

**FINDINGS OF THE BRAZOSPORT
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
THE DOW CHEMICAL COMPANY (#1273)**



December 17, 2018

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STATE OF TEXAS §

COUNTY OF BRAZORIA §

On the 17th day of December 2018, a public meeting of the Board of Trustees of the Brazosport Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of The Dow Chemical Company (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On June 18, 2018, 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, including an August 14, 2018 Amendment, is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 13812851288), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Brazoria County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On August 28, 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 November 26, 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:

The proposed Rockwell Project would be a global scale polyethylene plant that would utilize raw materials from both internal Dow (ethylene) and external (co-monomers) sources to produce polyethylene.

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, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

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 forty (40) new qualifying jobs. The average salary level of qualifying jobs will be at least \$66,222 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

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

Board Finding Number 6.

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

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For all non-qualifying jobs, the Applicant should create the Applicant will be required to pay at least the county average wage of \$56,603 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$700 million to the tax base that would be available for debt service purposes at the peak investment level for the 2023-24 school year.

Board Finding Number 8.

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

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

Board Finding Number 9.

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

Board Finding Number 10.

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

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

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by 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 11.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is \$5.77 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 12.

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

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

Board Finding Number 13.

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

The Applicant, (Texas Taxpayer No. 13812851288), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

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 15.

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

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

Board Finding Number 16.

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

Board Finding Number 17.

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/home/index/219>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

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

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

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

Board Finding Number 18.

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

Board Finding Number 19.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and 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 17th day of December 2018.

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

By: Mason P. Howard
Mason Howard, President, Board of Trustees

ATTEST:

By: Jerry Adkins
Jerry Adkins, Secretary, Board of Trustees

Attachment A

Application



The Dow Chemical Company
332 SH 332 E
Lake Jackson, TX 77566
United States

June 12, 2018

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

Dear Superintendent Massey:

Please find the attached application for abatement in Brazosport Independent School District's jurisdiction on behalf of The Dow Chemical Company. We hope that this tax abatement will prove to be a valuable incentive and entice the proposed \$715,000,000 investment to Freeport(Texas Operations).

We are submitting this application well in advance of any construction and we ask, per the guidelines, that the abatement commencement date be deferred to January 1, 2022. I welcome any questions that you may have and thank you for your continued support of The Dow Chemical Company.

Sincerely,

Lowell McLaughlin
State & Local Tax Director
The Dow Chemical Company
1790 Bldg., Washington St.
Midland, MI 48674
(989) 638-7142

Contents

Tab	Attachment
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how the project is location in more than one district – N/A
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property – N/A
11	Maps
12	Request for Waiver of Job Creation Requirement and supporting information – N/A
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact
15	Economic Impact Analysis, other payments made in the state or other economic information – N/A
16	Description of Reinvestment or Enterprise Zone
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

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

Tab 1

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

June 18, 2018

Date Application Received by District

Danny

First Name

Massey

Last Name

Superintendent

Title

Brazosport ISD

School District Name

301 W. Brazoswood Dr., Clute, TX 77531

Street Address

PO Drawer Z

Mailing Address

Freeport

City

979-730-7000

Phone Number

TX

State

77542

ZIP

979-266-2486

Fax Number

dmassey@brazosportisd.net

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)*

Dan	Casey
First Name	Last Name
Partner	
Title	
Moak, Casey & Associates	
Firm Name	
512-485-7878	512-485-7878
Phone Number	Fax Number
	dcassey@moakcasey.com
Mobile Number <i>(optional)</i>	Email Address

4. On what date did the district determine this application complete? July 9, 2018

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)*

Lowell	McLaughlin
First Name	Last Name
State & Local Tax Director	The Dow Chemical Company
Title	Organization
1790 Bldg, Washington St	
Street Address	
1790 Bldg, Washington St	
Mailing Address	
Midland	MI 48674
City	State ZIP
989-636-0458	989-638-7142
Phone Number	Fax Number
	ltmclaughlin@dow.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.

David	Ngo
First Name	Last Name
Property Tax Manager	The Dow Chemical Company
Title	Organization
Tax Dept, TXINN APB	
Street Address	
332 SH332E	
Mailing Address	
Lake Jackson	TX 77566
City	State ZIP
979-238-0065	979-238-0207
Phone Number	Fax Number
	dngo@dow.com
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)

Poonam

Mahale

First Name

Last Name

Senior Manager, Business Incentives & Credits

Title

Ernst & Young, LLP

Firm Name

214-969-8157

866-869-4042

Phone Number

Fax Number

Poonam.Mahale@ey.com

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? The Dow Chemical Company (Dow)
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 13812851288
3. List the NAICS code 325100
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☒ Yes ☐ No
- 4a. If yes, please list application number, name of school district and year of agreement
172, Brazosport ISD, 2011; 213, 214, 215, 216, Brazosport ISD, 2012

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ 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 9/30/2018
2. Commencement of construction 6/1/2020
3. Beginning of qualifying time period 1/1/2021
4. First year of limitation 1/1/2022
5. Begin hiring new employees 1/1/2021
6. Commencement of commercial operations 9/1/2022
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? 9/1/2022

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Brazoria
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Brazoria Central Appraisal Dist.
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: Brazoria, \$0.380234/\$100, 100% City:
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Hospital District: Water District: Velasco Drainage Dist, \$.085000/\$100, 100%
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Other (describe): Brzsport Coll, \$0.303249/100, 100% Other (describe): Port Freeport, \$0.040100/100\$, 100%
(Name, tax rate and percent of project) (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
2. What is the amount of appraised value limitation for which you are applying? 30,000,000
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

SECTION 12: Qualified Property

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

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

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

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.

Tab 2

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

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

Tab 3

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

Tab 4

Project Description

The proposed Rockwell Project would be a global scale polyethylene plant that would utilize raw materials from both internal Dow (ethylene) and external (co-monomers) sources to produce polyethylene.

Site Information

The plant would be located in a vacant block area with no existing improvements.

Proposed improvements

The proposed improvements would be those necessary to conduct normal unit operations consistent with those required to produce polyethylene. Equipment necessary for this process manufacturing structure would include: tanks/drums, exchangers, compressors, pumps, process piping and instrumentation, and pellet handling systems.

Construction Timeline

Construction estimated to begin in June, 2020 and end in September, 2022.

Tab 5

The proposed global scale polyethylene capital spending is approximately \$715 million with costs split between engineering, procurement of equipment and materials, and labor. Dow's site in Freeport is well situated to attract this project. However, there is an alternative, competing location at Plaquemine, Louisiana which is also well situated to accommodate the project and is competing for the project investment. Incentive support from state and local governments in Texas will be critical to securing the project investment in the state.

The investment and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one very significant area where Texas is not competitive is in property tax liability. The property tax liability for ongoing and new investments can greatly impact the competitiveness of the company overall, and of a particular company site. Due to the capital intensive nature of Dow's investments, resulting property tax liabilities are usually significant, and become a key metric that is evaluated in project siting decisions. An additional evaluation metric is inventory tax liability which is more favorable in Louisiana than Texas.

Property taxes in the State of Texas are levied on real and personal property as well as inventory. The alternate location in Louisiana also taxes the same property types but provides a more competitive tax abatement program and inventory tax structure. The projected property tax liability to the company based on the same \$715 million capital investment in Texas compared to Louisiana, is 30% higher (in Texas) over a 15 year period after considering estimated tax savings from incentive agreements with state and local authorities in both locations.

Approval of the Chapter 313 abatement is vital to creating a more competitive investment environment in Texas for the project. Without approval of the Chapter 313 abatement, the property tax liability resulting from the new investment will significantly reduce the competitiveness of the project in Texas, as compared to the alternative site in Louisiana.

Tab 6

N/A

Tab 7 & 8

Project Description

This project will design and construct a global scale polyethylene plant that would utilize raw materials from both internal Dow (ethylene) and external (co-monomers) sources to produce polyethylene.

Site Information

The plant is proposed to be built primarily on a vacant block area with no existing improvements.

Proposed Improvements

Proposed improvements and fixed equipment for which abatement is requested would include: tanks/drums, exchangers, compressors, pumps, process piping and instrumentation, and pellet handling systems.

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

Tab 9

**BRAZORIA COUNTY APPRAISAL DISTRICT
CERTIFICATION OF APPRAISED VALUE OF PROPERTIES
AS OF JANUARY 1, 2017**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: MARCH 6, 2018

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2017, for property of **"DOW CHEMICAL COMPANY"** described in Exhibit "A" attached hereto are listed in the records of the Brazoria County Appraisal District and indicated by the following account numbers:

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

n/a

LAND ACCOUNT(S)

2115-0002-000* 483.931	\$1,935,720	\$1,503,420
2115-0133-000* 207.500	\$830,000	\$535,250

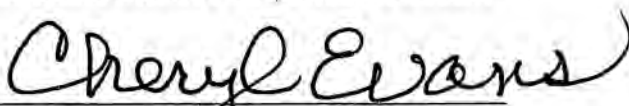
IMPROVEMENT ACCOUNT(S)

n/a

*42.3726 acres = \$169,490 Market Value

Certified this 6th day of March 2018.

BRAZORIA COUNTY APPRAISAL DISTRICT


Cheryl Evans, Chief Appraiser



Doyle & Wachtstetter, Inc.

Surveying and Mapping • GPS/GIS • Pipeline Integrity
High Density 3D Laser Scanning • Robotic Imaging HD
Aerial Topographic Surveying • RTK/UAV Imagery

**DOW CHEMICAL COMPANY, B-9400 BLOCK
42.3726 ACRE TAX ABATEMENT TRACT
STEPHEN F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19
BRAZORIA COUNTY, TEXAS
PAGE 1 OF 2**

ALL THAT CERTAIN 42.3726 ACRE tract of land, lying and situated in the Stephen F. Austin 5 League Grant, Abstract 19, Brazoria County, Texas, located in The Dow Chemical Company Plant B site, B-9400 Block, being a portion of Tracts 152, 190, 192 through 196, 216 through 220, 268 and 269 and portions of abandoned 30 foot wide roadways of the Brazos Coast Investment Company Division Number 15, according to the map or plat thereof recorded in Volume 2, Page 141-148 of the Brazoria County Plat Records, said Tract 152 being the same tract conveyed by deed on September 29, 1948 from Reconstruction Finance Corporation to The Dow Chemical Company, as recorded in Volume 439, Page 279 of the Brazoria County Deed Records (B.C.D.R.), said Tracts 190, 192, 193, 194 and 220, being the same tract conveyed by deed on May 14, 1952 from H. S. Wetzel and Emmie E. Wetzel to The Dow Chemical Company, as recorded in Volume 535, page 284 of the B.C.D.R., said Tract 195 being the same tract conveyed by deed on November 7, 1955 from Ethel L. Rutledge, et al to The Dow Chemical Company as recorded in Volume 637, Page 269 of the B.C.D.R., said Tract 196, being the same tract conveyed by deed on December 8, 1955 from Pauline Huebner Howard and Russell F. Howard to The Dow Chemical Company, as recorded in Volume 640, Page 160 of the B.C.D.R., said Tract 216 being the same tract conveyed by deed on August 28, 1951 from Ben D. Cannan and Jeanette B. Cannan to The Dow Chemical Company as recorded in Volume 533, Page 118 of the B.C.D.R., said Tract 217 being the same tract conveyed by deed on November 30, 1955 from L. A. Hammer to The Dow Chemical Company, as recorded in Volume 649, Page 421 of the B.C.D.R., said Tract 218 being the same tract conveyed by deed on April 7, 1952 from Nannie Stringfellow to The Dow Chemical Company as recorded in Volume 532, Page 84 of the B.C.D.R., said Tract 219 being the same tract conveyed by deed on June 5, 1956 from Nat U. Collier to The Dow Chemical Company as recorded in Volume 657, Page 33 of the B.C.D.R., said Tract 268 being the same tract conveyed by deed on April 1, 1955 from J. W. Hazen to The Dow Chemical Company as recorded in Volume 618, Page 402 of the B.C.D.R. and said Tract 269 being the same tract conveyed by deed on March 13, 1952 from B. H. Autrey to The Dow Chemical Company, as recorded in Volume 529, Page 615 of the B.C.D.R., said 30 foot wide roadways, being abandoned, vacated and closed in the Brazoria County Commissioners Court Minutes, dated February 10, 1969, said 42.3726 acre tract being more particularly described by metes and bounds using survey terminology which refers to the Texas State Plane Coordinate System, South Central Zone (NAD 27), in which the directions are Lambert Grid bearings and the distances are horizontal, surface level lengths (SF=0.99988201) as follows:

COMMENCING at National Geodetic Survey Triangulation Station "Plant B2", a brass disk in concrete monument found at Texas State Plane position X=3154584.44 and 442176.16;

DOW CHEMICAL COMPANY, B-9400 BLOCK
42.3726 ACRE TAX ABATEMENT TRACT
STEPHEN F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19
BRAZORIA COUNTY, TEXAS
PAGE 2 OF 2

THENCE South 79°16'19" West, a distance of 9763.59 feet to a point located on the northern boundary line of Dow B-9400 Block, for the northeast corner and the **POINT OF BEGINNING** of the herein described 42.3726 acre tract, at position X=3145992.64 and Y=440358.91 (Dow Plant B coordinate North 11+75.00 and West 80+48.00);

THENCE South 24°07'34" West, at a distance of 1075.00 feet pass the southern boundary line of said Dow B-9400 Block, same being the northern margin of 150 foot wide GulfStream Road, continuing a total distance of 1150.00 feet to a point located on the centerline of said 150 foot wide GulfStream Road, for the southeast corner of the herein described 42.3726 acre tract, at position X=3144522.63 and Y=439309.49 (Dow Plant B coordinate North 0+25.00 and West 80+48.00);

THENCE North 65°52'26" West, coincident with centerline of said 150 foot wide GulfStream Road, a distance of 1605.00 feet to the southwest corner of the herein described 42.3726 acre tract, at position X=3143058.01 and Y=439965.45 (Dow Plant B coordinate North 0+25.0 and West 96+53.00);

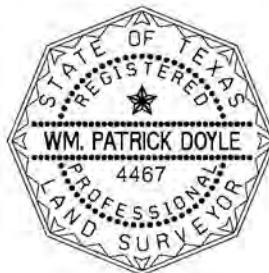
THENCE North 24°07'34" East, a distance of 1150.00 feet to the northwest corner of the herein described 42.3726 acre tract, at position X=3143528.01 and Y=441014.87 (Dow Plant B coordinate North 11+75.00 and West 96+53.00);

THENCE South 65°52'26" East, at a distance of 75.00 feet pass the northwest corner of said Dow B-9400 Block, continuing a total distance of 1605.00 feet to the **POINT OF BEGINNING**, containing 42.3726 acres of land, more or less.

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared



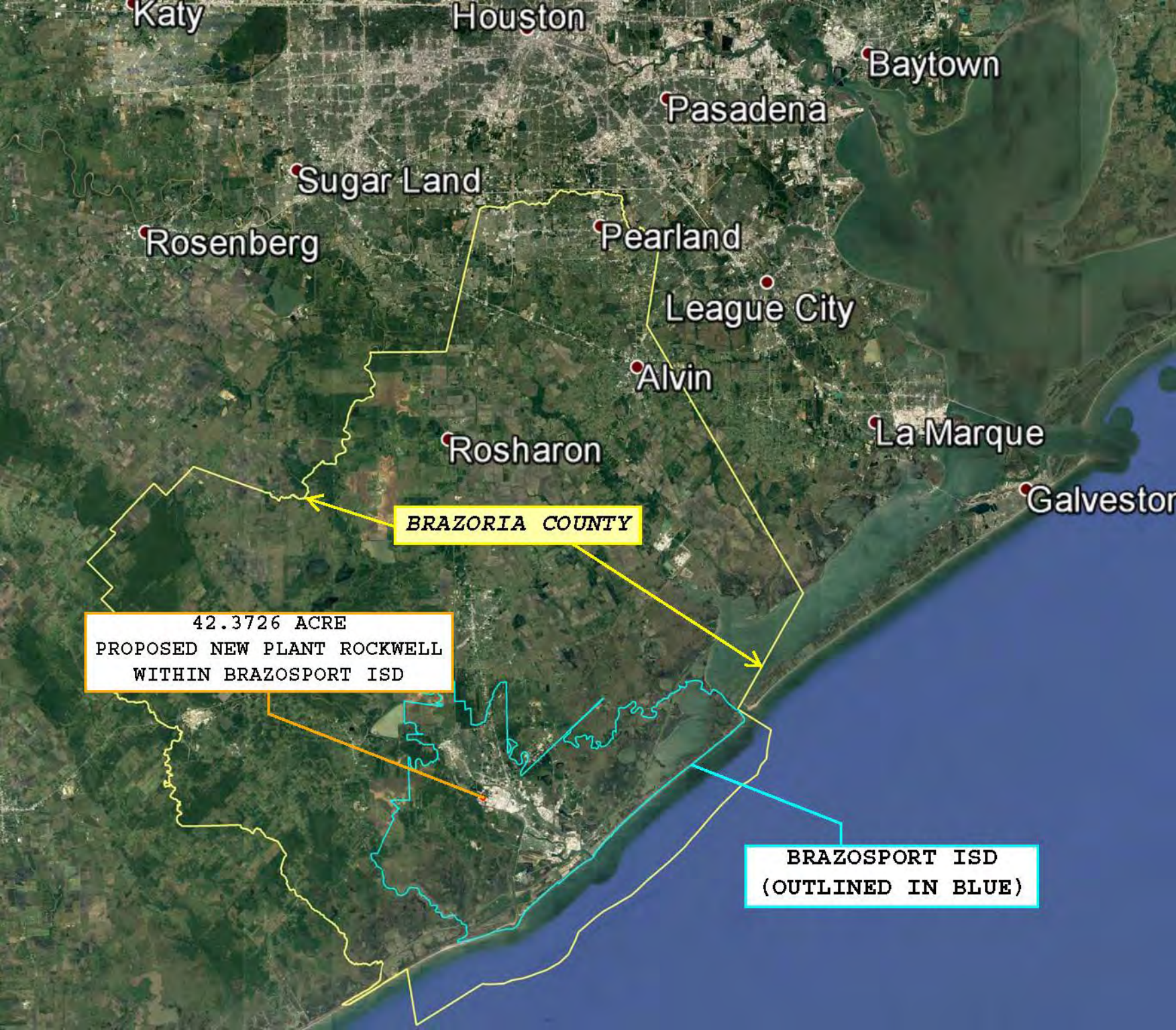
Wm. Patrick Doyle
Registered Professional Land Surveyor
Texas Registration Number 4467
February 23, 2018
Revised: March 5, 2018



Tab 10

N/A

Tab 11



Katy

Houston

Baytown

Pasadena

Sugar Land

Rosenberg

Pearland

League City

Alvin

Rosharon

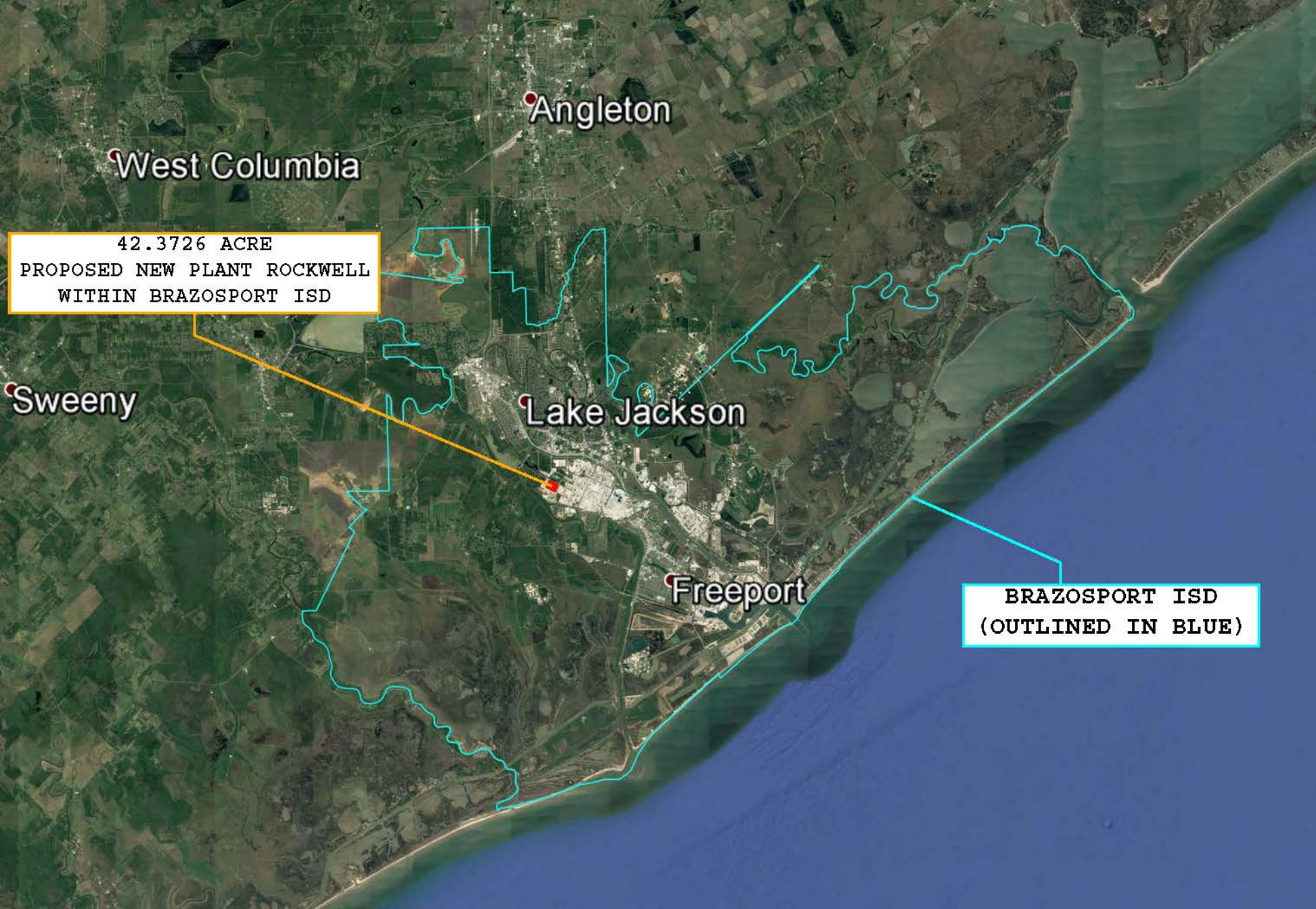
La Marque

Galveston

BRAZORIA COUNTY

42.3726 ACRE
PROPOSED NEW PLANT ROCKWELL
WITHIN BRAZOSPORT ISD

BRAZOSPORT ISD
(OUTLINED IN BLUE)



Angleton

West Columbia

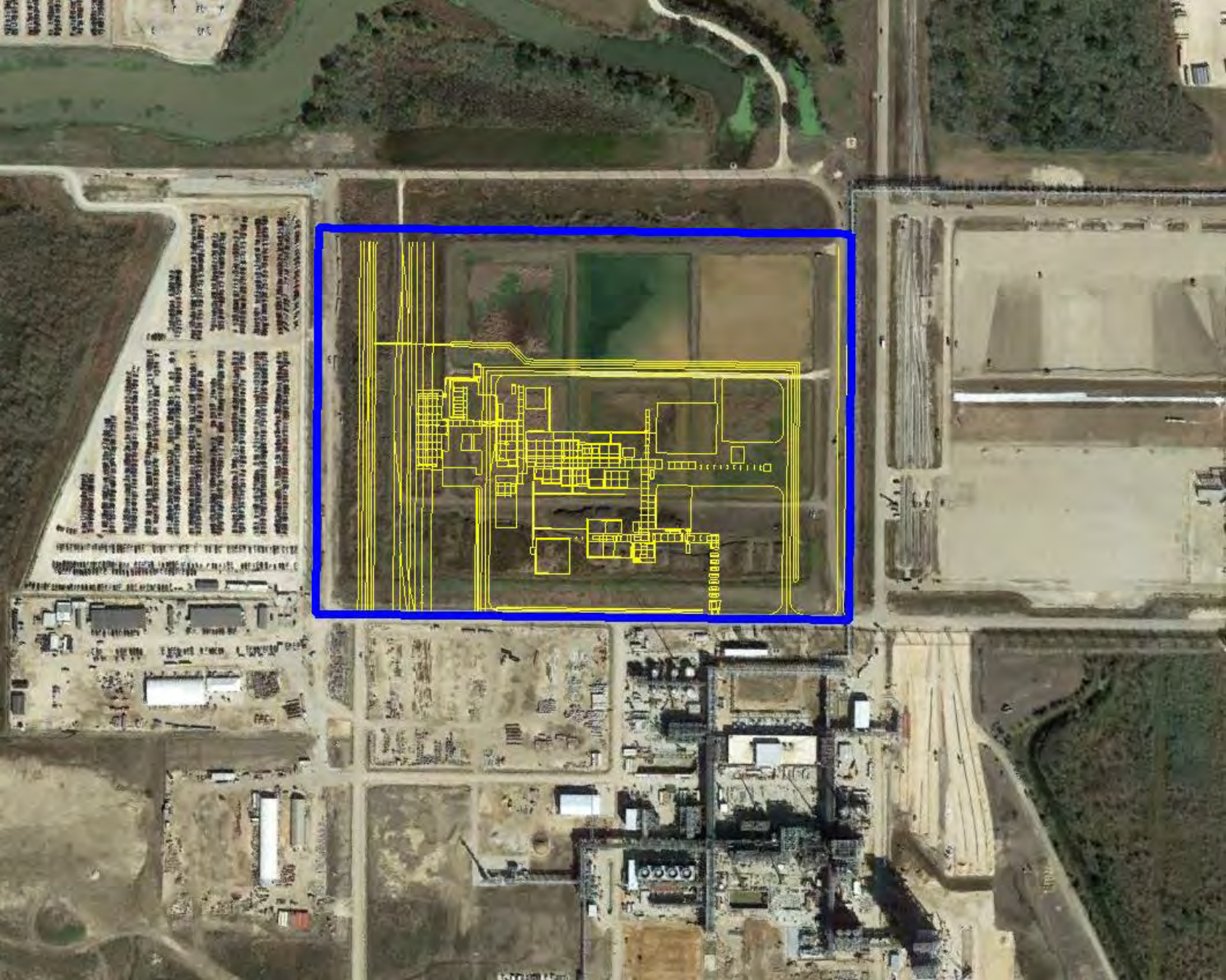
42.3726 ACRE
PROPOSED NEW PLANT ROCKWELL
WITHIN BRAZOSPORT ISD

Sweeny

Lake Jackson

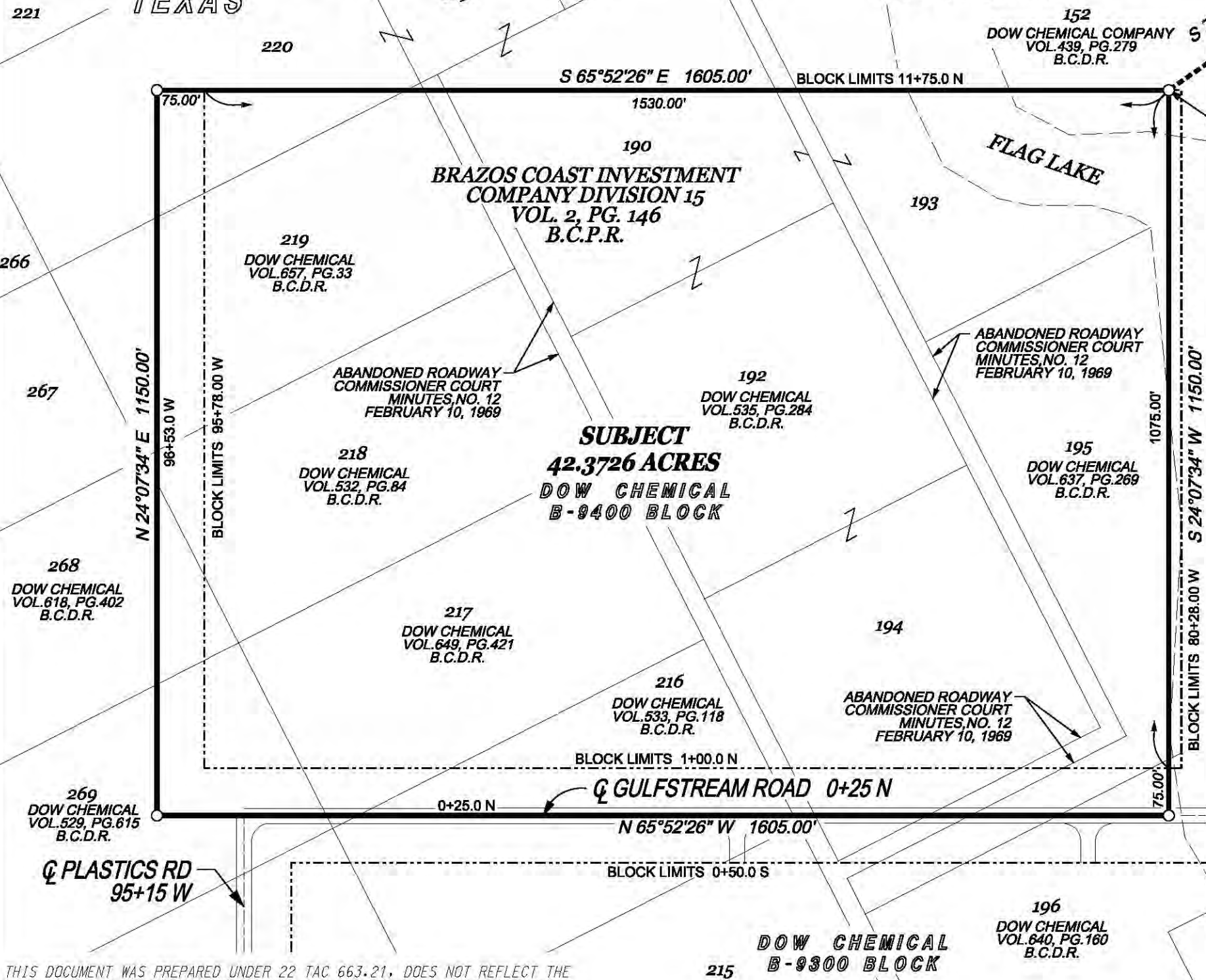
Freeport

BRAZOSPORT ISD
(OUTLINED IN BLUE)



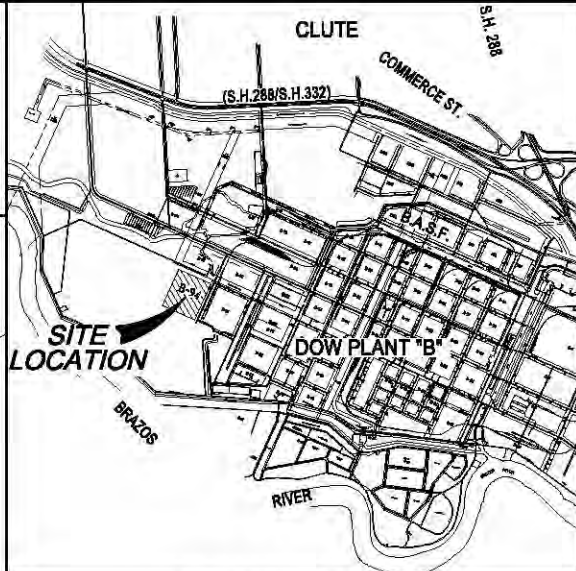
BRAZORIA COUNTY
TEXAS

STEPHEN F. AUSTIN FIVE LEAGUES
ABSTRACT 19

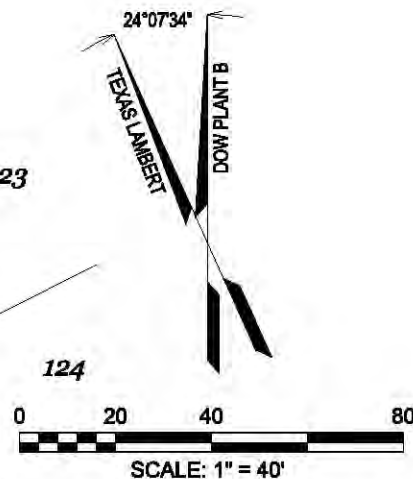


POINT OF COMMENCEMENT
N.G.S. TRIANGULATION
STATION "PLANT B2"
X= 3154584.44
Y= 442176.16

POINT OF BEGINNING
X= 3145992.64
Y= 440358.91
(DOW PLANT COORDINATE
N 11+75.0 & W 80+48.0)



VICINITY MAP
1" = 1 MILE



PLAT OF A
42.3726 ACRE TRACT

LOCATED IN
THE DOW CHEMICAL COMPANY
PLANT 'B' SITE - BLOCK B-9400
BEING A PORTION OF
TRACTS 152, 190, 192-196,
216-220, 268 & 269
& PORTIONS OF ABANDONED ROADWAYS
OF THE
BRAZOS COAST INVESTMENT COMPANY
SUDIVISION NO. 15

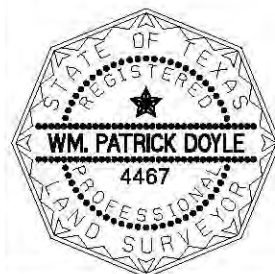
RECORDED IN
VOLUME 2, PAGE 141-148
OF THE
BRAZORIA COUNTY PLAT RECORDS
SITUATED IN THE
STEPHEN F. AUSTIN FIVE LEAGUES
ABSTRACT 19
BRAZORIA COUNTY, TEXAS

Doyle & Wachtstetter, Inc.
Surveying and Mapping GPS/GIS
131 COMMERCE STREET, CLUTE, TEXAS 77531
OFFICE: 979.265.3622 FAX: 979.265.9940 FIRM NO.: 10024500
SURVEYED: N/A BOOK: N/A PROJECT NO.: 20012023688
DRAWN BY: JAM 2-23-18 CHECKED: WPD 2-23-18 REVISED: 3-5-18

NOTES:

- COORDINATES AND BEARINGS ARE RELATIVE TO THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NAD 27.
- ALL DISTANCES ARE HORIZONTAL SURFACE LEVEL LENGTHS (SF= 0.99988201).
- INFORMATION CONTAINED ON THIS SURVEY IS FROM THE BRAZORIA COUNTY COURTHOUSE AND PRIVATE RECORDS. RESEARCH BY AUTHOR & PROVIDED BY OWNER. IT DOES NOT REPRESENT A COMPLETE DEED RESEARCH AND THIS PROPERTY MAY BE SUBJECT TO ADDITIONAL EASEMENTS, ENCUMBRANCES, RESTRICTIVE COVENANTS, OR OWNERSHIP TITLE EVIDENCE THAT AN ACCURATE AND CURRENT TITLE SEARCH MAY DISCLOSE.
- IMPROVEMENTS SHOWN ON SUBJECT PROPERTY ARE BASED ON AERIAL IMAGERY PROVIDED BY DOW. AT CLIENTS REQUEST IMPROVEMENTS SHOWN HERE ON ARE NOT PHYSICALLY TIED DOWN.
- NO EFFORT WAS MADE TO LOCATE ANY UNDERGROUND IMPROVEMENTS.
- THIS PLAT IS PART OF A SURVEY REPORT INCLUDING A METES AND BOUNDS DESCRIPTION ON FILE IN THE OFFICES OF DOYLE & WACHTSTETTER, INC.

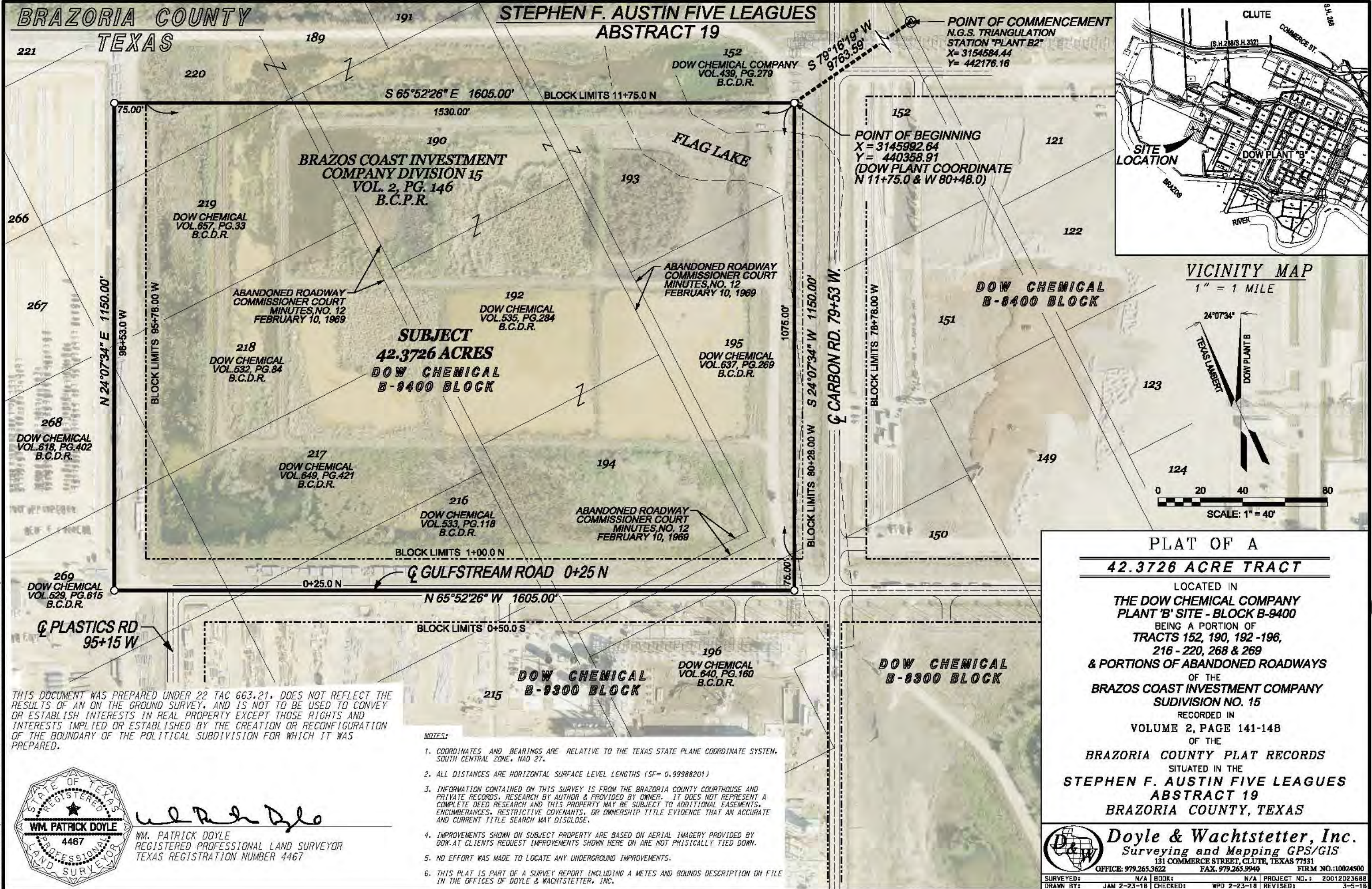
THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.



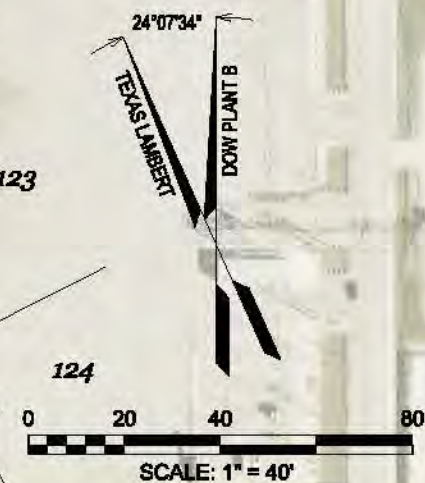
WM. PATRICK DOYLE
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NUMBER 4467

BRAZORIA COUNTY
TEXAS

STEPHEN F. AUSTIN FIVE LEAGUES
ABSTRACT 19



VICINITY MAP
1" = 1 MILE



PLAT OF A
42.3726 ACRE TRACT

LOCATED IN
THE DOW CHEMICAL COMPANY
PLANT 'B' SITE - BLOCK B-9400
BEING A PORTION OF
TRACTS 152, 190, 192 - 196,
216 - 220, 268 & 269
& PORTIONS OF ABANDONED ROADWAYS
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BRAZOS COAST INVESTMENT COMPANY
SUBDIVISION NO. 15
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VOLUME 2, PAGE 141-148
OF THE
BRAZORIA COUNTY PLAT RECORDS
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STEPHEN F. AUSTIN FIVE LEAGUES
ABSTRACT 19
BRAZORIA COUNTY, TEXAS

Doyle & Wachtstetter, Inc.
Surveying and Mapping GPS/GIS
131 COMMERCE STREET, CLUTE, TEXAS 77531
OFFICE: 979.265.3622 FAX: 979.265.9940 FIRM NO.: 10024500

SURVEYED:	N/A	BOOK:	N/A	PROJECT NO.:	20012023688
DRAWN BY:	JAM 2-23-18	CHECKED:	WPD 2-23-18	REVISED:	3-5-18

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WM. Patrick Doyle
WM. PATRICK DOYLE
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NUMBER 4467

Tab 12

N/A

Tab 13

Tab 13. Calculations of wages information - based on most recent data available

County	Brazoria
Region	Houston-Galveston Area Council

Average Weekly wage for all jobs (all industries) in the county

Year	Period	Weekly wage	
2017	Q4	\$	1,134
2017	Q1	\$	1,116
2017	Q2	\$	1,030
2017	Q3	\$	1,074
Average weekly wage		\$	1,088.50

110% of the average weekly wage for manufacturing jobs in the county

Year	Period	Weekly wage	
2017	Q4	\$	2,348
2017	Q1	\$	2,659
2017	Q2	\$	2,157
2017	Q3	\$	2,263
Average weekly wage		\$	2,356.75
Avg weekly wage * 110%		\$	2,592.43

110% of the average weekly wage for manufacturing jobs in the region

\$ 27.52 per hour
x 40 hours per week
\$ 1,100.80

@ 110%
\$ 1,210.88

110% of average weekly wage for manufacturing jobs in region

Houston-Galveston Area Council
\$57,246 per year
÷ 52 weeks
\$ 1,100.88

@ 110%
\$ 1,210.97

110% of average weekly wage for manufacturing jobs in region

Quarterly Employment and Wages (QCEW)

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▲▼ Year	▲▼ Period	▲▼ Area	▲▼ Ownership	▲▼ Division	▲▼ Level	▲▼ Ind Code	▲▼ Industry	▲▼ Avg Weekly Wages
2017	1st Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,116
2017	2nd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,030
2017	3rd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,074
2017	4th Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,134

Quarterly Employment and Wages (QCEW)

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▲▼ Year	▲▼ Period	▲▼ Area	▲▼ Ownership	▲▼ Division	▲▼ Level	▲▼ Ind Code	▲▼ Industry	▲▼ Avg Weekly Wages
2017	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,659
2017	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,157
2017	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,263
2017	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,348

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

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

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

Date 6/6/2018
 Applicant Name The Dow Chemical Company
 ISD Name Brazosport ISD

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property		0	0	0
Investment made after filing complete application with district, but before final board approval of application	—	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals or qualifying time period)	2020	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$ 800,000	\$ 192,000,000	0	0	\$ 192,800,000
Complete tax years of qualifying time period	QTP1	2021-2022	2021	\$ 1,500,000	\$ 360,800,000	0	0	\$ 362,300,000
	QTP2	2022-2023	2022	\$ 700,000	\$ 159,200,000	0	0	\$ 159,900,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ 3,000,000	\$ 712,000,000	0	0	\$ 715,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$ 715,000,000				

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 §13.021(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.

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	-	TOTALS FROM SCHEDULE A1		Enter amounts from TOTAL row in Schedule A1 in the row below				
				\$ 3,000,000	\$ 712,000,000	\$ =	\$ =	\$ 715,000,000
Each year prior to start of value limitation period** Insert as many rows as necessary	0	2021-2022	2021					
Value limitation period***	1	2022-2023	2022					
	2	2023-2024	2023					
	3	2024-2025	2024					
	4	2025-2026	2025					
	5	2026-2027	2026					
	6	2027-2028	2027					
	7	2028-2029	2028					
	8	2029-2030	2029					
	9	2030-2031	2030					
	10	2031-2032	2031					
Total Investment made through limitation								
Continue to maintain viable presence	11	2032-2033	2032					
	12	2033-2034	2033					
	13	2034-2035	2034					
	14	2035-2036	2035					
	15	2036-2037	2036					
Additional years for 25 year economic impact as required by 313.026(c)(1).	16	2037-2038	2037					
	17	2038-2039	2038					
	18	2039-2040	2039					
	19	2040-2041	2040					
	20	2041-2042	2041					
	21	2042-2043	2042					
	22	2043-2044	2043					
	23	2044-2045	2044					
	24	2045-2046	2045					
	25	2046-2047	2046					

* 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 #6 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

6/6/2018

Applicant Name

The Dow Chemical Company

Form 50-296A

ISD Name

Brazosport ISD

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 <i>Insert as many rows as necessary</i>	0	2021-2022	2021	2,038,670	192,000,000	800,000	194,838,670	194,838,670	194,838,670
Value Limitation Period	1	2022-2023	2022	2,038,670	552,800,000	2,300,000	557,138,670	557,138,670	30,000,000
	2	2023-2024	2023	2,038,670	712,000,000	3,000,000	700,038,670	700,038,670	30,000,000
	3	2024-2025	2024	2,038,670	683,520,000	2,880,000	671,438,670	671,438,670	30,000,000
	4	2025-2026	2025	2,038,670	656,179,200	2,764,800	643,982,670	643,982,670	30,000,000
	5	2026-2027	2026	2,038,670	629,932,032	2,654,208	617,624,910	617,624,910	30,000,000
	6	2027-2028	2027	2,038,670	604,734,751	2,548,040	592,321,460	592,321,460	30,000,000
	7	2028-2029	2028	2,038,670	580,545,361	2,446,118	568,030,149	568,030,149	30,000,000
	8	2029-2030	2029	2,038,670	557,323,546	2,348,273	544,710,490	544,710,490	30,000,000
	9	2030-2031	2030	2,038,670	535,030,604	2,254,342	522,323,617	522,323,617	30,000,000
	10	2031-2032	2031	2,038,670	513,629,380	2,164,169	500,832,219	500,832,219	30,000,000
Continue to maintain viable presence	11	2032-2033	2032	2,038,670	493,084,205	2,077,602	480,200,477	480,200,477	480,200,477
	12	2033-2034	2033	2,038,670	473,360,837	1,994,498	460,394,005	460,394,005	460,394,005
	13	2034-2035	2034	2,038,670	454,426,403	1,914,718	441,379,791	441,379,791	441,379,791
	14	2035-2036	2035	2,038,670	436,249,347	1,838,129	423,126,146	423,126,146	423,126,146
	15	2036-2037	2036	2,038,670	418,799,373	1,764,604	405,602,647	405,602,647	405,602,647
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037	2,038,670	402,047,398	1,694,020	388,780,088	388,780,088	388,780,088
	17	2038-2039	2038	2,038,670	385,965,502	1,626,259	372,630,432	372,630,432	372,630,432
	18	2039-2040	2039	2,038,670	370,526,882	1,561,209	357,126,761	357,126,761	357,126,761
	19	2040-2041	2040	2,038,670	355,705,807	1,498,760	342,243,237	342,243,237	342,243,237
	20	2041-2042	2041	2,038,670	341,477,575	1,438,810	327,955,055	327,955,055	327,955,055
	21	2042-2043	2042	2,038,670	327,818,472	1,381,258	314,238,399	314,238,399	314,238,399
	22	2043-2044	2043	2,038,670	314,705,733	1,326,007	301,070,410	301,070,410	301,070,410
	23	2044-2045	2044	2,038,670	302,117,504	1,272,967	288,429,141	288,429,141	288,429,141
	24	2045-2046	2045	2,038,670	290,032,803	1,222,048	276,293,522	276,293,522	276,293,522
	25	2046-2047	2046	2,038,670	278,431,491	1,173,166	264,643,328	264,643,328	264,643,328

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 6/6/2018
Applicant Name The Dow Chemical Company
ISD Name Brazosport ISD

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	2021-2022	2021	265 FTE (peak)	\$ 73,000	0	30	\$ 62,971
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2022-2023	2022	900 FTE (peak)	\$ 73,000	0	40	\$ 62,971
	2	2023-2024	2023	875 FTE (peak)	\$ 73,000	0	40	\$ 62,971
	3	2024-2025	2024			0	40	\$ 62,971
	4	2025-2026	2025			0	40	\$ 62,971
	5	2026-2027	2026			0	40	\$ 62,971
	6	2027-2028	2027			0	40	\$ 62,971
	7	2028-2029	2028			0	40	\$ 62,971
	8	2029-2030	2029			0	40	\$ 62,971
	9	2030-2031	2030			0	40	\$ 62,971
	10	2031-2032	2031			0	40	\$ 62,971
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046			0	40	\$ 62,971

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 6/6/2018
Applicant Name The Dow Chemical Company
ISD Name Brazosport ISD

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	Brazoria County	2021	7 years	\$ 2,500,000	\$ 2,500,000	\$ -
	Brazosport College	2021	7 years	\$ 1,800,000	\$ 1,800,000	\$ -
	Port Freeport	2021	7 years	\$ 200,000	\$ 200,000	\$ -
	Velasco Drainage District	2021	7 years	\$ 500,000	\$ 500,000	\$ -
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				\$ 5,000,000	\$ 5,000,000	\$ -

Additional information on incentives for this project:

Annual tax levy without incentive and annual incentive presented above are average estimates based on a 7 year Chapter 312 abatement. This project will be located in an Industrial District pursuant to a pre-existing agreement.

Tab 15

N/A

Tab 16



Doyle & Wachtstetter, Inc.

Surveying and Mapping • GPS/GIS • Pipeline Integrity
High Density 3D Laser Scanning • Robotic Imaging HD
Aerial Topographic Surveying • RTK/UAV Imagery

**DOW CHEMICAL COMPANY, B-9400 BLOCK
42.3726 ACRE TAX ABATEMENT TRACT
STEPHEN F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19
BRAZORIA COUNTY, TEXAS
PAGE 1 OF 2**

ALL THAT CERTAIN 42.3726 ACRE tract of land, lying and situated in the Stephen F. Austin 5 League Grant, Abstract 19, Brazoria County, Texas, located in The Dow Chemical Company Plant B site, B-9400 Block, being a portion of Tracts 152, 190, 192 through 196, 216 through 220, 268 and 269 and portions of abandoned 30 foot wide roadways of the Brazos Coast Investment Company Division Number 15, according to the map or plat thereof recorded in Volume 2, Page 141-148 of the Brazoria County Plat Records, said Tract 152 being the same tract conveyed by deed on September 29, 1948 from Reconstruction Finance Corporation to The Dow Chemical Company, as recorded in Volume 439, Page 279 of the Brazoria County Deed Records (B.C.D.R.), said Tracts 190, 192, 193, 194 and 220, being the same tract conveyed by deed on May 14, 1952 from H. S. Wetzel and Emmie E. Wetzel to The Dow Chemical Company, as recorded in Volume 535, page 284 of the B.C.D.R., said Tract 195 being the same tract conveyed by deed on November 7, 1955 from Ethel L. Rutledge, et al to The Dow Chemical Company as recorded in Volume 637, Page 269 of the B.C.D.R., said Tract 196, being the same tract conveyed by deed on December 8, 1955 from Pauline Huebner Howard and Russell F. Howard to The Dow Chemical Company, as recorded in Volume 640, Page 160 of the B.C.D.R., said Tract 216 being the same tract conveyed by deed on August 28, 1951 from Ben D. Cannan and Jeanette B. Cannan to The Dow Chemical Company as recorded in Volume 533, Page 118 of the B.C.D.R., said Tract 217 being the same tract conveyed by deed on November 30, 1955 from L. A. Hammer to The Dow Chemical Company, as recorded in Volume 649, Page 421 of the B.C.D.R., said Tract 218 being the same tract conveyed by deed on April 7, 1952 from Nannie Stringfellow to The Dow Chemical Company as recorded in Volume 532, Page 84 of the B.C.D.R., said Tract 219 being the same tract conveyed by deed on June 5, 1956 from Nat U. Collier to The Dow Chemical Company as recorded in Volume 657, Page 33 of the B.C.D.R., said Tract 268 being the same tract conveyed by deed on April 1, 1955 from J. W. Hazen to The Dow Chemical Company as recorded in Volume 618, Page 402 of the B.C.D.R. and said Tract 269 being the same tract conveyed by deed on March 13, 1952 from B. H. Autrey to The Dow Chemical Company, as recorded in Volume 529, Page 615 of the B.C.D.R., said 30 foot wide roadways, being abandoned, vacated and closed in the Brazoria County Commissioners Court Minutes, dated February 10, 1969, said 42.3726 acre tract being more particularly described by metes and bounds using survey terminology which refers to the Texas State Plane Coordinate System, South Central Zone (NAD 27), in which the directions are Lambert Grid bearings and the distances are horizontal, surface level lengths (SF=0.99988201) as follows:

COMMENCING at National Geodetic Survey Triangulation Station "Plant B2", a brass disk in concrete monument found at Texas State Plane position X=3154584.44 and 442176.16;

DOW CHEMICAL COMPANY, B-9400 BLOCK
42.3726 ACRE TAX ABATEMENT TRACT
STEPHEN F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19
BRAZORIA COUNTY, TEXAS
PAGE 2 OF 2

THENCE South 79°16'19" West, a distance of 9763.59 feet to a point located on the northern boundary line of Dow B-9400 Block, for the northeast corner and the **POINT OF BEGINNING** of the herein described 42.3726 acre tract, at position X=3145992.64 and Y=440358.91 (Dow Plant B coordinate North 11+75.00 and West 80+48.00);

THENCE South 24°07'34" West, at a distance of 1075.00 feet pass the southern boundary line of said Dow B-9400 Block, same being the northern margin of 150 foot wide GulfStream Road, continuing a total distance of 1150.00 feet to a point located on the centerline of said 150 foot wide GulfStream Road, for the southeast corner of the herein described 42.3726 acre tract, at position X=3144522.63 and Y=439309.49 (Dow Plant B coordinate North 0+25.00 and West 80+48.00);

THENCE North 65°52'26" West, coincident with centerline of said 150 foot wide GulfStream Road, a distance of 1605.00 feet to the southwest corner of the herein described 42.3726 acre tract, at position X=3143058.01 and Y=439965.45 (Dow Plant B coordinate North 0+25.0 and West 96+53.00);

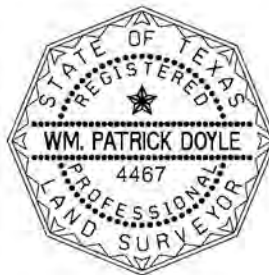
THENCE North 24°07'34" East, a distance of 1150.00 feet to the northwest corner of the herein described 42.3726 acre tract, at position X=3143528.01 and Y=441014.87 (Dow Plant B coordinate North 11+75.00 and West 96+53.00);

THENCE South 65°52'26" East, at a distance of 75.00 feet pass the northwest corner of said Dow B-9400 Block, continuing a total distance of 1605.00 feet to the **POINT OF BEGINNING**, containing 42.3726 acres of land, more or less.

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared



Wm. Patrick Doyle
Registered Professional Land Surveyor
Texas Registration Number 4467
February 23, 2018
Revised: March 5, 2018



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

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

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

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

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

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

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

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

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

DEFINITIONS Section 1

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

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

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

ABATEMENT AUTHORIZED Section 2

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

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

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

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

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

the lease, (2) all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

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

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

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

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

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

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

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

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

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

- (3) must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.
- (4) must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

- (5) must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of \$1,000. A part of the application fee will be dedicated by Brazoria County to economic development programs authorized by Local Government Code, Section 381.004.
- (6) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County union and/or nonunion vendors and services where applicable in the

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

- (7) will annually, for the term of the abatement, contribute .000207 of the value reported in "Part IV Section F" of the abatement application (estimated value of abated improvements at the conclusion of the abatement period). Air carriers receiving abatement will contribute an amount equal to .000207 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than \$25,000.00 for projects \$500 million or less in capital investment and no more than \$50,000 for project greater than \$500 million in capital investment nor less than 2,000 annually to be used specifically to fund economic development in Brazoria County as authorized by Local Government Code, Section 381.004. The annual contribution shall be paid to Brazoria County through the County Auditor's Office on or before January 1 of each year of the tax abatement contract term.
- (8) must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements' value as integral fixtures of a producing manufacturing facility. An owner's legal protest of the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal practice. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.
- (9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.
- (10) Will be wholly responsible for all County roads and right-of-way (including bridges, culverts, ditches, etc.) and damages caused thereto as a result of the construction of an on-going maintenance and operations of the Abated Facility Site as well as associated facilities to the Abated Facility Site, including but not limited to, the following:
 - Cost to maintain the roads, if needed, utilized for construction of the Abated Facility Site in an effort to keep the road safe for the traveling public will be tracked by the County and invoiced on a regular basis to the Abatee.
 - Cost to reconstruct the roadway, if needed, will be actual cost to repair the County roads and right-of way incurred by the County and invoiced to the Abatee. These costs will include all construction costs as well as all related professional services for the repair work.
 - Abatee shall coordinate with the County Engineering Department regarding any and all use of County roads and right-of-way for construction, maintenance and operation of Abated Facility Site in accordance with County regulations in place for use of County facilities.

- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
 - (1) The value of ineligible property as provided in Section 2(e) shall be fully taxable;
 - (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
 - (3) the additional value of new eligible property shall be taxable in the manner described in Section 2(g).

APPLICATION Section 3

- (a) The Application for tax abatement may be obtained from the County Judge's Office or on the Brazoria County website at www.brazoria-county.com. Applicant may contact the Judge's Office at (979) 864-1200 or (281) 756-1200.
- (b) Any present or potential owner of taxable property in Brazoria County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Brazoria County. The application shall be filed with the County Judge by providing twelve (12) copies or an electronic version and five (5) copies. The additional copies provided will be furnished to each member of Commissioners Court and the Tax Abatement Review Committee (TARC). After filing the application, the Applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report, to the County Judge's Office prior to the TARC meeting on the Applicant's tax abatement application.
- (c) The application shall consist of a completed application form accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as Brazoria County deems appropriate for evaluating the financial capacity and other factors of the Applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".
- (d) Upon receipt of a completed application, the County Judge shall notify in writing the presiding officer of the legislative body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners' Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.

- (e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.
- (f) If upon written request for a legal opinion or interpretation from the Commissioners' Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners' Court or any duly appointed review committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners' Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.

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

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

- (g) Brazoria County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) (b) (e) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the County Judge with a copy forwarded to the TARC. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.
- (i) Special Variance: Air Carriers. A special variance from all applicable provisions of these guidelines and criteria, with the exception of Section 2 (h) (5) and (h) (7) may be granted allowing abatement or partial abatement of ad valorem taxes on the personal property of a certificated or non-certificated air carrier that owns or leases taxable real property in Brazoria County provided that the personal property has a value of at least \$10,000,000. Approval of a request for this variance requires a three-fourth (3/4) vote of the Commissioners Court.

PUBLIC HEARING Section 4

- (a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
 - (1) there would be a substantial adverse affect on the provision of government service or tax base;

- (2) the Applicant has insufficient financial capacity;
- (3) planned or potential use of the property would constitute hazard to public safety, health or morals; or,
- (4) violation of other codes or laws.

AGREEMENT Section 5

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

RECAPTURE Section 6

- (a) In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the county may elect to: (1) Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes; (2) Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or (3) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- (b) Should Brazoria County determine that the company or individual is in default according to the terms and conditions of its agreement, Brazoria County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.
- (c) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- (d) Failure to provide any requested statement or information pursuant to the provisions described in Section 5(a)(7) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

ADMINISTRATION Section 7

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

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

- (d) The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative appointed by each Commissioners' Court member. The County Auditor, County Treasurer, District Attorney representative, and County Tax Assessor Collector shall serve as ex-officio members of the Committee to advise on abatement qualifications and procedures. The County Judge and the Commissioner of the Precinct in which a proposed abated facility will be located will serve on the Committee during the period when the Committee is preparing the feasibility study report and conducting the annual inspection and/or evaluation of the facility.
- (e) Upon completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners' Court and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.
- (f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (*i.e.* seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.
- (g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

ASSIGNMENT Section 8

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

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

- (a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by Applicants who have previously entered into a tax abatement agreement with a city regarding that property.
- (b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.
- (c) An Applicant shall file a tax abatement application on the County's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.
- (d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a) correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the Applicant.
- (e) After review (and subject to approval of the matters in (d) above) and meeting of the TARC, the application will be placed on the next Commissioners Court meeting for consideration. If there are any compliance problems with the application (including any problems to be resolved or amendments to the application to be made), the County Judge and Precinct Commissioners shall be advised of these compliance problems/matters to be resolved in a memo from the Civil Division-District Attorney's Office. No Application shall be placed on the Agenda if the application fails to attach both the ordinance designating reinvestment zone and the copy of the fully executed tax abatement agreement between the city and the Applicant, or which is deficient as to application form or legal description. In such case the Applicant shall be informed of the necessity of attaching those documents or making necessary corrections, and there will be no further processing of the application until the same are received.
- (f) The notice provisions of Section 3(d) are not applicable to an application under this section.
- (g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specifically ordered in the Commissioners Court order granting abatement.

SUNSET PROVISION Section 10

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the

expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.

- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective May 31, 2016, and shall remain in force until May 31, 2018, unless amended or superseded, modified, renewed, or eliminated by Commissioners' Court prior to that date.

Tab 17

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Danny Massey

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here


Signature (Authorized School District Representative)

June 18, 2018

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

Lowell T. McLaughlin

Print Name (Authorized Company Representative (Applicant))

State and Local Tax Director

Title

sign
here


Signature (Authorized Company Representative (Applicant))

June 12, 2018

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

12 day of June, 2018



Notary Public in and for the State of Texas

My Commission expires: 5-12-2020

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

O'HANLON, DEMERATH & CASTILLO

1273 Brazosport-dow-amendment001
August 14, 2018

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILIE: (512) 494-9919

August 14, 2018

Local Government Assistance & Economic Analysis

Texas Comptroller of Public Accounts

P.O. Box 13528

Austin, Texas 78711-3528

RE: (1273) Amendment001 to Brazosport Independent School District from The Dow Chemical Company

To the Local Government Assistance & Economic Analysis Division:

I have enclosed for you Amendment001 to Brazosport Independent School District from The Dow Chemical Company.

A copy of Amendment001 will be submitted to the Brazoria County Appraisal District. Please do not hesitate to call with any questions.

Sincerely,

William Eggleston
Assistant to Kevin O'Hanlon
School District Consultant

Cc: Brazoria Appraisal District

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 2018
(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)? 4,574
 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? 40
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 - 6a. If yes, attach evidence in Tab 12 documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in Tab 13 the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,088.50
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,592.43
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,273.50
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? 66,222.20
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 66,222.20
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 7&8

Project Description

This project will design and construct a global scale polyethylene plant that would utilize raw materials from both internal Dow (ethylene) and external (co-monomers) sources to produce polyethylene. The company is reviewing potential sites along the U.S. gulf coast for Dow's expansion due to anticipated global demand for polyethylene.

Ethylene is produced by Dow and the comonomer is purchased by a 3rd party. Every major Dow site has some ethylene and comonomer capacity at the site and part of the evaluation is the proximity of raw materials to the site, logistics, site development, taxes etc. The interconnecting racks between Poly 5 and Rockwell would bring the feedstocks to the proposed project.

Site Information

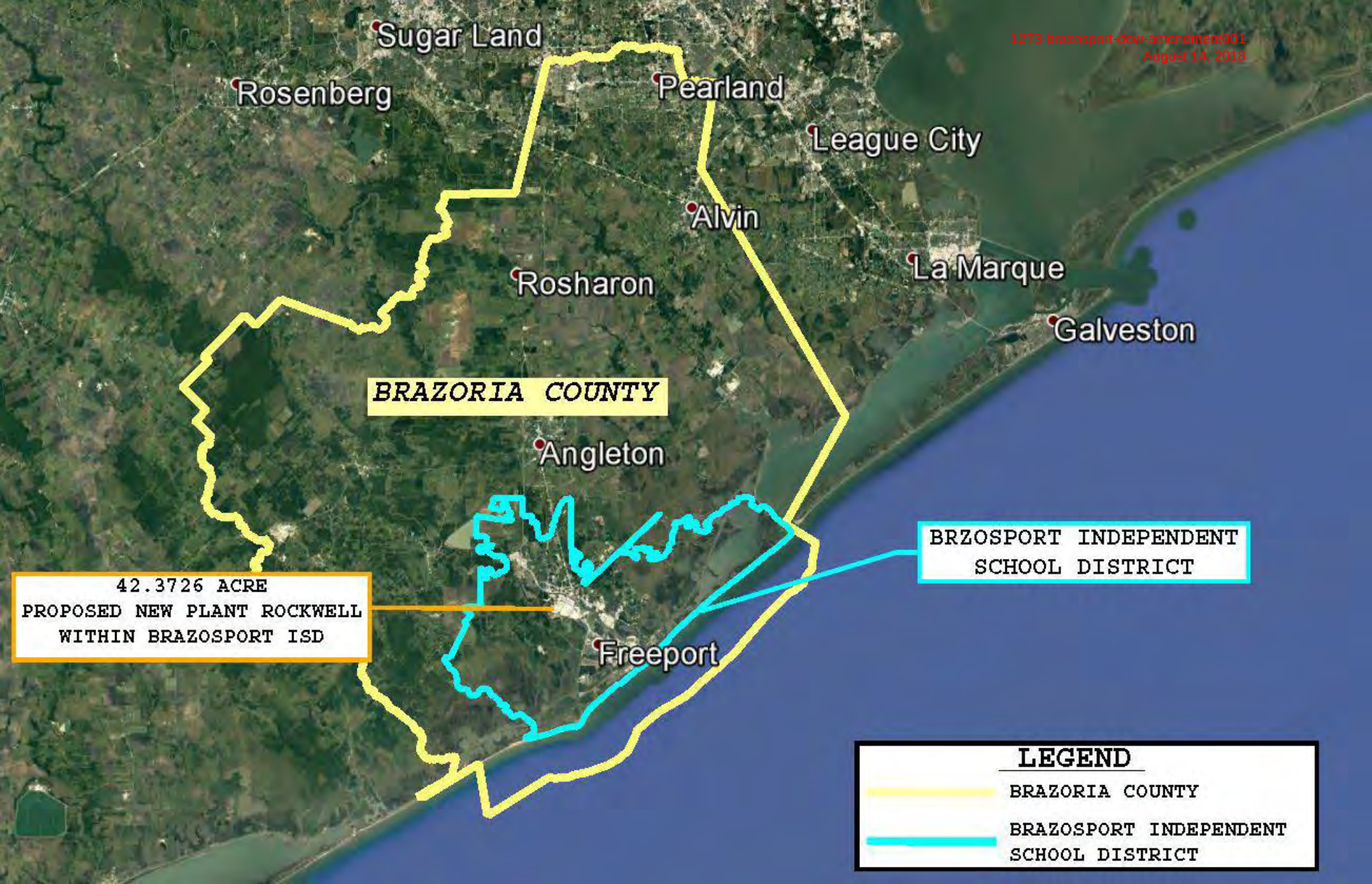
The plant is proposed to be built primarily on a vacant block area with no existing improvements.

Proposed Improvements

Proposed improvements and fixed equipment for which abatement is requested would include:

- day tanks/drums
- exchangers
- compressors
- pumps
- process piping and instrumentation
- pellet handling systems
- flare
- cooling tower
- silos
- air coolers
- filters
- heaters
- transformers
- and electrical equipment

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



West Columbia

Angleton

42.3726 ACRE
PROPOSED NEW PLANT ROCKWELL
WITHIN BRAZOSPORT ISD

Sweeny

Lake Jackson

Freeport

BRAZOSPORT INDEPENDENT
SCHOOL DISTRICT

LEGEND

BRAZOSPORT INDEPENDENT
SCHOOL DISTRICT



42.3726 ACRE
PROPOSED NEW PLANT ROCKWELL

LEGEND



REINVESTMENT ZONE BOUNDARY
AND PROJECT BOUNDARY



PROPOSED PLANT SITE



INTERCONNECTING RACKS BETWEEN
POLY 5 AND ROCKWELL

THE DOW CHEMICAL COMPANY
Project Rockwell
Brazosport ISD, 313 APPLICATION, TAB 13

Calculations of Wage Information - Based on Most Recent Data Available for Brazoria Co. (as of 8/1/18)

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

Year	Period	A.W.Wage	Annualized
2017	1st Qtr	\$ 1,116	\$ 58,032
2017	2nd Qtr	\$ 1,030	\$ 53,560
2017	3rd Qtr	\$ 1,074	\$ 55,848
2017	4th Qtr	\$ 1,134	\$ 58,968
Average WW (4Qtrs)		1,088.50	\$ 56,602.00

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

Year	Period	A.W.Wage	Annualized
2017	1st Qtr	\$ 2,659	\$ 138,268
2017	2nd Qtr	\$ 2,157	\$ 112,164
2017	3rd Qtr	\$ 2,263	\$ 117,676
2017	4th Qtr	\$ 2,348	\$ 122,096
Average WW (4Qtrs)		\$ 2,356.75	\$ 122,551
		X 110%	X 110%
		\$ 2,592.43	\$ 134,806.10

c. **Average Weekly Wage for manufacturing jobs in the region: Houston - Galveston Area / Council of Government Region**

Region	Year	A.W.Wage	Annualized
Houston-Galveston Area	2017	\$ 1,157.73	\$ 60,202
		X 110%	X 110%
		\$ 1,273.50	\$ 66,222.20

*TWC Documentations attached

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2017	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,659
2017	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,157
2017	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,263
2017	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,348

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	1st Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,116
2017	2nd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,030
2017	3rd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,074
2017	4th Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,134

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updates you can use.



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[TWC Home](#)

Schedule C: Employment Information

Date 8/1/2018
Applicant Name The Dow Chemical Company
ISD Name Brazosport ISD

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	2021-2022	2021	265 FTE (peak)	\$ 66,220	0	30	\$ 66,220
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2022-2023	2022	900 FTE (peak)	\$ 66,220	0	40	\$ 66,220
	2	2023-2024	2023	875 FTE (peak)	\$ 66,220	0	40	\$ 66,220
	3	2024-2025	2024			0	40	\$ 66,220
	4	2025-2026	2025			0	40	\$ 66,220
	5	2026-2027	2026			0	40	\$ 66,220
	6	2027-2028	2027			0	40	\$ 66,220
	7	2028-2029	2028			0	40	\$ 66,220
	8	2029-2030	2029			0	40	\$ 66,220
	9	2030-2031	2030			0	40	\$ 66,220
	10	2031-2032	2031			0	40	\$ 66,220
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046			0	40	\$ 66,220

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(I-1)?

☐ Yes ☒ No

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

☐ Yes ☒ No

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

8-6-18

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Danny Massey

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here



Signature (Authorized School District Representative)

Aug 13, 2018

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

Lowell T. McLaughlin

Print Name (Authorized Company Representative (Applicant))

State and Local Tax Director

Title

sign
here



Signature (Authorized Company Representative (Applicant))

August 7th, 2018

Date

GIVEN under my hand and seal of office this, the

day of

Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires:

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 16: Authorized Signatures and Applicant Certification

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print
here

Danny Massey

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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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

Lowell T. McLaughlin

Print Name (Authorized Company Representative (Applicant))

State and Local Tax Director

Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

August 7th, 2018



(Notary Seal)

GIVEN under my hand and seal of office this, the

7 day of August, 2018

Belinda Sanchez

Notary Public in and for the State of Texas

My Commission expires.

5-12-2020

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

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 12/11/2018 10:46:12

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

THE DOW CHEMICAL COMPANY

Texas Taxpayer Number 13812851288

Mailing Address 1 E MAIN ST C/O TAX DEPT BAY CITY, MI 48708-7495

? Right to Transact Business in Texas ACTIVE

State of Formation DE

Effective SOS Registration Date 07/14/1947

Texas SOS File Number 0001216206

Registered Agent Name CT CORP SYSTEM

Registered Office Street Address 1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 26, 2018

Danny Massey
Superintendent
Brazosport Independent School District
PO Drawer Z
Freeport, Texas 77542

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Brazosport Independent School
District and The Dow Chemical Company (Dow), Application 1273

Dear Superintendent Massey:

On August 28, 2018, the Comptroller issued written notice that The Dow Chemical Company (applicant) submitted a completed application (Application 1273) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on June 18, 2018, to the Brazosport 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 1273.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of August 28, 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,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of The Dow Chemical Company (Dow) (project) applying to Brazosport 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 The Dow Chemical Company.

Applicant	The Dow Chemical Company (Dow)
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Brazosport ISD
2017-2018 Average Daily Attendance	11,450
County	Brazoria
Proposed Total Investment in District	\$715,000,000
Proposed Qualified Investment	\$715,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	40
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,274
Minimum annual wage committed to by applicant for qualified jobs	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$1,089
Minimum annual wage required for non-qualifying jobs	\$56,603
Investment per Qualifying Job	\$17,875,000
Estimated M&O levy without any limit (15 years)	\$86,569,426
Estimated M&O levy with Limitation (15 years)	\$28,137,634
Estimated gross M&O tax benefit (15 years)	\$58,431,792

Table 2 is the estimated statewide economic impact of The Dow Chemical Company (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	295	462	757	\$19,534,900	\$40,580,100	\$60,115,000
2022	940	1,367	2307.42	\$62,246,800	\$131,307,200	\$193,554,000
2023	915	1,402	2317	\$60,591,300	\$150,025,700	\$210,617,000
2024	40	316	356	\$2,648,800	\$50,845,200	\$53,494,000
2025	40	205	245	\$2,648,800	\$37,611,200	\$40,260,000
2026	40	114	154	\$2,648,800	\$27,109,200	\$29,758,000
2027	40	75	115	\$2,648,800	\$21,382,200	\$24,031,000
2028	40	70	110	\$2,648,800	\$19,181,200	\$21,830,000
2029	40	84	124	\$2,648,800	\$19,385,200	\$22,034,000
2030	40	106	146	\$2,648,800	\$21,136,200	\$23,785,000
2031	40	130	170	\$2,648,800	\$23,698,200	\$26,347,000
2032	40	141	181	\$2,648,800	\$25,437,200	\$28,086,000
2033	40	156	196	\$2,648,800	\$27,885,200	\$30,534,000
2034	40	169	209	\$2,648,800	\$30,424,200	\$33,073,000
2035	40	179	219	\$2,648,800	\$32,838,200	\$35,487,000
2036	40	186	226	\$2,648,800	\$35,031,200	\$37,680,000

Source: CPA REMI, The Dow Chemical Company

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		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College District Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2153	1.0400		0.4782	0.3032	0.8500	0.0401	
2021	\$194,838,670	\$194,838,670		\$419,488	\$2,026,322	\$2,445,810	\$931,789	\$590,846	\$1,656,129	\$78,130	\$5,702,704
2022	\$557,138,670	\$557,138,670		\$1,199,520	\$5,794,242	\$6,993,762	\$2,664,438	\$1,689,517	\$4,735,679	\$223,413	\$16,306,808
2023	\$700,038,670	\$700,038,670		\$1,507,183	\$7,280,402	\$8,787,585	\$3,347,837	\$2,122,860	\$5,950,329	\$280,716	\$20,489,327
2024	\$671,438,670	\$671,438,670		\$1,445,607	\$6,982,962	\$8,428,570	\$3,211,061	\$2,036,131	\$5,707,229	\$269,247	\$19,652,238
2025	\$643,982,670	\$643,982,670		\$1,386,495	\$6,697,420	\$8,083,914	\$3,079,757	\$1,952,871	\$5,473,853	\$258,237	\$18,848,632
2026	\$617,624,910	\$617,624,910		\$1,329,746	\$6,423,299	\$7,753,045	\$2,953,705	\$1,872,941	\$5,249,812	\$247,668	\$18,077,171
2027	\$592,321,460	\$592,321,460		\$1,275,268	\$6,160,143	\$7,435,411	\$2,832,694	\$1,796,209	\$5,034,732	\$237,521	\$17,336,568
2028	\$568,030,149	\$568,030,149		\$1,222,969	\$5,907,514	\$7,130,482	\$2,716,525	\$1,722,546	\$4,828,256	\$227,780	\$16,625,589
2029	\$544,710,490	\$544,710,490		\$1,172,762	\$5,664,989	\$6,837,751	\$2,605,002	\$1,651,829	\$4,630,039	\$218,429	\$15,943,050
2030	\$522,323,617	\$522,323,617		\$1,124,563	\$5,432,166	\$6,556,728	\$2,497,940	\$1,583,941	\$4,439,751	\$209,452	\$15,287,812
2031	\$500,832,219	\$500,832,219		\$1,078,292	\$5,208,655	\$6,286,947	\$2,395,160	\$1,518,769	\$4,257,074	\$200,834	\$14,658,783
2032	\$480,200,477	\$480,200,477		\$1,033,872	\$4,994,085	\$6,027,957	\$2,296,492	\$1,456,203	\$4,081,704	\$192,560	\$14,054,916
2033	\$460,394,005	\$460,394,005		\$991,228	\$4,788,098	\$5,779,326	\$2,201,770	\$1,396,140	\$3,913,349	\$184,618	\$13,475,203
2034	\$441,379,791	\$441,379,791		\$950,291	\$4,590,350	\$5,540,641	\$2,110,837	\$1,338,480	\$3,751,728	\$176,993	\$12,918,679
2035	\$423,126,146	\$423,126,146		\$910,991	\$4,400,512	\$5,311,503	\$2,023,542	\$1,283,126	\$3,596,572	\$169,674	\$12,384,416
2036	\$405,602,647	\$405,602,647		\$873,262	\$4,218,268	\$5,091,530	\$1,939,738	\$1,229,986	\$3,447,623	\$162,647	\$11,871,523
			Total	\$17,921,536	\$86,569,426	\$104,490,962	\$39,808,285	\$25,242,396	\$70,753,858	\$3,337,917	\$243,633,417

Source: CPA, The Dow Chemical Company

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brazoria 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, Brazosport College District, Velasco Drainage District, and Port Freeport.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College District Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
				0.2153	1.0400		0.4782	0.3032	0.8500	0.0401	
2021	\$194,838,670	\$194,838,670		\$419,488	\$2,026,322	\$2,445,810	\$0	\$0	\$0	\$0	\$2,445,810
2022	\$557,138,670	\$30,000,000		\$1,199,520	\$312,000	\$1,511,520	\$0	\$0	\$0	\$0	\$1,511,520
2023	\$700,038,670	\$30,000,000		\$1,507,183	\$312,000	\$1,819,183	\$0	\$0	\$0	\$0	\$1,819,183
2024	\$671,438,670	\$30,000,000		\$1,445,607	\$312,000	\$1,757,607	\$0	\$0	\$0	\$0	\$1,757,607
2025	\$643,982,670	\$30,000,000		\$1,386,495	\$312,000	\$1,698,495	\$0	\$0	\$0	\$0	\$1,698,495
2026	\$617,624,910	\$30,000,000		\$1,329,746	\$312,000	\$1,641,746	\$0	\$0	\$0	\$0	\$1,641,746
2027	\$592,321,460	\$30,000,000		\$1,275,268	\$312,000	\$1,587,268	\$0	\$0	\$0	\$0	\$1,587,268
2028	\$568,030,149	\$30,000,000		\$1,222,969	\$312,000	\$1,534,969	\$2,716,525	\$1,722,546	\$4,828,256	\$227,780	\$11,030,076
2029	\$544,710,490	\$30,000,000		\$1,172,762	\$312,000	\$1,484,762	\$2,605,002	\$1,651,829	\$4,630,039	\$218,429	\$10,590,061
2030	\$522,323,617	\$30,000,000		\$1,124,563	\$312,000	\$1,436,563	\$2,497,940	\$1,583,941	\$4,439,751	\$209,452	\$10,167,646
2031	\$500,832,219	\$30,000,000		\$1,078,292	\$312,000	\$1,390,292	\$2,395,160	\$1,518,769	\$4,257,074	\$200,834	\$9,762,128
2032	\$480,200,477	\$480,200,477		\$1,033,872	\$4,994,085	\$6,027,957	\$2,296,492	\$1,456,203	\$4,081,704	\$192,560	\$14,054,916
2033	\$460,394,005	\$460,394,005		\$991,228	\$4,788,098	\$5,779,326	\$2,201,770	\$1,396,140	\$3,913,349	\$184,618	\$13,475,203
2034	\$441,379,791	\$441,379,791		\$950,291	\$4,590,350	\$5,540,641	\$2,110,837	\$1,338,480	\$3,751,728	\$176,993	\$12,918,679
2035	\$423,126,146	\$423,126,146		\$910,991	\$4,400,512	\$5,311,503	\$2,023,542	\$1,283,126	\$3,596,572	\$169,674	\$12,384,416
2036	\$405,602,647	\$405,602,647		\$873,262	\$4,218,268	\$5,091,530	\$1,939,738	\$1,229,986	\$3,447,623	\$162,647	\$11,871,523
			Total	\$17,921,536	\$28,137,634	\$46,059,170	\$20,787,004	\$13,181,020	\$36,946,096	\$1,742,986	\$118,716,276
			Diff	\$0	\$58,431,792	\$58,431,792	\$19,021,281	\$12,061,376	\$33,807,762	\$1,594,931	\$124,917,142

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, The Dow Chemical Company

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$2,026,322	\$2,026,322	\$0	\$0
Limitation Period (10 Years)	2022	\$312,000	\$2,338,322	\$5,482,242	\$5,482,242
	2023	\$312,000	\$2,650,322	\$6,968,402	\$12,450,644
	2024	\$312,000	\$2,962,322	\$6,670,962	\$19,121,607
	2025	\$312,000	\$3,274,322	\$6,385,420	\$25,507,026
	2026	\$312,000	\$3,586,322	\$6,111,299	\$31,618,325
	2027	\$312,000	\$3,898,322	\$5,848,143	\$37,466,469
	2028	\$312,000	\$4,210,322	\$5,595,514	\$43,061,982
	2029	\$312,000	\$4,522,322	\$5,352,989	\$48,414,971
	2030	\$312,000	\$4,834,322	\$5,120,166	\$53,535,137
	2031	\$312,000	\$5,146,322	\$4,896,655	\$58,431,792
Maintain Viable Presence (5 Years)	2032	\$4,994,085	\$10,140,407	\$0	\$58,431,792
	2033	\$4,788,098	\$14,928,505	\$0	\$58,431,792
	2034	\$4,590,350	\$19,518,855	\$0	\$58,431,792
	2035	\$4,400,512	\$23,919,367	\$0	\$58,431,792
	2036	\$4,218,268	\$28,137,634	\$0	\$58,431,792
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$4,043,313	\$32,180,947	\$0	\$58,431,792
	2038	\$3,875,356	\$36,056,303	\$0	\$58,431,792
	2039	\$3,714,118	\$39,770,422	\$0	\$58,431,792
	2040	\$3,559,330	\$43,329,751	\$0	\$58,431,792
	2041	\$3,410,733	\$46,740,484	\$0	\$58,431,792
	2042	\$3,268,079	\$50,008,563	\$0	\$58,431,792
	2043	\$3,131,132	\$53,139,696	\$0	\$58,431,792
	2044	\$2,999,663	\$56,139,359	\$0	\$58,431,792
	2045	\$2,873,453	\$59,012,811	\$0	\$58,431,792
	2046	\$2,752,291	\$61,765,102	\$0	\$58,431,792

\$61,765,102

is greater than

\$58,431,792

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, The Dow Chemical Company

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 Dow Chemical Company (Dow) decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per The Dow Chemical Company in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The proposed global scale polyethylene capital spending is approximately \$715 million with costs split between engineering, procurement of equipment and materials, and labor. Dow's site in Freeport is well situated to attract this project. However, there is an alternative, competing location at Plaquemine, Louisiana which is also well situated to accommodate the project and is competing for the project investment. Incentive support from state and local governments in Texas will be critical to securing the project investment in the state.”
 - B. “The investment and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one very significant area where Texas is not competitive is in property tax liability. The property tax liability for ongoing and new investments can greatly impact the competitiveness of the company overall, and of a particular company site. Due to the capital intensive nature of Dow's investments, resulting property tax liabilities are usually significant, and become a key metric that is evaluated in project siting decisions. An additional evaluation metric is inventory tax liability which is more favorable in Louisiana than Texas.”
 - C. “Property taxes in the State of Texas are levied on real and personal property as well as inventory. The alternate location in Louisiana also taxes the same property types but provides a more competitive tax abatement program and inventory tax structure. The projected property tax liability to the company based on the same \$715 million capital investment in Texas compared to Louisiana, is 30% higher (in Texas) over a 15 year period after considering estimated tax savings from incentive agreements with state and local authorities in both locations.”

- D. "Approval of the Chapter 313 abatement is vital to creating a more competitive investment environment in Texas for the project. Without approval of the Chapter 313 abatement, the property tax liability resulting from the new investment will significantly reduce the competitiveness of the project in Texas, as compared to the alternative site in Louisiana."
- According to Tab 7&8 of the application, the applicant states, "Ethylene is produced by Dow and the commoner is purchased by a 3rd party. Every major Dow site has some ethylene and commoner capacity at the site and part of the evaluation is the proximity of raw materials to the site, logistics, site development, taxes etc. The interconnecting racks between Poly 5 and Rockwell would bring the feedstocks to the proposed project."
 - According to a Regular School Board Meeting dated June 18, 2018, "Accept Application from The Dow Chemical Company for an Appraised Value Limitation on Qualified Property."
 - According to Brazoria County Commissioner's Meeting date June 12, 2018, "The Dow Chemical Company Tax Abatement Application: Order Creating Reinvestment Zone and Granting Tax Abatement."
 - A June 15, 2018, *The Facts* article states, "Dow eyes Freeport site for \$715 million Plant. County commissioners unanimously approved a seven-year, 100 percent tax abatement if the propose \$715 million polyethylene plant is placed at the Dow Texas Operations site in Freeport."
 - According to a Notice of Meeting of Velasco Drainage District date September 4, 2018, "Review and consider Tax Abatement Agreement with Dow Chemical Company for Reinvestment Zone No.21."

Supporting Information

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

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

Supporting Information

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab 5

The proposed global scale polyethylene capital spending is approximately \$715 million with costs split between engineering, procurement of equipment and materials, and labor. Dow's site in Freeport is well situated to attract this project. However, there is an alternative, competing location at Plaquemine, Louisiana which is also well situated to accommodate the project and is competing for the project investment. Incentive support from state and local governments in Texas will be critical to securing the project investment in the state.

The investment and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one very significant area where Texas is not competitive is in property tax liability. The property tax liability for ongoing and new investments can greatly impact the competitiveness of the company overall, and of a particular company site. Due to the capital intensive nature of Dow's investments, resulting property tax liabilities are usually significant, and become a key metric that is evaluated in project siting decisions. An additional evaluation metric is inventory tax liability which is more favorable in Louisiana than Texas.

Property taxes in the State of Texas are levied on real and personal property as well as inventory. The alternate location in Louisiana also taxes the same property types but provides a more competitive tax abatement program and inventory tax structure. The projected property tax liability to the company based on the same \$715 million capital investment in Texas compared to Louisiana, is 30% higher (in Texas) over a 15 year period after considering estimated tax savings from incentive agreements with state and local authorities in both locations.

Approval of the Chapter 313 abatement is vital to creating a more competitive investment environment in Texas for the project. Without approval of the Chapter 313 abatement, the property tax liability resulting from the new investment will significantly reduce the competitiveness of the project in Texas, as compared to the alternative site in Louisiana.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

TOP STORY

Dow eyes Freeport site for \$715 million plant

By Erinn Callahan erinn.callahan@thefacts.com Jun 15, 2018  0

ANGLETON — The latest phase of more than \$5 billion in investments statewide by DowDuPont could happen in Brazoria County

County commissioners unanimously approved a seven-year, 100 percent tax abatement if the proposed \$715 million polyethylene plant is placed at the Dow Texas Operations site in Freeport.





BRAZORIA COUNTY COMMISSIONERS' COURT

REGULAR SESSION

BE IT REMEMBERED THAT ON JUNE 12, 2018, THERE WAS BEGUN AND HOLDEN A REGULAR SESSION OF COMMISSIONERS' COURT.

1. CALL TO ORDER

This meeting was called to order at 9:00 AM.

2. ROLL CALL

THE FOLLOWING MEMBERS WERE PRESENT:

L.M. "Matt" Sebesta Jr.	County Judge
Donald "Dude" Payne	Commissioner, Precinct #1
Ryan Cade	Commissioner, Precinct #2
Stacy L. Adams	Commissioner, Precinct #3
David Linder	Commissioner, Precinct #4
Joyce Hudman	County Clerk

3. INVOCATION & PLEDGE OF ALLEGIANCE BY COMMISSIONER CADE

4. APPROVAL OF MINUTES

4.A. Commissioners' Court - Special Meeting - May 22, 2018 9:00 AM

RESULT:	APPROVED [UNANIMOUS]
MOVER:	David R. Linder, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

4.B. Commissioners' Court - Budget Workshop Meeting - Jun 5, 2018 1:00 PM

RESULT:	APPROVED [UNANIMOUS]
MOVER:	David R. Linder, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

5. PUBLIC APPEARANCES

Members of the public may request permission to address the Court. Specific factual information or a recitation of existing policy may be furnished in response

to an inquiry made by a member of the general public but any deliberation, discussion, or decision with respect to any subject about which the inquiry was made shall be limited to a proposal to place such subject on the agenda for a subsequent meeting for which notice is provided in compliance with the Texas Open Meetings Act unless said notice appears herein. The public is reminded that there is a five (5) minute time limit as outlined in Commissioners Court Order #6, dated August 31, 1987.

6. FORMAL REPORTS AND APPEARANCES

6.A. AARP Tax Assistance - Tom West

7. NEW BUSINESS

CONSENT

RESULT:	PASSED [UNANIMOUS]
MOVER:	David R. Linder, Commissioner
SECONDER:	Donald "Dude" Payne, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.A. County Judge

- 7.A.1. Authorization to Apply for Harvey Preparedness Grant
- 7.A.2. Tax-Exempt Financing for South Texas Educational Technologies, Inc.

7.B. County Clerk

- 7.B.1. Deputation in the County Clerk's Office
- 7.B.2. Contract between the Department of State Health Services (DSHS) and Brazoria County for DSHS Program Vital Statistics Unit

7.C. District Court

- 7.C.1. Out of State Travel

7.D. Sheriff's Office

- 7.D.1. Out of State Travel

7.E. Tax Assessor - Collector

- 7.E.1. Account Number: 7501-0292-000 Resale Meeting of: February 2018
- 7.E.2. Account Number: 7501-0290-000 Resale Meeting of: February 2018

- 7.E.3. Account Number: 7501-0288-000 Resale Meeting of: February 2018
- 7.E.4. Account Number: 8110-0394-000 Resale Meeting of: April 2018
- 7.E.5. Account Number: 8110-3076-000 Resale Meeting of: May 2018
- 7.E.6. Account Number: 8110-3076-000 Resale Meeting of: May 2018
- 7.E.7. Account Number: 1539-0205-006 Resale Meeting of: May 2018
- 7.E.8. Account Number: 1534-0441-000 Resale Meeting of: May 2018
- 7.E.9. Account Number: 6436-0006-000 Resale Meeting of: May 2018
- 7.E.10. Account Number: 6436-0006-000 Resale Meeting of: May 2018
- 7.E.11. Account Number: 5171-0052-000 Resale Meeting of: May 2018
- 7.E.12. Account Number: 5171-0052-000 Resale Meeting of: May 2018
- 7.E.13. Account Number: 5171-0052-000 Resale Meeting of: May 2018
- 7.E.14. Account Number: 3200-0193-000 Resale Meeting of: May 2018
- 7.E.15. Account Number: 4200-1163-000 Resale Meeting of: May 2018
- 7.E.16. Account Number: 8110-0398-000 Resale Meeting of: May 2018
- 7.E.17. Account Number: 2106-0023-000 Resale Meeting of: May 2018
- 7.E.18. Account Number: 3955-0106-000 Resale Meeting of: May 2018
- 7.E.19. Account Number: 8110-0398-000 Resale Meeting of: May 2018
- 7.E.20. Account Number: 8356-0023-160 Resale Meeting of: May 2018
- 7.E.21. Account Number: 8356-0027-002 Resale Meeting of: May 2018
- 7.E.22. Account Number: 8065-0023-000 Resale Meeting of: May 2018

7.F. Airport

- 7.F.1. Adopting Community Hangar Storage and Service Agreement and Fee Rate Schedule
- 7.F.2. Authorization of Concession and Lease Agreement with Avis Budget Car Rental, LLC

7.G. Auditor

- 7.G.1. Line Item Transfers: FY18

7.G.2. Payment of Bills

7.H. Engineer

7.H.1. Accept Final Plat of Paloma Acres Section IV-B & V-A – Abstract 24 (Precinct 4)

7.H.2. Close, Vacate, and Abandon a Public Road Right-Of-Way (Precinct 4)

Item pulled from agenda.

7.H.3. Moving a Line/Reconfiguration for Cole R. Bruce (Precinct 4)

7.H.4. Moving a Line/Reconfiguration for Joe W. and Sherry L. Tippit (Precinct 1)

7.H.5. Moving a Line/Reconfiguration for Stephan P. and Charlene S. Glenn (Precinct 4)

7.H.6. Moving a Line/Reconfiguration for Kenneth R. and Molly W. Rosier (Precinct 4)

7.H.7. Moving a Line/Reconfiguration for Maria T. Mendoza and Lorenzo Mendoza-Guillen (Precinct 2)

7.H.8. Projects Under Blanket Interlocal Agreements for Direct Assistance to Cities and Towns

7.H.9. Texas Antiquities Permit

7.I. Health

7.I.1. DSHS Contract #537-18-0182-00001 Amendment No. 1 for the Cities Readiness Initiative Contract

7.J. Human Resource

7.J.1. Renegotiate Contract Pharmacy Benefit Management

7.J.2. Overtime Report

7.K. Library

7.K.1. Out of State Travel

7.L. Museum

7.L.1. Out of State Travel

7.M. Purchasing Department

- 7.M.1. Amend Court Order 7.N.2. Dated May 08, 2018 - Award RFSQ #16-38 Project Specific Evaluation Phase-A&E Services for the Lake Jackson Annex
- 7.M.2. Amend Court Order 7.O.7. Dated March 27, 2018 - Purchasing Officer to Obtain Food Bids
- 7.M.3. Annual License and Support Fees for Voting Equipment
- 7.M.4. Disposition of Surplus Miscellaneous Items
- 7.M.5. Memorandum of Understanding with Homeland Preparedness Project
- 7.M.6. Renew RFP #17-32 Fuel Card Services
- 7.M.7. Renew ITB #15-43 Road Materials-Flexible Base
- 7.M.8. Sale of Surplus Vehicle
- 7.M.9. Sale of Marine Boat and Associated Equipment
- 7.M.10. Solicit Bids for a Culvert Replacement on County Road 4
- 7.M.11. Solicit Bids for a Bridge Replacement on County Road 146
- 7.M.12. Solicit Bids for a Realignment of an S Curve for County Road 461
- 7.M.13. Solicit Bids for Extension of Water and Sewer for Airport
- 7.M.14. Solicit Bids for Hurricane Shutters for Parks

7.N. Toll Road Authority

- 7.N.1. County Treasurer's Monthly Cash and Investment Report for Toll Road Authority Funds for April 2018

DISCUSSION

7.O. County Judge

- 7.O.1. Regulation of Outdoor Burning During Period of Drought Conditions

RESULT:	PASSED [UNANIMOUS]
MOVER:	Donald "Dude" Payne, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

- 7.O.2. Order Prohibiting Certain Fireworks in Unincorporated Areas of Brazoria County

RESULT: PASSED [UNANIMOUS]
MOVER: Donald "Dude" Payne, Commissioner
SECONDER: Stacy L. Adams, Commissioner
AYES: Judge Sebesta, Commissioner Payne, Commissioner Cade,
Commissioner Adams, Commissioner Linder

7.P. District Attorney

7.P.1. Order Opening Public Hearing on Creating The Dow Chemical Company Reinvestment Zone No. 21 and Approve Tax Abatement Application

RESULT: PASSED [UNANIMOUS]
MOVER: David R. Linder, Commissioner
SECONDER: Donald "Dude" Payne, Commissioner
AYES: Judge Sebesta, Commissioner Payne, Commissioner Cade,
Commissioner Adams, Commissioner Linder

7.P.2. Order Closing Public Hearing on The Dow Chemical Company Reinvestment Zone No. 21 and Approve Tax Abatement Application

RESULT: PASSED [UNANIMOUS]
MOVER: Donald "Dude" Payne, Commissioner
SECONDER: Stacy L. Adams, Commissioner
AYES: Judge Sebesta, Commissioner Payne, Commissioner Cade,
Commissioner Adams, Commissioner Linder

7.P.3. The Dow Chemical Company Tax Abatement Application: Order Creating Reinvestment Zone and Granting Tax Abatement

RESULT: PASSED [UNANIMOUS]
MOVER: Donald "Dude" Payne, Commissioner
SECONDER: David R. Linder, Commissioner
AYES: Judge Sebesta, Commissioner Payne, Commissioner Cade,
Commissioner Adams, Commissioner Linder

7.P.4. Authorize Purchase of Narcan

Motion to Amend by Commissioner Cade seconded by Commissioner Payne that 110 manufacturer's packages be changed to 112.

**Minutes of Regular Meeting
The Board of Trustees
Brazosport Independent School District**



A Regular Meeting of the Board of Trustees of Brazosport Independent School District was held Monday, June 18, 2018, beginning at 6:00 PM in the Brazosport Independent School District Administration Building, 301 W. Brazosport Drive, Clute, Texas.

Board Members Present: Mason Paul Howard, President
Scott Schwertner, Vice-President
Jerry Adkins, Secretary
Patty Sayes, Asst. Secretary
Michael Speir, Member
Liz Cuellar, Member
Joe Rinehart, Member

Board Members Absent: None

Superintendent: Danny Massey

1. Meeting called to order by Mr. Mason Howard at 6:00 p.m.

A. Declaration of a Quorum

2. Invocation led by Mr. Michael Speir.

3. Pledges of Allegiance led by Mr. Jerry Adkins.

4. Chief Finance and Governmental Affairs Officer, Rebecca Kelley administered the oath of office to elected Board Members Joe Rinehart, Jerry Adkins, Liz Cuellar and Patty Sayes.

5. AWARDS/ACHIEVEMENTS/RECOGNITIONS

The team, coached by Pete Harris, had great season with two members qualifying for Region, one for State and three with Academic Honors:

Carson Barker	Academic All District
Connor Brown	Academic All District
Luke Whitehead	1st Team All District, Academic All District, Regional Qualifier
Jacob Borow	1st Team All District, Regional Qualifier, State Qualifier

Brazoswood girls softball program had another exceptional season under the leadership of Coach Laura Oltman. The Lady Bucs finished the season with a 15-12 record as the Class 6A Region III Champs. Members of the 2018 Lady Buc Softball Team include:

Hannah Caffey	Academic All District
Esabella Casas	1st team all-district
Alizeia Celedon	
Lily Celedon	Academic All District
Erin Garza	
Kylee Jack	Academic All District
Tori Lopez	Honorable Mention All District

DeLaynee Malone	Academic All District
Madison Mefford	Academic All District, TGCA Academic All State, 1st Team All District, 2nd Team All County
Kyndall Murray	Academic All District, 1st Team All District, 1st Team All County, TGCA Legacy All Star
Lauren Nichols	Academic All District, TGCA Academic All State, 2nd Team All District, 2nd Team All County
Amberly Phillips	Academic All District, 2nd Team All District
Meagan Smith	1st team All District, 1st Team All County
Morgan Smith	Academic All District, TGCA Academic All State, 1st Team All District, TGCA All State
Emily Staffieri	Academic All District
Brooke Tanner	Academic All District, 1st Team All District, Honorable Mention All County
Abriel Torres	2nd Team All District, Honorable Mention All County
Lauren Varesic	Academic All District, Honorable Mention All District

Brazoswood Boys Baseball program made the playoffs under the leadership of first year Head Coach Michael Cressman. Members of the 2018 Buccaneer Baseball team receiving honors this year include:

DJ Soliz	Honorable Mention Academic All State
Andy Rubalcaba	1st Team All District Pitcher
Junior Garcia	1st Team All District Outfield, Honorable Mention Academic All State
Cade Johnson	23-6A Newcomer of the year [Pitcher]
Brandon Dubose	Honorable Mention Academic All State
Cullen Cooper	2nd Team All District Pitcher
Nash Neff	2nd Team All District Catcher, 1st Team Academic All State
Brett Wagner	2nd Team All District 3rd Base, Honorable Mention Academic All State
Tyler Reinhardt	2nd Team All District Outfield, 2nd Team Academic All State
Tanner Bundick	Honorable Mention Academic All State
Ryan Faltisek	2nd Team All District Outfield, 2nd Team Academic All State

Brazoswood Boys Track team, coached by Ken Neely, sent athletes to the Class 6A Region IV with one State Qualifier. Members earning honors include:

Dustin Stahlberg	Wheelchair Regional and State Qualifier [100m]
Leo Perez	Regional Qualifier 1600/3200
Dorian Stanton	Regional Qualifier Long Jump
Decoven Young	Regional Qualifier 110/300m Hurdles
Talen Jamison	Area Qualifier 800m

Brazoswood Girls Track, coached by Ray Waddy, had two members qualifying for Area:

Aaliyah Robinson	Area Qualifier Discus
Arden Neff	Area Qualifier 300m Hurdles

Brazosport Boys Baseball program made the playoffs again under the leadership of Coach Ken Schulte. Brazosport finished the 2018 season with a record of 15-12 overall. Members of the 2018 Exporter Baseball Team earning honors this season include:

Tanner Quick	District Newcomer of the Year, Academic All District
Garrett Naquin	1st Team All District Pitcher
Joshua Luna	2nd Team All District Outfielder
Carlos Moreno	2nd Team All District 2nd Baseman
Race McIntyre	Academic All District
Eddie Flores	Academic All District

Christian Gomez Academic All District

Brazosport Girls Softball program ended their season in the Class 4A Region IV Bi-District round. The Lady Ships, under the leadership of Coach Vonica Ducre, finished the year with a record of 15-15. Members of the 2018 Lady Exporter Softball Team earning honors this season include:

Unique Harris 1st Team All County, 1st Team All District

Alliana Bryant	District Newcomer of the Year
Faith Aluiso	1st Team All District
Clarissa Gibson	1st Team All District
Ashley McClendon	2nd Team All District
A'Kaila Dudley	2nd Team All District
Breanna Brimage	Academic All District
Tyra Dolly	Academic All District
Candace Hobbs	Academic All District
Destini Turner	Academic All District
Tasia Jones	Academic All District

6. 6:18 p.m. EXECUTIVE SESSION may be called for the purposes permitted by the Texas Open Meeting Act, Texas Government Code Section 551.001 through 551.146, Section 551.071, Consultation with Attorney, Section 551.074, Personnel Matters (Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, Dismissal, Complaint)

A. Reorganization of the Board

B. Provide Required Documents

I. Ethics Policy

II. Conflict of Interest

7. Reconvened into open session at 6:26 p.m.

8. ACTION

A. Election of School Board Officers 2018-2019

Mr. Jerry Adkins made a motion to appoint Mr. Mason Howard as Board President, seconded by Mr. Scott Schwertner. Motion carried 7/0.

Mrs. Patty Sayes made a motion to appoint Mr. Scott Schwertner as Board Vice-President, seconded by Mr. Mason Howard. Motion carried 7/0.

Mrs. Liz Cuellar made a motion to appoint Mr. Jerry Adkins as Board Secretary, seconded by Mr. Joe Rinehart. Motion carried 7/0.

Mr. Scott Schwertner made a motion to appoint Mrs. Patty Sayes as Board Asst. Secretary, seconded by Mrs. Liz Cuellar. Motion carried 7/0.

B. Accept Application from The Dow Chemical Company for an Appraised Value Limitation on Qualified Property

Mr. Scott Schwertner made a motion to accept the application for limitation on qualified property from the Dow Chemical Company; authorize the Superintendent to review the application for completeness and submit to the Comptroller; and contract with Moak, Casey and Associates for consulting services related to the application, seconded by Mrs. Patty Sayes. Motion carried 6/0/1. Mr. Michael Speir abstained.

9. 6:40 p.m. CONDUCT PUBLIC MEETING/HEARING TO DISCUSS RENAMING OF THE B*SUCCESS ACADEMY - Local board policy provides that a public meeting be held to discuss this topic. Public participation in the discussion is invited. Hearing ended at 6:45 p.m.

10. 6:45 p.m. CONDUCT PUBLIC HEARING TO DISCUSS THE FEDERALLY FUNDED PROGRAMS FOR THE 2018-2019 PROGRAM YEAR - State law provides that a public meeting be held to discuss this topic. Public participation in the discussion is invited. Hearing ended at 7:00 p.m.

11. AUDIENCE WITH INDIVIDUALS is a time for general comments. Individuals wishing to speak must sign up before the meeting begins.

Dr. Phil Blake addressed the Board regarding installing metal detectors in the schools. He feels parents would be willing to help fund this safety initiative to keep our children safe at school.

12. CONSENT AGENDA

- A. Minutes
- B. Monthly Financial Statement
- C. Budget Amendments
- D. Purchases Exceeding \$50,000
- E. Bid Awards
- F. Federal and State Funded Programs for 2018-2019
- G. Instructional Materials Allotment Purchase

Mr. Scott Schwertner made a motion to approve the consent agenda, seconded by Mr. Jerry Adkins. Motion carried 7/0.

13. ACTION

- A. B*Success Academy Targeted Elements and Campus Improvement Plan

Mrs. Patty Sayes made a motion to approve the B*Success Academy 2018-2019 Targeted Improvement Plan, seconded by Mrs. Liz Cuellar. Motion carried 7/0.

G. L. KIDWELL
Chairman
Area 1
Lake Jackson, Texas

L. H. JONES
Vice Chairman
Area 3
Freeport, Texas

F. R. Hamlet
Secretary
Area 2
Clute, Texas

Joyce Hudman
Joyce Hudman
County Clerk
Brazoria County, Texas

Velasco Drainage District

Phone (979) 265-4251 Fax (979) 265-7602
E-mail: vdd@velascodrainagedistrict.com

NOTICE OF MEETING VELASCO DRAINAGE DISTRICT

Time of Meeting: 2:00 o'clock p.m.
Date of Meeting: September 04, 2018

The Board of Supervisors of Velasco Drainage District ("the District") will hold a meeting in the Boardroom of the District's office at 915 Stratton Ridge Road, Clute, Texas, for the transaction of business pertaining to hurricane and flood protection programs and other drainage matters, as follows:

- a. Receive reports from the District's Superintendent, engineer, and attorney in regard to the above programs.
- b. Approve checks and payment of payroll, bills, expenses, and draws.
- c. Approve easements, plats, development plans, letters of no objection to developments, and permits for crossing the District's facilities.

Other business at the meeting includes the following:

1. Hold Public Hearing on Tax Rate for 2018 Tax Year.
2. Review and consider Tax Abatement Agreement with Dow Chemical Company for Reinvestment Zone No.21.
3. Review and consider Replat of Lots 1 and 2 of Crockett Lane Subdivision in Freeport, Texas.
4. Review and consider Master Service Agreement between VDD and Matthew Leimer.
5. Review and consider Resolution for VDD 2019 Budget.
6. Consider Resolution Approving Property Tax Rate for Tax Year 2018, by Record Vote.
7. Enter into Executive Session under Texas Government Code Section 551.071 to consult with attorney concerning litigation on Hurricane Harvey.
8. Reconvene into Regular Session.
9. Review and consider action concerning litigation on Hurricane Harvey.

VELASCO DRAINAGE DISTRICT

By: *F. Robert Hamlet*
F. Robert Hamlet, Secretary
Board of Supervisors

Mall Address
Post Office Box 7
Clute, Texas 77831

Freight and Express
Drainage District Warehouse
915 Stratton Ridge Road
Clute, Texas 77831

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED THE DOW
CHEMICAL COMPANY PROJECT IN THE BRAZOSPORT
INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1273)**

PREPARED BY



NOVEMBER 30, 2018

Executive Summary

The DOW Chemical Company (Company) has requested that the Brazosport Independent School District (BISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to BISD on June 18, 2018 the Company plans to invest \$700 million in additional taxable value to construct a global-scale polyethylene manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, BISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

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

Total Revenue Loss Payment owed to BISD	\$5.9 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$52.6 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for the Dow Rockwall Project was issued on August 28, 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 the Dow Project was issued on November 26, 2018.

During this process, O'Hanlon, Demerath and 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 must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

Approval of the Application requires consideration of two documents by the Board of Trustees. The School Board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law in the final steps of its consideration of the Application.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's website [\[Manuals and Presentations\]](#) or [\[School Finance-One Page Descriptions\]](#)).

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 \$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: 11,314
 Local Tax Base: \$11.8 billion
 M&O Tax Rate: \$1.04 per \$100
 I&S Tax Rate: \$0.2153 per \$100
 Wealth per WADA: \$550,688

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 Dow Chemical 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
QTP1	2021-22	11,314.29	14,979.48	\$1.0400	\$0.2153	\$11,027,704,454	\$11,027,704,454	\$9,850,393,333	\$9,850,393,333	\$657,592	\$657,592
QTP2/VL1	2022-23	11,314.29	14,979.48	\$1.0400	\$0.2153	\$11,390,004,454	\$10,862,865,784	\$10,075,232,003	\$10,075,232,003	\$672,602	\$672,602
VL2	2023-24	11,314.29	14,979.48	\$1.0400	\$0.2153	\$11,592,110,322	\$10,922,071,652	\$10,437,532,003	\$9,910,393,333	\$696,789	\$661,598
VL3	2024-25	11,314.29	14,979.48	\$1.0400	\$0.2153	\$12,221,137,516	\$11,579,698,846	\$10,639,637,871	\$9,969,599,201	\$710,281	\$665,550
VL4	2025-26	11,314.29	14,979.48	\$1.0400	\$0.2153	\$12,171,889,533	\$11,557,906,863	\$11,268,665,065	\$10,627,226,395	\$752,273	\$709,462
VL5	2026-27	11,314.29	14,979.48	\$1.0400	\$0.2153	\$12,474,205,533	\$11,886,580,623	\$11,219,417,082	\$10,605,434,412	\$748,986	\$707,998
VL6	2027-28	11,314.29	14,979.48	\$1.0400	\$0.2153	\$14,080,412,032	\$13,518,090,572	\$11,521,733,082	\$10,934,108,172	\$769,168	\$729,939
VL7	2028-29	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,324,415,341	\$16,786,385,192	\$13,127,939,581	\$12,565,618,121	\$876,395	\$838,855
VL8	2029-30	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,807,693,773	\$17,292,983,283	\$16,371,942,890	\$15,833,912,741	\$1,092,958	\$1,057,040
VL9	2030-31	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,574,714,659	\$17,082,391,042	\$16,855,221,322	\$16,340,510,832	\$1,125,221	\$1,090,860
VL10	2031-32	11,314.29	14,979.48	\$1.0400	\$0.2153	\$18,565,647,462	\$18,094,815,243	\$16,622,242,208	\$16,129,918,591	\$1,109,668	\$1,076,801
VP1	2032-33	11,314.29	14,979.48	\$1.0400	\$0.2153	\$18,433,597,805	\$18,433,597,805	\$17,613,175,011	\$17,142,342,792	\$1,175,820	\$1,144,388
VP2	2033-34	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,833,601,937	\$17,833,601,937	\$17,481,125,354	\$17,481,125,354	\$1,167,005	\$1,167,005
VP3	2034-35	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,768,513,484	\$17,768,513,484	\$16,881,129,486	\$16,881,129,486	\$1,126,950	\$1,126,950
VP4	2035-36	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,705,875,428	\$17,705,875,428	\$16,816,041,033	\$16,816,041,033	\$1,122,605	\$1,122,605
VP5	2036-37	11,314.29	14,979.48	\$1.0400	\$0.2153	\$17,645,594,464	\$17,645,594,464	\$16,753,402,977	\$16,753,402,977	\$1,118,424	\$1,118,424

*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 Dow Chemical project on BISD

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 \$5.867 million over the course of the Agreement, with nearly all the loss reflected in the first two limitation years (2022-23 and 2023-24 school years). Nearly all the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law, as highlighted in Table 4.

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	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
QTP1	2021-22	\$103,803,625	\$3,245,886	-\$20,746,644	\$6,355,324	\$3,915,019	\$0	\$0	\$238,540	\$96,811,749
QTP2/VL1	2022-23	\$107,386,473	\$4,981,883	-\$23,278,312	\$6,574,682	\$3,816,759	\$0	\$0	\$237,660	\$99,719,144
VL2	2023-24	\$109,355,506	\$3,245,886	-\$26,515,174	\$6,695,235	\$3,514,385	\$0	\$0	\$237,433	\$96,533,270
VL3	2024-25	\$115,391,078	\$4,981,883	-\$29,601,105	\$7,064,760	\$3,506,287	\$0	\$0	\$236,475	\$101,579,377
VL4	2025-26	\$114,912,719	\$3,245,886	-\$34,199,684	\$7,035,473	\$2,902,552	\$0	\$0	\$236,758	\$94,133,703
VL5	2026-27	\$117,810,996	\$4,981,883	-\$34,740,357	\$7,212,918	\$3,022,598	\$0	\$0	\$236,381	\$98,524,419
VL6	2027-28	\$133,232,043	\$3,245,886	-\$41,925,446	\$8,157,064	\$3,114,108	\$0	\$0	\$233,591	\$106,057,245
VL7	2028-29	\$164,382,690	\$4,981,883	-\$65,738,927	\$10,064,246	\$2,141,657	\$0	\$0	\$227,780	\$116,059,328
VL8	2029-30	\$169,019,526	\$3,245,886	-\$87,548,386	\$10,348,134	\$0	\$0	\$0	\$227,026	\$95,292,185
VL9	2030-31	\$166,777,606	\$4,981,883	-\$88,643,293	\$10,210,874	\$0	\$0	\$0	\$227,559	\$93,554,628
VL10	2031-32	\$176,290,313	\$3,245,886	-\$92,642,544	\$10,793,284	\$0	\$0	\$0	\$225,784	\$97,912,722
VP1	2032-33	\$174,929,825	\$4,981,883	-\$96,528,246	\$10,709,989	\$0	\$0	\$0	\$226,077	\$94,319,528
VP2	2033-34	\$169,167,464	\$3,245,886	-\$92,734,168	\$10,357,192	\$0	\$0	\$0	\$227,408	\$90,263,781
VP3	2034-35	\$168,542,355	\$4,981,883	-\$89,716,684	\$10,318,920	\$0	\$0	\$0	\$227,553	\$94,354,026
VP4	2035-36	\$167,940,779	\$3,245,886	-\$89,091,100	\$10,282,089	\$0	\$0	\$0	\$227,692	\$92,605,345
VP5	2036-37	\$167,361,840	\$4,981,883	-\$88,488,884	\$10,246,643	\$0	\$0	\$0	\$227,825	\$94,329,306

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	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
QTP1	2021-22	\$103,803,625	\$3,245,886	-\$20,746,644	\$6,355,324	\$3,915,019	\$0	\$0	\$238,540	\$96,811,749
QTP2/VL1	2022-23	\$102,220,514	\$4,981,883	-\$22,158,480	\$6,258,399	\$3,629,720	\$0	\$0	\$238,629	\$95,170,664
VL2	2023-24	\$102,789,127	\$3,245,886	-\$21,015,435	\$6,293,212	\$3,816,222	\$0	\$0	\$238,664	\$95,367,675
VL3	2024-25	\$109,104,979	\$4,981,883	-\$22,794,661	\$6,679,897	\$3,986,897	\$0	\$0	\$237,654	\$102,196,648
VL4	2025-26	\$108,895,689	\$3,245,886	-\$27,791,965	\$6,667,083	\$3,318,689	\$0	\$0	\$237,887	\$94,573,269
VL5	2026-27	\$112,052,272	\$4,981,883	-\$28,436,091	\$6,860,343	\$3,438,648	\$0	\$0	\$237,461	\$99,134,515
VL6	2027-28	\$127,721,293	\$3,245,886	-\$35,459,972	\$7,819,671	\$3,565,050	\$0	\$0	\$234,625	\$107,126,552
VL7	2028-29	\$159,109,995	\$4,981,883	-\$59,340,755	\$9,741,428	\$2,599,794	\$0	\$0	\$228,769	\$117,321,113
VL8	2029-30	\$163,975,363	\$3,245,886	-\$82,237,884	\$10,039,308	\$54,700	\$0	\$0	\$227,973	\$95,305,345
VL9	2030-31	\$161,952,835	\$4,981,883	-\$83,677,062	\$9,915,480	\$0	\$0	\$0	\$228,464	\$93,401,599
VL10	2031-32	\$171,676,157	\$3,245,886	-\$87,721,607	\$10,510,785	\$0	\$0	\$0	\$226,649	\$97,937,869
VP1	2032-33	\$174,929,825	\$4,981,883	-\$94,403,674	\$10,709,989	\$0	\$0	\$0	\$226,077	\$96,444,099
VP2	2033-34	\$169,167,464	\$3,245,886	-\$92,734,168	\$10,357,192	\$0	\$0	\$0	\$227,408	\$90,263,781
VP3	2034-35	\$168,542,355	\$4,981,883	-\$89,716,684	\$10,318,920	\$0	\$0	\$0	\$227,553	\$94,354,026
VP4	2035-36	\$167,940,779	\$3,245,886	-\$89,091,100	\$10,282,089	\$0	\$0	\$0	\$227,692	\$92,605,345
VP5	2036-37	\$167,361,840	\$4,981,883	-\$88,488,884	\$10,246,643	\$0	\$0	\$0	\$227,825	\$94,329,306

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	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
QTP1	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2022-23	-\$5,165,959	\$0	\$1,119,832	-\$316,283	-\$187,039	\$0	\$0	\$969	-\$4,548,480
VL2	2023-24	-\$6,566,379	\$0	\$5,499,738	-\$402,023	\$301,837	\$0	\$0	\$1,231	-\$1,165,596
VL3	2024-25	-\$6,286,099	\$0	\$6,806,444	-\$384,863	\$480,610	\$0	\$0	\$1,179	\$617,271
VL4	2025-26	-\$6,017,030	\$0	\$6,407,720	-\$368,390	\$416,137	\$0	\$0	\$1,129	\$439,566
VL5	2026-27	-\$5,758,724	\$0	\$6,304,266	-\$352,575	\$416,050	\$0	\$0	\$1,080	\$610,097
VL6	2027-28	-\$5,510,750	\$0	\$6,465,474	-\$337,393	\$450,942	\$0	\$0	\$1,034	\$1,069,307
VL7	2028-29	-\$5,272,695	\$0	\$6,398,172	-\$322,818	\$458,137	\$0	\$0	\$989	\$1,261,785
VL8	2029-30	-\$5,044,163	\$0	\$5,310,503	-\$308,826	\$54,700	\$0	\$0	\$947	\$13,161
VL9	2030-31	-\$4,824,771	\$0	\$4,966,231	-\$295,394	\$0	\$0	\$0	\$905	-\$153,029
VL10	2031-32	-\$4,614,156	\$0	\$4,920,937	-\$282,499	\$0	\$0	\$0	\$865	\$25,147
VP1	2032-33	\$0	\$0	\$2,124,572	\$0	\$0	\$0	\$0	\$0	\$2,124,572
VP2	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$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 \$58.4 million over the life of the agreement. The BISD revenue losses are expected to total approximately \$5.867 million over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$52.56 million, prior to any negotiations with Dow on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with BISD currently levying a \$0.2153 per \$100 I&S rate. 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 Dow 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 Dow Chemical Project Property Value Limitation Request Submitted to BISD at \$1.0400 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP1	2021-22	\$194,838,670	\$194,838,670	\$0	\$1.040	\$2,026,322	\$2,026,322	\$0	\$0	\$0
QTP2/VL1	2022-23	\$557,138,670	\$30,000,000	\$527,138,670	\$1.040	\$5,794,242	\$312,000	\$5,482,242	-\$4,548,480	\$933,762
VL2	2023-24	\$700,038,670	\$30,000,000	\$670,038,670	\$1.040	\$7,280,402	\$312,000	\$6,968,402	-\$1,165,596	\$5,802,807
VL3	2024-25	\$671,438,670	\$30,000,000	\$641,438,670	\$1.040	\$6,982,962	\$312,000	\$6,670,962	\$0	\$6,670,962
VL4	2025-26	\$643,982,670	\$30,000,000	\$613,982,670	\$1.040	\$6,697,420	\$312,000	\$6,385,420	\$0	\$6,385,420
VL5	2026-27	\$617,624,910	\$30,000,000	\$587,624,910	\$1.040	\$6,423,299	\$312,000	\$6,111,299	\$0	\$6,111,299
VL6	2027-28	\$592,321,460	\$30,000,000	\$562,321,460	\$1.040	\$6,160,143	\$312,000	\$5,848,143	\$0	\$5,848,143
VL7	2028-29	\$568,030,149	\$30,000,000	\$538,030,149	\$1.040	\$5,907,514	\$312,000	\$5,595,514	\$0	\$5,595,514
VL8	2029-30	\$544,710,490	\$30,000,000	\$514,710,490	\$1.040	\$5,664,989	\$312,000	\$5,352,989	\$0	\$5,352,989
VL9	2030-31	\$522,323,617	\$30,000,000	\$492,323,617	\$1.040	\$5,432,166	\$312,000	\$5,120,166	-\$153,029	\$4,967,136
VL10	2031-32	\$500,832,219	\$30,000,000	\$470,832,219	\$1.040	\$5,208,655	\$312,000	\$4,896,655	\$0	\$4,896,655
VP1	2032-33	\$480,200,477	\$480,200,477	\$0	\$1.040	\$4,994,085	\$4,994,085	\$0	\$0	\$0
VP2	2033-34	\$460,394,005	\$460,394,005	\$0	\$1.040	\$4,788,098	\$4,788,098	\$0	\$0	\$0
VP3	2034-35	\$441,379,791	\$441,379,791	\$0	\$1.040	\$4,590,350	\$4,590,350	\$0	\$0	\$0
VP4	2035-36	\$423,126,146	\$423,126,146	\$0	\$1.040	\$4,400,512	\$4,400,512	\$0	\$0	\$0
VP5	2036-37	\$405,602,647	\$405,602,647	\$0	\$1.040	\$4,218,268	\$4,218,268	\$0	\$0	\$0
						\$86,569,426	\$28,137,634	\$58,431,792	-\$5,867,105	\$52,564,687

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



Property Tax

School and Appraisal Districts Property Value Study 2015 Report

2015 ISD Summary Worksheet

020/Brazoria

020-905/Brazosport ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	2,410,194,285	N/A	2,410,194,285	2,410,194,285
B. Multi-Family Residences	154,705,358	N/A	154,705,358	154,705,358
C1. Vacant Lots	93,841,450	N/A	93,841,450	93,841,450
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real (Taxable)	2,366,879	N/A	2,366,879	2,366,879
D2. Real Prop Farm & Ranch	628,380	N/A	628,380	628,380
E. Real Prop NonQual Acres	52,862,090	N/A	52,862,090	52,862,090
F1. Commercial Real	551,431,170	N/A	551,431,170	551,431,170
F2. Industrial Real	4,852,525,730	N/A	4,852,525,730	4,852,525,730
G. Oil, Gas, Minerals	1,392,924	N/A	1,392,924	1,392,924
J. Utilities	160,688,040	N/A	160,688,040	160,688,040
L1. Commercial Personal	362,007,980	N/A	362,007,980	362,007,980
L2. Industrial Personal	919,028,780	N/A	919,028,780	919,028,780

M. Other Personal	4,138,880	N/A	4,138,880	4,138,880
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	15,920,300	N/A	15,920,300	15,920,300
S. Special Inventory	14,401,450	N/A	14,401,450	14,401,450
Subtotal	9,596,133,696		9,596,133,696	9,596,133,696
Less Total Deductions	1,692,065,081		1,692,065,081	1,692,065,081
Total Taxable Value	7,904,068,615		7,904,068,615	7,904,068,615 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4
8,027,505,086	7,904,068,615	7,941,263,789	7,817,827,318

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
123,436,471	86,241,297

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

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

ceiling reduction

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
8,198,286,206	8,074,849,735	8,112,044,909	7,988,608,438

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

BRAZOSPORT INDEPENDENT SCHOOL DISTRICT

and

THE DOW CHEMICAL COMPANY

(Texas Taxpayer ID # 13812851288)

Comptroller Application # 1273

Dated

December 17, 2018

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on November 26, 2018, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on December 17, 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 December 17, 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 December 13, 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, on December 17, 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, or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President to execute and deliver such Agreement to the Applicant; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

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

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

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

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

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

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on June 18, 2018. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

"Application Approval Date" means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

"Application Review Start Date" means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

"Appraisal District" means the Brazoria Appraisal District.

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

"Commercial Operation" shall occur when (i) at least one of the components identified in the Qualified Property set forth in Tab 7 of the Application has been constructed, has received all necessary permits to operate, and has commenced commercial operations of receiving feedstocks and converting them into usable products for later sale or processing as intended by the final project designer or (ii) a Qualifying Investment of \$360 million has been achieved.

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

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

"County" means Brazoria County, Texas.

"District" or "School District" means the Brazosport Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter 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 for all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2017-2018 Average Daily Attendance of 11,450, rounded to the whole number times \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence, which, by virtue of the deferral, shall be Tax Year 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 Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State for each and every year of this Agreement, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any and all amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

"Commencement Date" means January 2, 2019, by virtue of the deferral of the start of the Qualifying Time Period.

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

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

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

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

Agreement.

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 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 August 28, 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 December 17, 2018.

C. The Qualifying Time Period for this Agreement:

- i. Starts on January 2, 2020, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE;
- ii. End on December 31, 2022, 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, 2022, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
- ii. Ends on December 31, 2031, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2036.

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 313.0054 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 \$1,089 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III

QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT**

2, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 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 only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, resulting, at least in part because of or on account of, the execution of this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the risk of any and all negative financial consequences to the District's total annual Maintenance and Operations Revenue, to which the execution of this Agreement contributed in any manner, will be borne solely by Applicant and not by District.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may well periodically change in

accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement; ii) are based upon current School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and, iii) may change in future years to reflect changes in the Applicable School Finance Law.

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

- A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions where:
 - i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District's tax levy for debt tax purposes. For the calculation of Original M&O Revenue, Applicant's Taxable value for its Qualified Property for M&O purposes will not be used.
 - ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year
- B. In making the calculations required by this Section 4.2 of this Agreement:
 - i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
 - ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.

iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") approved each year by the District.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. 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 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2, Article VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, 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, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the

District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 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 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 Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

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

Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the revenue protection amount limit set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

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

- A. all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project; and
- B. any other loss of District revenues which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

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

(a) Amounts Exclusive of Indemnity Amounts

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

(b) Adherence to Statutory Limits on Supplemental Payments

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

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall: not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period:

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2017-2018 Average Daily Attendance of 11,450.

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

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as fifteen percent (15 %) of the Applicant's "Net Tax Benefit," as such term is defined in Section 1.2, above; or
- (b) the "Aggregate Limit," as such term is defined in Section 1.2, above.

Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT. The Parties agree that for each Tax Year during the term of this Agreement beginning with the Commencement Date, the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 6.3, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Minus,

Any amounts previously paid to the District under Article IV;

Multiplied by,

The number 0.15;

Minus,

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

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

Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) - (Tax Year 2019 through Tax Year 2034), the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 6.2 and 6.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

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

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated

Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.4.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.7.

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

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

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in

said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

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

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary

for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

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

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

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

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

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

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

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as

work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

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

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

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

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

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall

be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

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

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

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

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

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

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

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

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

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

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

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

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

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

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

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

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

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

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

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

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

Section 9.3. DISPUTE RESOLUTION.

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

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

C. If payments become due under this Agreement and are not received before the expiration of the 30 days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

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

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

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

C. The sum of liquidated damages due and payable shall be the sum total of the District ad

valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

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

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

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

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the

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

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

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

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

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

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

ARTICLE X.

MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if

(i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

Danny Massey
Superintendent
Brazosport Independent School District

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

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

Lowell McLaughlin
State & Local Tax Director
The Dow Chemical Company
1790 Bldg, Washington Street
Midland, Michigan 48674
Phone: (989) 638-7142
Email: ltmclaughlin@dow.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

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

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

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement

Section 10.3. ASSIGNMENT.

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

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

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

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

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

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

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

the following order of precedence:

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

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

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

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

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

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

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

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

Section 10.14. CONFLICTS OF INTEREST.

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

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter

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

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

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

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

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

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

B. Delivery is deemed complete as follows:

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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 17th day of December, 2018.

THE DOW CHEMICAL COMPANY

By: 
[AUTHORIZED
REPRESENTATIVE]

**BRAZOSPORT INDEPENDENT SCHOOL
DISTRICT**

By: 
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: 
SECRETARY, BOARD OF TRUSTEES

IN CASE OF CONFLICT:

By: _____
VICE PRESIDENT, BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

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



Doyle & Wachtstetter, Inc.

Surveying and Mapping • GPS/GIS • Pipeline Integrity
High Density 3D Laser Scanning • Robotic Imaging HD
Aerial Topographic Surveying • RTK/UAV Imagery

**DOW CHEMICAL COMPANY, B-9400 BLOCK
42.3726 ACRE TAX ABATEMENT TRACT
STEPHEN F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19
BRAZORIA COUNTY, TEXAS
PAGE 1 OF 2**

ALL THAT CERTAIN 42.3726 ACRE tract of land, lying and situated in the Stephen F. Austin 5 League Grant, Abstract 19, Brazoria County, Texas, located in The Dow Chemical Company Plant B site, B-9400 Block, being a portion of Tracts 152, 190, 192 through 196, 216 through 220, 268 and 269 and portions of abandoned 30 foot wide roadways of the Brazos Coast Investment Company Division Number 15, according to the map or plat thereof recorded in Volume 2, Page 141-148 of the Brazoria County Plat Records, said Tract 152 being the same tract conveyed by deed on September 29, 1948 from Reconstruction Finance Corporation to The Dow Chemical Company, as recorded in Volume 439, Page 279 of the Brazoria County Deed Records (B.C.D.R.), said Tracts 190, 192, 193, 194 and 220, being the same tract conveyed by deed on May 14, 1952 from H. S. Wetzel and Emmie E. Wetzel to The Dow Chemical Company, as recorded in Volume 535, page 284 of the B.C.D.R., said Tract 195 being the same tract conveyed by deed on November 7, 1955 from Ethel L. Rutledge, et al to The Dow Chemical Company as recorded in Volume 637, Page 269 of the B.C.D.R., said Tract 196, being the same tract conveyed by deed on December 8, 1955 from Pauline Huebner Howard and Russell F. Howard to The Dow Chemical Company, as recorded in Volume 640, Page 160 of the B.C.D.R., said Tract 216 being the same tract conveyed by deed on August 28, 1951 from Ben D. Cannan and Jeanette B. Cannan to The Dow Chemical Company as recorded in Volume 533, Page 118 of the B.C.D.R., said Tract 217 being the same tract conveyed by deed on November 30, 1955 from L. A. Hammer to The Dow Chemical Company, as recorded in Volume 649, Page 421 of the B.C.D.R., said Tract 218 being the same tract conveyed by deed on April 7, 1952 from Nannie Stringfellow to The Dow Chemical Company as recorded in Volume 532, Page 84 of the B.C.D.R., said Tract 219 being the same tract conveyed by deed on June 5, 1956 from Nat U. Collier to The Dow Chemical Company as recorded in Volume 657, Page 33 of the B.C.D.R., said Tract 268 being the same tract conveyed by deed on April 1, 1955 from J. W. Hazen to The Dow Chemical Company as recorded in Volume 618, Page 402 of the B.C.D.R. and said Tract 269 being the same tract conveyed by deed on March 13, 1952 from B. H. Autrey to The Dow Chemical Company, as recorded in Volume 529, Page 615 of the B.C.D.R., said 30 foot wide roadways, being abandoned, vacated and closed in the Brazoria County Commissioners Court Minutes, dated February 10, 1969, said 42.3726 acre tract being more particularly described by metes and bounds using survey terminology which refers to the Texas State Plane Coordinate System, South Central Zone (NAD 27), in which the directions are Lambert Grid bearings and the distances are horizontal, surface level lengths (SF=0.99988201) as follows:

COMMENCING at National Geodetic Survey Triangulation Station "Plant B2", a brass disk in concrete monument found at Texas State Plane position X=3154584.44 and 442176.16;

**DOW CHEMICAL COMPANY, B-9400 BLOCK
42.3726 ACRE TAX ABATEMENT TRACT
STEPHEN F. AUSTIN 5 LEAGUE GRANT, ABSTRACT 19
BRAZORIA COUNTY, TEXAS
PAGE 2 OF 2**

THENCE South $79^{\circ}16'19''$ West, a distance of 9763.59 feet to a point located on the northern boundary line of Dow B-9400 Block, for the northeast corner and the **POINT OF BEGINNING** of the herein described 42.3726 acre tract, at position $X=3145992.64$ and $Y=440358.91$ (Dow Plant B coordinate North $11+75.00$ and West $80+48.00$);

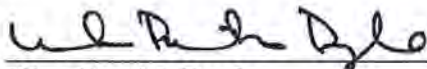
THENCE South $24^{\circ}07'34''$ West, at a distance of 1075.00 feet pass the southern boundary line of said Dow B-9400 Block, same being the northern margin of 150 foot wide GulfStream Road, continuing a total distance of 1150.00 feet to a point located on the centerline of said 150 foot wide GulfStream Road, for the southeast corner of the herein described 42.3726 acre tract, at position $X=3144522.63$ and $Y=439309.49$ (Dow Plant B coordinate North $0+25.00$ and West $80+48.00$);

THENCE North $65^{\circ}52'26''$ West, coincident with centerline of said 150 foot wide GulfStream Road, a distance of 1605.00 feet to the southwest corner of the herein described 42.3726 acre tract, at position $X=3143058.01$ and $Y=439965.45$ (Dow Plant B coordinate North $0+25.0$ and West $96+53.00$);

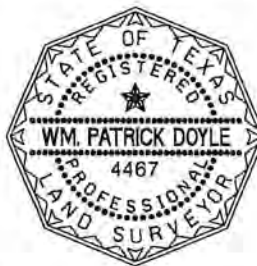
THENCE North $24^{\circ}07'34''$ East, a distance of 1150.00 feet to the northwest corner of the herein described 42.3726 acre tract, at position $X=3143528.01$ and $Y=441014.87$ (Dow Plant B coordinate North $11+75.00$ and West $96+53.00$);

THENCE South $65^{\circ}52'26''$ East, at a distance of 75.00 feet pass the northwest corner of said Dow B-9400 Block, continuing a total distance of 1605.00 feet to the **POINT OF BEGINNING**, containing 42.3726 acres of land, more or less.

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared



Wm. Patrick Doyle
Registered Professional Land Surveyor
Texas Registration Number 4467
February 23, 2018
Revised: March 5, 2018



1273-brazosport-dow-amendment001
August 14, 2018

42.3726 ACRE
PROPOSED NEW PLANT ROCKWELL

LEGEND

-  REINVESTMENT ZONE BOUNDARY
AND PROJECT BOUNDARY
-  PROPOSED PLANT SITE
-  INTERCONNECTING RACKS BETWEEN
POLY 5 AND ROCKWELL

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the map attached to this **Exhibit 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after January 2, 2020, owned by the Applicant, as more fully described in Tab 7 of the Application, and located within the boundaries of the Brazosport Independent School District and the project boundary depicted on the map attached to **Exhibit 1**.

Project Description

This project will design and construct a global scale polyethylene plant that would utilize raw materials from both internal Dow (ethylene) and external (co-monomers) sources to produce polyethylene. The company is reviewing potential sites along the U.S. gulf coast for Dow's expansion due to anticipated global demand for polyethylene.

Ethylene is produced by Dow and the commoner is purchased by a 3rd party. Every major Dow site has some ethylene and commoner capacity at the site and part of the evaluation is the proximity of raw materials to the site, logistics, site development, taxes etc. The interconnecting racks between Poly 5 and Rockwell would bring the feedstocks to the proposed project.

Site Information

The plant is proposed to be built primarily on a vacant block area with no existing improvements.

Proposed Improvements

Proposed improvements and fixed equipment for which abatement is requested would include:

- day tanks/drums
- exchangers
- compressors
- pumps
- process piping and instrumentation
- pellet handling systems
- flare
- cooling tower
- silos
- air coolers
- filters
- heaters
- transformers
- and electrical equipment

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

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Brazosport ISD necessary for the commercial operations of the new air separation unit more fully described in Tab 4 of the Application. Furthermore, all Qualified Property will be located within the project boundaries indicated on the map attached on the last page of this **EXHIBIT 4**.

Project Description

This project will design and construct a global scale polyethylene plant that would utilize raw materials from both internal Dow (ethylene) and external (co-monomers) sources to produce polyethylene. The company is reviewing potential sites along the U.S. gulf coast for Dow's expansion due to anticipated global demand for polyethylene.

Ethylene is produced by Dow and the commoner is purchased by a 3rd party. Every major Dow site has some ethylene and commoner capacity at the site and part of the evaluation is the proximity of raw materials to the site, logistics, site development, taxes etc. The interconnecting racks between Poly 5 and Rockwell would bring the feedstocks to the proposed project.

Site Information

The plant is proposed to be built primarily on a vacant block area with no existing improvements.

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- air coolers
- filters
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- transformers
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Project will also include any other necessary equipment and structures to construct and operate a fully functioning manufacturing plant.

1273-brazosport-dow-amendment001
August 14, 2018

42.3726 ACRE
PROPOSED NEW PLANT ROCKWELL

LEGEND

-  REINVESTMENT ZONE BOUNDARY
AND PROJECT BOUNDARY
-  PROPOSED PLANT SITE
-  INTERCONNECTING RACKS BETWEEN
POLY 5 AND ROCKWELL

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 17, 2018

President and Members
Board of Trustees
Brazosport Independent School District
301 W. Brazoswood Dr
Clute, Texas 77531

Re: Recommendations and Findings of the firm Concerning Application of Dow Chemical Company (#1273) for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

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

December 17, 2018

President and Members
Board of Trustees
Brazosport Independent School District
301 W. Brazoswood Dr
Clute, Texas 77531

*Re: Recommendations and Findings of the Firm Concerning Application of Dow
Chemical Company for Limitation on Appraised Value of Property for School
District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

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

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", 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

December 13, 2018

Danny Massey
Superintendent
Brazosport Independent School District
PO Drawer Z
Freeport, Texas 77542

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Brazosport Independent School District and The Dow Chemical Company (Dow), Application 1273

Dear Superintendent Massey:

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 Brazosport Independent School District and The Dow Chemical Company (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 Deisy Perez with our office. She can be reached by email at deisy.perez@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-2410, or at 512-475-2410.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Dan Casey, Moak, Casey & Associates LLP
Lowell McLaughlin, The Dow Chemical Company
Daniel Womack, The Dow Chemical Company
Poonam Mahale, Ernst & Young, LLP

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.