

**FINDINGS OF THE CALHOUN COUNTY
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
NAN YA PLASTICS CORPORATION, TEXAS (#1227)**



May 14, 2018

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STATE OF TEXAS §

COUNTY OF CALHOUN §

On the 14th day of May 2018, a public meeting of the Board of Trustees of the Calhoun County Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Nan Ya Plastics Corporation, Texas ("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 October 19, 2017, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32057655006), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Calhoun County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On February 13, 2018, 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 March 23, 2018, 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 to be 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:

Nan Ya Plastics Corporation, Texas, proposes to develop an Ethylene Glycol Unit (EG2 Unit) within the Calhoun County Independent School District.

Property used for 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 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).

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).

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 A, the Board finds 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 \$60,358 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 7.

The Applicant intends to create fifty (50) non-qualifying jobs.

In its Application, Applicant has indicated that intends to create fifty (50) non-qualifying jobs. For all non-qualifying jobs the Applicant is required to pay at least the county average wage of \$64,168 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$500 million to the tax base for debt service purposes at the peak investment level for the 2020-21 school year.

Board Finding Number 9.

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

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

Board Finding Number 10.

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

Board Finding Number 11.

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

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

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

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

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

Board Finding Number 12.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is \$2.2 billion. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its placement in a strategic investment area. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

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

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

Board Finding Number 14.

The Applicant (Taxpayer No. 32057655006) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 32057655006), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 15.

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

Board Finding Number 16.

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

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

Board Finding Number 17.

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

Board Finding Number 18.

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/Home/Index/248>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

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

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

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

Board Finding Number 19.

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

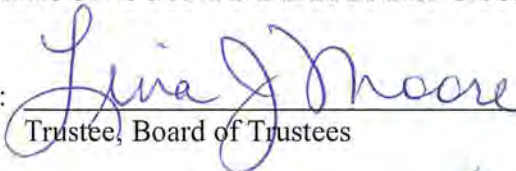
Board Finding Number 20.

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

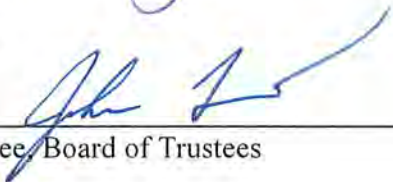
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this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

Dated the 14th day of May 2018.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

By: 
Trustee, Board of Trustees

ATTEST:

By: 
Trustee, Board of Trustees

Attachment A

Application

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

November 6, 2017

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

RE: Application to the Calhoun County Independent School District from Nan Ya Plastic Corporation, Texas

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Calhoun County Independent School District is notifying Nan Ya Plastic Corporation, Texas of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the school district on October 9, 2017. The Board voted to accept the application on October 8, 2017. The application has been determined complete as of November 6, 2017. Please prepare the economic impact report.

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

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Calhoun County Appraisal District
Formosa Plastics Corporation, Texas

TAB 1

Pages 1-9 of Application.

Application for Appraised Value Limitation on Qualified Property

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

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by 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 comptroller.texas.gov/economy/local/ch313/. 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

10-9-17

Date Application Received by District

Dr. James

First Name

Cowley

Last Name

Superintendent

Title

Calhoun County ISD

School District Name

525 North Commerce

Street Address

525 North Commerce

Mailing Address

Port Lavaca

City

361-552-9728

Phone Number

Texas

State

77979

ZIP

Fax Number

cowleyj@calcoisd.org

Email Address

Mobile Number (optional)

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



Yes



No

SECTION 1: School District Information *(continued)*3. Authorized School District Consultant *(If Applicable)*

Kevin	O'Hanlon
First Name	Last Name
Consultant	
Title	
O'Hanlon, Demerath & Castillo	
Firm Name	
512-949-9949	512-494-9919
Phone Number	Fax Number
361/920-8800	kohanlon@808west.com; mhanley@808west..com
Mobile Number <i>(optional)</i>	Email Address

4. On what date did the district determine this application complete? November 6, 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)*

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

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

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

First Name	Last Name	
Title	Organization	
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Mobile Number <i>(optional)</i>	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

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? Nan Ya Plastic Corporation, Texas
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32057655006
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
- Affiliate Formosa has the following agreements: #45 (2007), #235 (2012) and #1048 (2015) Calhoun County ISD; **1191 Palacios ISD (Pending)

SECTION 5: Applicant Business Structure

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
- ☒ Land has no existing improvements ☐ Land has existing improvements (*complete Section 13*)
- ☐ Expansion of existing operation on the land (*complete Section 13*) ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

1. Application approval by school board March 2018
2. Commencement of construction 12/2017
3. Beginning of qualifying time period 2018
4. First year of limitation 2020
5. Begin hiring new employees 2018
6. Commencement of commercial operations 2020
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? 2020

SECTION 10: The Property

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

County: <u>Calhoun, 100%, .49</u> <i>(Name, tax rate and percent of project)</i>	City: <u>N/A</u> <i>(Name, tax rate and percent of project)</i>
Hospital District: <u>N/A</u> <i>(Name, tax rate and percent of project)</i>	Water District: <u>Ground Water District, 100%, .01</u> <i>(Name, tax rate and percent of project)</i>
Other (describe): <u>Calhoun Port Authority, 100%, .001</u> <i>(Name, tax rate and percent of project)</i>	Other (describe): <u>N/A</u> <i>(Name, tax rate and percent of project)</i>
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 comptroller.texas.gov/economy/local/ch313/.

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:
- a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
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:
- legal description of the land (Tab 9);
 - each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - owner (Tab 9);
 - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - a detailed map showing the location of the land with vicinity map (Tab 11).
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:
- evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - legal description of reinvestment zone (Tab 16);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - guidelines and criteria for creating the zone (Tab 16); and
 - 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:
- maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
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)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☒ Third Quarter ☐ Fourth Quarter of 2017
 (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)? 2,000
- 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? 50
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
- 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
- a. Average weekly wage for all jobs (all industries) in the county is 1,220.50
- b. 110% of the average weekly wage for manufacturing jobs in the county is 2,127.13
- c. 110% of the average weekly wage for manufacturing jobs in the region is 1,160.72
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,357.44
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,358.00
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
hereDr. James B. Conley
Dr. James B. Conley

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Dr. James B. Conley

Signature (Authorized School District Representative)

10-9-17

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

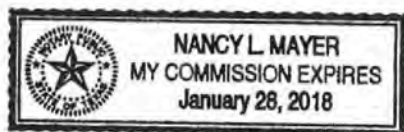
sign
here

Jack Wu

Signature (Authorized Company Representative (Applicant))

Oct. 4, 2017

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

4th day of October, 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.

TAB 2

Please find on the attached page, a copy of the application fee check in the amount of \$75,000.00 made payable to the Calhoun County Independent School District.

Calhoun County Independent School District

Dr. James Cowley
Superintendent
525 N. Commerce St
Port Lavaca, Texas 77979

INVOICE

DATE: SEPTEMBER 28, 2017

TO:
Nan Ya Plastic Corporation, Texas

FOR:
Chapter 313 Application Fee to Calhoun County ISD

DESCRIPTION	AMOUNT
Chapter 313 Application fee to Calhoun County ISD	\$75,000
Total:	\$75,000

For any other information regarding the payment of this invoice, please contact:
Dr. James Cowley, cowleyj@calcoisd.org

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

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

TAB 3

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

Attached

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

TAB 4

Detailed description of the project

Nan Ya Plastics Corporation, Texas, proposes to develop a Ethylene Glycol Unit (EG2 Unit) within the Calhoun County Independent School District.

The project will be constructed on approximately 39.60 acres. The project will be located entirely in Calhoun County and within the Calhoun County Independent School District.

Production of Ethylene Glycol is a complex process that creates a chemical reaction of Ethylene with Oxygen to form Ethylene Oxide (EO). The Ethylene Oxide is then further reacted with water to form Ethylene Glycols. The Glycols are then separated into MEG (mono-ethylene glycol), DEG (di-ethylene glycol), TEG (tri-ethylene glycol), and PEG (poly-ethylene glycol). The first step is the EO reaction utilizes a silver base catalyst to inhibit the Ethylene and Oxygen reaction to form Ethylene Oxide. The Ethylene Oxide is then scrubbed into water and sent to the glycol reactor where the Glycol is formed. The last step involves drying and separation where the product becomes 99.9% pure and the heavier glycols are separated based on the difference in boiling points.

Feedstock Sources:

The proposed Ethylene Glycol plant will accept ethylene from the storage spheres; pipe it into the Ethylene Oxide Reactor system where the Ethylene molecules and the Oxygen molecules are bonded to form Ethylene Oxide. The plant will consist of piping, instrumentation, reactors, compressors, valves, columns, heat exchangers, mixing/loading tanks and product loading areas.

Proposed Output Capacity:

The EG2 unit will produce 800,000 metric tons per year of Ethylene Glycol. Ethylene Glycol is a liquid product which is used as a raw material for the manufacturing of fibers such as polyester, and it can also be used to make plastics. Ethylene Glycol is made from ethylene as its root component. The final product will be both transported to end-customer via railcar, truck, or marine vessels.

Interconnections with neighboring facility:

The only connection from the neighboring facility would be the use of steam from CFB, Water from the reservoir and Ethylene from on site spheres. Other than the above, the waste water will be sent to the Utilities Department, combined waste water treatment plant, CWTP, for treatment and ensuring compliance with regulations.

Current plans are to begin site clearing at the end of 2017, with construction anticipated to be completed by the end of 2019.

TAB 5

Documentation to assist in determining if limitation is a determining factor

The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan. As such, the Applicant competes with other members of the Formosa Plastics Group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project.

Formosa Plastics takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. We consistently seek new global investment opportunities that create value for our shareholders. Our business model is to conduct an extensive evaluation before we make any final investment decision. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. The proposed new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The EG2 unit does not require any specific materials that would require the plant to locate in Point Comfort.

Competitive abatement programs for the proposed new facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Formosa Plastics group. Calhoun County ISD's maintenance and operations (M&O) tax rate represents approximately 40% of the total property tax burden imposed on taxable property located at the Point Comfort location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa. As stated above, the limitation on appraised value is necessary to the determination to locate at the Point Comfort site.

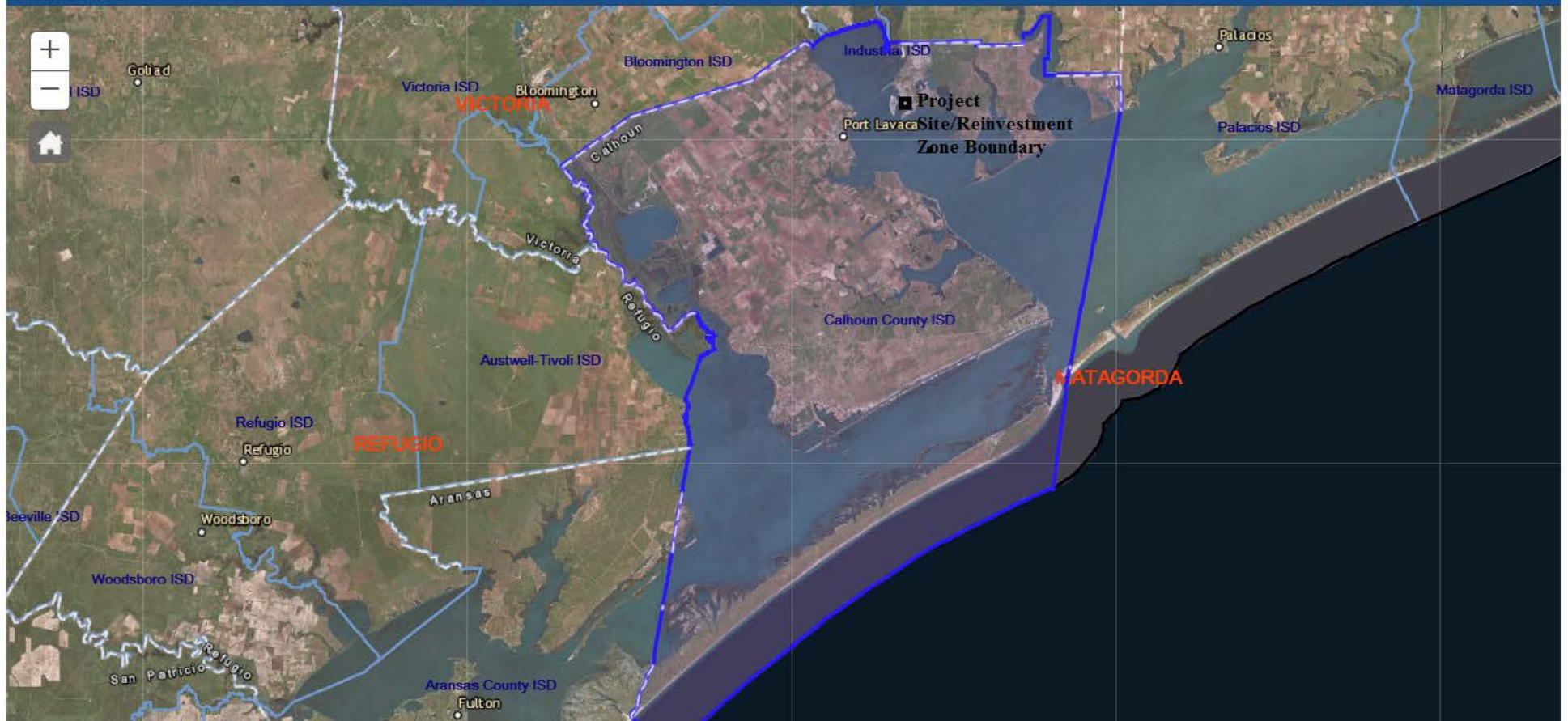
TAB 6

Names and percentages of additional districts that compromise the entire project:

The project is located 100% in the Calhoun County Independent School District in Calhoun County, Texas.



Texas School District Locator



TAB 7

Description of Qualified Investment

The proposed improvements for which the tax limitation is sought will include the EG2 Unit:

EG2 Unit

The proposed EG2 Unit receives ethylene from onsite storage spheres and introduces into the Ethylene Oxide Reactor where it reacts with Oxygen, produced in the Air Separation Plant (ASP2), to form Ethylene Oxide {EO} in the presence of a silver catalyst which inhibits the reaction to make EO. The E.O. is further reacted with water to produce glycols. The glycols are finally dried and separated into various glycol products such as Mono-Ethylene Glycol {MEG}, Di-Ethylene Glycol {DEG}, Tri-Ethylene Glycol {TEG}, and Poly-Ethylene Glycol Mixture {PEG}. The Glycol Products are then loaded onto railcar, truck, or marine vessels for delivery to end-customer.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactors
- Waste Heat Boilers {Incinerators}
- Evaporator Columns
- Desiccant vessels
- Pumps
- Compressors
- Turbo Expanders
- Heaters/Coolers
- Valves
- Storage Tanks
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

TAB 8

Description of Qualified Property

The proposed improvements for which the tax limitation is sought will include the EG2 Unit:

EG2 Unit

The proposed EG2 Unit receives ethylene from onsite storage spheres and introduces into the Ethylene Oxide Reactor where it reacts with Oxygen, produced in the Air Separation Plant (ASP2), to form Ethylene Oxide {EO} in the presence of a silver catalyst which inhibits the reaction to make EO. The E.O. is further reacted with water to produce glycols. The glycols are finally dried and separated into various glycol products such as Mono-Ethylene Glycol {MEG}, Di-Ethylene Glycol {DEG}, Tri-Ethylene Glycol {TEG}, and Poly-Ethylene Glycol Mixture {PEG}. The Glycol Products are then loaded onto railcar, truck, or marine vessels for delivery to end-customer.

The major components of this unit include:

- Steam Piping
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- Evaporator Columns
- Desiccant vessels
- Pumps
- Compressors
- Turbo Expanders
- Heaters/ Coolers
- Valves
- Storage Tanks
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

TAB 9

SITE DESCRIPTION

The project will be constructed on approximately 39.60 acre tract owned by Formosa. The land is listed in the Calhoun County Appraisal Records under account 76877. The Formosa Land is valued at \$3,000 per acre, for a total value of \$118,800.00.

**EXHIBIT A
EG2 UNIT
39.60 ACRES
LEGAL DESCRIPTION**

**STATE OF TEXAS
COUNTY OF CALHOUN**

BEING a 39.60 acre tract situated in the Thomas Cox Survey, Abstract No. 10, Calhoun County, Texas and being out of an 80.61 acre tract described in Warranty Deed with Vendor's Lien dated December 12, 2007 from Calhoun Port Authority to Formosa Plastics Corporation, Texas and recorded in Instrument No. 111496 of the Official Records in Calhoun County, Texas, and this tract being more particularly described by metes and bounds as follows;

BEGINNING at an existing 5/8 inch iron rod at the southeast corner of said 80.61 acre tract for the southeast corner of the herein described tract, said point having a Formosa Plastics CFB Plant Coordinate of Northing = -14.40 and Easting = 1987.04;

THENCE North 89° 19' 06" West for a distance of 787.09 feet to a 5/8 inch iron rod set at the southwest corner of the herein described tract, said iron rod having a Formosa Plastics CFB Plant Coordinate of Northing = -5.04 and Easting = 1200.00;

THENCE North for a distance of 2240.91 feet to a set 5/8 inch iron rod in the north line of said 80.61 acre tract and the south line of a 23.57 acre tract described in Volume 62, Page 84 of the Official Records of said county for the northwest corner of the herein described tract, said iron rod having a Formosa Plastics CFB Plant Coordinate of Northing = 2235.87 and Easting = 1200.00;

THENCE North 89° 59' 11" East with the north line of said 80.61 acre tract and the south line of said 23.57 acre tract for a distance of 339.67 feet to an existing 5/8 inch iron rod at the southeast corner of said 23.57 acre tract for the point of curvature in said line, said iron rod having Formosa Plastics CFB Plant Coordinate of Northing = 2235.95 and Easting = 1539.67;

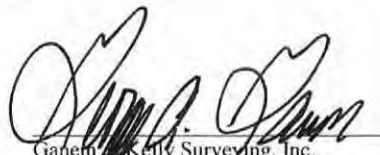
THENCE with the northeasterly line of said 80.61 acre tract and said curve to the right, said curve having a central angle of 90° 01' 50", a radius of 447.42 feet and a long chord of 632.92 feet which bears South 45° 02' 41" East for an arc distance of 703.05 feet to the point of tangency in said line, said iron rod having Formosa Plastics CFB Plant Coordinate of Northing = 1788.76 and Easting = 1987.56;

THENCE South 00° 01' 00" West with the east line of said 80.61 acre tract for a distance of 1803.16 feet to the **POINT OF BEGINNING**, Containing 39.60 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings are based on Formosa Plastics CFB Plant Coordinate System.

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 10/2/2017

ALUMINUM COMPANY OF AMERICA
VOLUME 62, PAGE 84 O.R.
23.57 ACRES

THOMAS COX SURVEY
ABSTRACT 10

N89°59'11"E
339.67'

N=2235.95
E=1539.67

N=2235.87
E=1200.00

CURVE:
L=703.05'
R=447.42'
DELTA: 90°01'50"
CH=S45°02'41"E
632.92'

N=1788.76
E=1987.56

WARRANTY DEED WITH VENDOR'S LIEN
CALHOUN PORT AUTHORITY
TO
FORMOSA PLASTICS CORPORATION, TEXAS
DECEMBER 12, 2007
INSTRUMENT NO. 111496 O.R.
80.61 ACRES

WARRANTY DEED WITH VENDOR'S LIEN
CALHOUN PORT AUTHORITY
TO
FORMOSA PLASTICS CORPORATION, TEXAS
DECEMBER 12, 2007
INSTRUMENT NO. 111496 O.R.
80.61 ACRES

ALUMINUM COMPANY OF AMERICA
VOLUME 61 PAGE 321 O.R.
REMAINING PORTION OF
3062.42 ACRES

EG2 UNIT
39.60 ACRES

NORTH 2240.91'

S00°01'00"W 1803.16'

CALHOUN COUNTY NAVIGATION DISTRICT
VOLUME 376 PAGE 661, O.R.
169.965 ACRES

WARRANTY DEED
FORMOSA PLASTICS CORPORATION, TEXAS
TO
CALHOUN PORT AUTHORITY
JUNE 24, 2009
INSTRUMENT NO. 117069 O.R.
0.864 ACRE

N=-5.04
E=1200.00

N89°19'06"W 787.09'

POB
N=-14.40
E=1987.04

- - 5/8" IRON ROD FOUND UNLESS NOTED
- - 5/8" IRON ROD SET UNLESS NOTED

CALHOUN COUNTY NAVIGATION DISTRICT
VOLUME 376 PAGE 661, O.R.
169.965 ACRES

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

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

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

DATE



BEARINGS AND COORDINATES BASED ON
FORMOSA PLASTICS CORPORATION
CFB PLANT DATUM



FORMOSA PLASTICS CORPORATION, TEXAS

201 Formosa Drive
Point Comfort, TX 77978

P.O. Box 700
Point Comfort, TX 77978



EG2 UNIT
39.60 ACRES

THOMAS COX SURVEY ABSTRACT NO. 10
CALHOUN COUNTY, TEXAS

DRAWN BY: GKS

SCALE: 1" = 300'

CHECKED BY: G.A.G.

DATE: 09/29/2017

APPROVED BY: G.A.G.

JOB NO. PC17-178



GANEM & KELLY SURVEYING, INC.

111 EAST MAIN STREET LAMAR STREET, SUITE 3
EDNA, TEXAS 77957 POINT COMFORT, TEXAS 77978
(361) 782-3736 (361) 987-2011

REVISION:
REV A: 10/02/2017

SHEET NO. 1 OF 1

Property Search Results > 76877 FORMOSA PLASTICS CORP TEXAS for Year 2017

Property

Account

Property ID:	76877	Legal Description:	A0010 THOMAS COX, TRACT PT 6 & 7, ACRES 79.746
Geographic ID:	A0010-00000-0019-A0	Agent Code:	
Type:	Real		
Property Use Code:			
Property Use Description:			

Location

Address:		Mapsc:	
Neighborhood:	RURAL-ACROSS THE BAY	Map ID:	A0010-00050-0009-00
Neighborhood CD:	2700		

Owner

Name:	FORMOSA PLASTICS CORP TEXAS	Owner ID:	86035
Mailing Address:	ATTN: BUSINESS DEVELOPMENT PO BOX 700 POINT COMFORT, TX 77978	% Ownership:	100.000000000000%

Exemptions:

Values

(+) Improvement Homesite Value:	+	\$0	
(+) Improvement Non-Homesite Value:	+	\$0	
(+) Land Homesite Value:	+	\$0	
(+) Land Non-Homesite Value:	+	\$239,240	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0
(=) Market Value:	=	\$239,240	
(-) Ag or Timber Use Value Reduction:	-	\$0	
(=) Appraised Value:	=	\$239,240	

(-) HS Cap: - \$0

(=) Assessed Value: = \$239,240

Taxing Jurisdiction

Owner: FORMOSA PLASTICS CORP TEXAS

% Ownership: 100.0000000000%

Total Value: \$239,240

Entity	Description	Tax Rate	Appraised Value
CAD	CALHOUN COUNTY APPRAISAL DISTRICT	0.000000	\$239,240
FML	FARM TO MARKET & LATERAL ROAD	0.000000	\$239,240
G05	CALHOUN COUNTY	0.490000	\$239,240
GWD	CALHOUN COUNTY GROUNDWATER CONSERVATION DISTRICT	0.010000	\$239,240
NV6	CALHOUN PORT AUTHORITY	0.001000	\$239,240
S01	CALHOUN COUNTY ISD	1.293600	\$239,240
Total Tax Rate:		1.794600	

1

1

Improvement / Building

No improvements exist for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	CA	COMMERCIAL ACREAGE	79.7460	3473735.76	0.00	0.00	\$239,240	\$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2017	\$0	\$239,240	0	239,240	\$0	\$239,240
2016	\$0	\$239,240	0	239,240	\$0	\$239,240
2015	\$0	\$239,240	0	239,240	\$0	\$239,240
2014	\$0	\$239,240	0	239,240	\$0	\$239,240
2013	\$0	\$239,240	0	239,240	\$0	\$239,240
2012	\$0	\$239,240	0	239,240	\$0	\$239,240
2011	\$0	\$239,240	0	239,240	\$0	\$239,240
2010	\$0	\$239,240	0	239,240	\$0	\$239,240
2009	\$0	\$239,238	0	239,238	\$0	\$239,238

2008	\$0	\$241,830	0	241,830	\$0	\$241,830
------	-----	-----------	---	---------	-----	-----------

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	12/12/2007	WD	WARRANTY DEED	CALHOUN COUNTY NAVIGATION DISTRICT	FORMOSA PLASTICS CORP TEXAS	111496		

Tax Due

Property Tax Information as of 07/13/2017

Amount Due if Paid on: 

Year	Taxing Jurisdiction	Taxable Value	Base Tax	Base Taxes Paid
2016	CALHOUN COUNTY	\$239,240	\$1172.28	\$1137.11
2016	CALHOUN PORT AUTHORITY	\$239,240	\$2.39	\$2.32
2016	CALHOUN COUNTY ISD	\$239,240	\$3094.81	\$3094.81
2016	CALHOUN COUNTY GROUNDWATER CONSERVATION DISTRICT	\$239,240	\$23.92	\$23.92
	2016 TOTAL:		\$4293.40	\$4258.16
2015	CALHOUN COUNTY	\$239,240	\$1172.28	\$1137.11
2015	CALHOUN PORT AUTHORITY	\$239,240	\$5.98	\$5.80
2015	CALHOUN COUNTY ISD	\$239,240	\$3094.81	\$3094.81
2015	CALHOUN COUNTY GROUNDWATER CONSERVATION DISTRICT	\$239,240	\$23.92	\$23.92
	2015 TOTAL:		\$4296.99	\$4261.64
2014	CALHOUN COUNTY	\$239,240	\$1172.27	\$1137.10
2014	CALHOUN PORT AUTHORITY	\$239,240	\$7.18	\$6.96
2014	CALHOUN COUNTY ISD	\$239,240	\$3054.86	\$3054.86
	2014 TOTAL:		\$4234.31	\$4198.92
2013	CALHOUN COUNTY	\$239,240	\$1172.27	\$1137.10
2013	CALHOUN PORT AUTHORITY	\$239,240	\$7.42	\$7.20
2013	CALHOUN COUNTY ISD	\$239,240	\$2667.77	\$2667.77
	2013 TOTAL:		\$3847.46	\$3812.07
2012	CALHOUN COUNTY	\$239,240	\$1172.28	\$1137.11
2012	CALHOUN PORT AUTHORITY	\$239,240	\$7.66	\$7.43
2012	CALHOUN COUNTY ISD	\$239,240	\$2679.73	\$2679.73
	2012 TOTAL:		\$3859.67	\$3824.27
2011	CALHOUN COUNTY	\$239,240	\$1172.28	\$1137.11
2011	CALHOUN PORT AUTHORITY	\$239,240	\$8.61	\$8.35

2011	CALHOUN COUNTY ISD	\$239,240	\$2694.33	\$2694.33
	2011 TOTAL:		\$3875.22	\$3839.79
2010	CALHOUN COUNTY	\$239,240	\$1172.28	\$1137.11
2010	CALHOUN PORT AUTHORITY	\$239,240	\$9.33	\$9.05
2010	CALHOUN COUNTY ISD	\$239,240	\$2710.83	\$2710.83
	2010 TOTAL:		\$3892.44	\$3856.99
2009	CALHOUN COUNTY	\$239,238	\$1172.26	\$1137.09
2009	CALHOUN PORT AUTHORITY	\$239,238	\$9.33	\$9.05
2009	CALHOUN COUNTY ISD	\$239,238	\$2679.70	\$2679.70
	2009 TOTAL:		\$3861.29	\$3825.84
2008	CALHOUN COUNTY	\$241,830	\$1184.96	\$1149.41
2008	CALHOUN PORT AUTHORITY	\$241,830	\$9.43	\$9.15
2008	CALHOUN COUNTY ISD	\$241,830	\$2684.31	\$2684.31
	2008 TOTAL:		\$3878.70	\$3842.87

NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.

Questions Please Call (361) 552-4560

Website version: 1.2.2.14

Database last updated on: 7/12/2017 7:06
PM

© N. Harris Computer Corporation

TAB 10

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

1. N/A. There are no improvements located on the land. See attached CAD records.

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).

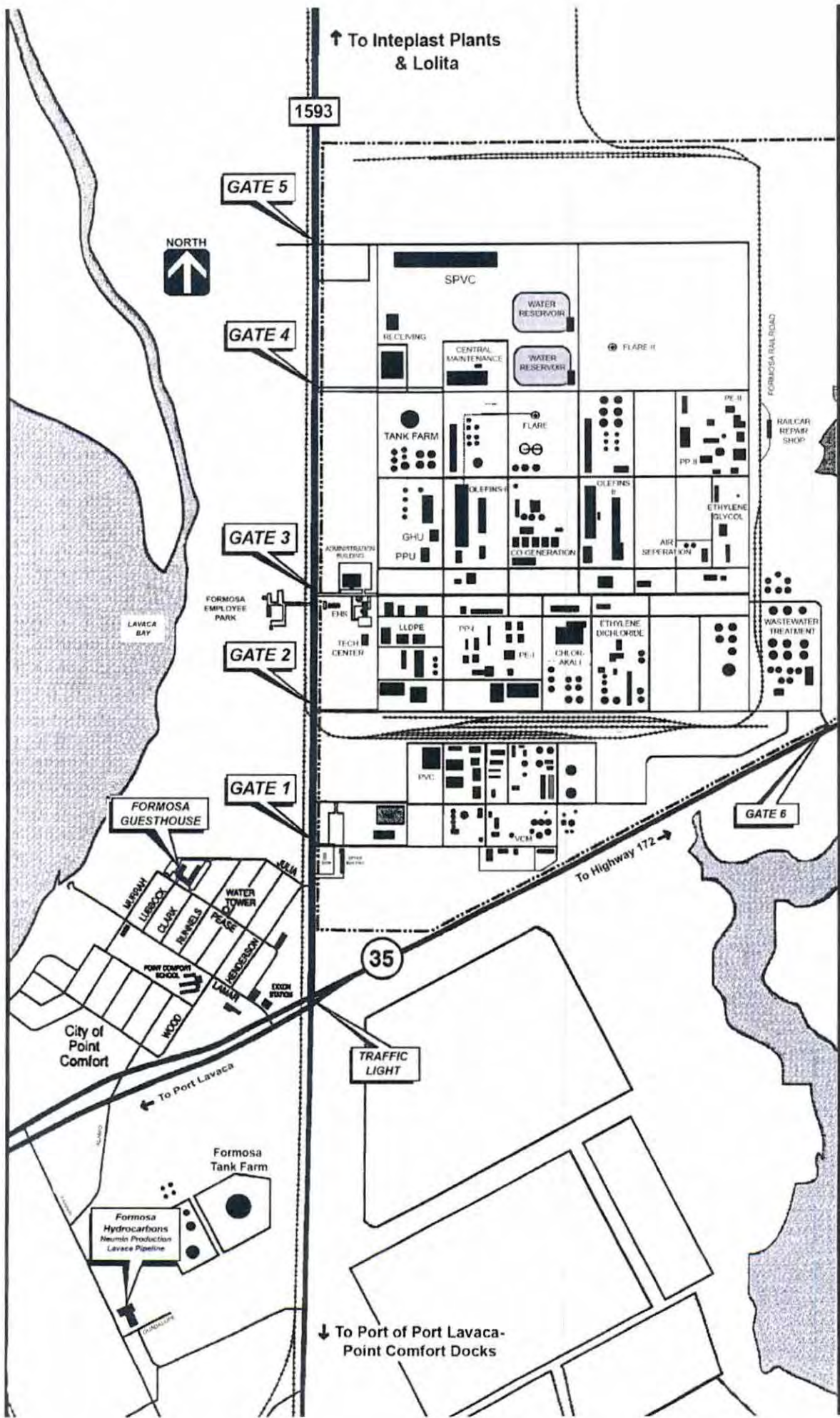
The 15 existing plants include:

- | | |
|-------------|---|
| 1. VCM | Vinyl Chloride Monomer |
| 2. PVC | Polyvinyl Chloride Resin Plant |
| 3. LLDPE | Linear Low Density Polyethylene Resin Plant |
| 4. HDPE-I | High Density Polyethylene Resin Plant |
| 5. HDPE-II | High Density Polyethylene Resin Plant |
| 6. PP-I | Polypropylene Resin Plant |
| 7. PP-II | Polypropylene Resin Plant |
| 8. C/A | Chlor-Alkali |
| 9. EDC | Ethylene Dichloride |
| 10. OL-I | Olefins |
| 11. OL-II | Olefins |
| 12. Frac-II | Fractionation |
| 13. EG | Ethylene Glycol |
| 14. ASP | Air Separation |
| 15. SPVC | Specialty Polyvinyl Chloride Resin Plant |

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

- | | |
|------------------|---------------------|
| 16. CFB | Power Plant |
| 17. Hydrocarbons | Natural Gas Process |

The approximate value and acreage of these 2 plants is:
\$24 Million 110 Acres



↑ To Inteplast Plants
& Lolita

1593

GATE 5



GATE 4

GATE 3

GATE 2

GATE 1

FORMOSA
GUESTHOUSE

MURPHY
LUBBOCK
CLARK
BANKS
PEACE
REYNOLDS
WOOD
PORT COMFORT
SCHOOL

City of
Point
Comfort

← To Port Lavaca

Formosa
Tank Farm

Formosa
Hydrocarbons
Nacmco Production
Lavaca Pipeline

35

TRAFFIC
LIGHT

↓ To Port of Port Lavaca-
Point Comfort Docks

GATE 6

To Highway 172 →

Calhoun CAD - Map of Property ID 27500 for Year 2015



Property Details

Account

Property ID: 27500

Geo ID: A0010-00000-0001-A0

Type: Real

Legal Description: A0010 THOMAS COX, TRACT PT 1 & 5, ACRES 1842.29

Location

Situs Address:

Neighborhood: RURAL-ACROSS THE BAY

Mapsc0:

Jurisdictions: G05, NV6, S01, FML, CAD, GWD

Owner

Owner Name: ALCOA ALUMINA & CHEMICALS LLC

Mailing Address: PROPERTY TAX DEPT, 201 ISABELLA ST, PITTSBURGH, PA 15212

Property

Appraised Value: \$1,284,030.00

<https://propaccess.trueautomation.com/Map/View/Map/83/27500/2015>

powered by:
PropertyACCESS
www.trueautomation.com

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

Calhoun CAD - Map of Property ID 27500 for Year 2015



Property Details

Account

Property ID: 27500

Geo ID: A0010-00000-0001-A0

Type: Real

Legal Description: A0010 THOMAS COX, TRACT PT 1 & 5, ACRES 1842.29

Location

Situs Address:

Neighborhood: RURAL-ACROSS THE BAY

Mapsco:

Jurisdictions: G05, NV6, S01, FML, CAD, GWD

Owner

Owner Name: ALCOA ALUMINA & CHEMICALS LLC

Mailing Address: PROPERTY TAX DEPT, 201 ISABELLA ST, PITTSBURGH, PA 15212

Property

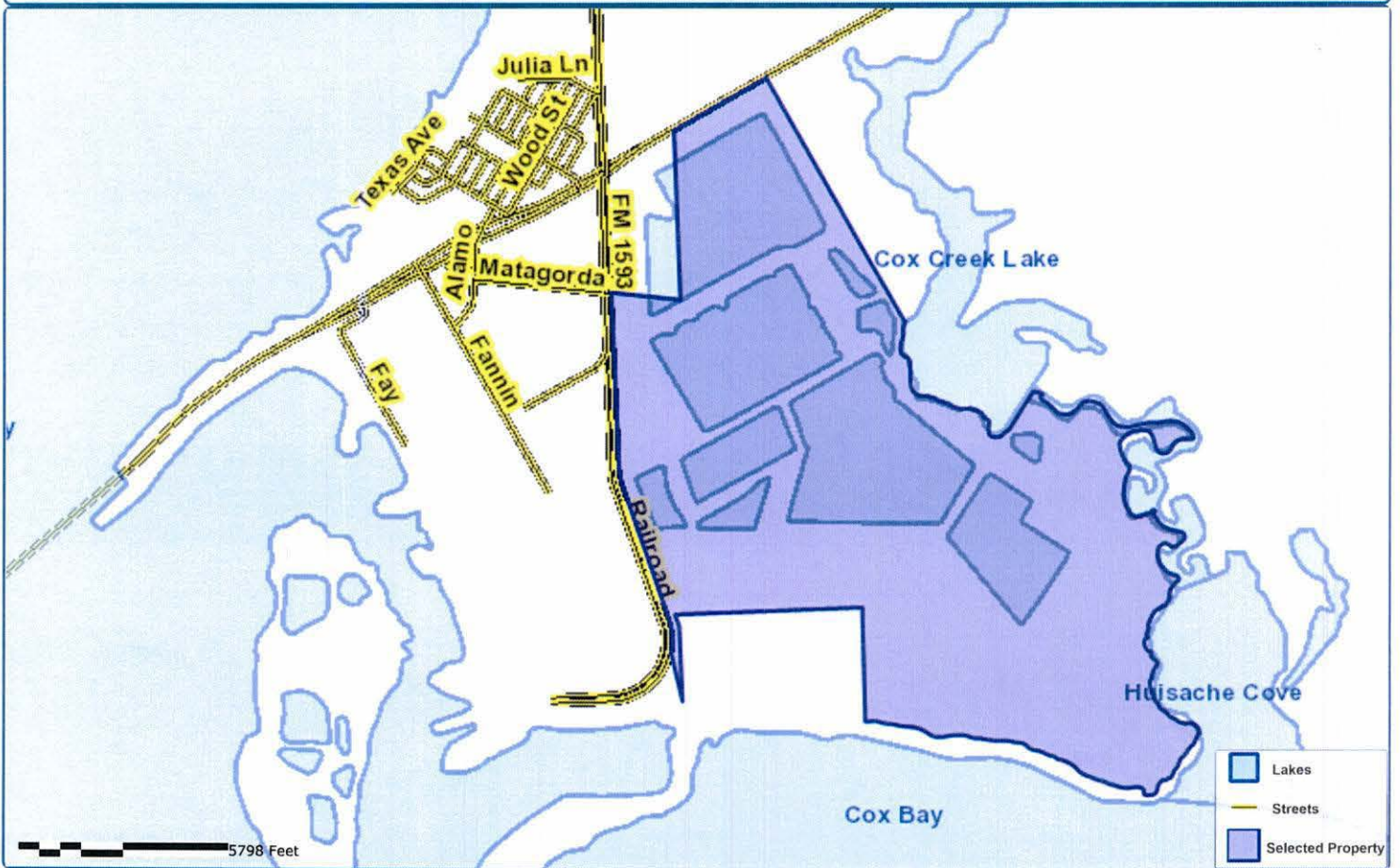
Appraised Value: \$1,284,030.00

<https://propaccess.trueautomation.com/Map/View/Map/83/27500/2015>

powered by:
PropertyACCESS
www.trueautomation.com

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

Calhoun CAD - Map of Property ID 27500 for Year 2015



Property Details

Account

Property ID: 27500

Geo ID: A0010-00000-0001-A0

Type: Real

Legal Description: A0010 THOMAS COX, TRACT PT 1 & 5, ACRES 1842.29

Location

Situs Address:

Neighborhood: RURAL-ACROSS THE BAY

Mapsco:

Jurisdictions: G05, NV6, S01, FML, CAD, GWD

Owner

Owner Name: ALCOA ALUMINA & CHEMICALS LLC

Mailing Address: PROPERTY TAX DEPT, 201 ISABELLA ST, PITTSBURGH, PA 15212

Property

Appraised Value: \$1,284,030.00

<https://propaccess.trueautomation.com/Map/View/Map/83/27500/2015>

powered by:
PropertyACCESS
www.trueautomation.com

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

TAB 11

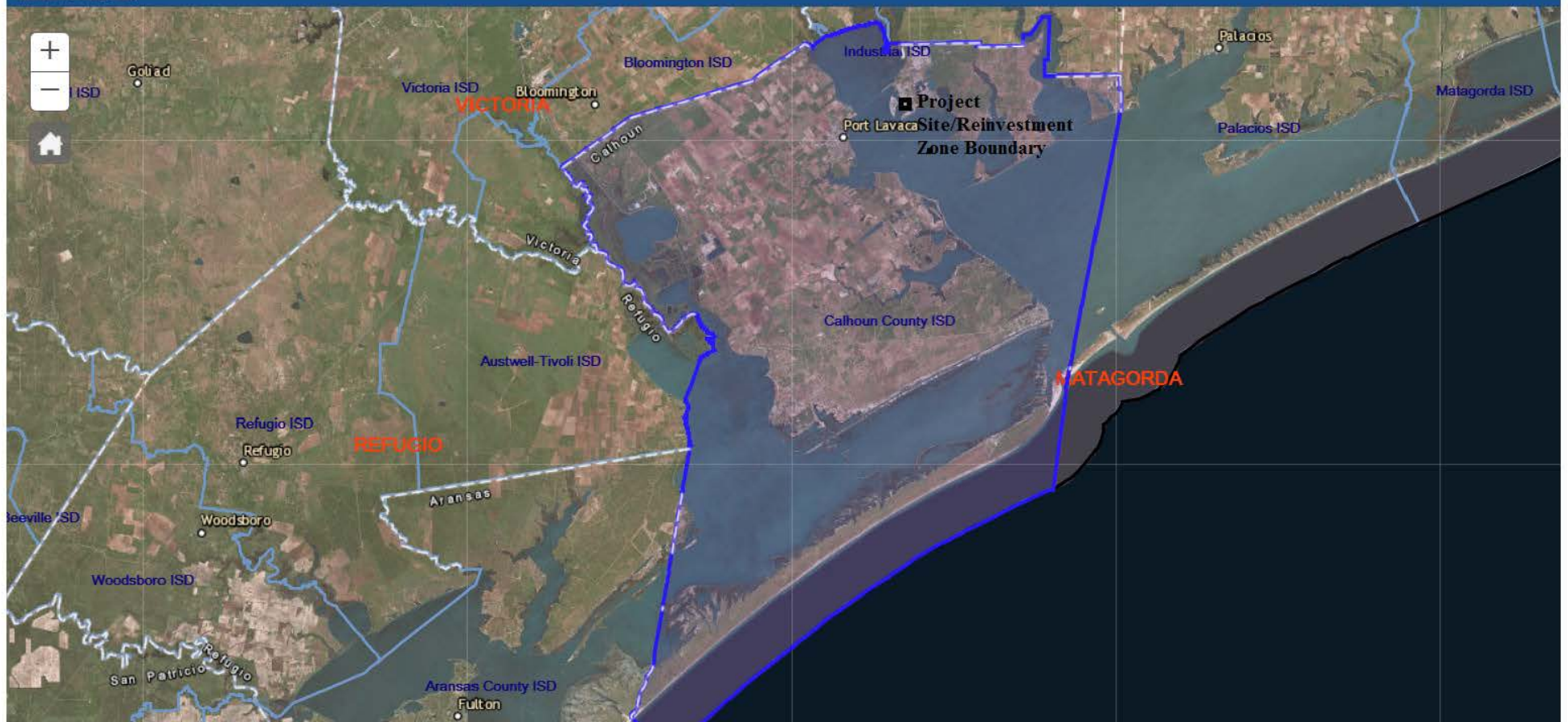
Maps that clearly show:

- *Project vicinity, Qualified investment & property, Existing Property, Land Location, and Reinvestment Zone*

SEE ATTACHED MAPS



Texas School District Locator

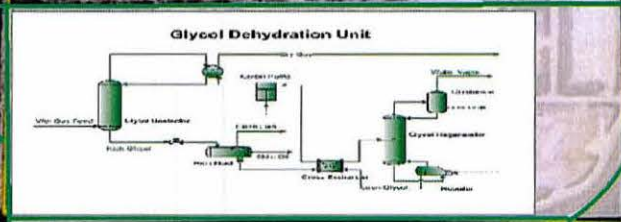


Vicinity Map of Project Depicting School District, County, Project Area/Reinvestment Zone Boundaries

Reinvestment Zone/Project Boundary

Glycol Dehydration Unit

The diagram illustrates the process flow for glycol dehydration. It starts with 'Wet Gas Feed' entering a 'Glycol Absorber'. The 'Rich Glycol' then flows to a 'Glycol Stripper'. The 'Stripped Glycol' is then sent to a 'Glycol Regenerator'. The 'Regenerated Glycol' is then pumped back to the 'Glycol Absorber'. The 'Dry Gas' exits the 'Glycol Absorber'. The 'Glycol Stripper' also has a 'Steam Jacket' and a 'Cooling Water Jacket'. The 'Glycol Regenerator' has a 'Reboiler' and a 'Condenser'. The 'Reboiler' is heated by 'Steam' and the 'Condenser' is cooled by 'Cooling Water'. The 'Glycol Stripper' also has a 'Reboiler' and a 'Condenser'. The 'Reboiler' is heated by 'Steam' and the 'Condenser' is cooled by 'Cooling Water'. The 'Glycol Stripper' also has a 'Reboiler' and a 'Condenser'. The 'Reboiler' is heated by 'Steam' and the 'Condenser' is cooled by 'Cooling Water'.



TAB 12

N/A

TAB 13

Calculation of three possible wage requirements with supporting documentation

**AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN CALHOUN
COUNTY COUNTY**
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Calhoun County	2016	Q2	\$1,249
Calhoun County	2016	Q3	\$1,228
Calhoun County	2016	Q4	\$1,171
Calhoun County	2017	Q1	\$1,234
SUM:			\$4,882
CALCULATION:			\$4,882/4 = \$1,220.50

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN CALHOUN
COUNTY COUNTY**
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Calhoun County	2016	Q2	\$1,748
Calhoun County	2016	Q3	\$1,859
Calhoun County	2016	Q4	\$1,948
Calhoun County	2017	Q1	\$2,180
SUM:			\$7,735
CALCULATION:			(\$7,735/4)*1.1 = \$2,127.13

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE REGION
(WDA)**
FOUR MOST RECENT QUARTERS

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Golden Crescent	2016	\$26.38/\$54,879	\$1,055.20
CALCULATION:			\$1,055.20 * 1.1 = \$1,160.72

Please refer to the attached TWC & Council of Governments documentation below.

Quarterly Employment and Wages (QCEW)

▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	4th Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,249
2016	1st Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,151
2016	3rd Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,228
2016	2nd Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,171
2017	1st Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,234

Quarterly Employment and Wages (QCEW)

▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼	▲ ▼
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,804
2017	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$2,180
2016	2nd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,748
2016	3rd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,859
2016	4th Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,948

COG	Wages	
	Hourly	Annual
Texas	\$25.41	\$52,850
1. Panhandle Regional Planning Commission	\$22.52	\$46,834
2. South Plains Association of Governments	\$18.27	\$38,009
3. NORTEX Regional Planning Commission	\$24.14	\$50,203
4. North Central Texas Council of Governments	\$26.06	\$54,215
5. Ark-Tex Council of Governments	\$19.07	\$39,663
6. East Texas Council of Governments	\$20.52	\$42,677
7. West Central Texas Council of Governments	\$20.31	\$42,242
8. Rio Grande Council of Governments	\$19.32	\$40,188
9. Permian Basin Regional Planning Commission	\$26.00	\$54,079
10. Concho Valley Council of Governments	\$18.78	\$39,066
11. Heart of Texas Council of Governments	\$21.14	\$43,962
12. Capital Area Council of Governments	\$30.06	\$62,522
13. Brazos Valley Council of Governments	\$17.66	\$36,729
14. Deep East Texas Council of Governments	\$18.06	\$37,566
15. South East Texas Regional Planning Commission	\$33.42	\$69,508
16. Houston-Galveston Area Council	\$27.52	\$57,246
17. Golden Crescent Regional Planning Commission	\$26.38	\$54,879
18. Alamo Area Council of Governments	\$21.67	\$45,072
19. South Texas Development Council	\$15.02	\$31,235
20. Coastal Bend Council of Governments	\$27.85	\$57,921
21. Lower Rio Grande Valley Development Council	\$17.55	\$36,503
22. Texoma Council of Governments	\$20.98	\$43,648
23. Central Texas Council of Governments	\$18.65	\$38,783
24. Middle Rio Grande Development Council	\$23.05	\$47,950

2016 Manufacturing Average Wages by Council of Government Region Wages for All Occupations

Source: Texas Occupational Employment
and Wages Data published: July 2017
Data published annually, next update will be July 31, 2018

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas OES data, and is not to be compared
to BLS estimates. Data intended for TAC 313 purposes only.

TAB 14

Schedules A1, A2, B, C, and D completed and signed Economic Impact

See attached Excel Spreadsheet

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

Date **10/9/2017**
 Applicant Name **Nan Ya Plastics Corp., Texas**
 ISD Name **Calhoun County**

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property.	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property.	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district		Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)		Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2018-2019	2018	Qualified Investment	400,000,000.00	Qualified Investment		400,000,000.00
Complete tax years of qualifying time period	QTP1	2019-2020	2019	Qualified Investment	80,000,000.00	Qualified Investment		80,000,000.00
	QTP2	2020-2021	2020	Qualified Investment	20,000,000.00	Qualified Investment		20,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]					500,000,000.00			500,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				500,000,000.00				

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.

Date 10/9/2017
Applicant Name Nari Ya Plastics Corp., Texas
ISD Name Calhoun County

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

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 investment made during this year that will <u>not</u> 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				
					500000000			500000000
	0	2018-2019	2018		400,000,000			400,000,000
	0	2019-2020	2019		80,000,000			80,000,000
Value limitation period***	1	2020-2021	2020		200000000			200000000
	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					#REF!			#REF!
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 investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property—described in SECTION 13, question #5 of the application.

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

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

Date 10/09/17

Applicant Name NanYa Plastics Corp., Texas

Form 50-296A

ISD Name Calhoun County

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period	0	2017-2018	2017	\$239,240.00	\$0.00		na	\$239,240.00	\$239,240.00
	1	2018-2019	2018	\$239,240.00	\$20,000,000.00		na	\$20,239,240.00	\$20,239,240.00
	2	2019-2020	2019	\$239,240.00	\$300,000,000.00		na	\$300,239,240.00	\$300,239,240.00
Value Limitation Period	3	2020-2021	2020	\$239,240.00	\$500,000,000.00		na	\$500,239,240.00	\$30,000,000.00
	4	2021-2022	2021	\$239,240.00	\$475,000,000.00		na	\$475,239,240.00	\$30,000,000.00
	5	2022-2023	2022	\$239,240.00	\$451,250,000.00		na	\$451,489,240.00	\$30,000,000.00
	6	2023-2024	2023	\$239,240.00	\$428,687,500.00		na	\$428,926,740.00	\$30,000,000.00
	7	2024-2025	2024	\$239,240.00	\$407,253,125.00		na	\$407,492,365.00	\$30,000,000.00
	8	2025-2026	2025	\$239,240.00	\$386,890,468.75		na	\$387,129,708.75	\$30,000,000.00
	9	2026-2027	2026	\$239,240.00	\$367,545,945.31		na	\$367,785,185.31	\$30,000,000.00
	10	2027-2028	2027	\$239,240.00	\$349,168,648.05		na	\$349,407,888.05	\$30,000,000.00
	11	2028-2029	2028	\$239,240.00	\$331,710,215.64		na	\$331,949,455.64	\$30,000,000.00
	12	2029-2030	2029	\$239,240.00	\$315,124,704.86		na	\$315,363,944.86	\$30,000,000.00
Continue to maintain viable presence	13	2030-2031	2030	\$239,240.00	\$299,368,469.62		na	\$299,607,709.62	\$299,607,709.62
	14	2031-2032	2031	\$239,240.00	\$284,400,046.14		na	\$284,639,286.14	\$284,639,286.14
	15	2032-2033	2032	\$239,240.00	\$270,180,043.83		na	\$270,419,283.83	\$270,419,283.83
	16	2033-2034	2033	\$239,240.00	\$256,671,041.64		na	\$256,910,281.64	\$256,910,281.64
	17	2034-2035	2034	\$239,240.00	\$243,837,489.56		na	\$244,076,729.56	\$244,076,729.56
Additional years for 25 year economic impact as required by 313.026(c)(1)	18	2035-2036	2035	\$239,240.00	\$231,645,615.08		na	\$231,884,855.08	\$231,884,855.08
	19	2036-2037	2036	\$239,240.00	\$220,063,334.33		na	\$220,302,574.33	\$220,302,574.33
	20	2037-2038	2037	\$239,240.00	\$209,060,167.61		na	\$209,299,407.61	\$209,299,407.61
	21	2038-2039	2038	\$239,240.00	\$198,607,159.23		na	\$198,846,399.23	\$198,846,399.23
	22	2039-2040	2039	\$239,240.00	\$188,676,801.27		na	\$188,916,041.27	\$188,916,041.27
	23	2040-2041	2040	\$239,240.00	\$179,242,961.20		na	\$179,482,201.20	\$179,482,201.20
	24	2041-2042	2041	\$239,240.00	\$170,280,813.14		na	\$170,520,053.14	\$170,520,053.14
	25	2042-2043	2042	\$239,240.00	\$161,766,772.49		na	\$162,006,012.49	\$162,006,012.49

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 10/9/2017

Applicant Name Nan Ya Plastics Corp., Texas

ISD Name Calhoun County

Form 50-296A

Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	3,000 MH / Month	54,785.00			
	0	2019-2020	2019	96,000 MH / Month	54,785.00	10	10	60,358
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020	64,000 MH / Month	54,785.00	47	10	60,358
	2	2021-2022	2021			50	10	60,358
	3	2022-2023	2022			50	10	60,358
	4	2023-2024	2023			50	10	60,358
	5	2024-2025	2024			50	10	60,358
	6	2025-2026	2025			50	10	60,358
	7	2026-2027	2026			50	10	60,358
	8	2027-2028	2027			50	10	60,358
	9	2026-2027	2026			50	10	60,358
	10	2027-2028	2027			50	10	60,358
Years Following Value Limitation Period	11 through 25	2028-2029	2028-2042			50	10	60,358

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) ☐ Yes ☐ No
qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ☐ No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☐ No

Schedule D: Other Incentives (Estimated)

Date 10/09/2017

Applicant Name NanYa Plastics Corp., Texas

ISD Name Calhoun County

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	Calhoun County	2018	10 years	\$1,967,361.00	100% Abatement	
	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						

Additional information on incentives for this project:

TAB 15

Economic Impact

N/A.

TAB 16

Description of Reinvestment Zone, including:

- A. Evidence that the area qualifies as an reinvestment zone***
- B. Legal description of the reinvestment zone***
- C. Order, resolution or ordinance establishing the reinvestment zone***
- D. Guidelines and criteria for creating the zone***

**EXHIBIT A
133.40 ACRE TRACT
LEGAL DESCRIPTION**

**STATE OF TEXAS
COUNTY OF CALHOUN**

BEING a 133.40 acre tract of land situated in the Thomas Cox Survey, Abstract 10, Calhoun County, Texas and being all of a 0.870 acre tract described in Warranty Deed dated June 24, 2009 from Calhoun Port Authority to Formosa Plastics Corporation, Texas as recorded in Document No. 117093 of the Official Records of said county and a part of that certain 80.61 acre tract described in Warranty Deed with Vendor's Lien dated December 12, 2007 from Calhoun Port Authority to Formosa Plastics Corporation, Texas as recorded in Document No. 111496 of the Official Records of said county and a 52.79 acre portion of the remaining portion of a 3,062.40 acre tract described in Special Warranty Deed dated December 30, 1994 from Aluminum Company of America to Alcoa Alumina & Chemicals, L.L.C. and recorded in Volume 139, Page 01 of the Official Records of Calhoun County, Texas, and this 133.40 acre tract of land being more particularly described by metes and bounds as follows;

BEGINNING at an existing 5/8 inch iron rod at the northwest corner of said 80.61 acre tract and an interior corner of a 23.57 acre tract described in Volume 62, Page 84 of the Official Records of said county for the northwest corner of the herein described tract, said iron rod having a Texas State Plane coordinate NAD 83 Texas South Central Zone of X = 2,756,616.29 and Y = 13,429,189.49;

THENCE North 87° 32' 36" East with the south line of said 23.57 acre tract and the north line of said 80.61 acre tract for a distance of 2816.48 feet to a set 5/8 inch iron rod for the northeast corner of the herein described tract;

THENCE South 02° 25' 45" East for a distance of 2262.33 feet to a set 5/8 inch iron rod for the southeast corner of the herein described tract;

THENCE South 88° 13' 50" West for a distance of 1950.77 feet to an existing 5/8 inch iron rod at the southeast corner of a 0.864 acre tract described in Document No. 117069 of the Official Records of said county and a southwest exterior corner of the herein described tract;

THENCE North 02° 33' 54" West with the east line of said 0.864 acre tract for a distance of 136.30 feet to an existing 5/8 inch iron rod at the northeast corner of said 0.864 acre tract for a southwest interior corner of the herein described tract;

THENCE South 88° 28' 27" West with the north line of said 0.864 acre tract for a distance of 275.07 feet to an existing 5/8 inch iron rod at a southwest exterior corner of the herein described tract;

THENCE North 02° 31' 50" West with a west line of said 80.61 acre tract and the east line of the remaining portion of said 169.965 acre tract for a distance of 734.93 feet to an existing 5/8 inch iron rod at a southwest interior corner of the herein described tract;

THENCE South 87° 33' 16" West and continuing with an interior south line of said 80.61 acre tract and an interior north line of the remaining portion of said 169.965 acre tract for a distance of 617.92 feet to a set 5/8 inch iron rod at the southwest corner of said 0.870 acre tract for a southwest exterior corner of the herein described tract;

THENCE North 02° 28' 56" West with the west line of said 0.870 acre tract and an east line of the remaining portion of said 169.965 acre tract for a distance of 1263.07 feet to a set 5/8 inch iron rod at the northwest corner of said 0.870 acre tract for a northwest exterior corner of the herein described tract;

THENCE North 87° 32' 28" East with the north line of said 0.870 acre tract for a distance of 30.00 feet to a set 5/8 inch iron rod at the northeast corner of said 0.870 acre tract for a northwest interior corner of the herein described tract;

PC16-133
Formosa Plastics Corp., Texas
133.40 Acre Tract

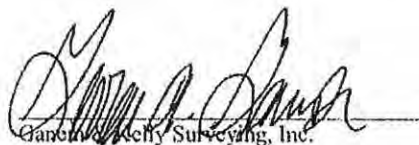


THENCE North 02° 28' 56" West with a west line of said 80.61 acre tract and the east line of a 1.96 acre tract described in Document No. 117092 of the Official Records of said county for a distance of 100.04 feet to the **POINT OF BEGINNING**, Containing 133.40 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings are based on GPS Observation converted to Texas Coordinate System NAD83 South Central Zone. Coordinates and distances are grid values.

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


Ganem & Son Surveying, Inc.

By: George A. Ganem, Jr.
Registered Professional Land Surveyor
Texas No. 4681

Date

01/30/2017



FIELDNOTE POINT
OF BEGINNING
X=2756616.29
Y=13429189.49

ALUMINUM COMPANY OF AMERICA
VOLUME 62, PAGE 84 O.R.
23.57 ACRES

N87°32'36"E 2816.48'

FORMOSA PLASTICS
CORPORATION, TEXAS
DOC. NO. 117092
1.95 ACRES

N02°28'56"W
100.04'

N87°32'28"E
30.00'

N02°28'56"W 1263.07'

WARRANTY DEED
CALHOUN PORT AUTHORITY
TO
FORMOSA PLASTICS
CORPORATION, TEXAS
JUNE 24, 2009
DOC. NO. 117093
0.870 ACRES

133.40 ACRES

52.79 ACRES
(NOT YET CONVEYED)

THOMAS COX SURVEY
ABSTRACT NO. 10

WARRANTY DEED WITH VENDOR'S LIEN
CALHOUN PORT AUTHORITY
TO
FORMOSA PLASTICS CORPORATION, TEXAS
DECEMBER 12, 2007
DOC. NO. 111496 O.R.
80.61 ACRES

S87°33'16"W
617.92'

CALHOUN COUNTY
NAVIGATION DISTRICT
VOLUME 376 PAGE 561, O.R.
REMAINDER OF 169.955 ACRES



N02°31'50"W 734.93'

S88°28'27"W
275.07'

N02°33'54"W
136.30'

S88°13'50"W 1950.77'

WARRANTY DEED
FORMOSA PLASTICS, TEXAS
TO
CALHOUN PORT AUTHORITY
DOC. NO. 117069
0.864 ACRES

COX BAY

SPECIAL WARRANTY DEED
ALUMINUM COMPANY OF AMERICA
TO
ALCOA ALUMINA & CHEMICALS, L.L.C.
DECEMBER 30, 1994
VOLUME 139, PAGE 01 O.R.
TRACT ONE: 3,062.40 ACRES

S02°25'45"E 2262.33'

0-5/8" IRON ROD FOUND UNLESS
OTHERWISE NOTED
● - 5/8" IRON ROD SET

SURVEY PLAT

PLAT SHOWING THE LOCATION OF A 133.40 ACRE TRACT
SITUATED IN THE THOMAS COX SURVEY ABSTRACT NO. 10
IN CALHOUN COUNTY, TEXAS.

PREPARED FOR:

FORMOSA PLASTICS CORPORATION, TEXAS

DRAWN BY: G.K.S.

SCALE: 1" = 400'

CHECKED BY: G.A.G.

DATE: 01/27/2017

APPROVED BY: G.A.G.

JOB NO. PC16-133



GANEM & KELLY SURVEYING, INC.

111 EAST MAIN STREET EDNA, TEXAS 77957
LAMAR STREET, SUITE 5 POINT COMFORT, TEXAS 77978
(361) 782-3736 (361) 987-2011

BEARINGS ARE BASED ON TEXAS COORDINATE
SYSTEM NAD83, TEXAS SOUTH CENTRAL ZONE.
DISTANCES SHOWN ARE GRID VALUES.

THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL
SURVEY MADE ON THE GROUND UNDER MY SUPERVISION
IN JANUARY 2017.

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

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

(For the period June 25, 2017 through June 24, 2019)

PREAMBLE

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

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

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

WHEREAS, pursuant to the **PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT, TEX. TAX CODE ANN.** Chapter 312, it is necessary to adopt Guidelines and Criteria for granting tax abatement agreements as a business incentive for the next two year period commencing June 25, 2017 through June 24, 2019, inclusive, said Guidelines and Criteria to be unchanged for the two year period, unless amended by three-quarters vote; and

NOW, THEREFORE, BE IT RESOLVED that the Commissioners' Court of Calhoun County does hereby adopt the following Guidelines and Criteria for granting tax abatement as a business incentive in reinvestment zones created within Calhoun County, Texas for the period June 25, 2017 through June 24, 2019, inclusive.

Section 1

DEFINITIONS

- (a) **“ABATEMENT”** means the exemption from ad valorem taxation of a portion or all of the eligible value of the real property or of tangible personal property located on the real property, or both, as limited by these Guidelines and Criteria and the provisions of TEX. TAX CODE ANN. §312.204.
- (b) **“AGREEMENT”** means a written contractual agreement between a property owner and/or lessee and an eligible taxing jurisdiction for the purposes of a business incentive.
- (c) **“AQUACULTURE FACILITY”** means buildings, structures and major earth structure improvements, including fixed machinery and equipment, the primary purpose of which is the hatching or incubation or nursing or maturing or processing to marketable size aquatic culture in commercially marketable quantities.
- (d) **“APPLICANT”** means the legal entity seeking tax abatement as a business incentive.
- (e) **“APPRAISED VALUE”** means the last certified property value as approved by the Calhoun County Appraisal Review Board.
- (f) **“BASE YEAR VALUE”** means the appraised value of all property owned by the Taxpayer/applicant in the reinvestment zone as most recently determined by the Calhoun County Appraisal District immediately preceding the application, plus the agreed upon value of all property improvements made in the reinvestment zone since the last appraisal, but before the execution of the agreement.
- (g) **“BUSINESS INCENTIVE”** means an item offered of value to a business that induces the business to locate in a particular jurisdiction.
- (h) **“COMMENCEMENT OF CONSTRUCTION”** means the placement or construction of any improvements that are part of the project in the reinvestment zone. The storage of building materials in the reinvestment zone that are to be used in construction of the improvements does not constitute commencement of construction. Engineering, site preparation and similar activity shall not be considered commencement of construction so long as permanent improvements that are part of the project have not been constructed and placed in the reinvestment zone.

- (i) **“COMMISSIONERS”** or **“COMMISSIONERS’ COURT”** means the Commissioners’ Court and governing body of Calhoun County, Texas.
- (j) **“COUNTY”** means Calhoun County, Texas, a political subdivision of the State of Texas.
- (k) **“DEFERRED MAINTENANCE”** means improvements necessary for continued operations which do not improve the productivity or alter the process technology.
- (l) **“DESIGNATING AUTHORITY”** means the taxing unit that has the authority to designate the reinvestment zone in which the proposed project is located.
- (m) **“DESIGNEE”** unless otherwise indicated, means any person or entity authorized by the Commissioners’ Court to act on behalf of the County.
- (n) **“ECONOMIC LIFE”** means the number of years a property improvement is expected to be in service in a facility, and will continue to have value for ad valorem tax purposes throughout such term
- (o) **“ELIGIBLE JURISDICTION”** includes Calhoun County and any navigation district, any drainage district, and municipal utility district, any water quality improvement district, any municipality, and the Calhoun County Independent School District, that levies ad valorem taxes upon property located within the proposed or existing reinvestment zone.
- (p) **“EXPANSION”** means the addition of building, structures, fixed machinery or equipment for purposes of increasing production capacity.
- (q) **“FACILITY”** means property improvements proposed, completed, or in the process of construction which together comprise an integral whole.
- (r) **“INFRASTRUCTURE”** means a system of public works installed in a residential subdivision, whether public or private, to include, but not be limited to, roadways, utility service including water, sewer and electrical service, and bulk heading.
- (s) **“MANUFACTURING FACILITY”** means building and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (t) **“MATERIAL MISREPRESENTATION”** means a false statement about a material matter which induced the Commissioners’ Court to take any specific action on

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

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

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

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

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

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

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

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

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

maximize the potential incentives for eligible enterprises to locate or expand within Calhoun County.

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

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

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

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

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

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

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

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

ELIGIBILITY CRITERIA GENERALLY

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

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

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

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

(e) **Eligible Property to be Described** The application for tax abatement as a business incentive or any other business incentive and any agreement must describe the project and improvements with such detail and certainty as required by the County in order to identify the property that is declared to be eligible for business incentives. Any

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

(f) **Exclusions.**

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

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

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

Section 3

ELIGIBILITY CRITERIA AND TERMS FOR FACILITIES/INDUSTRY

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

- (1) Manufacturing Facility; or
- (2) Research Facility; or
- (3) Aquaculture Facility; or
- (4) Regional Distribution Center Facility; or
- (5) Regional Service Facility; or
- (6) Regional Entertainment Facility; and,
- (7) Other Basic Industry.

(b) **Economic Qualifications** In addition to satisfying the other eligibility criteria, in order to be eligible for business incentives, the new facility or structure, or the expanded or modernized existing facility or structure must meet the following qualifications:

- (1) The project must cost at least Five Million Dollars (\$5,000,000.00); and
- (2) Be expected to retain or create employment for at least 10 persons of the eligible facility on a full time and permanent basis in Calhoun County; and
- (3) Not be expected to solely or primarily have the effect of transferring employment from one part of Calhoun County to another; and
- (4) Be expected to attract major investment in the reinvestment zone that would be a benefit to the property to be included in the zone; and
- (5) That development anticipated to occur in the proposed reinvestment zone would contribute to the economic development of the County.
- (6) The County reserves the right to grant abatements up to the state maximum of 100% for 10 years.

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

(d) **Effective Date.**

- (1) If the County is the designating authority, the effective date of the agreement shall be the date that the County executes the agreement.
- (2) If a municipality is the designating authority, the effective date of any agreement that the County approves shall be same date as that of the agreement entered into for the same project by the municipality.
- (3) Abatement applies to all eligible improvements placed in the reinvestment zone after the designating authority and Taxpayer execute their agreement. Taxes will be abated on eligible property for the number of years approved by the County, commencing January 1 immediately following the effective date of the agreement. Property otherwise eligible for abatement under the agreement shall be eligible for abatement only if the property is placed or constructed in the reinvestment zone after the effective date of the agreement, but on or before December 31 immediately preceding the beginning of the last full tax year that taxes are to be abated.

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

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

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

- (1) the value of ineligible property as provided in Section 2 shall be fully taxable.
- (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) the unabated value of eligible property shall be taxable

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

ELIGIBILITY CRITERIA AND TERMS FOR REAL ESTATE DEVELOPMENT

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

- (1) New single family residential housing project;
- (2) Multi-family housing project; and/or,
- (3) Apartment project.

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

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

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

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

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

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

APPLICATION

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

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

shall be submitted on a form provided by the County, or alternatively, if unavailable, the contents of the application shall be in order of this subsection and respond to each element of this subsection, and shall contain such other information as required by the County, or its representative. Specifically, the application shall include the following:

- (1) A list of the kind, number and location of all proposed improvements of the property, including a general written description of the general nature and extent of modernization, expansion or new improvements to be undertaken.
- (2) A statement of the current and proposed uses of the property showing that planned usage is consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the period that the property tax exemptions are in effect.
- (3) A map showing locations of existing and proposed improvements. The map should also show general uses and conditions of the real property in the reinvestment zone.
- (4) A legal description of the property.
- (5) An estimate of the project cost and new value that will result from the modernization, expansion or new improvements to be undertaken. A statement of the base year value separately stated for land and existing improvements located in the reinvestment zone, plus any improvements or changes in value in the reinvestment zone after the last appraisal and prior to the application. In any case where the value of an existing facility will be deleted or diminished as a result of the project, the application must contain verification from the Chief Appraiser of the last appraised value of any portion or all of a facility whose value will be reduced or removed from the tax rolls.
- (6) An estimate of the number of jobs that will be created or retained by the modernization, expansion or new improvements.
- (7) Estimated date of start of construction, length of construction, estimated value of new improvements to be completed during each year of construction and estimated date of completion.
- (8) An estimate of what the property value subject to abatement will be on January 1 immediately following the end of the abatement period.

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

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

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

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

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

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

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

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

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

(h) That although estimates of the cost of the project and the number of jobs retained or created as a result of the project that are within 85 % of actual cost and/or number of jobs may be construed to be substantial compliance,

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

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

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

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

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

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

(16) If a variance from any provision in these Guidelines and Criteria is

requested, a statement describing the variance, and a detailed statement supporting the Applicant's reasons for the requested variance must be included.

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

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

Section 5

DESIGNATION OF REINVESTMENT ZONE

(a) **Authority to Designate Reinvestment Zones.** Reinvestment zones may be designated by either the Commissioners' Court for property located outside the jurisdiction of any municipality in the County, or by a municipality, if the property is

located within the jurisdiction of such municipality.

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

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

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

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

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

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

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

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

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

(2) Written notice of the hearing shall be delivered to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is included in the proposed reinvestment zone. Such notice

shall be delivered at least 7 days before the hearing. Pursuant to Tex Tax Code Ann. §312.201(e) this notice shall be presumed delivered when placed in the mail postage paid and properly addressed to the appropriate presiding officer.

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

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

Section 6

AGREEMENTS

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

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

(c) **Execution/Effective Date.** After giving the notices required above, and after making

the necessary findings, the County may, in its discretion, approve and execute the agreement. The effective date of the agreement shall be the date that the County's designated representative or official executes the agreement if the County is the designating authority. If a municipality is the designating authority, the effective date of the agreement shall be the date that the City's designated representative or official executes the agreement.

Section 7

RECAPTURE

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

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

- (1) Allows its ad valorem taxes owed to Calhoun County to become delinquent without timely and proper protest and/or contest; or
- (2) Violates any of the terms and conditions of the abatement agreement, or any prior or subsequent agreement with the County, or any other taxing jurisdiction that has granted an agreement to the Taxpayer for any project that the Commissioners' Court has also granted business incentives; or
- (3) Discontinues producing product or service at the improvements subject to abatement and described in the application, for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of one year during the abatement period after the facility is completed and begins producing product or service.

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

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

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

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

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

Section 8

ADMINISTRATION

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

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

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

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

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

Section 9

MISCELLANEOUS

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

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

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

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

(d) **Effective Date.** These Guidelines and Criteria shall be effective for two (2) years, from June 25, 2017 through June 24, 2019, inclusive.

(e) **Sunset Provision.** At the end of the two year effective period of these Guidelines and Criteria, all agreements created pursuant to these provisions will be reviewed by the Calhoun County Commissioners' Court to determine whether the goals have been achieved. Based upon that review, the Guidelines and Criteria may be modified, renewed or eliminated. In the event that these Guidelines and Criteria are not modified or renewed, they shall automatically terminate effective June 24, 2019.

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

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

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

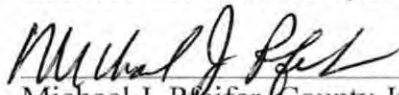
Section 10

ADOPTION

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

PASSED, ADOPTED AND APPROVED on this 25th day of May, 2017.

**COMMISSIONERS' COURT OF
CALHOUN COUNTY, TEXAS**


Michael J. Pfeifer, County Judge

ATTEST:

Anna Goodman, County Clerk

By: Catherine Blevins
Deputy

RESOLUTION APPROVING TAX ABATEMENT AGREEMENT

WHEREAS, on **February 13, 2017, Formosa Plastics Corporation, Texas** (hereafter "**Formosa**") obtained designation of **Formosa Plastics Corporation, Texas Reinvestment Zone 17-01**, consisting of certain properties situated in an unincorporated area of Calhoun County, Texas; and

WHEREAS, by Application dated January 30, 2017 **Formosa** applied for a Tax Abatement Agreement for its EG-2 project valued at an estimated \$500,000,000.00 that will be located in the unincorporated area of Calhoun County in the **Formosa Plastics Corporation, Texas Reinvestment Zone 17-01**; and

WHEREAS, prior to adopting this Resolution, the Commissioners Court of Calhoun County, Texas held a public hearing on February 13, 2017, at which interested persons were permitted to speak and present written material for or against the approval of the **Formosa Plastics Corporation, Texas Reinvestment Zone 17-01**; and

WHEREAS, the Commissioners Court of Calhoun County, Texas, after notice as required by law, has in open meeting discussed the issue of whether to enter into a Tax Abatement Agreement with Formosa, and being of the opinion that the Application for Tax Abatement Agreement by Formosa for its expansion should be approved, the Commissioners Court, upon motion and second, adopts the following resolutions:

BE IT RESOLVED:

1. That the Commissioners Court of Calhoun County, Texas hereby finds that the terms of the proposed Tax Abatement Agreement for Formosa Plastics Corporation, Texas' expansion and the property subject to the Agreement satisfy eligibility criteria and other requirements of the Guidelines and Criteria for Tax Abatement heretofore adopted by the Commissioners Court on May 28, 2015.

2. The Commissioners Court of Calhoun County, Texas finds that there will be no substantial adverse effect on the provision of the County's services or tax base.

3. The Commissioners Court of Calhoun County, Texas finds that due to the substantial amount of the expenditures and jobs to be created by this project, Formosa should be granted a variance from the guidelines as to the percentage and number of years of abatement.

4. The Commissioners Court of Calhoun County, Texas reaffirms Formosa's Application for Tax Abatement Agreement dated January 30, 2017, and approves the Tax Abatement dated February 13, 2017, subject to the following terms, covenants and conditions contained in the attached Tax Abatement Agreement.

5. Based upon the foregoing findings, the Commissioners Court of Calhoun County, Texas hereby approves and authorizes the execution of the Tax Abatement Agreement between the Commissioners Court of Calhoun County, Texas and Formosa a copy of which is attached to this Resolution, incorporated by reference, and made a part hereof for any and all purposes.

PASSED, ADOPTED AND APPROVED, by a vote of 4 for and 0 against
on this the 13th day of February, 2017.

COMMISSIONERS COURT OF
CALHOUN COUNTY, TEXAS

By: Michael J. Pfeifer
Michael J. Pfeifer, County Judge

ATTEST:

Anna Goodman, County Clerk

By: Farleigh Sutton
Farleigh Sutton, Deputy



**EXHIBIT A
133.40 ACRE TRACT
LEGAL DESCRIPTION**

**STATE OF TEXAS
COUNTY OF CALHOUN**

BEING a 133.40 acre tract of land situated in the Thomas Cox Survey, Abstract 10, Calhoun County, Texas and being all of a 0.870 acre tract described in Warranty Deed dated June 24, 2009 from Calhoun Port Authority to Formosa Plastics Corporation, Texas as recorded in Document No. 117093 of the Official Records of said county and a part of that certain 80.61 acre tract described in Warranty Deed with Vendor's Lien dated December 12, 2007 from Calhoun Port Authority to Formosa Plastics Corporation, Texas as recorded in Document No. 111496 of the Official Records of said county and a 52.79 acre portion of the remaining portion of a 3,062.40 acre tract described in Special Warranty Deed dated December 30, 1994 from Aluminum Company of America to Alcoa Aluminum & Chemicals, L.L.C. and recorded in Volume 139, Page 01 of the Official Records of Calhoun County, Texas, and this 133.40 acre tract of land being more particularly described by metes and bounds as follows;

BEGINNING at an existing 5/8 inch iron rod at the northwest corner of said 80.61 acre tract and an interior corner of a 23.57 acre tract described in Volume 62, Page 84 of the Official Records of said county for the northwest corner of the herein described tract, said iron rod having a Texas State Plane coordinate NAD 83 Texas South Central Zone of X = 2,756,616.29 and Y = 13,429,189.49;

THENCE North 87° 32' 36" East with the south line of said 23.57 acre tract and the north line of said 80.61 acre tract for a distance of 2816.48 feet to a set 5/8 inch iron rod for the northeast corner of the herein described tract;

THENCE South 02° 25' 45" East for a distance of 2262.33 feet to a set 5/8 inch iron rod for the southeast corner of the herein described tract;

THENCE South 88° 13' 50" West for a distance of 1950.77 feet to an existing 5/8 inch iron rod at the southeast corner of a 0.864 acre tract described in Document No. 117069 of the Official Records of said county and a southwest exterior corner of the herein described tract;

THENCE North 02° 33' 54" West with the east line of said 0.864 acre tract for a distance of 136.30 feet to an existing 5/8 inch iron rod at the northeast corner of said 0.864 acre tract for a southwest interior corner of the herein described tract;

THENCE South 88° 28' 27" West with the north line of said 0.864 acre tract for a distance of 275.07 feet to an existing 5/8 inch iron rod at a southwest exterior corner of the herein described tract;

THENCE North 02° 31' 50" West with a west line of said 80.61 acre tract and the east line of the remaining portion of said 169.965 acre tract for a distance of 734.93 feet to an existing 5/8 inch iron rod at a southwest interior corner of the herein described tract;

THENCE South 87° 33' 16" West and continuing with an interior south line of said 80.61 acre tract and an interior north line of the remaining portion of said 169.965 acre tract for a distance of 617.92 feet to a set 5/8 inch iron rod at the southwest corner of said 0.870 acre tract for a southwest exterior corner of the herein described tract;

THENCE North 02° 28' 56" West with the west line of said 0.870 acre tract and an east line of the remaining portion of said 169.965 acre tract for a distance of 1263.07 feet to a set 5/8 inch iron rod at the northwest corner of said 0.870 acre tract for a northwest exterior corner of the herein described tract;

THENCE North 87° 32' 28" East with the north line of said 0.870 acre tract for a distance of 30.00 feet to a set 5/8 inch iron rod at the northeast corner of said 0.870 acre tract for a northwest interior corner of the herein described tract;

PC16-133
Formosa Plastics Corp., Texas
133.40 Acre Tract



THENCE North 02° 28' 56" West with a west line of said 80.61 acre tract and the east line of a 1.96 acre tract described in Document No. 117092 of the Official Records of said county for a distance of 100.04 feet to the POINT OF BEGINNING, Containing 133.40 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings are based on GPS Observation converted to Texas Coordinate System NAD83 South Central Zone. Coordinates and distances are grid values.

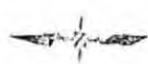
The above legal description is based on an actual survey made on the ground under my supervision.


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

Date

01/30/2017





THOMAS COX SURVEY
ABSTRACT NO. 10

0 - 5/8" IRON ROD FOUND UNLESS
OTHERWISE NOTED
• 5/8" IRON ROD SET

SURVEY PLAT

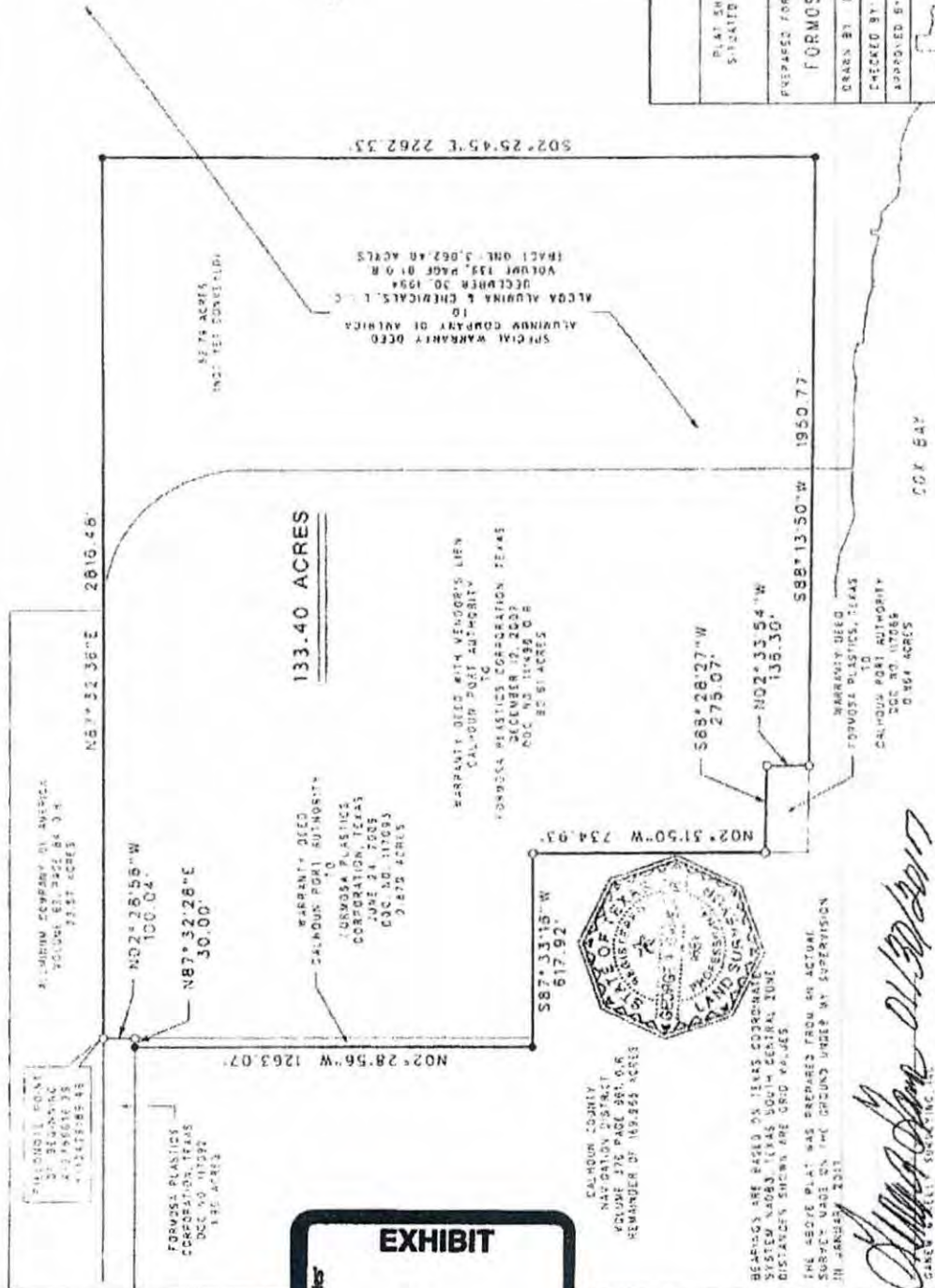
PLAT SHOWING THE LOCATION OF A 133.40 ACRE TRACT
SITUATED IN THE THOMAS COX SURVEY ABSTRACT NO. 10
IN CALHOUN COUNTY, TEXAS.

PREPARED FOR:

FORMOSA PLASTICS CORPORATION, TEXAS

DRAWN BY C.K.T.	SCALE 1" = 100'
CHECKED BY C.A.C.	DATE 01/27/2017
APPROVED BY C.A.C.	JOB NO. 01-113

GAVEN & KELLY SURVEYING, INC.
11125 MAIN STREET, SUITE 200
DALLAS, TEXAS 75243-1515
TEL: 214-351-2311



133.40 ACRES

EXHIBIT

"2"



BEARINGS ARE BASED ON THE CORNERED
SECTION 36, T14S, R10E, S10E, 10E
DISTANCE SHOWN ARE GRID VALUES
THE ABOVE PLAT WAS PREPARED FROM AN ACTUAL
SURVEY MADE ON THE GROUND UNDER MY SUPERVISION
IN JANUARY 2017

George E. Gaven
GAVEN & KELLY SURVEYING, INC.
BY GEORGE E. GAVEN, JR.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 4821

SECTION 9: Projected Timeline

- | | |
|---|---|
| 1. Application approval by school board | February 2018 |
| 2. Commencement of construction | 1/2018 |
| 3. Beginning of qualifying time period | 2/2018 |
| 4. First year of limitation | 2020 |
| 5. Begin hiring new employees | 2018 |
| 6. Commencement of commercial operations | 2020 |
| 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? | 2020 |

SECTION 10: The Property

- | | |
|--|---|
| 1. Identify county or counties in which the proposed project will be located | Calhoun |
| 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property | Calhoun County Appraisal District |
| 3. Will this CAD be acting on behalf of another CAD to appraise this property? | ☐ Yes ☒ No |
| 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity: | |
| County: Calhoun, 100%, .49
(Name, tax rate and percent of project) | City: N/A
(Name, tax rate and percent of project) |
| Hospital District: N/A
(Name, tax rate and percent of project) | Water District: Ground Water District, 100%, .01
(Name, tax rate and percent of project) |
| Other (describe): Calhoun Port Authority, 100%, .001
(Name, tax rate and percent of project) | Other (describe): N/A
(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 comptroller.texas.gov/economy/local/ch313/.

- | | |
|--|---|
| 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 |

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SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☒ Third Quarter ☐ Fourth Quarter of 2017
(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)? 2,000
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? 50
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,209.25
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,193.68
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,160.72
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,357.44
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,358.00
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**.

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



Google Maps



TAB 13

Calculation of three possible wage requirements with supporting documentation

**AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN CALHOUN
COUNTY COUNTY**
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	OWNERSHIP	Avg. Weekly Wage
Calhoun County	2016	Q3	Total All	\$1,228
Calhoun County	2016	Q4	Total All	\$1,171
Calhoun County	2017	Q1	Total All	\$1,234
Calhoun County	2017	Q2	Total All	\$1,204
SUM:				\$4,837
CALCULATION:				$\$4,837/4 = \$1,209.25$

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN CALHOUN
COUNTY COUNTY**
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	OWNERSHIP	Avg. Weekly Wage
Calhoun County	2016	Q2	Private	\$1,859
Calhoun County	2016	Q3	Private	\$1,948
Calhoun County	2016	Q4	Private	\$2,180
Calhoun County	2017	Q1	Private	\$1,990
SUM:				\$7,977
CALCULATION:				$(\$7,977/4)*1.1 = \2193.68

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE REGION
(WDA)**
FOUR MOST RECENT QUARTERS

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Golden Crescent	2016	\$26.38/\$54,879	\$1,055.20
CALCULATION:			$\$1,055.20 * 1.1 = \$1,160.72$

Please refer to the attached TWC & Council of Governments documentation below.

Quarterly Employment and Wages (QCEW)

[Back](#)

I.CODETITLE

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Int Code	Industry	Avg Weekly Wages
2016	1st Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,151
2016	1st Qtr	Calhoun County	Private	00	0	10	Total, all industries	\$1,210
2016	2nd Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,171
2016	2nd Qtr	Calhoun County	Private	00	0	10	Total, all industries	\$1,228
2016	3rd Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,228
2016	3rd Qtr	Calhoun County	Private	00	0	10	Total, all industries	\$1,282
2016	4th Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,249
2016	4th Qtr	Calhoun County	Private	00	0	10	Total, all industries	\$1,312
2017	1st Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,251
2017	1st Qtr	Calhoun County	Private	00	0	10	Total, all industries	\$1,328
2017	2nd Qtr	Calhoun County	Total All	00	0	10	Total, all industries	\$1,204
2017	2nd Qtr	Calhoun County	Private	00	0	10	Total, all industries	\$1,263
2017	2nd Qtr	Calhoun County	Total All	31	2	31-33	Manufacturing	\$1,990
2017	2nd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,990
2017	1st Qtr	Calhoun County	Total All	31	2	31-33	Manufacturing	\$2,180
2017	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$2,180
2016	4th Qtr	Calhoun County	Total All	31	2	31-33	Manufacturing	\$1,948
2016	4th Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,948
2016	3rd Qtr	Calhoun County	Total All	31	2	31-33	Manufacturing	\$1,859
2016	3rd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,859
2016	2nd Qtr	Calhoun County	Total All	31	2	31-33	Manufacturing	\$1,748
2016	2nd Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,748
2016	1st Qtr	Calhoun County	Total All	31	2	31-33	Manufacturing	\$1,804
2016	1st Qtr	Calhoun County	Private	31	2	31-33	Manufacturing	\$1,804

Schedule C: Employment Information

Date 10/9/2017

Applicant Name Nan Ya Plastics Corp., Texas

Form 50-296A

ISD Name Calhoun County

Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	3,000 MH / Month	54,785.00	10	10	60,358
	0	2019-2020	2019	96,000 MH / Month	54,785.00	10	10	60,358
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020	64,000 MH / Month	54,785.00	47	10	60,358
	2	2021-2022	2021			50	10	60,358
	3	2022-2023	2022			50	10	60,358
	4	2023-2024	2023			50	10	60,358
	5	2024-2025	2024			50	10	60,358
	6	2025-2026	2025			50	10	60,358
	7	2026-2027	2026			50	10	60,358
	8	2027-2028	2027			50	10	60,358
	9	2026-2027	2026			50	10	60,358
	10	2027-2028	2027			50	10	60,358
Years Following Value Limitation Period	11 through 25	2028-2029	2028-2042			50	10	60,358

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) ☐ Yes ☒ No
- qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
- If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ☐ No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☐ No

Texas Comptroller of Public Accounts

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Transparency
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SECTION 16. Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Dr. James Cowley

Superintendent

Print Name (Authorized School District Representative)

Title

sign
here

Dr. James B. Cowley

Signature (Authorized School District Representative)

Date

1-9-2018

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

Signature (Authorized Company Representative (Applicant))

Date

1/02/2018



(Notary Seal)

GIVEN under my hand and seal of office this, the

2nd day of January, 2018

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.

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☒ Third Quarter ☐ Fourth Quarter of 2017
(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)? 2,000
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? 50
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,233
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,193.68
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,160.72
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,357.44
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,358.00
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**.

TAB 4

Detailed description of the project

Nan Ya Plastics Corporation, Texas, proposes to develop a Ethylene Glycol Unit (EG2 Unit) within the Calhoun County Independent School District.

The project will be constructed on approximately 39.60 acres. The project will be located entirely in Calhoun County and within the Calhoun County Independent School District.

Production of Ethylene Glycol is a complex process that creates a chemical reaction of Ethylene with Oxygen (comes from the air separation unit which is located next to the EG2 reactor) to form Ethylene Oxide (EO). The Ethylene Oxide is then further reacted with water to form Ethylene Glycols. The Glycols are then separated into MEG (mono-ethylene glycol), DEG (di-ethylene glycol), TEG (tri-ethylene glycol), and PEG (poly-ethylene glycol). The first step is the EO reaction utilizes a silver base catalyst to inhibit the Ethylene and Oxygen reaction to form Ethylene Oxide. The Ethylene Oxide is then scrubbed into water and sent to the glycol reactor where the Glycol is formed. The last step involves drying and separation where the product becomes 99.9% pure and the heavier glycols are separated based on the difference in boiling points.

Feedstock Sources:

The proposed Ethylene Glycol plant will accept ethylene from the storage spheres; pipe it into the Ethylene Oxide Reactor system where the Ethylene molecules and the Oxygen molecules are bonded to form Ethylene Oxide. The plant will consist of piping, instrumentation, reactors, compressors, valves, columns, heat exchangers, mixing/loading tanks and product loading areas.

Proposed Output Capacity:

The EG2 unit will produce 800,000 metric tons per year of Ethylene Glycol. Ethylene Glycol is a liquid product which is used as a raw material for the manufacturing of fibers such as polyester, and it can also be used to make plastics. Ethylene Glycol is made from ethylene as its root component. The final product will be both transported to end-customer via railcar, truck, or marine vessels.

Interconnections with neighboring facility:

The only connection from the neighboring facility would be the use of steam from CFB, Water from the reservoir and Ethylene from on site spheres. Other than the above, the waste water will be sent to the Utilities Department, combined waste water treatment plant, CWTP, for treatment and ensuring compliance with regulations.

TAB 13

Calculation of three possible wage requirements with supporting documentation

**AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN CALHOUN
COUNTY COUNTY**
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	OWNERSHIP	Avg. Weekly Wage
Calhoun County	2016	Q3	Total All	\$1,228
Calhoun County	2016	Q4	Total All	\$1,249
Calhoun County	2017	Q1	Total All	\$1,251
Calhoun County	2017	Q2	Total All	\$1,204
SUM:				\$4,932
CALCULATION:				\$4,932/4 = \$1,233

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN CALHOUN
COUNTY COUNTY**
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	OWNERSHIP	Avg. Weekly Wage
Calhoun County	2016	Q2	Private	\$1,859
Calhoun County	2016	Q3	Private	\$1,948
Calhoun County	2016	Q4	Private	\$2,180
Calhoun County	2017	Q1	Private	\$1,990
SUM:				\$7,977
CALCULATION:				(\$7,977/4)*1.1 = \$2193.68

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE REGION
(WDA)**
FOUR MOST RECENT QUARTERS

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Golden Crescent	2016	\$26.38/\$54,879	\$1,055.20
CALCULATION:			\$1,055.20 * 1.1 = \$1,160.72

Please refer to the attached TWC & Council of Governments documentation below.

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 05/01/2018 09:15:16

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

NAN YA PLASTICS CORPORATION, TEXAS

Texas Taxpayer Number 32057655006

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 06/29/2015

Texas SOS File Number 0802244384

Registered Agent Name CORPORATION SERVICE COMPANY DBA CSC -
LAWYERS INCO

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

March 23, 2018

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

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Calhoun County Independent
School District and Nan Ya Plastic Corporation, Texas, Application 1227

Dear Superintendent Cowley:

On February 13, 2018, the Comptroller issued written notice that Nan Ya Plastic Corporation, Texas (applicant) submitted a completed application (Application 1227) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 19, 2017, to the Calhoun County 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 1227.

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, 2018.

Note that any building or improvement existing as of the application review start date of February 13, 2018, 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,

A handwritten signature in black ink, appearing to read "Mike Reissig", written over the printed name.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Nan Ya Plastics Corporation, Texas (project) applying to Calhoun County 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 Nan Ya Plastics Corporation, Texas.

Applicant	Nan Ya Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun County ISD
2016-2017 Average Daily Attendance	3,676
County	Calhoun
Proposed Total Investment in District	\$1,000,000,000
Proposed Qualified Investment	\$500,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	50
Average weekly wage of qualifying jobs committed to by applicant	\$1,160.73
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,160.72
Minimum annual wage committed to by applicant for qualified jobs	\$60,358
Minimum weekly wage required for non-qualifying jobs	\$1,234
Minimum annual wage required for non-qualifying jobs	\$64,168
Investment per Qualifying job	\$100,000,000
Estimated M&O levy without any limit (15 years)	\$59,190,498
Estimated M&O levy with Limitation (15 years)	\$20,554,259
Estimated gross M&O tax benefit (15 years)	\$38,636,239

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	37	81	118	\$2,176,605	\$5,823,395	\$8,000,000
2019	574	767	1341	\$31,620,882	\$65,379,118	\$97,000,000
2020	426	752	1178	\$23,835,141	\$69,164,859	\$93,000,000
2021	60	339	399	\$3,811,980	\$36,188,020	\$40,000,000
2022	60	263	323	\$3,811,980	\$31,188,020	\$35,000,000
2023	60	210	270	\$3,811,980	\$27,188,020	\$31,000,000
2024	60	179	239	\$3,811,980	\$25,188,020	\$29,000,000
2025	60	167	227	\$3,811,980	\$24,188,020	\$28,000,000
2026	60	166	226	\$3,811,980	\$24,188,020	\$28,000,000
2027	60	171	231	\$3,811,980	\$25,188,020	\$29,000,000
2028	60	180	240	\$3,811,980	\$26,188,020	\$30,000,000
2029	60	191	251	\$3,811,980	\$28,188,020	\$32,000,000
2030	60	193	253	\$3,811,980	\$29,188,020	\$33,000,000
2031	60	200	260	\$3,811,980	\$31,188,020	\$35,000,000
2032	60	206	266	\$3,811,980	\$33,188,020	\$37,000,000

Source: CPA REMI, Nan Ya Plastics Corporation, Texas

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun Port Authority Tax Levy	Ground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2535	1.0400		0.4900	0.0010	0.0100	
2017	\$239,240	\$239,240		\$606	\$2,488	\$3,095	\$1,172	\$2	\$24	\$4,293
2018	\$20,239,240	\$20,239,240		\$51,306	\$210,488	\$261,795	\$99,172	\$202	\$2,024	\$363,193
2019	\$300,239,240	\$300,239,240		\$761,106	\$3,122,488	\$3,883,595	\$1,471,172	\$3,002	\$30,024	\$5,387,793
2020	\$500,239,240	\$500,239,240		\$1,268,106	\$5,202,488	\$6,470,595	\$2,451,172	\$5,002	\$50,024	\$8,976,793
2021	\$475,239,240	\$475,239,240		\$1,204,731	\$4,942,488	\$6,147,220	\$2,328,672	\$4,752	\$47,524	\$8,528,168
2022	\$451,489,240	\$451,489,240		\$1,144,525	\$4,695,488	\$5,840,013	\$2,212,297	\$4,515	\$45,149	\$8,101,974
2023	\$428,926,740	\$428,926,740		\$1,087,329	\$4,460,838	\$5,548,167	\$2,101,741	\$4,289	\$42,893	\$7,697,090
2024	\$407,492,365	\$407,492,365		\$1,032,993	\$4,237,921	\$5,270,914	\$1,996,713	\$4,075	\$40,749	\$7,312,450
2025	\$387,129,709	\$387,129,709		\$981,374	\$4,026,149	\$5,007,523	\$1,896,936	\$3,871	\$38,713	\$6,947,043
2026	\$367,785,185	\$367,785,185		\$932,335	\$3,824,966	\$4,757,301	\$1,802,147	\$3,678	\$36,779	\$6,599,905
2027	\$349,407,888	\$349,407,888		\$885,749	\$3,633,842	\$4,519,591	\$1,712,099	\$3,494	\$34,941	\$6,270,125
2028	\$331,949,456	\$331,949,456		\$841,492	\$3,452,274	\$4,293,766	\$1,626,552	\$3,319	\$33,195	\$5,956,833
2029	\$315,363,945	\$315,363,945		\$799,448	\$3,279,785	\$4,079,233	\$1,545,283	\$3,154	\$31,536	\$5,659,206
2030	\$299,607,710	\$299,607,710		\$759,506	\$3,115,920	\$3,875,426	\$1,468,078	\$2,996	\$29,961	\$5,376,460
2031	\$284,639,286	\$284,639,286		\$721,561	\$2,960,249	\$3,681,809	\$1,394,733	\$2,846	\$28,464	\$5,107,852
2032	\$270,419,284	\$270,419,284		\$685,513	\$2,812,361	\$3,497,873	\$1,325,054	\$2,704	\$27,042	\$4,852,674
2033	\$256,910,282	\$256,910,282		\$651,268	\$2,671,867	\$3,323,134	\$1,258,860	\$2,569	\$25,691	\$4,610,255
2034	\$244,076,730	\$244,076,730		\$618,735	\$2,538,398	\$3,157,132	\$1,195,976	\$2,441	\$24,408	\$4,379,957
			Total	\$14,427,684	\$59,190,498	\$73,618,182	\$27,887,831	\$56,914	\$569,139	\$102,132,066

Source: CPA, Nan Ya Plastics Corporation, Texas

*Tax Rate per \$100 Valuation

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

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		Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun Port Authority Tax Levy	Ground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2535	1.0400		0.4900	0.0010	0.0100	
2017	\$239,240	\$239,240		\$606	\$2,488	\$3,095	\$1,172	\$2	\$24	\$4,269
2018	\$20,239,240	\$20,239,240		\$51,306	\$210,488	\$261,795	\$0	\$202	\$2,024	\$261,997
2019	\$300,239,240	\$300,239,240		\$761,106	\$3,122,488	\$3,883,595	\$0	\$3,002	\$30,024	\$3,886,597
2020	\$500,239,240	\$30,000,000		\$1,268,106	\$312,000	\$1,580,106	\$0	\$5,002	\$50,024	\$1,585,109
2021	\$475,239,240	\$30,000,000		\$1,204,731	\$312,000	\$1,516,731	\$0	\$4,752	\$47,524	\$1,521,484
2022	\$451,489,240	\$30,000,000		\$1,144,525	\$312,000	\$1,456,525	\$0	\$4,515	\$45,149	\$1,461,040
2023	\$428,926,740	\$30,000,000		\$1,087,329	\$312,000	\$1,399,329	\$0	\$4,289	\$42,893	\$1,403,619
2024	\$407,492,365	\$30,000,000		\$1,032,993	\$312,000	\$1,344,993	\$0	\$4,075	\$40,749	\$1,349,068
2025	\$387,129,709	\$30,000,000		\$981,374	\$312,000	\$1,293,374	\$0	\$3,871	\$38,713	\$1,297,245
2026	\$367,785,185	\$30,000,000		\$932,335	\$312,000	\$1,244,335	\$0	\$3,678	\$36,779	\$1,248,013
2027	\$349,407,888	\$30,000,000		\$885,749	\$312,000	\$1,197,749	\$0	\$3,494	\$34,941	\$1,201,243
2028	\$331,949,456	\$30,000,000		\$841,492	\$312,000	\$1,153,492	\$1,626,552	\$3,319	\$33,195	\$2,783,364
2029	\$315,363,945	\$30,000,000		\$799,448	\$312,000	\$1,111,448	\$1,545,283	\$3,154	\$31,536	\$2,659,885
2030	\$299,607,710	\$299,607,710		\$759,506	\$3,115,920	\$3,875,426	\$1,468,078	\$2,996	\$29,961	\$5,346,500
2031	\$284,639,286	\$284,639,286		\$721,561	\$2,960,249	\$3,681,809	\$1,394,733	\$2,846	\$28,464	\$5,079,388
2032	\$270,419,284	\$270,419,284		\$685,513	\$2,812,361	\$3,497,873	\$1,325,054	\$2,704	\$27,042	\$4,825,632
2033	\$256,910,282	\$256,910,282		\$651,268	\$2,671,867	\$3,323,134	\$1,258,860	\$2,569	\$25,691	\$4,584,564
2034	\$244,076,730	\$244,076,730		\$618,735	\$2,538,398	\$3,157,132	\$1,195,976	\$2,441	\$24,408	\$4,355,549
			Total	\$14,427,684	\$20,554,259	\$34,981,942	\$9,815,709	\$56,914	\$569,139	\$44,854,565
			Diff	\$0	\$38,636,239	\$38,636,239	\$18,072,122	\$0	\$0	\$57,277,500

Source: CPA, Nan Ya 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 Nan Ya 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	\$2,488	\$2,488	\$0	\$0
	2018	\$210,488	\$212,976	\$0	\$0
	2019	\$3,122,488	\$3,335,464	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$3,647,464	\$4,890,488	\$4,890,488
	2021	\$312,000	\$3,959,464	\$4,630,488	\$9,520,976
	2022	\$312,000	\$4,271,464	\$4,383,488	\$13,904,464
	2023	\$312,000	\$4,583,464	\$4,148,838	\$18,053,302
	2024	\$312,000	\$4,895,464	\$3,925,921	\$21,979,223
	2025	\$312,000	\$5,207,464	\$3,714,149	\$25,693,372
	2026	\$312,000	\$5,519,464	\$3,512,966	\$29,206,338
	2027	\$312,000	\$5,831,464	\$3,321,842	\$32,528,180
	2028	\$312,000	\$6,143,464	\$3,140,274	\$35,668,454
	2029	\$312,000	\$6,455,464	\$2,967,785	\$38,636,239
	2030	\$3,115,920	\$9,571,384	\$0	\$38,636,239
Maintain Viable Presence (5 Years)	2031	\$2,960,249	\$12,531,633	\$0	\$38,636,239
	2032	\$2,812,361	\$15,343,994	\$0	\$38,636,239
	2033	\$2,671,867	\$18,015,861	\$0	\$38,636,239
	2034	\$2,538,398	\$20,554,259	\$0	\$38,636,239
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$2,411,602	\$22,965,861	\$0	\$38,636,239
	2036	\$2,291,147	\$25,257,008	\$0	\$38,636,239
	2037	\$2,176,714	\$27,433,722	\$0	\$38,636,239
	2038	\$2,068,003	\$29,501,724	\$0	\$38,636,239
	2039	\$1,964,727	\$31,466,451	\$0	\$38,636,239
	2040	\$1,866,615	\$33,333,066	\$0	\$38,636,239
	2041	\$1,773,409	\$35,106,474	\$0	\$38,636,239
	2042	\$1,684,863	\$36,791,337	\$0	\$38,636,239
	2043	\$1,600,744	\$38,392,081	\$0	\$38,636,239
	2044	\$1,520,831	\$39,912,912	\$0	\$38,636,239

\$39,912,912

is greater than

\$38,636,239

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, Nan Ya 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 Nan Ya Plastic Corporation's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Nan Ya Plastic Corporation in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan."
 - B. "[T]he Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world."
 - C. "The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project."
 - D. "The proposed new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The EG2 unit does not require any specific materials that would require the plant to locate in Point Comfort."
 - E. "The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision."
 - F. "Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas."
 - G. "Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa."
- A July 21, 2017 *Taipei Times* article states that "[a]s for overseas markets, Nan Ya is to build a new plant to produce ethylene glycol in Texas, eyeing cheaper natural gas costs there."
- The *Victoria Advocate* reported in a July 16, 2017 article that "Formosa Plastics Corp. Texas is investing \$5 billion into a plant expansion" that "will broaden the company's plastic resins product line and increase overall productivity."

- Attached Railroad Commission of Texas Public GIS Viewer map depicting natural gas pipelines.

Supporting Information

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

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

Supporting Information

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

TAB 5

Documentation to assist in determining if limitation is a determining factor

The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan. As such, the Applicant competes with other members of the Formosa Plastics Group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project.

Formosa Plastics takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. We consistently seek new global investment opportunities that create value for our shareholders. Our business model is to conduct an extensive evaluation before we make any final investment decision. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. The proposed new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The EG2 unit does not require any specific materials that would require the plant to locate in Point Comfort.

Competitive abatement programs for the proposed new facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Formosa Plastics group. Calhoun County ISD's maintenance and operations (M&O) tax rate represents approximately 40% of the total property tax burden imposed on taxable property located at the Point Comfort location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa. As stated above, the limitation on appraised value is necessary to the determination to locate at the Point Comfort site.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Nan Ya upbeat over rising demand

By Kuo Chia-erh / Staff reporter

Advertisements

Nan Ya Plastics Corp (南亞塑膠),
the nation's largest plastics

maker, yesterday gave a relatively optimistic outlook for the rest of the year, supported by rising demand for copper products, oil and ethylene glycol.

"The demand for electric material and ethylene glycol has been improving," chairman Wu Chia-chau (吳嘉昭) told reporters on the sidelines of an annual shareholders' meeting in Taipei, citing strong growth momentum in the global electric-vehicle market.

Nan Ya has set a sales target of 69.65 million copper-clad laminates and 2.35 million tonnes of ethylene glycol this year, the firm said.

Wu said that Nan Ya is working on four capacity expansion projects this year, as part of its near-term efforts to sustain competitiveness and meet growing demand.

The company's board last month approved a NT\$5.37 billion (US\$176.6 million) proposal to build a new plant in Taiwan to expand production capacity for copper foil, aiming to satisfy increasing global demand for lithium-ion batteries, a key component of electric vehicles.

The plant is to produce 18,000 tonnes of copper foil per year, lifting the company's annual capacity from 90,000 tonnes to 108,000 tonnes, the plastics maker said.

Nan Ya, a key member of the Formosa Plastics Group (台塑集團), runs several copper foil plants in Chiayi County and Kunshan City in China's Jiangsu Province.

Nan Ya's board also approved a plan to expand its production capacity of high value-added synthetic paper, a company filing with the Taiwan Stock Exchange showed.

The plan, which is to cost NT\$1.19 billion, is expected to raise its annual capacity from 65,000 tonnes to 87,000 tonnes.

As for overseas markets, Nan Ya is to build a new plant to produce ethylene glycol in Texas, eyeing cheaper natural gas costs there.

Nan Ya said it is also to construct a new plant in Jiangsu, which would manufacture faux leather for Chinese automakers, without providing a timetable.

Shareholders approved a proposal to distribute cash dividends of NT\$4.5 per share, the highest in the past six years, based on a net profit of NT\$48.84 billion last year, or earnings per share of NT\$6.16.

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Profit last year surged 36.7 percent from a year earlier, but sales over the same period fell 8.2 percent to NT\$275.29 billion, primarily due to lower crude oil prices in the first three quarters of last year.

The company attributed the better-than-expected earnings performance to profits from selling its shares of DRAM chipmaker Inotera Memories Inc (華亞科技) to Micron Technology Inc.

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Taipei Times





Formosa expansion underway

By Kathryn Cargo kcargo@vicad.com Reporter Jul 16, 2017 [...](#)

|| 11

- Formosa U.S. companies sales totaled about \$5.7 billion in 2015 with a \$1.5 billion income before taxes.
- Formosa Plastics Corp. Texas has 2,066 full-time company employees and 922 full-time contract staff, with a company payroll of about \$135 million.
- Jackson County officials approved an agreement that gave a six-year abatement in 2015. Between 2016 and 2021, instead of taxes, Formosa would pay the county \$2.3 million.
- The project started about two and half years ago and is planned to be finish in late 2018.
- Formosa's acreage is about 1,500 but will be about 2,300 after the growth project.
- The expansion will add about 140 permanent company jobs in Jackson County and 200 in Calhoun County.

Source: Bill Harvey, Formosa spokesman

POINT COMFORT - Formosa Plastics Corp. Texas is investing \$5 billion into a plant expansion that will extend into Jackson County and provide about 340 jobs.

The expansion will broaden the company's plastic resins product line and increase overall productivity, said Bill Harvey, company spokesman. Construction began about two and a half years ago and is scheduled to finish in late 2018.

"We are very pleased that they have decided to move across the county line with this major project," said Jackson County Judge Dennis Simons. "The jobs that it will bring will provide job stability far into the future."

The expansion will add low-density polyethylene resins to increase the product mix and improve customer end-use options, said Jack Wu, Formosa's vice president for business development.

This type of resin is different from high-density polyethylene, which the company already produces, Wu said. Low-density polyethylene has less malleable strength but greater ductility than its cousin. Some examples of what it produces are toys, films and cable insulations.

Company officials bought land in 2016 in Jackson County for the expansion, Wu said. The project will add about 800 acres to the plant resulting in a total of 2,300 acres plantwide.

Jackson County officials approved an agreement that gave a six-year abatement in 2015. Between 2016 and 2021, instead of taxes, Formosa will pay the county \$2.3 million.

The expansion will add about 140 permanent jobs to Jackson County and 200 to Calhoun County, Wu said.

"These jobs will attract people from both inside and outside the area, and hopefully, many of them will settle in Jackson County," Simons said.

In 2012, Formosa officials announced the expansion, Harvey said. The company had fresh water available and petroleum to use, which also contributed to the decision.

When finished, the four new units will bring the total to 21 units, Wu said.

Formosa has 2,066 full-time employees and 922 full-time contract staff in Calhoun County, Harvey said, with a payroll of about \$135 million for company employees. The plant pays about 33 percent of taxes in Calhoun County.

"(The expansion is) going to make a good, positive impact to our community for sure," said David Hall, Calhoun County commissioner. "(The plant has) created jobs, and employees support local business and helped with the housing market."

During the construction phase of the expansion, Jackson County officials should see an increase in sales tax revenue. Rental properties will be in demand as well as RVs, Simons said. When the expansion is complete and in operation, permanent jobs will provide a stable demand in housing and rental properties in the county and surrounding areas.

Formosa is one of the largest taxpayers in Jackson County with its other facilities there, Simons said.

"Formosa has been one of the largest, if not the largest, employers in the Victoria Metropolitan Statistical Area," he said. "We look forward to continuing our good relationship with them."

Formosa produces plastic resins that start out as natural gas that the plant harnesses and uses chemical reactions to create its products, Harvey said.

The resins are used in plastic items ranging from stretch film to automobile parts.

"I would suspect that everyone in the Crossroads has a product in their home that started at Formosa Plastics," Harvey said.

Plastic resins are used for all kinds of purposes, he said. Harvey gave an example of how a certain type of resin produces lighter milk jugs that require less plastic than earlier ones but are still just as strong and stackable, which traces back to resin characteristics.

The plant also produces polyvinyl chloride resins, which are among the most commonly used piping materials in the world, Harvey said. This material is also in credit and debit cards.

"The lighter the container, the less cost for shipping," Harvey said. "We're always searching for ways with our customers to find resins that meet their specific needs."

Resins are produced to the customers' wishes, he said. For example, clear resins have to be engineered so they don't turn yellow, as discolored stretch film wrapped around water bottles might not sell.

"Typically, we make a certain grade of plastic with characteristics," he said. "We do resin research on site as well as find formulas that will be better. It's not simple to change these formulations."

Company employees take measures to ensure resins are uniform and predictable,

Harvey said.

Formosa sells to industries all over the world, he said.

"We make the cake mix, for lack of better term, for them to be able to make the cake," he said.

Tags

[Formosa_plastics_corp_texas](#)

[Bill_harvey](#)

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Kathryn Cargo

Kathryn Cargo covers business, agriculture and breaking news in the Crossroads. She enjoys reporting on industry trends and getting her shoes dirty out in the field.

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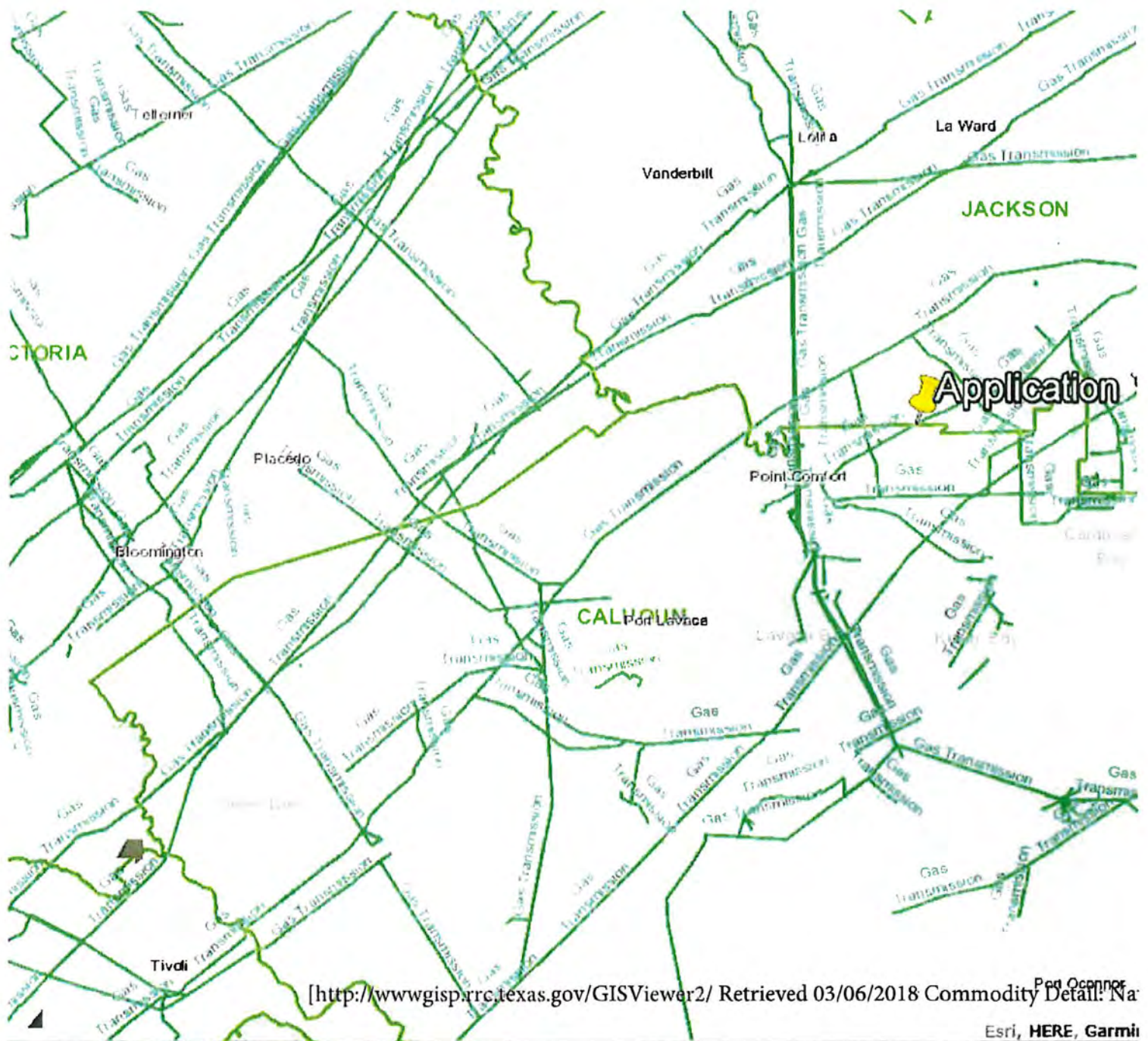
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Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED NAN YA PLASTICS
CORPORATION, TEXAS PROJECT IN THE CALHOUN
COUNTY INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1227)**

PREPARED BY



APRIL 30, 2018

Executive Summary

Nan Ya Plastics Corporation, Texas (Company) has requested that the Calhoun County Independent School District (CCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to CCISD on October 19, 2017, the Company plans to invest \$500.2 million in additional taxable value to construct a chemical manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, CCISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 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 2017. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to CCISD	\$3.75 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$34.89 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 this project was issued on February 12, 2018.

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 March 23, 2018.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo contacted the school district to discuss the value limitation agreement and began negotiations of the supplemental benefit payment with the Company. A final version of the agreement was submitted to the Comptroller for review 30 days 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.

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 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: 3,800
Local Tax Base: \$3.48 billion
M&O Tax Rate: \$1.0401 per \$100
I&S Tax Rate: \$0.2535 per \$100
Wealth per WADA: \$635,623

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 Nan Ya 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	2018-19	3,800.30	5,236.32	\$1.0401	\$0.2535	\$3,545,622,538	\$3,545,622,538	\$3,463,341,967	\$3,463,341,967	\$661,408	\$661,408
QTP1	2019-20	3,800.30	5,236.32	\$1.0401	\$0.2535	\$3,854,866,810	\$3,854,866,810	\$3,521,367,607	\$3,521,367,607	\$672,489	\$672,489
QTP2/VL1	2020-21	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,054,126,197	\$3,583,886,957	\$3,830,611,879	\$3,830,611,879	\$731,547	\$731,547
VL2	2021-22	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,028,400,396	\$3,583,161,156	\$4,029,871,266	\$3,559,632,026	\$769,600	\$679,797
VL3	2022-23	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,033,939,110	\$3,612,449,870	\$4,004,145,465	\$3,558,906,225	\$764,687	\$679,658
VL4	2023-24	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,063,883,551	\$3,664,956,811	\$4,009,684,179	\$3,588,194,939	\$765,745	\$685,251
VL5	2024-25	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,038,442,058	\$3,660,949,693	\$4,039,628,620	\$3,640,701,880	\$771,463	\$695,279
VL6	2025-26	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,009,431,946	\$3,652,302,237	\$4,014,187,127	\$3,636,694,762	\$766,605	\$694,513
VL7	2026-27	3,800.30	5,236.32	\$1.0401	\$0.2535	\$3,982,251,155	\$3,644,465,970	\$3,985,177,015	\$3,628,047,306	\$761,064	\$692,862
VL8	2027-28	3,800.30	5,236.32	\$1.0401	\$0.2535	\$3,956,768,733	\$3,637,360,845	\$3,957,996,224	\$3,620,211,039	\$755,874	\$691,366
VL9	2028-29	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,244,639,508	\$3,942,690,053	\$3,932,513,802	\$3,613,105,914	\$751,007	\$690,009
VL10	2029-30	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,243,900,332	\$3,958,536,388	\$4,220,384,577	\$3,918,435,122	\$805,983	\$748,318
VP1	2030-31	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,203,962,832	\$4,203,962,832	\$4,219,645,401	\$3,934,281,457	\$805,842	\$751,345
VP2	2031-32	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,166,211,380	\$4,166,211,380	\$4,179,707,901	\$4,179,707,901	\$798,215	\$798,215
VP3	2032-33	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,313,256,227	\$4,313,256,227	\$4,141,956,449	\$4,141,956,449	\$791,005	\$791,005
VP4	2033-34	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,271,419,245	\$4,271,419,245	\$4,289,001,296	\$4,289,001,296	\$819,087	\$819,087
VP5	2034-35	3,800.30	5,236.32	\$1.0401	\$0.2535	\$4,231,712,990	\$4,231,712,990	\$4,247,164,314	\$4,247,164,314	\$811,097	\$811,097

*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 Nan Ya project on CCISD

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 \$3,749,756 over the course of the Agreement, with nearly all the 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	2018-19	\$33,475,348	\$1,675,107	\$0	-\$6,692,026	\$2,049,302	\$1,244,277	\$0	\$0	\$120,021	\$31,872,029
QTP1	2019-20	\$36,445,633	\$1,092,011	\$0	-\$7,743,375	\$2,231,138	\$1,295,765	\$0	\$0	\$120,021	\$33,441,193
QTP2/VL1	2020-21	\$38,451,692	\$1,675,107	\$0	-\$10,520,713	\$2,353,945	\$1,066,748	\$0	\$0	\$120,021	\$33,146,800
VL2	2021-22	\$38,199,695	\$1,092,011	\$0	-\$11,813,102	\$2,338,518	\$890,468	\$0	\$0	\$120,021	\$30,827,611
VL3	2022-23	\$38,248,239	\$1,675,107	\$0	-\$11,660,106	\$2,341,490	\$913,194	\$0	\$0	\$120,021	\$31,637,945
VL4	2023-24	\$38,531,432	\$1,092,011	\$0	-\$11,787,086	\$2,358,827	\$914,621	\$0	\$0	\$120,021	\$31,229,826
VL5	2024-25	\$38,282,865	\$1,675,107	\$0	-\$11,903,425	\$2,343,610	\$884,808	\$0	\$0	\$120,021	\$31,402,986
VL6	2025-26	\$38,000,232	\$1,092,011	\$0	-\$11,646,776	\$2,326,307	\$899,564	\$0	\$0	\$120,021	\$30,791,359
VL7	2026-27	\$37,735,370	\$1,675,107	\$0	-\$11,372,638	\$2,310,093	\$916,390	\$0	\$0	\$120,021	\$31,384,342
VL8	2027-28	\$37,487,009	\$1,092,011	\$0	-\$11,115,600	\$2,294,889	\$932,155	\$0	\$0	\$120,021	\$30,810,485
VL9	2028-29	\$40,248,580	\$1,675,107	\$0	-\$11,790,671	\$2,463,947	\$1,023,670	\$0	\$0	\$120,021	\$33,740,653
VL10	2029-30	\$40,238,229	\$1,092,011	\$0	-\$13,717,350	\$2,463,314	\$785,349	\$0	\$0	\$120,021	\$30,981,574
VP1	2030-31	\$39,798,693	\$1,675,107	\$0	-\$13,557,227	\$2,436,406	\$776,363	\$0	\$0	\$120,021	\$31,249,362
VP2	2031-32	\$39,436,091	\$1,092,011	\$0	-\$13,182,220	\$2,414,208	\$800,792	\$0	\$0	\$120,021	\$30,680,903
VP3	2032-33	\$40,848,454	\$1,675,107	\$0	-\$13,426,924	\$2,500,671	\$859,615	\$0	\$0	\$120,021	\$32,576,944
VP4	2033-34	\$40,446,611	\$1,092,011	\$0	-\$14,214,552	\$2,476,070	\$736,344	\$0	\$0	\$120,021	\$30,656,505
VP5	2034-35	\$40,065,233	\$1,675,107	\$0	-\$13,821,464	\$2,452,723	\$760,484	\$0	\$0	\$120,021	\$31,252,104

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	2018-19	\$33,475,348	\$1,675,107	\$0	-\$6,692,026	\$2,049,302	\$1,244,277	\$0	\$0	\$120,021	\$31,872,029
QTP1	2019-20	\$36,445,633	\$1,092,011	\$0	-\$7,743,375	\$2,231,138	\$1,295,765	\$0	\$0	\$120,021	\$33,441,193
QTP2/VL1	2020-21	\$33,842,877	\$1,675,107	\$0	-\$9,234,542	\$2,071,801	\$938,391	\$0	\$0	\$120,021	\$29,413,654
VL2	2021-22	\$33,835,905	\$1,092,011	\$0	-\$7,461,335	\$2,071,375	\$1,167,218	\$0	\$0	\$120,021	\$30,825,194
VL3	2022-23	\$34,117,223	\$1,675,107	\$0	-\$7,518,216	\$2,088,596	\$1,177,671	\$0	\$0	\$120,021	\$31,660,402
VL4	2023-24	\$34,621,551	\$1,092,011	\$0	-\$7,838,730	\$2,119,471	\$1,168,387	\$0	\$0	\$120,021	\$31,282,711
VL5	2024-25	\$34,583,063	\$1,675,107	\$0	-\$8,196,406	\$2,117,114	\$1,120,036	\$0	\$0	\$120,021	\$31,418,934
VL6	2025-26	\$34,500,004	\$1,092,011	\$0	-\$8,149,204	\$2,112,030	\$1,120,438	\$0	\$0	\$120,021	\$30,795,300
VL7	2026-27	\$34,424,737	\$1,675,107	\$0	-\$8,071,963	\$2,107,422	\$1,125,463	\$0	\$0	\$120,021	\$31,380,786
VL8	2027-28	\$34,356,492	\$1,092,011	\$0	-\$8,001,936	\$2,103,244	\$1,130,015	\$0	\$0	\$120,021	\$30,799,847
VL9	2028-29	\$37,289,173	\$1,675,107	\$0	-\$8,631,594	\$2,282,778	\$1,233,699	\$0	\$0	\$120,021	\$33,969,184
VL10	2029-30	\$37,441,377	\$1,092,011	\$0	-\$10,837,106	\$2,292,095	\$963,334	\$0	\$0	\$120,021	\$31,071,732
VP1	2030-31	\$39,798,693	\$1,675,107	\$0	-\$11,665,611	\$2,436,406	\$1,009,515	\$0	\$0	\$120,021	\$33,374,131
VP2	2031-32	\$39,436,091	\$1,092,011	\$0	-\$13,182,220	\$2,414,208	\$800,792	\$0	\$0	\$120,021	\$30,680,903
VP3	2032-33	\$40,848,454	\$1,675,107	\$0	-\$13,426,924	\$2,500,671	\$859,615	\$0	\$0	\$120,021	\$32,576,944
VP4	2033-34	\$40,446,611	\$1,092,011	\$0	-\$14,214,552	\$2,476,070	\$736,344	\$0	\$0	\$120,021	\$30,656,505
VP5	2034-35	\$40,065,233	\$1,675,107	\$0	-\$13,821,464	\$2,452,723	\$760,484	\$0	\$0	\$120,021	\$31,252,104

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	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2020-21	-\$4,608,815	\$0	\$0	\$1,286,170	-\$282,144	-\$128,357	\$0	\$0	\$0	-\$3,733,146
VL2	2021-22	-\$4,363,790	\$0	\$0	\$4,351,766	-\$267,143	\$276,750	\$0	\$0	\$0	-\$2,417
VL3	2022-23	-\$4,131,016	\$0	\$0	\$4,141,890	-\$252,894	\$264,477	\$0	\$0	\$0	\$22,457
VL4	2023-24	-\$3,909,881	\$0	\$0	\$3,948,356	-\$239,356	\$253,766	\$0	\$0	\$0	\$52,885
VL5	2024-25	-\$3,699,802	\$0	\$0	\$3,707,019	-\$226,496	\$235,228	\$0	\$0	\$0	\$15,949
VL6	2025-26	-\$3,500,228	\$0	\$0	\$3,497,572	-\$214,277	\$220,874	\$0	\$0	\$0	\$3,941
VL7	2026-27	-\$3,310,633	\$0	\$0	\$3,300,675	-\$202,671	\$209,073	\$0	\$0	\$0	-\$3,556
VL8	2027-28	-\$3,130,517	\$0	\$0	\$3,113,664	-\$191,645	\$197,860	\$0	\$0	\$0	-\$10,638
VL9	2028-29	-\$2,959,407	\$0	\$0	\$3,159,078	-\$181,169	\$210,029	\$0	\$0	\$0	\$228,531
VL10	2029-30	-\$2,796,852	\$0	\$0	\$2,880,244	-\$171,219	\$177,985	\$0	\$0	\$0	\$90,158
VP1	2030-31	\$0	\$0	\$0	\$1,891,617	\$0	\$233,152	\$0	\$0	\$0	\$2,124,769
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 \$38.6 million over the life of the agreement. The CCISD revenue losses are expected to total approximately \$3.75 million over the course of the agreement, chiefly in the first limitation year. The total potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$34.89 million, prior to any negotiations with Nan Ya on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with CCISD currently levying a \$0.2535 per \$100 I&S rate. 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 Nan Ya 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 Nan Ya Project Property Value Limitation Request Submitted to CCISD at \$1.0401 per \$100 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2018-19	\$20,239,240	\$20,239,240	\$0	\$1.040	\$210,508	\$210,508	\$0	\$0	\$0
QTP1	2019-20	\$300,239,240	\$300,239,240	\$0	\$1.040	\$3,122,788	\$3,122,788	\$0	\$0	\$0
QTP2/VL1	2020-21	\$500,239,240	\$30,000,000	\$470,239,240	\$1.040	\$5,202,988	\$312,030	\$4,890,958	-\$3,733,146	\$1,157,813
VL2	2021-22	\$475,239,240	\$30,000,000	\$445,239,240	\$1.040	\$4,942,963	\$312,030	\$4,630,933	-\$2,417	\$4,628,517
VL3	2022-23	\$451,489,240	\$30,000,000	\$421,489,240	\$1.040	\$4,695,940	\$312,030	\$4,383,910	\$0	\$4,383,910
VL4	2023-24	\$428,926,740	\$30,000,000	\$398,926,740	\$1.040	\$4,461,267	\$312,030	\$4,149,237	\$0	\$4,149,237
VL5	2024-25	\$407,492,365	\$30,000,000	\$377,492,365	\$1.040	\$4,238,328	\$312,030	\$3,926,298	\$0	\$3,926,298
VL6	2025-26	\$387,129,709	\$30,000,000	\$357,129,709	\$1.040	\$4,026,536	\$312,030	\$3,714,506	\$0	\$3,714,506
VL7	2026-27	\$367,785,185	\$30,000,000	\$337,785,185	\$1.040	\$3,825,334	\$312,030	\$3,513,304	-\$3,556	\$3,509,748
VL8	2027-28	\$349,407,888	\$30,000,000	\$319,407,888	\$1.040	\$3,634,191	\$312,030	\$3,322,161	-\$10,638	\$3,311,524
VL9	2028-29	\$331,949,456	\$30,000,000	\$301,949,456	\$1.040	\$3,452,606	\$312,030	\$3,140,576	\$0	\$3,140,576
VL10	2029-30	\$315,363,945	\$30,000,000	\$285,363,945	\$1.040	\$3,280,100	\$312,030	\$2,968,070	\$0	\$2,968,070
VP1	2030-31	\$299,607,710	\$299,607,710	\$0	\$1.040	\$3,116,220	\$3,116,220	\$0	\$0	\$0
VP2	2031-32	\$284,639,286	\$284,639,286	\$0	\$1.040	\$2,960,533	\$2,960,533	\$0	\$0	\$0
VP3	2032-33	\$270,419,284	\$270,419,284	\$0	\$1.040	\$2,812,631	\$2,812,631	\$0	\$0	\$0
VP4	2033-34	\$256,910,282	\$256,910,282	\$0	\$1.040	\$2,672,124	\$2,672,124	\$0	\$0	\$0
VP5	2034-35	\$244,076,730	\$244,076,730	\$0	\$1.040	\$2,538,642	\$2,538,642	\$0	\$0	\$0
						\$59,193,701	\$20,553,747	\$38,639,954	-\$3,749,756	\$34,890,198

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



Glenn Hegar
Texas Comptroller of Public Accounts



School and Appraisal Districts Property Value Study 2015 Report

2015 ISD Summary Worksheet

029/Calhoun

029-901/Calhoun County ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	976,234,267	.9461	1,031,851,038	976,234,267
B. Multi-Family Residences	24,293,301	N/A	24,293,301	24,293,301
C1. Vacant Lots	126,794,759	.9926	127,740,035	126,794,759
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real (Taxable)	29,155,497	1.2986	22,452,070	29,155,497
D2. Real Prop Farm & Ranch	4,513,812	N/A	4,513,812	4,513,812
E. Real Prop NonQual Acres	65,778,051	N/A	65,778,051	65,778,051
F1. Commercial Real	172,671,712	.9401	183,673,771	172,671,712
F2. Industrial Real	1,764,632,220	N/A	1,764,632,220	1,764,632,220
G. Oil, Gas, Minerals	23,510,317	N/A	23,510,317	23,510,317
J. Utilities	97,656,886	.9540	102,365,709	97,656,886

L1. Commercial Personal	152,728,910	1.0206	149,646,198	152,728,910
L2. Industrial Personal	439,803,531	N/A	439,803,531	439,803,531
M. Other Personal	5,435,146	N/A	5,435,146	5,435,146
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	17,445,330	N/A	17,445,330	17,445,330
S. Special Inventory	16,249,000	N/A	16,249,000	16,249,000
Subtotal	3,916,902,739		3,979,389,529	3,916,902,739
Less Total Deductions	419,672,391		433,054,004	419,672,391
Total Taxable Value	3,497,230,348		3,546,335,525	3,497,230,348 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
3,539,708,577	3,497,230,348	3,488,422,862	3,445,944,633

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
42,478,229	51,285,715

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

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

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
3,616,159,277	3,573,681,048	3,564,873,562	3,522,395,333

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

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

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

and

NAN YA PLASTICS CORPORATION, TEXAS

(Texas Taxpayer ID # 32057655006)

Comptroller Application # 1227

Dated

May 14, 2018

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 May 14, 2018, 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 May 14, 2018, 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 May 4, 2018, 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, May 14, 2018 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 NAN YA PLASTICS CORPORATION, TEXAS, (Texas Taxpayer ID # 32057655006) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

"Applicant's Qualified Property" means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on October 9, 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 Calhoun County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Calhoun County Independent School District.

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

“District” or “School District” means the Calhoun County Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on 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 3,676 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 2018, 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.

"Commercial Operation" means the production by the newly constructed EG2 Unit [See Exhibit 4] of Ethylene Oxide in sufficient quantities and of sufficient quality so as to enable the production of various glycol products by Applicant for delivery to end-customers.

"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; (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 February 13, 2018, 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 May 14, 2018.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on May 14, 2018, the Application Approval Date;
 - ii. Ends on December 31, 2020, the last day of the second complete Tax Year following the Qualifying Time Period start date.
- D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2020, 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 the date of the commencement of Commercial Operation. 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 \$1,234 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 2020), 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 of 3,676 for the 2016-2017 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 2018) 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.	2018	2018-2019	January 31, 2019	\$367,600
2.	2019	2019-2020	January 31, 2020	\$367,600
3.	2020	2020-2021	January 31, 2021	\$367,600
4.	2021	2021-2022	January 31, 2022	\$367,600
5.	2022	2022-2023	January 31, 2023	\$367,600
6.	2023	2023-2024	January 31, 2024	\$367,600
7.	2024	2024-2025	January 31, 2025	\$367,600
8.	2025	2025-2026	January 31, 2026	\$367,600
9.	2026	2026-2027	January 31, 2027	\$367,600
10.	2027	2027-2028	January 31, 2028	\$367,600
11.	2028	2028-2029	January 31, 2029	\$367,600
12.	2029	2029-2030	January 31, 2030	\$367,600
13.	2030	2030-2031	January 31, 2031	\$367,600
14.	2031	2031-2032	January 31, 2032	\$367,600
15.	2032	2032-2033	January 31, 2033	\$367,600

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 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with 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 Calhoun County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) 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 Calhoun 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:

Superintendent
Calhoun County Independent School District
525 N. Commerce St.
Port Lavaca, Texas 77979
Phone: (361) 552-9728
Facsimile: (361) 551-2648
Email: nicholsl@calcoisd.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
Nan Ya 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.

Section 10.3. ASSIGNMENT.

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

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

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

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

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Calhoun 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

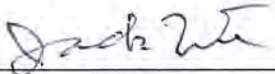
against the executing Party whether or not it delivers such original or counterpart.

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 14th day of May, 2018.

NAN YA PLASTICS CORPORATION, TEXAS

By: 
Name:
Title:

CALHOUN COUNTY INDEPENDENT SCHOOL
DISTRICT

By: 
TRUSTEE
Board of Trustees

ATTEST: 
TRUSTEE
Board of Trustees

**EXHIBIT A
133.40 ACRE TRACT
LEGAL DESCRIPTION**

**STATE OF TEXAS
COUNTY OF CALHOUN**

BEING a 133.40 acre tract of land situated in the Thomas Cox Survey, Abstract 10, Calhoun County, Texas and being all of a 0.870 acre tract described in Warranty Deed dated June 24, 2009 from Calhoun Port Authority to Formosa Plastics Corporation, Texas as recorded in Document No. 117093 of the Official Records of said county and a part of that certain 80.61 acre tract described in Warranty Deed with Vendor's Lien dated December 12, 2007 from Calhoun Port Authority to Formosa Plastics Corporation, Texas as recorded in Document No. 111496 of the Official Records of said county and a 52.79 acre portion of the remaining portion of a 3,062.40 acre tract described in Special Warranty Deed dated December 30, 1994 from Aluminum Company of America to Alcoa Alumina & Chemicals, L.L.C. and recorded in Volume 139, Page 01 of the Official Records of Calhoun County, Texas, and this 133.40 acre tract of land being more particularly described by metes and bounds as follows;

BEGINNING at an existing 5/8 inch iron rod at the northwest corner of said 80.61 acre tract and an interior corner of a 23.57 acre tract described in Volume 62, Page 84 of the Official Records of said county for the northwest corner of the herein described tract, said iron rod having a Texas State Plane coordinate NAD 83 Texas South Central Zone of X = 2,756,616.29 and Y = 13,429,189.49;

THENCE North 87° 32' 36" East with the south line of said 23.57 acre tract and the north line of said 80.61 acre tract for a distance of 2816.48 feet to a set 5/8 inch iron rod for the northeast corner of the herein described tract;

THENCE South 02° 25' 45" East for a distance of 2262.33 feet to a set 5/8 inch iron rod for the southeast corner of the herein described tract;

THENCE South 88° 13' 50" West for a distance of 1950.77 feet to an existing 5/8 inch iron rod at the southeast corner of a 0.864 acre tract described in Document No. 117069 of the Official Records of said county and a southwest exterior corner of the herein described tract;

THENCE North 02° 33' 54" West with the east line of said 0.864 acre tract for a distance of 136.30 feet to an existing 5/8 inch iron rod at the northeast corner of said 0.864 acre tract for a southwest interior corner of the herein described tract;

THENCE South 88° 28' 27" West with the north line of said 0.864 acre tract for a distance of 275.07 feet to an existing 5/8 inch iron rod at a southwest exterior corner of the herein described tract;

THENCE North 02° 31' 50" West with a west line of said 80.61 acre tract and the east line of the remaining portion of said 169.965 acre tract for a distance of 734.93 feet to an existing 5/8 inch iron rod at a southwest interior corner of the herein described tract;

THENCE South 87° 33' 16" West and continuing with an interior south line of said 80.61 acre tract and an interior north line of the remaining portion of said 169.965 acre tract for a distance of 617.92 feet to a set 5/8 inch iron rod at the southwest corner of said 0.870 acre tract for a southwest exterior corner of the herein described tract;

THENCE North 02° 28' 56" West with the west line of said 0.870 acre tract and an east line of the remaining portion of said 169.965 acre tract for a distance of 1263.07 feet to a set 5/8 inch iron rod at the northwest corner of said 0.870 acre tract for a northwest exterior corner of the herein described tract;

THENCE North 87° 32' 28" East with the north line of said 0.870 acre tract for a distance of 30.00 feet to a set 5/8 inch iron rod at the northeast corner of said 0.870 acre tract for a northwest interior corner of the herein described tract;

PC16-133
Formosa Plastics Corp., Texas
133.40 Acre Tract



THENCE North 02° 28' 56" West with a west line of said 80.61 acre tract and the east line of a 1.96 acre tract described in Document No. 117092 of the Official Records of said county for a distance of 100.04 feet to the POINT OF BEGINNING, Containing 133.40 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings are based on GPS Observation converted to Texas Coordinate System NAD83 South Central Zone. Coordinates and distances are grid values.

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


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



Date 01/30/2017

“2”

EXHIBIT



BEARING ARE BASED ON TEXAS COORDINATE
SYSTEM NAD83 TEXAS ZONE - CENTRAL ZONE
DISTANCES SHOWN ARE GRID VALUES

THE ABOVE IS A SUMMARY OF THE INFORMATION RECEIVED FROM THE
SOURCES OF THE ABOVE INFORMATION. THE INFORMATION IS NOT
TO BE USED FOR ANY OTHER PURPOSE.

George A. Gable
GEORGE A. GABLE, INC.
BY GEORGE A. GABLE, JR.
REGISTERED MAIL-12/24/44, LATE 1, 2, 3, 4
TAXED NO. 4581

7. U.S. Department of Health and Human Services
2000. 9th National Survey on Drug Use and Health.
U.S. GPO: Washington, DC.

№ 32-32-3 2016-48

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TO
FORNIA PLASTICS CORPORATION TEXAS
DECEMBER 19, 2007
CALL AND TALK TO
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SPECIAL WARRANTY OFFER
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VOLUME 113, PAGE 1150
PAGE ONE, 5062 AND 5063

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THOMAS COX SENECA
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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 Calhoun County 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 the reinvestment zone and Calhoun County ISD in an amount of not less than \$30 Million made during the Qualifying Time Period property necessary for the commercial operations of the EG2 Unit:

EG2 Unit

The proposed EG2 Unit receives ethylene from onsite storage spheres and introduces into the Ethylene Oxide Reactor where it reacts with Oxygen, produced in the Air Separation Plant (ASP2), to form Ethylene Oxide {EO} in the presence of a silver catalyst which inhibits the reaction to make EO. The E.O. is further reacted with water to produce glycols. The glycols are finally dried and separated into various glycol products such as Mono-Ethylene Glycol {MEG}, Di-Ethylene Glycol {DEG}, Tri-Ethylene Glycol {TEO}, and Poly-Ethylene Glycol Mixture {PEG}. The Glycol Products are then loaded onto railcar, truck, or marine vessels for delivery to end-customer.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactors
- Waste Heat Boilers {Incinerators}
- Evaporator Columns
- Desiccant vessels
- Pumps
- Compressors
- Turbo Expanders
- Heaters/Coolers
- Valves
- Storage Tanks
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

All Qualified Investment will be located within the boundaries of the land described in **EXHIBIT 1**, as further indicated on the legal 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 the reinvestment zone and the Calhoun County ISD necessary for the commercial operations of new EG2 as more fully described in Tab 8 of the Application.

Project Description:

EG2 Unit

The proposed EG2 Unit receives ethylene from onsite storage spheres and introduces into the Ethylene Oxide Reactor where it reacts with Oxygen, produced in the Air Separation Plant (ASP2), to form Ethylene Oxide {EO} in the presence of a silver catalyst which inhibits the reaction to make EO. The E.O. is further reacted with water to produce glycols. The glycols are finally dried and separated into various glycol products such as Mono-Ethylene Glycol {MEG}, Di-Ethylene Glycol {DEG}, Tri-Ethylene Glycol {TEG}, and Poly-Ethylene Glycol Mixture {PEG}. The Glycol Products are then loaded onto railcar, truck, or marine vessels for delivery to end-customer.

The major components of this unit include:

- Steam Piping
- Instrumentation
- Ethylene Feed Stock Piping
- Electrical Power Supply and Distribution Lines
- Distributive Control Systems
- Reactors
- Waste Heat Boilers {Incinerators}
- Evaporator Columns
- Desiccant vessels
- Pumps
- Compressors
- Turbo Expanders
- Heat Exchangers/Coolers
- Valves
- Storage Tanks
- Product Loading Areas
- Safety Infrastructure
- Cooling Water Towers

All Qualified Property will be located within the boundaries of the land described in **EXHIBIT 1**, as further indicated on the legal description and map attached on the last page of **EXHIBIT 1**.

Google Maps



EXHIBIT 5
AGREEMENT SCHEDULE

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
Pre-Limitation Period	Partial Year Beginning on the Application Approval Date (5/14/2018)	January 1, 2018	2018-2019	2018	Start of Qualifying Time Period beginning with the Application Approval Date (5/14/2018). No limitation on appraised value. First year for computation of Annual Limit.
	1	January 1, 2019	2019-2020	2019	Qualifying Time Period. No limitation on appraised value.
	1	January 1, 2020	2020-2021	2020	Qualifying Time Period, if commercial Operation not reached in 2019.. If commercial operation reached in 2019, \$30 million appraised value limitation.
Limitation Period	2	January 1, 2021	2021-2022	2021	\$30 million appraised value limitation.
	3	January 1, 2022	2022-2023	2022	\$30 million appraised value limitation.
	4	January 1, 2023	2023-2024	2023	\$30 million appraised value limitation.
	5	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	6	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	7	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	8	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	9	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	10	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.
	1	January 1, 2030	2030-2031	2030	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
Maintain Viable Presence (5 Years)	2	January 1, 2031	2031-2032	2031	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

Agreement for Limitation on Appraised Value
Between Calhoun County ISD and Nan Ya Plastics Corporation, Texas
May 14, 2018

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

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
	3	January 1, 2032	2032-2033	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	4	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	5	January 1, 2034	2034-35	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

May 14, 2018

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

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

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calhoun County Independent School District, with respect to the pending Application of Nan Ya Plastics Corporation, Texas 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 Nan Ya Plastics Corporation, Texas for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878

400 W. 15th Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

May 14, 2018

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

*Re: Recommendations and Findings of the Firm Concerning Application of Nan Ya
Plastics Corporation, Texas for Limitation on Appraised Value of Property for
School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calhoun County Independent School District, with respect to the pending Application of Nan Ya Plastics Corporation, Texas 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 Nan Ya Plastics Corporation, Texas. 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 Nan Ya Plastics Corporation, Texas for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 4, 2018

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

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calhoun County Independent School District and Nan Ya Plastic Corporation, Texas, Application 1227

Dear Superintendent Cowley:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calhoun County Independent School District and Nan Ya Plastic Corporation, Texas (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

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

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath, PC
Jack Wu, Nan Ya Plastics Corporation, Texas

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

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

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

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

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

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

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