulted, at least in part, because of, or on account of, the execution of this Agreement~~.~~, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, such other payments as set forth in Articles V and VI of this Agreement. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the risk of any negative financial consequence to the District's Maintenance and Operations Revenue, to which the execution of this Agreement contributed in any manner, will be borne solely by the Applicant and not by the District.

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 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 the 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 REVENUES BY THE DISTRICT. Subject to the provisions of Sections 4.10, 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 (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 for such Tax Year~~,~~ had this

Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's ad valorem maintenance and operations tax at the District-adopted rate for the applicable Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.3) 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 or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year.

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

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

ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2, results in a negative number, the negative number will be considered to be zero.

iv. All calculations made for any year during the Tax Limitation Period under Subsection *ii* of Section 4.2.A 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. **CALCULATIONS TO BE MADE BY THIRD PARTY.** All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly 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 9.3A.

Section 4.4. **DATA USED FOR CALCULATIONS.** The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to 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 and appointed under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. **DELIVERY OF CALCULATIONS.** On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and/or Article 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, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, 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 calculations until the Final Termination Date. The Applicant shall not be liable for any of the 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 4.6, if such fee is timely paid.

Section 4.6. **PAYMENT BY APPLICANT.** The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section

4.5, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. Notwithstanding 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 4.6 and Section 4.5 which exceeds Fifteen Thousand Dollars ($15,000.00).

Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected and appointed under Section 4.3 makes its calculations under this Agreement the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Investment and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Investment, respectively, by the Appraisal District. If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations 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 in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Sections 7.1 and 4.10, 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, 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 District, up to but not to exceed the amount of the limits set forth in this Agreement (including Sections 7.1 and 4.10), 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 District.

Section 4.9 RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations prepared and/or delivered pursuant to Section 4.5, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 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 Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the 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. CUMULATIVE PAYMENT LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from 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 (i.e. the Tax Year 2017), and ending with the Tax Year 2029, which is the last Tax Year of the Tax Limitation Period exceed an amount equal to One Hundred Percent (100%) of the Applicant's Cumulative Unadjusted Tax Benefit for such Tax Year. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.10, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.10. Any of the Cumulative Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period (i.e. the Tax Year 2029) because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project described in the Application that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to such project. The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

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

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this

Article VI (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V and this Article VI are subject to the limitations contained in Sections 7.1 and 4.10, and that all payments under this Article VI are subject to the separate limitations contained in Sections 6.2 and 6.3.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed either (i) the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement, (ii) or the amount described in Section 6.3.

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 for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars ($100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars ($50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period;

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement; 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 Average Daily Attendance for the previous school year.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT SCHEDULE. Beginning with the first year of the Qualified Time Period [as defined by Tex. Tax Code § 313.021(4)] (Tax Year 2017) and ending the third tax year after the Limitation expires (Tax Year 2032), the District shall receive Supplemental Payments in accordance with the following schedule:

Supplemental Payment Number	Tax Year	School Year	Payment Due Date	Payment Amount
1.	2017	2017-2018	January 31, 2018	$135,084.50
2.	2018	2018-2019	January 31, 2019	$135,084.50
3.	2019	2019-2020	January 31, 2020	$135,084.50
4.	2020	2020-2021	January 31, 2021	$135,084.50
5.	2021	2021-2022	January 31, 2022	$135,084.50
6.	2022	2022-2023	January 31, 2023	$135,084.50
7.	2023	2023-2024	January 31, 2024	$135,084.50
8.	2024	2024-2025	January 31, 2025	$135,084.50
9.	2025	2025-2026	January 31, 2026	$135,084.50
10.	2026	2026-2027	January 31, 2027	$135,084.50
11.	2027	2027-2028	January 31, 2028	$135,084.50
12.	2028	2028-2029	January 31, 2029	$135,084.50
13.	2029	2029-2030	January 31, 2030	$135,084.50
14.	2030	2030-2031	January 31, 2031	$135,084.50
15.	2031	2031-2032	January 31, 2032	$135,084.50
16.	2032	2032-2033	January 31, 2033	$135,084.50

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and

the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.4.

(a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.

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

Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning with the Tax Year 2017, 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 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 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 6.2 and 6.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article 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.

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

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

(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 pursuant to Section 4.3.

(b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.

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

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

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

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; and
iv. whether or not any such breach has been cured.

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

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

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have 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 Jackson 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 Jackson 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 payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

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

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the 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 $30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

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

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

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

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

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

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Alexandro Flores
Superintendent
Palacios Independent School District
1209 12th Street
Palacios, Texas 77465-3799
Phone: (361) 972-5491
Facsimile: (361) 972-3567
Email: aflores@Palaciosisd.org

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.

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

Jack Wu
Vice President
Formosa Plastics Corporation, Texas
201 Formosa Drive
P.O. Box 700
Point Comfort, Texas 77978
Phone: (361) 987-7700
Facsimile: (361) 987-2729
Email: jackwu@ftpc.fpcusa.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as 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; and

c. 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; and

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement.

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.

Section10.3. 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 Jackson County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

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

i. The Act;

ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and

iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

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

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

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

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

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

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

Section 10.14. CONFLICTS OF INTEREST.

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

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

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

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

A. all payments, including liquidated damage and tax payments, have been made;

B. all reports have been submitted;

C. all records have been maintained in accordance with Section 8.6.A; and

D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

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

B. Delivery is deemed complete as follows:

i. When delivered if delivered personally or sent by express courier service;

ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;

iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or

iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 9th day of October, 2017.

FORMOSA PLASTIC CORPORATION, TEXAS

By: Jack Wu

Name:

Title:

PALACIOS INDEPENDENT SCHOOL DISTRICT

By: Steve Stuhrenberg

Steve Stuhrenberg
President
Board of Trustees

ATTEST: Fabian Marroquin

Fabian Marroquin
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On November 12, 2015, pursuant to Chapter 312 of the Texas Tax Code, the Commissioners Court of Jackson County, Texas created the *FPC-TX Reinvestment Zone*. The legal description of the aforesaid *FPC-TX Reinvestment Zone* is attached as **ATTACHMENT A** to **EXHIBIT 1** of this Agreement. A Map of *FPC-TX Reinvestment Zone* is attached as **ATTACHMENT B** to **EXHIBIT 1** of this Agreement .

ORDER DESIGNATING FPC-TX REINVESTMENT ZONE

NOW WHEREAS the Jackson County Commissioners Court is authorized by Texas Tax Code §312.401 to designate reinvestment zones; and

WHEREAS property owner Formosa Plastics Corporation, Texas has applied for a tax abatement in an area of Jackson County which is described in Exhibit A (which is attached to this Order) and which does not include area in the taxing jurisdiction of a municipality; and

WHEREAS a reinvestment zone must be designated if an abatement is to be granted regarding the property described in Exhibit A; and

WHEREAS the Commissioners Court has held a public hearing on the designation and hereby finds that the designation of the FPC-TX Reinvestment Zone:

would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the zone; and

would contribute to the economic development of Jackson County; and

WHEREAS THE Commissioners Court has established guidelines and criteria governing its tax abatement agreements and a resolution stating that the Commissioners Court has elected to become eligible to participate in tax abatements;

NOW THEREFORE BE IT ORDERED that the real property consisting of approximately 775.74 acres (the legal description of which is attached hereto as Exhibit "A") is hereby designated as a reinvestment zone to be known as the 2015 Jackson County FPC-TX Reinvestment Zone; and

BE IT FURTHER RESOLVED that the designation of this reinvestment zone will expire five years after the date that this Order of designation is signed, unless it is renewed for one or more subsequent periods not to exceed five years each.

APPROVED BY MAJORITY VOTE OF THE JACKSON COUNTY COMMISSIONERS COURT AT ITS REGULARLY SCHEDULED PUBLIC MEETING ON THE 12th DAY OF November, 2015.

Dennis Simons, County Judge

Wayne Hunt, Commissioner, Pct. #1

Wayne Bubela, Commissioner, Pct. #2

Johnny E. Belicek, Commissioner, Pct. #3

Dennis Karl, Commissioner, Pct. #4

FILED November 17, 2015 @ 8:24am
BARBARA WILLIAMS-Clerk of County Court
Jackson County, Texas
BY ____

EXHIBIT A
775.74 ACRE TRACT
LEGAL DESCRIPTION

STATE OF TEXAS
COUNTY OF JACKSON

BEING a 775.74 acre tract situated in the Hugh McGuffin Survey, Abstract 43, Jackson County, Texas and being out of a 292.53 acre tract described as "Tract One" conveyed in General Warranty Deed dated July 12, 2013 from Anthony B. McDowell to Formosa Plastics Corporation, Texas and recorded in Instrument #201301969 of the Official Records of Jackson County, Texas, and being out a 295.62 acre tract described as "Tract Three" conveyed in General Warranty Deed dated July 12, 2013 from Barbara Louise May to Formosa Plastics Corporation, Texas and recorded in Instrument #201302044 of the Official Records of Jackson County, Texas, and also being out of a 1,560.40 acre tract conveyed in Deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Jackson County, Texas and this 775.74 acre tract of land being more particularly described by metes and bounds as follows:

BEGINNING at an existing 5/8 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of a 1,624.06 acre tract described in Volume 175, Page 603 of the Deed Records of said county and the northwest corner of said 282.53 acre tract for the northwest corner of the herein described tract:

THENCE East with the north line of said 292.53 acre tract and the south line of said 1,624.06 acre tract at 6,439.38 feet pass a set 5/8 inch iron rod on line and continuing for fa total distance of 6,539.38 feet to a point on the west bank of Cox's Creek for the northeast corner of the herein described tract;

THENCE with the meanders of the west bank of Cox's Creek for the following courses and distances:

South 08°22'38 East for a distance of 138.54 feet to a point;
South 68°29'09 West for a distance of 59.69 feet to a point:
South 09°43'23 East for a distance of 100.80 feet to a point;
South 80°56'41 East for a distance of 120.69 feet to a point;
South 21°09'47 East for a distance of 197.87 feet to a point:
South 59°28'27 West for a distance of 52.23 feet to a point;
South 09°32'46 East for a distance of 99.75 feet to a point:
South 50°24'20 East for a distance of 146.31 feet to a point:
South 17°39'50 East for a distance of 173.59 feet to a point;
South 67°36'37 East for a distance of 74.30 feet to a point:
South 12°04'34 East for a distance of 151.51 feet to a point;
South 61°05'41 East for a distance of 189.28 feet to a point;
South 13°47'26 West for a distance of 44.13 feet to a point:
South 33°24'10 East for a distance of 104.37 feet to a point;
South 25°36'49 East for a distance of 136.00 feet to a point;
South 66°40'25 East for a distance of 152.25 feet to a point;
North 67°34'05 East for a distance of 166.83 feet to a point;
South 53°04'21 East for a distance of 184.93 feet to a point;
South 36°14'38 West for a distance of 128.27 feet to a point;
South 21°52'10 East for a distance of 152.58 feet to a point;
North 76°53'28 West for a distance of 138.17 feet to a point:
South 16°29'17 West for a distance of 150.69 feet to a point:
South 25°11'57 East for a distance of 127.52 feet to a point;
South 69°34'15 West for a distance of 89.60 feet to a point:
South 17°19'29 East for a distance of 174.41 feet to a point:
South 52°51'18 West for a distance of 93.05 feet to a point:
South 10°48'14 East for a distance of 55.58 feet to a point;
South 35°37'11 East for a distance of 168.44 feet to a point:
South 54°17'16 West for a distance of 45.25 feet to a point:
South 11°45'18 East for a distance of 104.39 feet to a point:
South 40°01'19 East for a distance of 171.21 feet to a point:
South 49°05'49 West for a distance of 122.64 feet to a point:
South 06°44'39 East for a distance of 150.13 feet to a point:
South 19°29'09 West for a distance of 127.38 feet to a point:
South 48°26'31 West for a distance of 54.43 feet to a point:

South 10°07'03 West for a distance of 76.19 feet to a point;
South 02°19'03 West for a distance of 113.51 feet to a point;
South 24°09'51 East for a distance of 110.89 feet to a point;
South 11°44'25 East for a distance of 135.89 feet to a point;
South 45°20'51 East for a distance of 287.64 feet to a point;
South 01°58'49 West for a distance of 160.61 feet to a point;
South 28°29'35 East for a distance of 136.18 feet to a point;
South 08°40'05 East for a distance of 108.63 feet to a point;
South 14°37'07 West for a distance of 172.42 feet to a point;
South 22°18'48 East for a distance of 114.21 feet to a point;
South 14°52'21 West for a distance of 169.89 feet to a point;
South 20°49'18 East for a distance of 91.73 feet to a point;
South 47°34'24 East for a distance of 129.98 feet to a point;

THENCE South 03°27'25 East and continuing with the west bank of Cox's Creek for a distance of 17.40 feet to a point for the southeast corner of the herein described tract;

THENCE West at 345.86 feet pass a 5/8 inch iron rod on line and continuing for a total distance of 4,306.19 feet to an existing 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE North for a distance of 164.36 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE West for a distance of 2,730.00 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE South a distance of 164.36 feet to a set 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE West a distance of 697.77 feet to set 5/8 iron rod in the west line of said 1,560.40 acre tract and the east line of the remaining portion of a 909.53 acre tract described in Volume 294, Page 599 of the Deed Records of said county for the southwest corner of the herein described tract;

THENCE North 00°02'48 East with the west line of said 1,560.40 acre tract and the east line of the remaining portion of said 909.53 acre tract for a distance of 1,511.87 feet to an existing 5/8 iron rod in the south line of said 295.62 acre tract at the northwest corner of said 1,560.40 acre tract and the northeast corner of the remaining portion of said 909.53 acre tract for a southwesterly interior corner of the herein described tract;

THENCE South 89°54'37 West with the south line of said 295.62 acre tract and the north line of the remaining portion of said 909.53 acre tract for a distance of 149.47 feet to an existing 1/2 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of said 295.62 acre tract for a westerly southwesterly corner of the herein described tract;

THENCE North 00°02'06 East with the east right-of-way line of Farm-to-Market Road 1593 and the west line of said 295.62 acre tract and the west line of said 292.53 acre tract for a distance of 3,166.32 feet to the **POINT OF BEGINNING**, Containing 775.74 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings and coordinates are based on Formosa Plastics Corporation plant coordinates.

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

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

Date 01/24/2015

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

PC15015

PT NO	NORTHING	EASTING	BEARING	DISTANCE
1	16253.59	847.83		
			S 89°59'07" E	6538.34'
2	16287.34	7392.21		
			S 39°53'38" E	136.64'
3	16169.52	7437.98		
			S 48°19'28" W	58.68'
4	16124.84	7381.67		
			S 39°43'25" E	100.80'
5	16025.28	7386.98		
			S 89°56'41" E	120.19'
6	16096.28	7426.17		
			S 21°06'47" E	187.87'
7	15821.76	7536.80		
			S 54°25'27" W	32.33'
8	15795.23	7594.83		
			S 09°23'44" E	98.79'
9	15695.00	7531.98		
			S 50°21'20" E	146.37'
10	15603.61	7643.80		
			S 17°38'52" E	173.52'
11	15430.20	7718.52		
			S 61°36'27" E	34.50'
12	15409.82	7752.29		
			S 12°04'34" E	137.31'
13	15245.74	7768.87		
			S 61°25'47" E	185.28'
14	15170.25	7946.57		
			S 52°47'28" W	64.12'
15	15127.40	7952.55		
			S 33°24'10" E	104.37'
16	15040.79	8009.67		
			S 25°26'49" E	130.60'
17	14917.53	8088.49		
			S 64°49'25" E	152.25'
18	14657.34	8208.29		
			N 57°34'05" E	148.53'
19	14621.80	8362.42		
			S 32°04'21" E	194.83'
20	14606.89	8316.20		
			S 36°14'38" W	176.27'
21	14758.44	8436.67		
			S 29°52'12" E	152.34'
22	14584.83	8481.25		
			N 79°53'28" E	138.17'
23	14588.17	8234.98		
			S 16°25'17" W	150.64'
24	14421.88	8313.89		
			S 29°47'57" E	127.52'
25	14138.30	8388.90		
			S 89°34'15" W	88.69'
26	14375.03	8794.34		
			S 17°19'29" E	174.41'
27	14138.52	8336.18		
			S 42°34'46" W	89.69'
28	14083.34	8262.09		
			S 79°58'14" E	58.58'
29	14027.95	8292.48		
			S 31°23'15" E	168.46'
30	13890.82	8370.53		
			S 84°17'46" W	40.29'
31	13844.91	8343.78		
			S 14°45'56" E	104.38'
32	13982.81	8358.06		
			S 47°26'18" E	171.21'
33	13421.19	8443.15		
			S 48°26'48" W	133.84'
34	13350.79	8572.48		
			S 59°44'28" E	100.12'
35	13401.71	8380.09		
			S 19°25'50" W	127.24'
36	13296.62	8347.60		
			S 48°28'21" W	54.43'
37	13243.52	8324.88		
			S 19°07'00" W	76.14'
38	13173.52	8233.49		
			S 02°18'03" W	113.51'
39	13057.10	8208.97		
			S 29°59'54" E	170.80'
40	12855.82	8334.30		
			S 11°44'23" E	130.46'
41	12623.88	8381.95		
			S 49°20'52" E	287.84'
42	12620.75	9044.37		
			S 31°36'48" W	163.81'
43	12460.21	9043.02		
			S 18°29'32" E	136.46'
44	12340.53	8923.98		
			S 06°50'05" E	106.83'
45	12233.14	8943.85		
			S 11°57'02" W	172.62'
46	12064.30	8588.63		
			S 27°15'48" E	174.21'
47	11980.84	8642.70		
			S 15°02'51" W	163.99'
48	11746.44	8998.58		
			S 30°48'14" E	49.73'
49	11790.70	9621.20		
			S 47°38'24" E	129.98'
50	11823.01	9727.14		
			S 69°27'35" E	17.62'
51	11925.64	8728.18		
			WEST	4306.18'
52	11958.64	4432.00		
			NORTH	184.38'
53	11720.90	4473.00		
			WEST	2730.00'
54	11770.58	1622.03		
			SOUTH	184.38'
55	11408.44	1492.00		
			WEST	887.77'
56	11905.54	864.23		
			N 00°02'48" E	1511.61'
57	12117.31	985.46		
			S 89°34'17" W	116.17'
58	12017.38	848.00		
			N 00°02'06" E	3468.32'

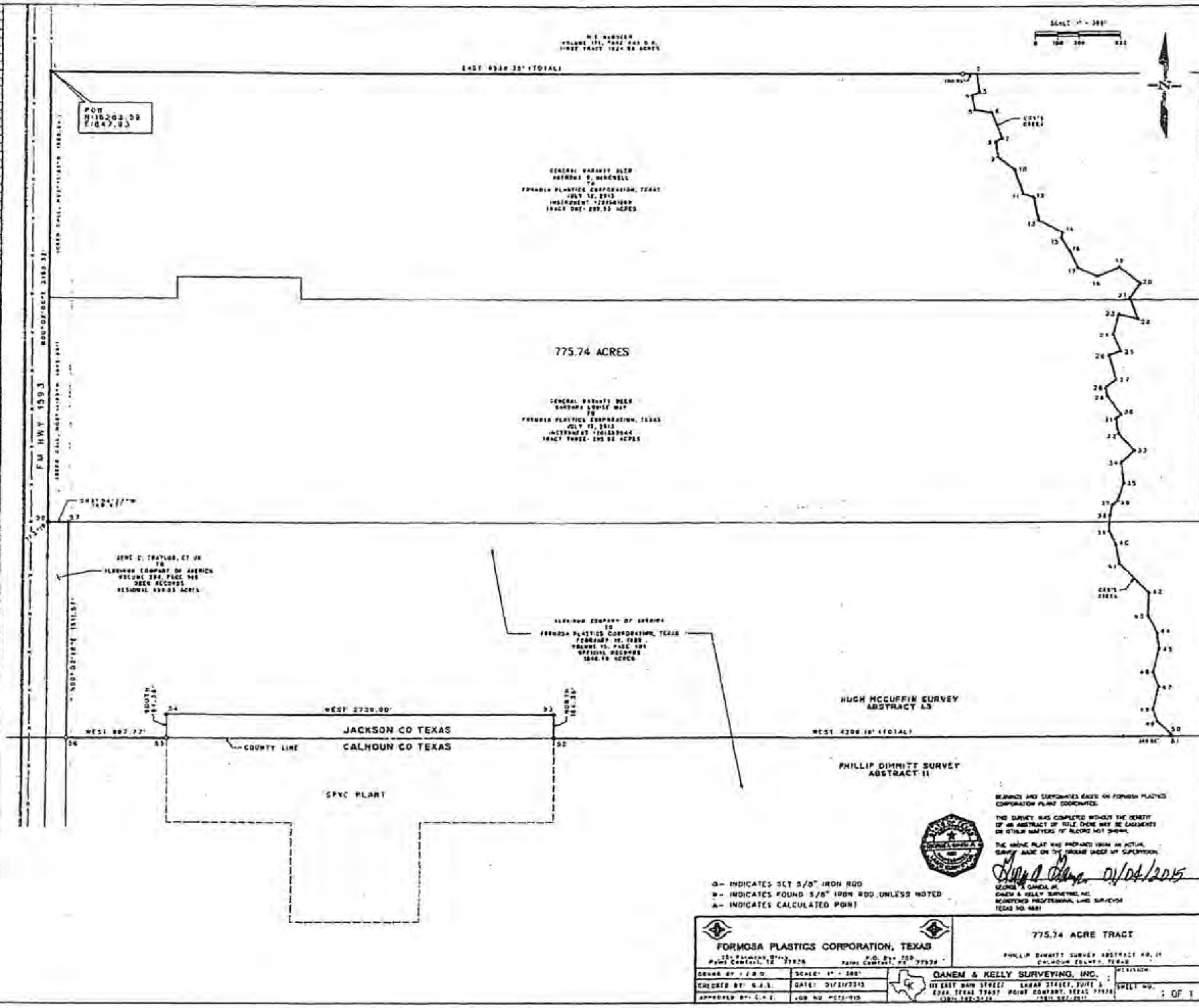

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land upon which the Qualified Investment shall be made and upon which the Qualified Property shall located shall be one hundred percent (100%) contained within the boundaries of *FPC-TX Reinvestment Zone* which is located within the boundaries of the Palacios Independent School District. The legal description of the aforesaid *FPC-TX Reinvestment Zone* is attached as **ATTACHMENT A** to **EXHIBIT 1** of this Agreement. A Map of *FPC-TX Reinvestment Zone* is attached as **ATTACHMENT B** to **EXHIBIT 1** of this Agreement follows:

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Description

This Agreement covers Qualified Investment located within Palacios ISD in an amount of not less than $30 Million made during the Qualifying Time Period property necessary for the commercial operations of new LDPE and HDPE plants and a related Utility Unit as more fully described in Tab 7 of the Application.

Project Description:

LDPE Unit

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The introduction of catalyst and ethylene results in the production of polyethylene polymers or "resins." Resins are moved into an extrusion system which terminates in a pelletizer. The resin pellets can then be packaged in bags for transportor placed in silos prior to loading for shipment by railcar.

The major components of the Project include -

The LDPE Unit will consist of the following major components:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Areas
- Safety Infrustructure
- Cooling Water Towers

Utility Unit

The proposed Utility Unit will provide power generation and steam required for operation of the planned LDPE and HDPE plants as well as for others arlrady in production. The Utilities plant will consist of two gas-fired turbines for production of electrical power for transport through the onsite internal electrical grid. Heat exhaust from the turbines will be used to boil water and produce steam which will be piped through the facility.

The Utility Unit will consist of the following major components:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation
- Distributive Control Systems
- Two Gas Fired Electrical Generation Units, with each unit including:
    - Gas Compressor
    - Gas Compustion Chamber
    - Turbile
    - Exhaust System
    - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Coolong Water Towers
- Safety Infrastructure
- Electrical Power Supply and Distribution Lines

HDPE Unit

The proposed HDPE Unit received ethylene from pipelines and storage spheres which is introduced into a low pressure gas-phase "swing" reactor. In the presence of a specific catalyst, ethelyne can be polymerized into polyethylene resins. The HDPE Unit will be capable of employing co-monomers and diffwerent catalyst formulations. These polymers will then be sent to an extrusion system which terminates in a pelletizer. Plastic pellets can then be packaged for shipment by container or stored in silos for shipment by railcar.

The HDPE Unit will consist of the following major components:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Ethylene Feed Stock piping
- Electrical power Supply and Distribution Lines
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos
- Product Loading Areas

- Safety Infrastructure
- Coolng Water Towers
- Vent Collections Systems

In addition, Applicant will maintain a small amount of personal property at the project site as in necessary to manage and service the facilities.

All Qualified Investment will be located within the boundaries of the land described in **EXHIBIT 2**, as further indicated on thelegal description and map attached on the last page of **EXHIBIT 1**.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Description

All Qualified Property located within Palacios ISD necessary for the commercial operations of new LDPE and HDPE plants and a related Utility Unit as more fully described in Tab 8 of the Application.

Project Description:

LDPE Unit

The proposed LDPE Unit receives ethylene from onsite storage spheres and introduces that monomer into a reactor in the presence of a catalyst. The introduction of catalyst and ethylene results in the production of polyethylene polymers or "resins." Resins are moved into an extrusion system which terminates in a pelletizer. The resin pellets can then be packaged in bags for transportor placed in silos prior to loading for shipment by railcar.

The major components of the Project include -

The LDPE Unit will consist of the following major components:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Areas
- Safety Infrustructure
- Cooling Water Towers

Utility Unit

The proposed Utility Unit will provide power generation and steam required for operation of the planned LDPE and HDPE plants as well as for others arlrady in production. The Utilities plant will consist of two gas-fired turbines for production of electrical power for transport through the onsite internal electrical grid. Heat exhaust from the turbines will be used to boil water and produce steam which will be piped through the facility.

The Utility Unit will consist of the following major components:

- Steam Piping
- Natural Gas Feed Stock Piping
- Instrumentation
- Distributive Control Systems
- Two Gas Fired Electrical Generation Units, with each unit including:
    - Gas Compressor
    - Gas Compustion Chamber
    - Turbile
    - Exhaust System
    - Exhaust Diffuser
- Process Associated Valves
- Power Transformers
- Power Distribution Infrastructure
- Coolong Water Towers
- Safety Infrastructure
- Electrical Power Supply and Distribution Lines

HDPE Unit

The proposed HDPE Unit received ethylene from pipelines and storage spheres which is introduced into a low pressure gas-phase "swing" reactor. In the presence of a specific catalyst, ethelyne can be polymerized into polyethylene resins. The HDPE Unit will be capable of employing co-monomers and diffwerent catalyst formulations. These polymers will then be sent to an extrusion system which terminates in a pelletizer. Plastic pellets can then be packaged for shipment by container or stored in silos for shipment by railcar.

The HDPE Unit will consist of the following major components:

- Steam Piping
- Instrumentation
- De-gassing Equipment
- Ethylene Feed Stock piping
- Electrical power Supply and Distribution Lines
- Reactor Trains
- Extrusion Systems
- Pelletizing Systems
- Compressors
- Valves
- Mixing and Loading Silos

- Product Loading Areas
- Safety Infrastructure
- Coolng Water Towers
- Vent Collections Systems

In addition, Applicant will maintain a small amount of personal property at the project site as in necessary to manage and service the facilities.

All Qualified Property will be located within the boundaries of the land described in **EXHIBIT 2**, as further indicated on thelegal description and map attached on the last page of **EXHIBIT 1**.

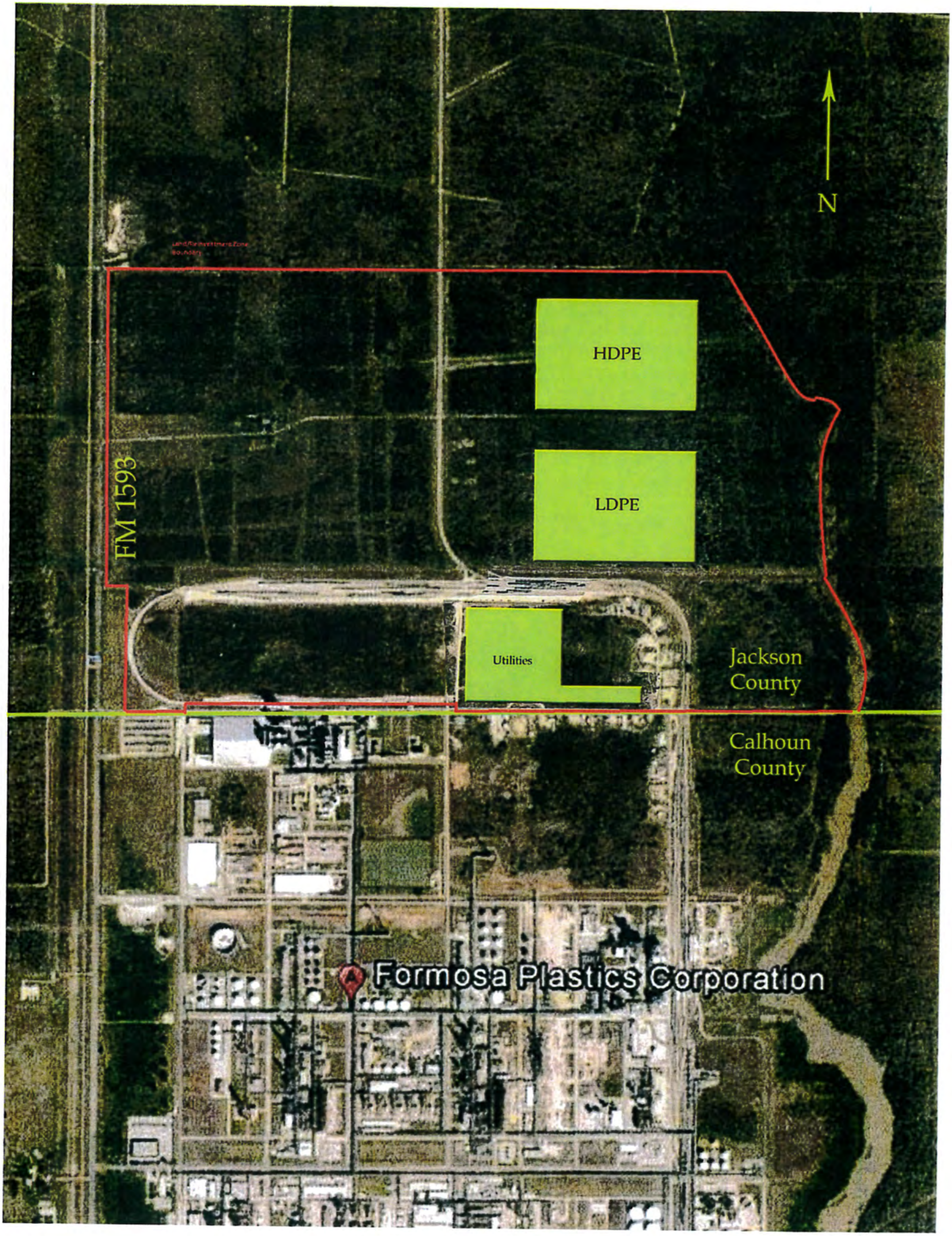
N
HDPE
LDPE
FM 1593
Utilities
Jackson County
Calhoun County
Formosa Plastics Corporation

EXHIBIT 5

AGREEMENT SCHEDULE

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
Pre-Limitation Period	Partial Year Beginning on the Application Review Start Date (07/12/2017)	January 1, 2017	2017-2018	2017	Application Review Start Date (07/12/2017). No limitation on appraised value.
	Partial Year Beginning on the Application Approval Date (10/09/2017)	January 1, 2017	2017-2018	2017	Start of Qualifying Time Period beginning with the Application Approval Date (10/09/2017)). No limitation on appraised value. First year for computation of Annual Limit.
	1	January 1, 2018	2018-2019	2018	Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2019	2019-2020	2019	Qualifying Time Period. No limitation on appraised value.
Limitation Period (10 Years)	3	January 1, 2020	2020-2021	2020	$30 million appraised value limitation.
	4	January 1, 2021	2021-2022	2021	$30 million appraised value limitation.
	5	January 1, 2022	2022-2023	2022	$30 million appraised value limitation.
	6	January 1, 2023	2023-2024	2023	$30 million appraised value limitation.
	7	January 1, 2024	2024-2025	2024	$30 million appraised value limitation.
	8	January 1, 2025	2025-2026	2025	$30 million appraised value limitation.
	9	January 1, 2026	2026-2027	2026	$30 million appraised value limitation.
	10	January 1, 2027	2027-2028	2027	$30 million appraised value limitation.
	11	January 1, 2028	2028-2029	2028	$30 million appraised value limitation.
	12	January 1, 2029	2029-2030	2029	$30 million appraised value limitation.

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
Maintain Viable Presence (5 Years)	13	January 1, 2030	2030-2031	2030	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	14	January 1, 2031	2031-2032	2031	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	15	January 1, 2032	2032-2033	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	16	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

Attachment H

Consultant Verification Letter

MOAK, CASEY
& ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

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

September 29, 2017

President and Members
Board of Trustees
Palacios Independent School District
1209 Twelfth Street
Palacios, TX 77465

Re: Recommendations and Findings of the firm Concerning Application of Formosa Plastics Corporation, Texas #1191 for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Palacios Independent School District, with respect to the pending Application of Formosa Plastics Corporation, Texas #1191 for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

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

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

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

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

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

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Formosa Plastics Corporation, Texas #1191 for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

Daniel T. Casey
Partner

www.moakcasey.com

Phone 512-485-7878   400 W. 15th Street★Suite 1410★Austin, TX 78701-1648   Fax 512-485-7888

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

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

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

JUSTIN DEMERATH

September 29, 2017

President and Members
Of the Board of Trustees
Palacios Independent School District
1209 Twelfth Street
Palacios, TX 77465

Re: Recommendations and Findings of the Firm Concerning Application of Formosa Plastics Corporation, Texas #1191 for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Palacios Independent School District, with respect to the pending Formosa Plastics Corporation, Texas #1191 for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Formosa Plastics Corporation, Texas #1191 Based upon our review we have drawn the following conclusions:

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

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

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

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

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

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Formosa Plastics Corporation, Texas #1191 for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

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

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

   The person owns at least:

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

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

   c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

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

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

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

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