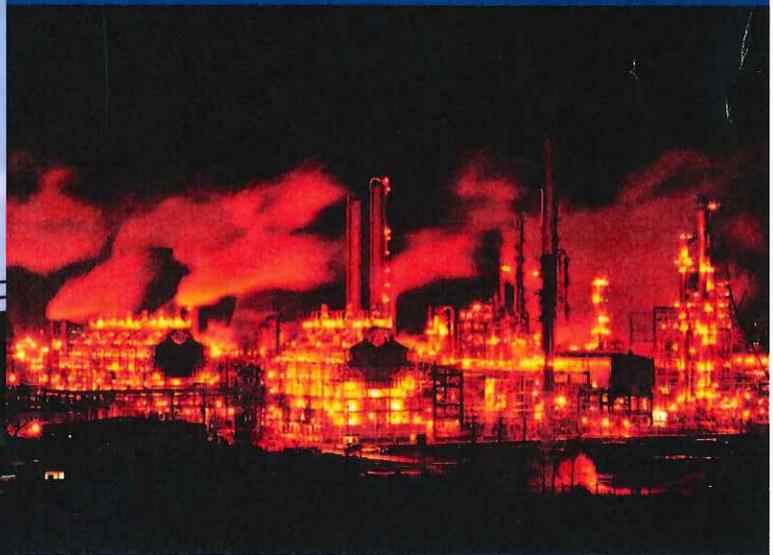


**FINDINGS OF THE ANGLETON  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
ASCEND PERFORMANCE MATERIALS  
OPERATIONS, LLC**



August 5, 2013

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**FINDINGS  
OF THE  
ANGLETON INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
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**AUGUST 5, 2013**

Board Findings of the Angleton Independent School District

FINDINGS OF THE ANGLETON INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
ASCEND PERFORMANCE MATERIALS OPERATIONS, LLC

STATE OF TEXAS §

COUNTY OF BRAZORIA §

On the 5<sup>th</sup> day of August, 2013, a public meeting of the Board of Trustees of the Angleton Independent School 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 Ascend Performance Materials Operations, LLC (Ascend) 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. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Angleton Independent School District makes the following findings with respect to the application of Ascend, and the economic impact of that application:

On November 13, 2012, the Superintendent of Schools of the Angleton Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Ascend for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. An Amended Application was submitted on February 27, 2013. A copy of the Amended Application is attached as **Attachment A**.

The Applicant, Ascend (Texas Taxpayer Id. 32039425957), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Angleton Independent School District

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

The Application was delivered to the Texas Comptroller's Office 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.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on April 16, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

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

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

After receipt of the Application, the District entered into negotiations with Ascend, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the Angleton Independent School District

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

**Board Finding Number 1.**

**There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.**

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Ascend Performance Materials Operations, LLC, project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

**Board Finding Number 2.**

**The economic condition of Angleton, Texas is in need of long-term improvement, based on the state's analysis of Brazoria County data.**

Based on information provided by the Comptroller's Office that focused on the county level, Brazoria County is the 15<sup>th</sup> largest county in the state in terms of population. Population growth in Brazoria County is up; the population of Brazoria County grew by 1.7 percent between 2009 and 2010, slightly below the state average of 1.8 percent.

September 2011 employment for Brazoria County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period, based on information provided by the Comptroller's Office. Even with the increase in total employment, however, the unemployment rate in Brazoria County was 9.0 percent in September 2011, higher than the state average of 8.5 percent.

Board Findings of the Angleton Independent School District

Brazoria County has a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Brazoria County's \$37,523 in 2009 ranked 54<sup>th</sup> among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While the population growth and employment growth are generally positive trends, the higher unemployment rate and lower per capita personal income reported in the analysis prepared by the Comptroller's Office indicates the need for long-term economic growth in the area served by Angleton ISD. The local economy in Brazoria County will benefit from economic activity like that associated with the Ascend project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$60,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Ascend indicates that total employment will be approximately 100 new jobs, 80 of which will be qualifying jobs.**

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 100 new jobs when fully operational. 80 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Brazoria County is \$92,092. That same year, the county annual average wage for all industries was \$47,359. In addition to a salary of \$60,000, each qualifying position will receive benefits including three

Board Findings of the Angleton Independent School District

medical plan options, pharmacy benefits, two dental plan options, participation in a health care and / or dependent care flexible spending Account, basic life, voluntary life and voluntary accidental death and dismemberment insurance, short and long term disability, a variety of voluntary insurance products (identity theft, vision, legal, life/long-term care, accident insurance, hospital indemnity, and cancer benefits), savings and investment plan.

**Board Finding Number 4.**

**The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$17 million on the basis of the goal of 80 new qualifying positions for the entire Ascend project.**

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$1.37 billion, resulting in a relative level of investment per qualifying job of \$17 million.

**Board Finding Number 5.**

**Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.**

In support of Finding 5, the economic impact evaluation states:

Table 1 depicts Ascend Performance Materials Operations, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the Angleton Independent School District

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Ascend Performance Materials Operations, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	235	334	569	\$13,100,000	\$20,900,000	\$34,000,000
2014	670	893	1563	\$37,200,000	\$61,800,000	\$99,000,000
2015	300	588	888	\$17,000,000	\$48,000,000	\$65,000,000
2016	100	375	475	\$6,000,000	\$35,000,000	\$41,000,000
2017	100	398	498	\$6,000,000	\$38,000,000	\$44,000,000
2018	100	404	504	\$6,000,000	\$39,000,000	\$45,000,000
2019	100	408	508	\$6,000,000	\$41,000,000	\$47,000,000
2020	100	412	512	\$6,000,000	\$43,000,000	\$49,000,000
2021	100	423	523	\$6,000,000	\$46,000,000	\$52,000,000
2022	100	431	531	\$6,000,000	\$48,000,000	\$54,000,000
2023	100	441	541	\$6,000,000	\$51,000,000	\$57,000,000
2024	100	398	498	\$6,000,000	\$49,000,000	\$55,000,000
2025	100	394	494	\$6,000,000	\$51,000,000	\$57,000,000
2026	100	388	488	\$6,000,000	\$52,000,000	\$58,000,000
2027	100	390	490	\$6,000,000	\$54,000,000	\$60,000,000
2028	100	396	496	\$6,000,000	\$57,000,000	\$63,000,000

Source: CPA, REMI, Ascend Performance Materials Operations, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2011-2012. Angleton ISD's ad valorem tax base in 2011-2012 was \$2.18 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Angleton ISD's estimated wealth per WADA was \$284,027. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Brazoria County Conservation & Reclamation (C&R) District, Alvin Community College District, and Brazoria County Road & Bridge Fund, with all property tax incentives sought being granted using estimated market value from Ascend Performance Materials Operations, LLC's application. Ascend

Board Findings of the Angleton Independent School District

Performance Materials Operations, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, C&R district, college district, and road & bridge fund. Table 3 illustrates the estimated tax impact of the Ascend Performance Materials Operations, LLC project on the region if all taxes are assessed.

**Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Angleton ISD I&S Levy	Angleton ISD M&O Levy	Angleton ISD M&O and I&S Tax Levies (Before Credit Credited)	Angleton ISD M&O and I&S Tax Levies (After Credit Credited)	Brazoria County Tax Levy	Brazoria County C&R District #3 Tax Levy	Alvin Community College District Tax Levy	Brazoria County Road & Bridge Fund Tax Levy	Estimated Total Property Taxes
				0.4152	1.0400			0.4259	0.1500	0.1998	0.0600	
2014	\$113,217,122	\$113,217,122		\$470,077	\$1,177,458	\$1,647,536	\$1,647,536	\$0	\$0	\$0	\$0	\$1,647,536
2015	\$409,156,397	\$409,156,397		\$1,698,817	\$4,255,227	\$5,954,044	\$5,954,044	\$0	\$0	\$0	\$0	\$5,954,044
2016	\$1,070,971,309	\$30,000,000		\$4,446,673	\$312,000	\$4,758,673	\$4,758,673	\$0	\$0	\$0	\$0	\$4,758,673
2017	\$1,032,261,573	\$30,000,000		\$4,285,950	\$312,000	\$4,597,950	\$3,910,995	\$0	\$0	\$0	\$0	\$3,910,995
2018	\$1,003,640,433	\$30,000,000		\$4,167,115	\$312,000	\$4,479,115	\$3,792,160	\$0	\$0	\$0	\$0	\$3,792,160
2019	\$963,096,036	\$30,000,000		\$3,998,775	\$312,000	\$4,310,775	\$3,623,820	\$0	\$0	\$0	\$0	\$3,623,820
2020	\$921,743,454	\$30,000,000		\$3,827,079	\$312,000	\$4,139,079	\$3,452,124	\$3,925,705	\$1,382,615	\$1,841,238	\$553,046	\$11,154,728
2021	\$879,776,031	\$30,000,000		\$3,652,830	\$312,000	\$3,964,830	\$3,277,875	\$3,746,966	\$1,319,664	\$1,757,405	\$527,866	\$10,629,776
2022	\$836,907,663	\$30,000,000		\$3,474,841	\$312,000	\$3,786,841	\$3,099,886	\$3,564,390	\$1,255,361	\$1,671,773	\$502,145	\$10,093,555
2023	\$793,227,096	\$30,000,000		\$3,293,479	\$312,000	\$3,605,479	\$2,918,524	\$3,378,354	\$1,189,841	\$1,584,519	\$475,936	\$9,547,174
2024	\$738,024,272	\$738,024,272		\$3,064,277	\$7,675,452	\$10,739,729	\$10,739,729	\$3,143,245	\$1,107,036	\$1,474,248	\$442,815	\$16,907,073
2025	\$682,060,106	\$682,060,106		\$2,831,914	\$7,093,425	\$9,925,339	\$9,925,339	\$2,904,894	\$1,023,090	\$1,362,456	\$409,236	\$15,625,015
2026	\$625,715,923	\$625,715,923		\$2,597,973	\$6,507,446	\$9,105,418	\$9,105,418	\$2,664,924	\$938,574	\$1,249,905	\$375,430	\$14,334,251
2027	\$568,819,880	\$568,819,880		\$2,361,740	\$5,915,727	\$8,277,467	\$8,277,467	\$2,422,604	\$853,230	\$1,136,252	\$341,292	\$13,030,844
2028	\$511,716,307	\$511,716,307		\$2,124,646	\$5,321,850	\$7,446,496	\$7,446,496	\$2,179,400	\$767,574	\$1,022,184	\$307,030	\$11,722,684
						<b>Total</b>	<b>\$81,930,085</b>	<b>\$27,930,483</b>	<b>\$9,836,986</b>	<b>\$13,099,980</b>	<b>\$3,934,794</b>	<b>\$136,732,328</b>

Assumes School Value Limitation and Tax Abatements with the County, Conservation & Reclamation District, College District, and Road & Bridge Fund.

Source: CPA, Ascend Performance Materials Operations, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Angleton ISD I&S Levy	Angleton ISD M&O Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County C&R District #3 Tax Levy	Alvin Community College District Tax Levy	Brazoria County Road & Bridge Fund Tax Levy	Estimated Total Property Taxes	
				0.4152	1.0400		0.4259	0.1500	0.1998	0.0600		
2014	\$113,217,122	\$113,217,122		\$470,077	\$1,177,458	\$1,647,536	\$482,192	\$169,826	\$226,158	\$67,930	\$2,593,641	
2015	\$409,156,397	\$409,156,397		\$1,698,817	\$4,255,227	\$5,954,044	\$1,742,597	\$613,735	\$817,314	\$245,494	\$9,373,184	
2016	\$1,070,971,309	\$1,070,971,309		\$4,446,673	\$11,138,102	\$15,584,774	\$4,561,267	\$1,606,457	\$2,139,329	\$642,583	\$24,534,410	
2017	\$1,032,261,573	\$1,032,261,573		\$4,285,950	\$10,735,520	\$15,021,470	\$4,396,402	\$1,548,392	\$2,062,004	\$619,357	\$23,647,626	
2018	\$1,003,640,433	\$1,003,640,433		\$4,167,115	\$10,437,861	\$14,604,976	\$4,274,505	\$1,505,461	\$2,004,832	\$602,184	\$22,991,957	
2019	\$963,096,036	\$963,096,036		\$3,998,775	\$10,016,199	\$14,014,974	\$4,101,826	\$1,444,644	\$1,923,842	\$577,858	\$22,063,143	
2020	\$921,743,454	\$921,743,454		\$3,827,079	\$9,586,132	\$13,413,211	\$3,925,705	\$1,382,615	\$1,841,238	\$553,046	\$21,115,815	
2021	\$879,776,031	\$879,776,031		\$3,652,830	\$9,149,671	\$12,802,501	\$3,746,966	\$1,319,664	\$1,757,405	\$527,866	\$20,154,402	
2022	\$836,907,663	\$836,907,663		\$3,474,841	\$8,703,840	\$12,178,680	\$3,564,390	\$1,255,361	\$1,671,773	\$502,145	\$19,172,349	
2023	\$793,227,096	\$793,227,096		\$3,293,479	\$8,249,562	\$11,543,041	\$3,378,354	\$1,189,841	\$1,584,519	\$475,936	\$18,171,691	
2024	\$738,024,272	\$738,024,272		\$3,064,277	\$7,675,452	\$10,739,729	\$3,143,245	\$1,107,036	\$1,474,248	\$442,815	\$16,907,073	
2025	\$682,060,106	\$682,060,106		\$2,831,914	\$7,093,425	\$9,925,339	\$2,904,894	\$1,023,090	\$1,362,456	\$409,236	\$15,625,015	
2026	\$625,715,923	\$625,715,923		\$2,597,973	\$6,507,446	\$9,105,418	\$2,664,924	\$938,574	\$1,249,905	\$375,430	\$14,334,251	
2027	\$568,819,880	\$568,819,880		\$2,361,740	\$5,915,727	\$8,277,467	\$2,422,604	\$853,230	\$1,136,252	\$341,292	\$13,030,844	
2028	\$511,716,307	\$511,716,307		\$2,124,646	\$5,321,850	\$7,446,496	\$2,179,400	\$767,574	\$1,022,184	\$307,030	\$11,722,684	
						<b>Total</b>	<b>\$162,259,655</b>	<b>\$47,489,271</b>	<b>\$16,725,500</b>	<b>\$22,273,460</b>	<b>\$6,690,200</b>	<b>\$255,438,086</b>

Source: CPA, Ascend Performance Materials Operations, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 6.**

**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 \$1.1 billion to the tax base for debt service purposes at the peak investment level for the 2016-17 school year. The Ascend project remains fully taxable for debt services taxes, with Angleton ISD currently levying a \$0.4152 per \$100 I&S rate. The value of the Ascend project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base and assist it in meeting its debt service needs.

**Board Finding Number 7.**

**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 Ascend 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 manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Angleton ISD as stated in **Attachment D**.

**Board Finding Number 8.**

**The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.**

In support of Finding 8, the economic impact evaluation states:

According to Ascend Performance Materials Operations LLC's application, "One factor in determining whether the project will proceed is the internal competition for capital among the various project

Board Findings of the Angleton Independent School District

opportunities for Ascend's affiliated entities, both nationally and globally. Since this factor is financial in nature, Ascend is seeking assistance in the way of incentives to help ensure that the project advances. Ascend's parent company allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Ascend could redirect its expenditures or relocate the project to jurisdictions in Louisiana that have offered incentives related to this project.”

**Board Finding Number 9.**

**During the past two years, 26 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.**

**Board Finding Number 10.**

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

**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).**

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Angleton ISD is \$1.07 billion. Angleton ISD 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

Board Findings of the Angleton Independent School District

more than three percent per annum. Angleton ISD is classified as a “rural” district due to its location in a strategic investment area. It is classified as a Category I district which can offer a minimum value limitation of \$30 million.

**Board Finding Number 12.**

**The Applicant (Taxpayer Id. 32039425957) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.**

**Board Finding Number 13.**

**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.**

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the first year 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. Revenue protection measures are in place for the duration of the Agreement.

**Board Finding Number 14.**

**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 Angleton Independent School 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 Angleton Independent School District.

Dated the 5th day of August 2013.

Board Findings of the Angleton Independent School District

ANGLETON INDEPENDENT SCHOOL DISTRICT

By: Don Thompson Pres.  
Don Thompson  
President, Board of Trustees

**ATTEST:**

By: Dana Tolbert  
Dana Tolbert  
Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

August 5, 2013

President and Members  
Board of Trustees  
Angleton Independent School District  
1900 North Downing Road  
Angleton, Texas 77515

*Re: Recommendations and Findings of the firm Concerning Application of Ascend Performance Materials Operations LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President Thompson 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 Angleton Independent School District, with respect to the pending Application of Ascend Performance Materials Operations LLC 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.

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

Sincerely,

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

Phone 512-485-7878

400 W. 15<sup>th</sup> Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

# O'HANLON, MCCOLLOM & DEMERATH

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**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE MCCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

August 5, 2013

President and Members  
Of the Board of Trustees  
Angleton Independent School District  
1900 North Downing Road  
Angleton, Texas 77515

*Re: Recommendations and Findings of the Firm Concerning Application of Ascend Performance Materials Operations, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2014*

Dear President Thompson 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 Angleton Independent School District, with respect to the pending Application of Ascend Performance Materials Operations, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2013. 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 Ascend Performance Materials Operations, LLC 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.

Letter to Angleton ISD  
August 5, 2013  
Page 2 of 2

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 Ascend Performance Materials Operations, LLC 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 A

Application

# O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE MCCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

February 27, 2013

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

RE: Application to the Angleton Independent School District from Ascend Performance Materials Operations, LLC

To the Local Government Assistance & Economic Analysis Division:

Ascend Performance Materials Operations, LLC originally submitted the Application to the school district on November 13, 2012. The Board voted to accept the application on November 13, 2012. The application was determined complete on January 2, 2012. On January 18, 2013, the Comptroller deemed the application complete, but indicated that certain information contained in the application was insufficient for the office to adequately complete the economic impact report required under 313.026. Pursuant to that request for information, the amended application is being submitted. Please prepare the economic impact report.

The proposed site for Project Bambino is an industrial parcel of approximately 30 acres situated within the perimeter of the Ascend Performance Materials industrial campus. The project will be situated within the red perimeter of the Google Earth image included in the application (70-75 acres). The project site contains existing improvements, including, but not limited to: storage tanks, maintenance facilities, and other infrastructure. These improvements are valued by the Brazoria County Appraisal District and the values are addressed in the application. Only new improvements that did not exist before the application review start date are included in qualified property.

We are requesting an expedited review. Please note, no construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement.

Letter to Local Government Assistance & Economic Analysis Division  
February 27, 2013  
Page 2 of 2

A paper copy of the application will be hand delivered to your office today.

Sincerely,

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

Kevin O'Hanlon  
School District Consultant



# Application for Appraised Value Limitation on Qualified Property

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

**Form 50-296**  
(Revised May 2010)

**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 completed application to the Comptroller in a three-ring binder with tabs 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 Web site. 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 as explained in the Confidentiality Notice below.

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. 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, make a recommendation 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 before the 151st 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 complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

<b>Authorized School District Representative</b>		Date application received by district 11/13/12
First Name <b>Dr. Patricia</b>	Last Name <b>Montgomery</b>	
Title <b>Superintendent</b>		
School District Name <b>Angleton Independent School District</b>		
Street Address <b>1900 North Downing Road</b>		
Mailing Address		
City <b>Angleton</b>	State <b>TX</b>	ZIP <b>77515</b>
Phone Number <b>(979) 849-8594</b>	Fax Number	
Mobile Number (optional)	E-mail Address <b>DrPat@angletonisd.net</b>	

I authorize the consultant to provide and obtain information related to this application.....  Yes  No

Will consultant be primary contact? .....  Yes  No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name <b>Kevin</b>	Last Name <b>O'Hanlon</b>
Title <b>Consultant</b>	
Firm Name <b>O'Hanlon, McCollom &amp; Demerath</b>	
Street Address <b>808 West Avenue</b>	
Mailing Address <b>808 West Avenue</b>	
City <b>Austin</b>	State <b>Tx</b> ZIP <b>78701</b>
Phone Number <b>512-494-9949</b>	Fax Number <b>512-494-9919</b>
Mobile Number (Optional)	E-mail Address <b>kohanlon@808west.com; mhanley@808west.com</b>

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.

Signature (Authorized School District Representative) 	Date <b>1/2/13</b>
---	-----------------------

Has the district determined this application complete?  Yes  No

If yes, date determined complete. January 2, 2013

Have you completed the school finance documents required by TAC 9.1054(c)(3)?  Yes  No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	✓



**APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name <b>Andrew</b>		Last Name <b>Ralston</b>	
Title <b>Vice President and General Counsel</b>			
Organization <b>Ascend Performance Materials Operations, LLC</b>			
Street Address <b>600 Travis Street, Suite 300</b>			
Mailing Address			
City <b>Houston</b>		State <b>TX</b>	ZIP <b>77002</b>
Phone Number <b>(713) 315-5728</b>		Fax Number <b>(713) 315-5828</b>	
Mobile Number (optional)		Business e-mail Address <b>sarals@ascendmaterials.com</b>	

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

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

First Name		Last Name	
Title			
Organization			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Mobile Number (optional)		E-mail Address	

I authorize the consultant to provide and obtain information related to this application..  Yes  No

Will consultant be primary contact?  Yes  No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (if Applicable)

First Name: Christine Last Name: Bustamante

Title: Managing Director, Global Location & Expansion Services

Firm Name: KPMG LLP

Street Address: 191 W. Nationwide Boulevard, Suite 500

Mailing Address:

City: Columbus State: OH ZIP: 43215

Phone Number: (614) 249-1922 Fax Number: (614) 388-5605

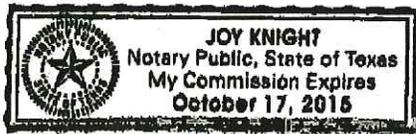
Business email Address: cbustamante@kpmg.com

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 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.

Signature: [Handwritten Signature] Date: 12/20/2012

GIVEN under my hand and seal of office this 20th day of December, 2012



(Notary Seal)

[Handwritten Signature] Notary Public, State of Texas

My commission expires October 17 2015

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 § 37.10.

**FEES AND PAYMENTS**

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "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.

Please answer only either A OR B:

A. 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

B. 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

**BUSINESS APPLICANT INFORMATION**

Legal Name under which application is made

Ascend Performance Materials Operations, LLC

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

32039425957

NAICS code

325220

Is the applicant a party to any other Chapter 313 agreements?  Yes  No

If yes, please list name of school district and year of agreement.

**APPLICANT BUSINESS STRUCTURE**

Registered to do business in Texas with the Texas Secretary of State?  Yes  No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Limited Liability Company

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?  Yes  No  
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas?  Yes  No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  NA  Yes  No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**

- Are you an entity to which Tax Code, Chapter 171 applies?  Yes  No
- The property will be used as an integral part, or as a necessary auxiliary part, in 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
- Are you requesting that any of the land be classified as qualified investment?  Yes  No
- Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
- Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
- Are you including property that is owned by a person other than the applicant?  Yes  No
- 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

**PROJECT DESCRIPTION**

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

**See Checklist Item # 4**

Describe the ability of your company to locate or relocate in another state or another region of the state.

**See Checklist Item # 4**

**PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)**

- New Jobs
- Construct New Facility
- New Business / Start-up
- Expand Existing Facility
- Relocation from Out-of-State
- Expansion
- Purchase Machinery & Equipment
- Consolidation
- Relocation within Texas

**PROJECTED TIMELINE**

Begin Construction Q4 2013      Begin Hiring New Employees Q2 2013

Construction Complete Q3 2015      Fully Operational Q4 2015

Purchase Machinery & Equipment Q4 2013

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?  Yes  No

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

When do you anticipate the new buildings or improvements will be placed in service? Q4 2015

**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
Texas Enterprise Zone	\$ 250,000
Skills Development Fund	\$ 150,000
Texas Enterprise Fund	\$ 1,000,000
Total	\$ 1,400,000

Will other incentives be offered by local units of government?  Yes  No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Property tax abatement agreements with Brazoria County, Alvin Community College, Brazoria County C&R District #3 and Road and Bridge Fund

**THE PROPERTY**

Identify county or counties in which the proposed project will be located Brazoria

Central Appraisal District (CAD) that will be responsible for appraising the property Brazoria

Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: <u>Brazoria County, 100%</u> <small>(Name and percent of project)</small>	City: _____ <small>(Name and percent of project)</small>
Hospital District: _____ <small>(Name and percent of project)</small>	Water District: <u>Brazoria County C&amp;R District #3, 100%</u> <small>(Name and percent of project)</small>
Other (describe): <u>Alvin Community College, 100%</u> <small>(Name and percent of project)</small>	Other (describe): <u>Road &amp; Bridge Fund, 100%</u> <small>(Name and percent of project)</small>

Is the project located entirely within this ISD?  Yes  No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

**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 rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at [www.window.state.tx.us/taxinfo/proptax/hb1200/values.html](http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html).

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30 million

What is the amount of appraised value limitation for which you are applying? \$30 million

What is your total estimated *qualified* investment? \$1.11 billion

**NOTE:** See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? May 2013

What is the anticipated date of the beginning of the qualifying time period? May 2013

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$1.37 billion

Describe the qualified investment. [See 313.021(1).]

Attach the following items to this application:

- (1) 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,
- (2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
- (3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period?  Yes  No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

(1) in or on the new building or other new improvement for which you are applying?  Yes  No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement?  Yes  No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation?  Yes  No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period?  Yes  No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)?  Yes  No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property?  Yes  No

**QUALIFIED PROPERTY**

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) 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,
- (2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
- (3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

**Land**

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?  Yes  No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? May 2013

Will the applicant own the land by the date of agreement execution?  Yes  No

Will the project be on leased land?  Yes  No

**QUALIFIED PROPERTY (CONTINUED)**

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

**Miscellaneous**

Is the proposed project a building or new improvement to an existing facility?  Yes  No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. TBD - See Checklist Item #12 2012  
(Market Value) (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313?  Yes  No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation?  Yes  No

**WAGE AND EMPLOYMENT INFORMATION**

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

The last complete calendar quarter before application review start date is the:  
 First Quarter  Second Quarter  Third Quarter  Fourth Quarter of 2012  
(year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC?  
639

**Note:** For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. N/A

Total number of new jobs that will have been created when fully operational 100

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement?  Yes  No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)?  Yes  No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. **Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).**

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 80

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html>)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

**WAGE AND EMPLOYMENT INFORMATION (CONTINUED)**

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. 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(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$1,002  
 110% of the county average weekly wage for manufacturing jobs in the county is \$1,948  
 110% of the county average weekly wage for manufacturing jobs in the region is \$1,136

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or  §313.021(5)(B) or  §313.021(3)(E)(ii), or  §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$59,082

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$60,000

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)?  Yes  No
  - Will each qualifying job require at least 1,600 of work a year?  Yes  No
  - Will any of the qualifying jobs be jobs transferred from one area of the state to another?  Yes  No
  - Will any of the qualifying jobs be retained jobs?  Yes  No
  - Will any of the qualifying jobs be created to replace a previous employee?  Yes  No
  - Will any required qualifying jobs be filled by employees of contractors?  Yes  No
- If yes, what percent? \_\_\_\_\_

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job?  Yes  No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

Ascend will cover 80% of health insurance premiums for qualifying jobholders. Please see checklist item #15.

**ECONOMIC IMPACT**

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)?  Yes  No
- Is Schedule A completed and signed for all years and attached?  Yes  No
- Is Schedule B completed and signed for all years and attached?  Yes  No
- Is Schedule C (Application) completed and signed for all years and attached?  Yes  No
- Is Schedule D completed and signed for all years and attached?  Yes  No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

**CONFIDENTIALITY NOTICE**

**Property Tax Limitation Agreement Applications  
Texas Government Code Chapter 313  
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

**COMPANY CHECKLIST AND REQUESTED ATTACHMENTS**

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	✓
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	will supplement
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	will supplement
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	will supplement
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

\*To be submitted with application or before date of final application approval by school board.

## **Checklist Item # 1 – Certification Pages**

[See page 4 of the application.]

## **Checklist Item # 2 – Proof of Payment of Application Fee**

[See attached for Proof of Payment]

## **Checklist Item # 3 - Combined Group Membership Documentation**

Ascend Performance Materials Operations LLC is wholly owned by Ascend Performance Materials Holdings, Inc. (27-0219853) and Ascend Performance Materials Holdings, Inc is majority owned by SK Titan Holding LLC (26-4747869).

### Texas Franchise Tax Affiliate Schedule

■ **Tcode** 13253 Annual

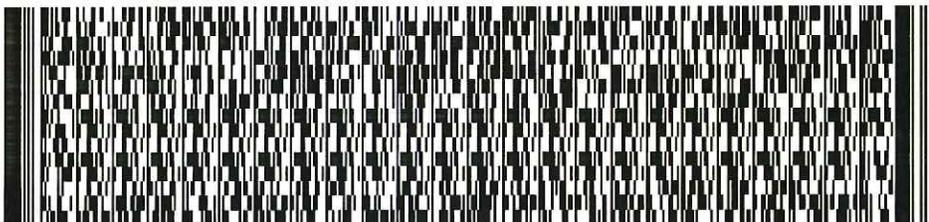
■ Reporting entity taxpayer number 12702198537	■ Report year 2012	Reporting entity taxpayer name ASCEND PERFORMANCE MATERIALS HOLDINGS, INC.
---	-----------------------	---

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate ASCEND PERFORMANCE MATERIALS, LLC		■ 2. Affiliate taxpayer number (if none, use FEI number) 32039425957		■ 3. Affiliate NAICS code 325222	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		■ 6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 1	
■ 8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0		■ 9. Gross receipts everywhere (before eliminations) 2498060429.0 0		■ 7. Affiliate reporting end date m m d d y y 1 2 3 1 1 1	
■ 10. Gross receipts in Texas (before eliminations) 60337490.0 0		■ 11. Cost of goods sold or compensation (before eliminations) 2184965075.0 0		Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/> Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	
1. Legal name of affiliate APM FOREIGN HOLDINGS LLC		■ 2. Affiliate taxpayer number (if none, use FEI number) 264700411		■ 3. Affiliate NAICS code 551112	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>		■ 6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 1	
■ 8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0		■ 9. Gross receipts everywhere (before eliminations) 0.0 0		■ 7. Affiliate reporting end date m m d d y y 1 2 3 1 1 1	
■ 10. Gross receipts in Texas (before eliminations) 0.0 0		■ 11. Cost of goods sold or compensation (before eliminations) 0.0 0		Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/> Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	
1. Legal name of affiliate APM CANADA LLC		■ 2. Affiliate taxpayer number (if none, use FEI number) 264701078		■ 3. Affiliate NAICS code 325222	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		■ 6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 1	
■ 8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0		■ 9. Gross receipts everywhere (before eliminations) 21229099.0 0		■ 7. Affiliate reporting end date m m d d y y 1 2 3 1 1 1	
■ 10. Gross receipts in Texas (before eliminations) 54949.0 0		■ 11. Cost of goods sold or compensation (before eliminations) 19915310.0 0		Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/> Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at [window.texas.gov/commonowner/](http://window.texas.gov/commonowner/). This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

#### Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1 0 6 2

### Texas Franchise Tax Affiliate Schedule

■ **Tcode** 13253 Annual

■ Reporting entity taxpayer number 12702198537	■ Report year 2012	Reporting entity taxpayer name ASCEND PERFORMANCE MATERIALS HOLDINGS, INC.
---	-----------------------	---

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate APM PR LLC	■ 2. Affiliate taxpayer number (if none, use FEI number) 264700798	■ 3. Affiliate NAICS code 325222
--	---	-------------------------------------

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	■ 6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 1	■ 7. Affiliate reporting end date m m d d y y 1 2 3 1 1 1
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■ 8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0	■ 9. Gross receipts everywhere (before eliminations) 7368080.0 0
---	---

■ 10. Gross receipts in Texas (before eliminations) 0.0 0	■ 11. Cost of goods sold or compensation (before eliminations) 6464389.0 0
--	---

Check box if this is a Corporation or Limited Liability Company  Check box if this is an Entity other than a Corporation or Limited Liability Company

1. Legal name of affiliate ASCEND PERFORMANCE MATERIALS HOLDINGS, INC.	■ 2. Affiliate taxpayer number (if none, use FEI number) 12702198537	■ 3. Affiliate NAICS code 325222
---	---	-------------------------------------

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	■ 6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 1	■ 7. Affiliate reporting end date m m d d y y 1 2 3 1 1 1
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■ 8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0	■ 9. Gross receipts everywhere (before eliminations) 207890.0 0
---	--

■ 10. Gross receipts in Texas (before eliminations) 207890.0 0	■ 11. Cost of goods sold or compensation (before eliminations) 0.0 0
---	---

Check box if this is a Corporation or Limited Liability Company  Check box if this is an Entity other than a Corporation or Limited Liability Company

1. Legal name of affiliate	■ 2. Affiliate taxpayer number (if none, use FEI number)	■ 3. Affiliate NAICS code
----------------------------	--	---------------------------

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	■ 6. Affiliate reporting begin date m m d d y y	■ 7. Affiliate reporting end date m m d d y y
---	---	--	--

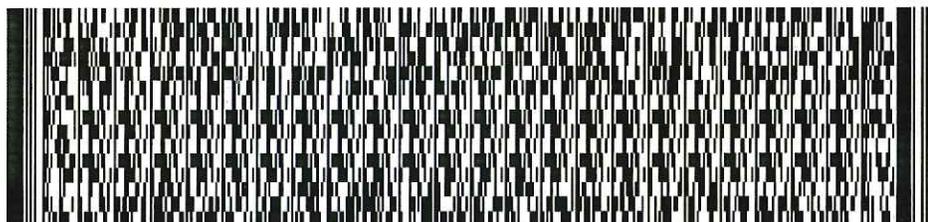
■ 8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0	■ 9. Gross receipts everywhere (before eliminations) 0.0 0
---	---

■ 10. Gross receipts in Texas (before eliminations) 0.0 0	■ 11. Cost of goods sold or compensation (before eliminations) 0.0 0
--	---

Check box if this is a Corporation or Limited Liability Company  Check box if this is an Entity other than a Corporation or Limited Liability Company

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at [window.texas.gov/commonowner/](http://window.texas.gov/commonowner/). This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

#### Texas Comptroller Official Use Only



VE/DE <input type="checkbox"/>	FM <input type="checkbox"/>
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1 0 6 2

## **Checklist Item #4 - Detailed Description of Project**

### **Project Description**

Ascend Performance Materials Operations LLC ("Ascend") is a global specialty manufacturer of high performance materials. As part of its continued growth, Ascend and its contracted partners and affiliates plan to construct a new propane dehydrogenation ("PDH") facility which will use propane as the feedstock to produce propylene through a process known as propane dehydrogenation.

Ascend and its contracted partners and affiliates, through the use of a special purpose vehicle (i.e. a project company), intend to construct the new PDH facility on an Ascend-owned site in Brazoria County. The physical address of the site is FM Road 2917 in Alvin, Texas.

The capital outlay for this project is expected to be approximately \$1.2 billion by the end of 2015. In addition, this project is expected to create approximately 100 new, full-time jobs. Due to the nature of the facility, these jobs are expected to pay in the range of \$ 75,000, plus comprehensive benefits.

Ascend anticipates that this project will expand or lead to subsequent feedstock and derivative projects. Ascend anticipates that these project will create significant additional investment and job creation opportunities.

### **Ability to Relocate**

One factor in determining whether the project will proceed is the internal competition for capital among the various project opportunities for the Ascend's affiliated entities, both nationally and globally. Since this factor is financial in nature, Ascend is seeking assistance in the way of incentives to help ensure that the project advances. Ascend's parent company allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Ascend could redirect its expenditures or relocate the project to jurisdictions in Louisiana that have offered incentives related to this project.

## **Checklist Item # 5 – Multiple Districts**

Project Bambino is located solely within the Angleton ISD.

## **Checklist Item #6– Description of Qualified Investment and Qualified Property**

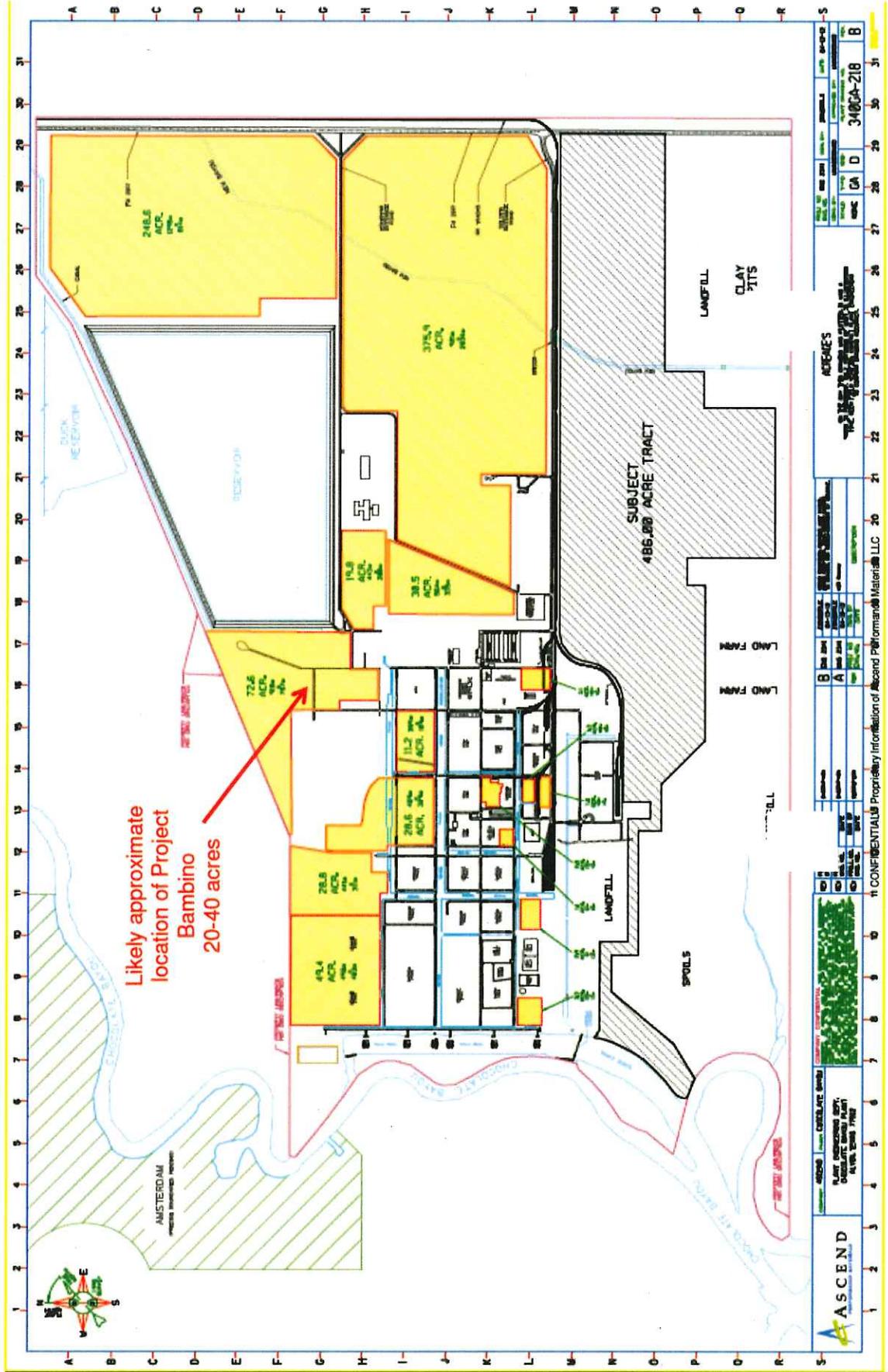
Ascend plans to design and construct a fully functioning propylene plant which will use propane as the feedstock to produce propylene through a process known as propane dehydrogenation (PDH).

The planned improvements for this project include various improvements to the selected site, installation of required pipeways and utility services, and process equipment (vessels, reactors) and related foundations. The project will also include any other necessary equipment required to complete the facility including, but not limited to, various other equipment including electrical and instrument systems, filters, pipes, pumps and valves.

## **Checklist Item #7 – Map of Qualified Investment**

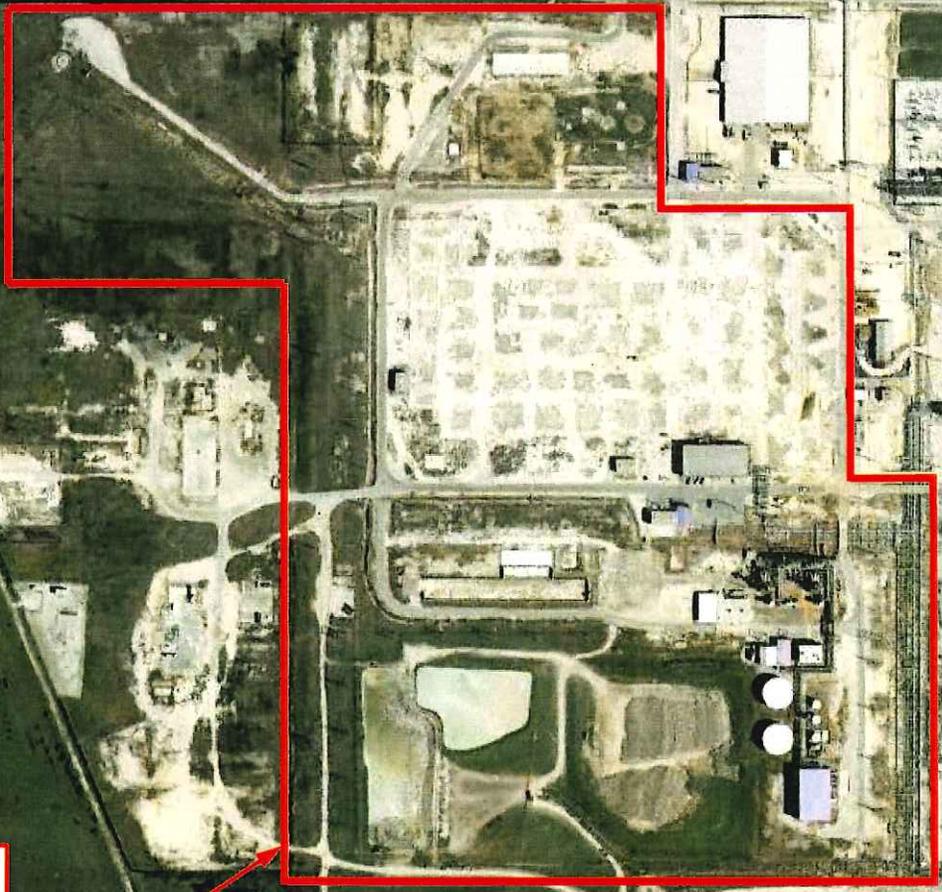
[See attached]

# Chocolate Bayou



		11 CONFIDENTIAL/ Proprietary Information of Ascend Performance Materials LLC	
486.00 ACRE TRACT SUBJECT 486.00 ACRE TRACT 20-40 ACRE PROJECT BAMBINO	72.8 ACR. 20-40 ACRE PROJECT BAMBINO	248.6 ACR. 376.9 ACR. 19.3 ACR. 38.6 ACR. 11.2 ACR. 28.6 ACR. 28.8 ACR. 41.4 ACR.	3100CA-218 B

~ 70-75 Acreages



Acend Assets Rev-3

Google

## **Checklist Item #8 – Description of Qualified Property**

Ascend plans to design and construct a fully functioning propylene plant which will use propane as the feedstock to produce propylene through a process known as propane dehydrogenation (PDH).

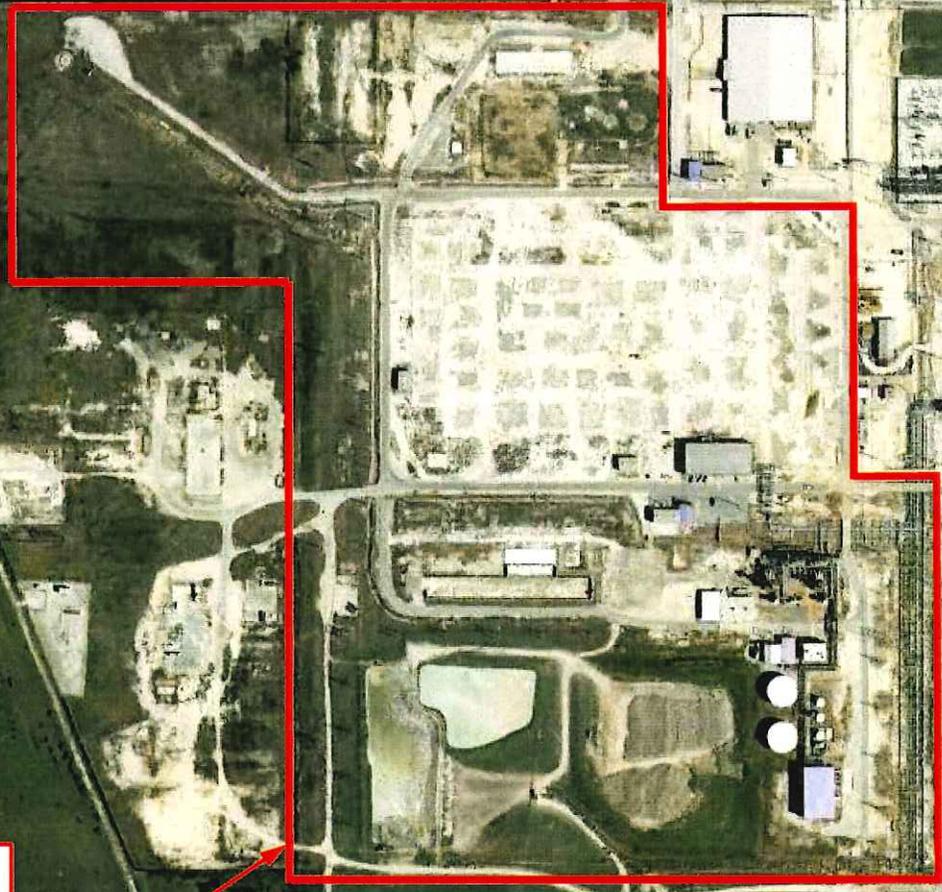
The planned improvements for this project include various improvements to the selected site, installation of required pipeways and utility services, and process equipment (vessels, reactors) and related foundations. The project will also include any other necessary equipment required to complete the facility including, but not limited to, various other equipment including electrical and instrument systems, filters, pipes, pumps and valves.

**Checklist Item #9 – Map of Qualified Property Showing  
Location of New Building or Improvements**

[See attached]



~ 70-75 Acres



Acend Assets Rev-3

Google

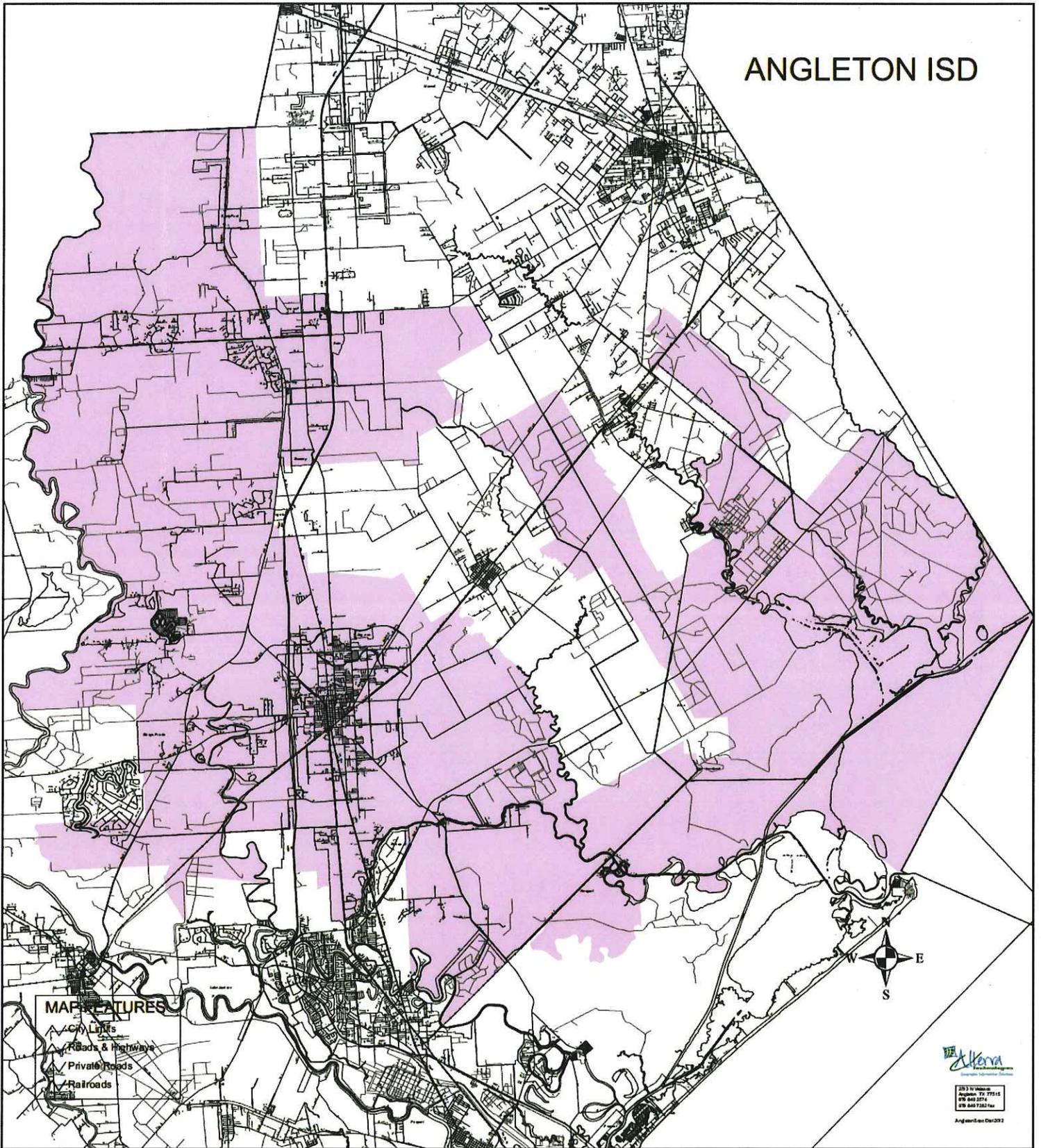
## **Checklist Item #10 – Description of Land**

Approximately 17.84 acres of land on the Ascend Performance Material Plant located on FM 2917, approximately 11 miles southeast of the city of Alvin, Texas, out of a 2514.00 acre tract of land in the Perry and Austin League No. 2, Abstract No. 107, Brazoria County, Texas.

**Checklist Item #11 – Detailed Map Showing Location of the  
Land within Vicinity Map**

[See attached]

# ANGLETON ISD



## MAP FEATURES

- City Limits
- Roads & Highways
- Private Roads
- Railroads



253 W. Avenue  
Angleton, TX 77516  
P.O. Box 2074  
P.O. Box 73274  
Angleton, TX 77516

## **Checklist Item #12 - Description of All Existing (if any) Improvements**

The proposed site for Project Bambino is an industrial parcel of approximately 30 acres situated within the perimeter of the Ascend Performance Materials industrial campus.

While the precise layout of the proposed facility is still under review, the project will be situated within the red perimeter of the attached Google Earth image.

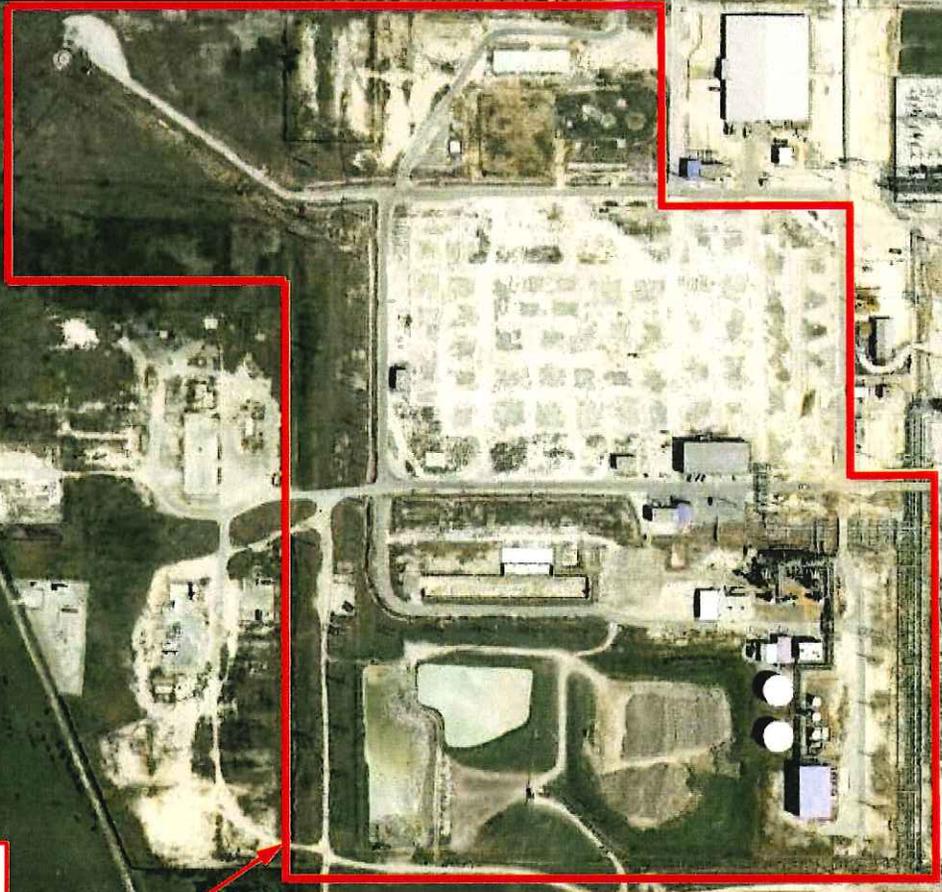
As illustrated in the center of the image, the project site contains existing improvements, including, but not limited to: storage tanks, maintenance facilities, and other infrastructure. These improvements are valued by the Brazoria County Appraisal District at \$807,500, as of January 1, 2012.<sup>1</sup>

Only new improvements that did not exist before the application review start date are included in qualified property.

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<sup>1</sup> Per Brazoria County Appraisal District Certification of Appraised Value of Properties as of January 1, 2012.

~ 70-75 Acreages



Acend Assets Rev-3

Google e

© 2013 Google

Imagery Date: 10/28/2012 1944 Eye alt: 43  
29° 15' 32.67" N 95° 12' 24.79" W elev: 15 ft

## **Checklist Item #13 - Request for Waiver of Job Creation Requirement**

A waiver is not being requested for this application.

## Checklist Item #14 - Calculation of Three Possible Wage Requirements with TWC Documentation

### CHAPTER 313 WAGE CALCULATION – ALL JOBS – ALL INDUSTRIES

Quarter	Year	Avg. Weekly Wages	Annualized
Third	2011	\$898	\$46,696
Fourth	2011	\$909	\$47,268
First	2012	\$937	\$48,724
Second	2012	\$899	\$46,748

	\$910.75	\$47,359
X	110%	110%
	\$1,001.83	\$52,094.90

### CHAPTER 313 WAGE CALCULATION – MANUFACTURING JOBS

Quarter	Year	Avg. Weekly Wages	Annualized
Third	2011	\$1,658	\$86,216
Fourth	2011	\$1,699	\$88,348
First	2012	\$1,928	\$100,256
Second	2012	\$1,799	\$93,548

	\$1,771	\$92,092
X	110%	110%
	\$1,948.10	\$101,301.20

### CHAPTER 313 WAGE CALCULATION – MANUFACTURING JOBS

Quarter	Year	Avg. Weekly Wages	Annualized
	2012	\$1,032.90	\$53,711

	110%	110%
X	110%	110%
	\$1,136.19	\$59,082.10

## 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
2011	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$920
2011	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$868
2011	3rd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$898
2011	4th Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$909
2012	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$937
2012	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$899
2012	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,799
2012	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,928
2011	4th Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,699
2011	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,658
2011	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,711
2011	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,083

**2011 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$22.89</b>	<b>\$47,610</b>
<a href="#"><u>1. Panhandle Regional Planning Commission</u></a>	\$19.32	\$40,196
<a href="#"><u>2. South Plains Association of Governments</u></a>	\$16.45	\$34,210
<a href="#"><u>3. NORTEX Regional Planning Commission</u></a>	\$18.14	\$37,733
<a href="#"><u>4. North Central Texas Council of Governments</u></a>	\$24.03	\$49,986
<a href="#"><u>5. Ark-Tex Council of Governments</u></a>	\$16.52	\$34,366
<a href="#"><u>6. East Texas Council of Governments</u></a>	\$18.27	\$37,995
<a href="#"><u>7. West Central Texas Council of Governments</u></a>	\$17.76	\$36,949
<a href="#"><u>8. Rio Grande Council of Governments</u></a>	\$15.69	\$32,635
<a href="#"><u>9. Permian Basin Regional Planning Commission</u></a>	\$21.32	\$44,349
<a href="#"><u>10. Concho Valley Council of Governments</u></a>	\$15.92	\$33,123
<a href="#"><u>11. Heart of Texas Council of Governments</u></a>	\$18.82	\$39,150
<a href="#"><u>12. Capital Area Council of Governments</u></a>	\$26.46	\$55,047
<a href="#"><u>13. Brazos Valley Council of Governments</u></a>	\$15.71	\$33,718
<a href="#"><u>14. Deep East Texas Council of Governments</u></a>	\$15.48	\$32,207
<a href="#"><u>15. South East Texas Regional Planning Commission</u></a>	\$28.23	\$58,724
<a href="#"><u>16. Houston-Galveston Area Council</u></a>	\$25.82	\$53,711
<a href="#"><u>17. Golden Crescent Regional Planning Commission</u></a>	\$20.38	\$42,391
<a href="#"><u>18. Alamo Area Council of Governments</u></a>	\$18.00	\$37,439
<a href="#"><u>19. South Texas Development Council</u></a>	\$13.85	\$28,806
<a href="#"><u>20. Coastal Bend Council of Governments</u></a>	\$22.35	\$46,489
<a href="#"><u>21. Lower Rio Grande Valley Development Council</u></a>	\$15.08	\$31,365
<a href="#"><u>22. Texoma Council of Governments</u></a>	\$20.76	\$43,190
<a href="#"><u>23. Central Texas Council of Governments</u></a>	\$16.17	\$33,642
<a href="#"><u>24. Middle Rio Grande Development Council</u></a>	\$13.65	\$28,382

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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.

## **Checklist Item #15 – Description of Benefits**

Eligible Ascend employees can choose from the following benefit options:

- Three Medical Plan Options
- Pharmacy Benefits
- Two Dental Plan Options
- Participation in a Health Care and / or Dependent Care Flexible Spending Account (FSA)
- Basic Life, Voluntary Life and Voluntary Accidental Death and Dismemberment (AD&D) Insurance
- Short and Long Term Disability
- A variety of Voluntary Insurance Products (identity theft, vision, legal, life/long-term care, accident insurance, hospital indemnity, and cancer benefits)
- Savings and Investment Plan

**Checklist Item #17, #18, #19, #20 – Schedules**

[See attached]

Applicant Name: Ascend Performance Materials Operations LLC  
 ISD Name: Angleton, ISD

Form 80-298

PROPERTY INVESTMENT AMOUNTS

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

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)  Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)  Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)  Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)  Complete tax years of qualifying time period  Value Limitation Period  Continue to Maintain Viable Presence  Post-Settle-Up Period  Post-Settle-Up Period	2013-2014	2013	-	228,384,244	228,384,244	-	228,384,244
	1	2014-2015	2014	607,977,349	607,977,349	60,600,000	668,577,349
	2	2015-2016	2015	277,863,006	277,863,006	76,500,000	354,363,006
	3	2016-2017	2016	-	-	119,100,000	119,100,000
	4	2017-2018	2017	-	-	-	-
	5	2018-2019	2018	-	-	-	-
	6	2019-2020	2019	-	-	-	-
	7	2020-2021	2020	-	-	-	-
	8	2021-2022	2021	-	-	-	-
	9	2022-2023	2022	-	-	-	-
	10	2023-2024	2023	-	-	-	-
	11	2024-2025	2024	-	-	-	-
	12	2025-2026	2025	-	-	-	-
	13	2026-2027	2026	-	-	-	-
	14	2027-2028	2027	-	-	-	-
15	2028-2029	2028	-	-	-	-	

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: Include estimates of investment for "replacement" property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant examples for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

*John Kelly*

12-20-2012

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**  
**Ascend Performance Materials Operations LLC**

Form 50-296

Angleton ISD

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value	Estimated Taxable Value	
					Estimated Total Market Value of new buildings or other new improvements	Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for ISD after all reductions	Final taxable value for M&O after all reductions
	pre-year 1	2013-2014	2013	25,000	-	-	-	-	-
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period		2014	25,000	113,192,122	-	-	113,217,122	113,217,122
		2	2015-2016	2015	25,000	420,010,599	-	10,879,202	409,156,397
		3	2016-2017	2016	25,000	1,104,573,286	-	33,626,977	1,070,971,310
		4	2017-2018	2017	25,000	1,063,832,064	-	31,595,491	1,032,261,573
		5	2018-2019	2018	25,000	1,033,567,709	-	29,952,276	1,003,640,433
		6	2019-2020	2019	25,000	991,095,828	-	28,024,792	963,096,036
		7	2020-2021	2020	25,000	947,871,229	-	26,152,775	921,743,455
		8	2021-2022	2021	25,000	904,087,255	-	24,336,224	879,776,030
		9	2022-2023	2022	25,000	859,457,805	-	22,575,142	836,907,664
		10	2023-2024	2023	25,000	814,071,622	-	20,869,526	793,227,097
		11	2024-2025	2024	25,000	756,927,447	-	18,928,175	738,024,272
		12	2025-2026	2025	25,000	699,091,263	-	17,056,157	682,060,106
		13	2026-2027	2026	25,000	640,944,397	-	15,253,474	625,715,923
		14	2027-2028	2027	25,000	582,315,005	-	13,520,125	568,819,881
		15	2028-2029	2028	25,000	523,547,416	-	11,856,109	511,716,307

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter these amounts for future years.

*[Handwritten Signature]*

12-20-2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE



Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

Ascend Performance Materials Operations LLC

ISD Name

Angleton ISD

Form 50-296

Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax				City	Hospital	Other
				Sales Taxable Expenditures	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column F: Estimate of total annual expenditures* subject to state sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013	45,276,849	181,107,395	2,000,000	100%	0%	0%	100%		
Tax Credit Period (with 50% cap on credit)	1	2014-2015	2014	121,595,470	486,381,879	2,000,000	100%	0%	0%	100%		
	2	2015-2016	2015	55,572,601	222,290,405	2,000,000	100%	0%	0%	100%		
	3	2016-2017	2016	-	-	2,000,000	100%	0%	0%	100%		
	4	2017-2018	2017	-	-	2,000,000	100%	0%	0%	100%		
	5	2018-2019	2018	-	-	2,000,000	100%	0%	0%	100%		
	6	2019-2020	2019	-	-	2,000,000	100%	0%	0%	100%		
	7	2020-2021	2020	-	-	2,000,000	0%	0%	0%	0%		
	8	2021-2022	2021	-	-	2,000,000	0%	0%	0%	0%		
	9	2022-2023	2022	-	-	2,000,000	0%	0%	0%	0%		
	10	2023-2024	2023	-	-	2,000,000	0%	0%	0%	0%		
Credit Settle-Up Period	11	2024-2025	2024	-	-	2,000,000	0%	0%	0%	0%		
	12	2025-2026	2025	-	-	2,000,000	0%	0%	0%	0%		
	13	2026-2027	2026	-	-	2,000,000	0%	0%	0%	0%		
Post-Settle-Up Period	14	2027-2028	2027	-	-	2,000,000	0%	0%	0%	0%		
	15	2028-2029	2028	-	-	2,000,000	0%	0%	0%	0%		

For planning, construction and operation of the facility:

*[Signature]*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-20-2012

DATE

## **Checklist Item #21 – Map of Reinvestment Zone**

Brazoria County is in the process of establishing a reinvestment zone to support this project.

**Checklist Item #22 – Order, Resolution, or Ordinance  
Establishing the Zone**

Brazoria County is in the process of establishing a reinvestment zone to support this project.

## **Checklist Item #23 – Legal Description of Reinvestment Zone**

Brazoria County is in the process of establishing a reinvestment zone to support this project.

## **Checklist Item #24 – Guidelines and Criteria for Reinvestment Zone**

[See attached]

**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 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 in manufacturing enterprises, with high paying jobs, 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 propose for consideration and adoption 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 real 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 to points at least 50 miles from its location in 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 school district 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 at least 50 miles from the facility's location in 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, or Other Basic Industry.
- (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 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, vessels, aircraft, housing, 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, 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. One hundred percent of the value (or such percentage of value that shall be set by Commissioners' Court order) of new eligible properties shall be abated for up to seven years or one-half (1/2) 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<sup>st</sup> 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 seven (7) years.

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 vendors and services where applicable in the construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county vendors and services regarding price, quality, safety, availability and ability perform.
- (7) will annually, for the term of the abatement, contribute .000165 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 .000165 of the estimated value of the personal property of the air carrier indicated in its

Application. Each project will contribute no more than \$15,000 nor less than \$1,000 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 or challenging 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 or challenge to the improvements' value pursuant to the Texas Property Tax Code must be based on and use historically approved or accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and acceptable to the Chief Appraiser of the Brazoria County Appraisal District. The filing of a valuation protest or challenge or notice of protest based on or using the unacceptable appraisal method mentioned in this sub-section or based on or using appraisal methods or techniques that are unacceptable to the Chief Appraiser (including the one mentioned in this subsection) shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.
- (9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.
- (i) **Taxability.** From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
  - (1) The value of ineligible property as provided in Section 2(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. 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 written request with Brazoria County. The application shall be filed with the administrative head of the governing body by providing twelve (12) copies or an electronic version and five (5) copies. The additional copies provided will be furnished to each member of the governing body 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.
- (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 levies taxes on the amount of the assessment.

(b) The agreement shall stipulate that TARC of Brazoria County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.

(c) **Tax Abatement Review Committee:**

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

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

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

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

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

## **ASSIGNMENT Section 8**

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

## **PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9**

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

**SUNSET PROVISION Section 10**

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.
- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective May 11, 2010, and shall remain in force until May 11, 2012, unless amended or superseded, modified, renewed, or eliminated by Commissioners' Court prior to that date.

# Attachment B

## Certificate of Account Status



## Franchise Tax Account Status

As of: 07/17/2013 01:28:24 PM

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

ASCEND PERFORMANCE MATERIALS OPERATIONS LLC	
Texas Taxpayer Number	32039425957
Mailing Address	600 TRAVIS ST STE 300 C/O ELMA VALDEZ HOUSTON, TX 77002-2931
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	04/29/2009
Texas SOS File Number	0801116799
Registered Agent Name	CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

## Attachment C

### State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



April 16, 2013

Dr. Patricia Montgomery  
Superintendent  
Angleton Independent School District  
1900 N. Downing Road  
Angleton, Texas 77515

Dear Superintendent Montgomery:

On January 18, 2013, the Comptroller received the completed application (Application # 263) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in November 2012 to the Angleton Independent School District (the school district) by Ascend Performance Materials Operations, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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 make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category I according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$1.11 billion) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Brazoria County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of January 18, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The limitation agreement must contain provisions that require:
  - a. the applicant to provide sufficient information to the Central Appraisal District (CAD) to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified;
  - b. the school district to confirm with the CAD that the applicant has provided such information; and
  - c. that the Comptroller is provided with the CAD approved information no later than the first annual reporting period following the execution of the agreement;
- 3) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 4) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 5) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

# Attachment D

## Economic Analysis

**Economic Impact for Chapter 313 Project**

<b>Applicant</b>	<b>Ascend Performance Materials Operations, LLC</b>
<b>Tax Code, 313.024 Eligibility Category</b>	<b>Manufacturing</b>
<b>School District</b>	<b>Angleton</b>
<b>2011-12 Enrollment in School District</b>	<b>6,375</b>
<b>County</b>	<b>Brazoria</b>
<b>Total Investment in District</b>	<b>\$1,370,000,000</b>
<b>Qualified Investment</b>	<b>\$1,110,000,000</b>
<b>Limitation Amount</b>	<b>\$30,000,000</b>
<b>Number of total jobs committed to by applicant</b>	<b>100</b>
<b>Number of qualifying jobs committed to by applicant</b>	<b>80</b>
<b>Average Weekly Wage of Qualifying Jobs committed to by applicant</b>	<b>\$1,154</b>
<b>Minimum Weekly Wage Required Tax Code, 313.051(b)</b>	<b>\$1,136</b>
<b>Minimum Annual Wage committed to by applicant for qualified jobs</b>	<b>\$60,000</b>
<b>Investment per Qualifying Job</b>	<b>\$17,125,000</b>
<b>Estimated 15 year M&amp;O levy without any limit or credit:</b>	<b>\$115,963,470</b>
<b>Estimated gross 15 year M&amp;O tax benefit</b>	<b>\$80,329,570</b>
<b>Estimated 15 year M&amp;O tax benefit (after deductions for estimated school district revenue protection—but not including any deduction for supplemental payments or extraordinary educational expenses):</b>	<b>\$72,757,246</b>
<b>Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)</b>	<b>\$4,808,685</b>
<b>Net M&amp;O Tax (15 years) After Limitation, Credits and Revenue Protection:</b>	<b>\$43,206,224</b>
<b>Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)</b>	<b>62.7%</b>
<b>Percentage of tax benefit due to the limitation</b>	<b>94.0%</b>
<b>Percentage of tax benefit due to the credit</b>	<b>6.0%</b>

**This presents the Comptroller's economic impact evaluation of Ascend Performance Materials Operations, LLC (the project) applying to Angleton Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:**

- (1) the recommendations of the comptroller;**
- (2) the name of the school district;**
- (3) the name of the applicant;**
- (4) the general nature of the applicant's investment;**
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;**
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;**
- (7) the number of qualifying jobs to be created by the applicant;**
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;**
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;**
- (10) the impact the project will have on this state and individual local units of government, including:**
  - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and**
  - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;**
- (11) the economic condition of the region of the state at the time the person's application is being considered;**
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;**
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;**
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;**
- (15) the proposed limitation on appraised value for the qualified property of the applicant;**
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;**
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;**
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;**
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and**
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).**

### **Wages, salaries and benefits [313.026(6-8)]**

After construction, the project will create 100 new jobs when fully operational. 80 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Brazoria County is \$92,092. That same year, the county annual average wage for all industries was \$47,359. In addition to a salary of \$60,000, each qualifying position will receive benefits including three medical plan options, pharmacy benefits, two dental plan options, participation in a health care and / or dependent care flexible spending Account, basic life, voluntary life and voluntary accidental death and dismemberment insurance, short and long term disability, a variety of voluntary insurance products (identity theft, vision, legal, life/long-term care, accident insurance, hospital indemnity, and cancer benefits), savings and investment plan. The project's total investment is \$1.37 billion, resulting in a relative level of investment per qualifying job of \$17 million.

### **Ability of applicant to locate to another state and [313.026(9)]**

According to Ascend Performance Materials Operations, LLC's application, "One factor in determining whether the project will proceed is the internal competition for capital among the various project opportunities for the Ascend's affiliated entities, both nationally and globally. Since this factor is financial in nature, Ascend is seeking assistance in the way of incentives to help ensure that the project advances. Ascend's parent company allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Ascend could redirect its expenditures or relocate the project to jurisdictions in Louisiana that have offered incentives related to this project."

### **Number of new facilities in region [313.026(12)]**

During the past two years, 26 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

### **Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]**

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Ascend Performance Materials Operations, LLC, project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

### **Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]**

Table 1 depicts Ascend Performance Materials Operations, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Ascend Performance Materials Operations, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	235	334	569	\$13,100,000	\$20,900,000	\$34,000,000
2014	670	893	1563	\$37,200,000	\$61,800,000	\$99,000,000
2015	300	588	888	\$17,000,000	\$48,000,000	\$65,000,000
2016	100	375	475	\$6,000,000	\$35,000,000	\$41,000,000
2017	100	398	498	\$6,000,000	\$38,000,000	\$44,000,000
2018	100	404	504	\$6,000,000	\$39,000,000	\$45,000,000
2019	100	408	508	\$6,000,000	\$41,000,000	\$47,000,000
2020	100	412	512	\$6,000,000	\$43,000,000	\$49,000,000
2021	100	423	523	\$6,000,000	\$46,000,000	\$52,000,000
2022	100	431	531	\$6,000,000	\$48,000,000	\$54,000,000
2023	100	441	541	\$6,000,000	\$51,000,000	\$57,000,000
2024	100	398	498	\$6,000,000	\$49,000,000	\$55,000,000
2025	100	394	494	\$6,000,000	\$51,000,000	\$57,000,000
2026	100	388	488	\$6,000,000	\$52,000,000	\$58,000,000
2027	100	390	490	\$6,000,000	\$54,000,000	\$60,000,000
2028	100	396	496	\$6,000,000	\$57,000,000	\$63,000,000

Source: CPA, REMI, Ascend Performance Materials Operations, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2011-2012. Angleton ISD's ad valorem tax base in 2011-2012 was \$2.18 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Angleton ISD's estimated wealth per WADA was \$284,027. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Brazoria County Conservation & Reclamation (C&R) District, Alvin Community College District, and Brazoria County Road & Bridge Fund, with all property tax incentives sought being granted using estimated market value from Ascend Performance Materials Operations, LLC's application. Ascend Performance Materials Operations, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, C&R district, college district, and road & bridge fund. Table 3 illustrates the estimated tax impact of the Ascend Performance Materials Operations, LLC project on the region if all taxes are assessed.



Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$115,963,470. The estimated gross 15 year M&O tax benefit, or levy loss, is \$80,329,570.

Attachment 3 is an economic overview of Brazoria County.

**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.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael L. Williams  
Commissioner

April 16, 2013

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Ascend Performance Materials Operations, LLC project on the number and size of school facilities in Angleton Independent School District (AISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the AISD superintendent, Ms. Patricia Montgomery Walker, the TEA has found that the Ascend Performance Materials Operations, LLC project would not have a significant impact on the number or size of school facilities in AISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", with a stylized flourish at the end.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk



## TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael L. Williams  
Commissioner

April 16, 2013

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Ascend Performance Materials Operations, LLC project for the Angleton Independent School District (AISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Ascend Performance Materials Operations, LLC project on AISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

## Brazoria County

### Population

- Total county population in 2010 for Brazoria County: 314,407 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Brazoria County was the state's 15th largest county in population in 2010 and the 50 th fastest growing county from 2009 to 2010.
- Brazoria County's population in 2009 was 56.0 percent Anglo (above the state average of 46.7 percent), 10.9 percent African-American (below the state average of 11.3 percent) and 26.6 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Brazoria County:

Pearland:	86,341	Lake Jackson:	28,980
Alvin:	23,284	Angleton:	19,123
Freeport:	12,618	Clute:	10,915
Manvel:	6,375	West Columbia:	4,203
Sweeny:	3,663	Richwood:	3,594

### Economy and Income

#### *Employment*

- September 2011 total employment in Brazoria County: 137,947 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.

*(October 2011 employment data will be available November 18, 2011).*

- September 2011 Brazoria County unemployment rate: 9.0 percent, up from 8.9 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Pearland:	7.3 percent, up from 6.5 percent in September 2010.
Lake Jackson:	7.5 percent, down from 8.0 percent in September 2010.

*(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).*

#### *Income*

- Brazoria County's ranking in per capita personal income in 2009: 54th with an average per capita income of \$37,523, down 1.3 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

#### *Industry*

- Agricultural cash values in Brazoria County averaged \$97.62 million annually from 2007 to 2010. County total agricultural values in 2010 were up 14.7 percent from 2009. Major agriculture related commodities in Brazoria County during 2010 included:
  - Sorghum                      - Horses                      - Nursery                      - Rice                      - Other Beef
- 2011 oil and gas production in Brazoria County: 898,558.0 barrels of oil and 14.3 million Mcf of gas. In September 2011, there were 297 producing oil wells and 161 producing gas wells.

### Taxes

#### *Sales Tax - Taxable Sales*

*(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).*

*Quarterly (September 2010 through December 2010)*

- Taxable sales in Brazoria County during the fourth quarter 2010: \$670.47 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pearland:	\$288.26 million, up 5.3 percent from the same quarter in 2009.
Lake Jackson:	\$113.83 million, up 2.5 percent from the same quarter in 2009.
Alvin:	\$77.36 million, up 6.0 percent from the same quarter in 2009.
Angleton:	\$36.45 million, up 0.1 percent from the same quarter in 2009.
Freeport:	\$18.95 million, up 9.5 percent from the same quarter in 2009.
Clute:	\$25.55 million, up 14.8 percent from the same quarter in 2009.
Manvel:	\$10.76 million, up 19.8 percent from the same quarter in 2009.
West Columbia:	\$10.48 million, up 13.2 percent from the same quarter in 2009.
Sweeny:	\$2.59 million, down 73.4 percent from the same quarter in 2009.
Richwood:	\$3.81 million, up 3.2 percent from the same quarter in 2009.
Brazoria:	\$9.22 million, up 14.4 percent from the same quarter in 2009.
Jones Creek:	\$273,198.00, up 2.9 percent from the same quarter in 2009.
Brookside Village:	\$1.08 million, up 118.1 percent from the same quarter in 2009.

Danbury:	\$662,540.00, up 13.5 percent from the same quarter in 2009.
Oyster Creek:	\$2.25 million, up 12.1 percent from the same quarter in 2009.
Holiday Lakes:	\$150,524.00, down 8.5 percent from the same quarter in 2009.
Iowa Colony:	\$13.50 million, down 1.7 percent from the same quarter in 2009.
Surfside Beach:	\$818,823.00, up 16.3 percent from the same quarter in 2009.
Bailey's Prairie:	\$34,200.00, down 2.7 percent from the same quarter in 2009.
Liverpool:	\$165,407.00, up 61.6 percent from the same quarter in 2009.
Quintana:	\$7,038.00

*Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)*

- Taxable sales in Brazoria County through the fourth quarter of 2010: \$2.46 billion, up 1.4 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from the same period in 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from the same period in 2009.
Alvin:	\$289.95 million, up 0.3 percent from the same period in 2009.
Angleton:	\$145.19 million, up 0.8 percent from the same period in 2009.
Freeport:	\$74.78 million, up 10.4 percent from the same period in 2009.
Clute:	\$96.86 million, down 1.1 percent from the same period in 2009.
Manvel:	\$47.09 million, up 10.7 percent from the same period in 2009.
West Columbia:	\$39.73 million, up 14.0 percent from the same period in 2009.
Sweeny:	\$21.41 million, down 21.8 percent from the same period in 2009.
Richwood:	\$15.80 million, down 19.4 percent from the same period in 2009.
Brazoria:	\$34.75 million, down 1.6 percent from the same period in 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from the same period in 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from the same period in 2009.
Danbury:	\$2.53 million, up 26.1 percent from the same period in 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from the same period in 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from the same period in 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from the same period in 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from the same period in 2009.
Bailey's Prairie:	\$87,007.00, down 37.8 percent from the same period in 2009.
Liverpool:	\$554,661.00, up 32.8 percent from the same period in 2009.
Quintana:	\$18,815.00

*Annual (2010)*

- Taxable sales in Brazoria County during 2010: \$2.46 billion, up 1.4 percent from 2009.
- Brazoria County sent an estimated \$153.68 million (or 0.90 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from 2009.
Alvin:	\$289.95 million, up 0.3 percent from 2009.
Angleton:	\$145.19 million, up 0.8 percent from 2009.
Freeport:	\$74.78 million, up 10.4 percent from 2009.
Clute:	\$96.86 million, down 1.1 percent from 2009.
Manvel:	\$47.09 million, up 10.7 percent from 2009.
West Columbia:	\$39.73 million, up 14.0 percent from 2009.
Sweeny:	\$21.41 million, down 21.8 percent from 2009.
Richwood:	\$15.80 million, down 19.4 percent from 2009.
Brazoria:	\$34.75 million, down 1.6 percent from 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from 2009.
Danbury:	\$2.53 million, up 26.1 percent from 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from 2009.

Bailey's Prairie:	\$87,007.00, down 37.8 percent from 2009.
Liverpool:	\$554,661.00, up 32.8 percent from 2009.
Quintana:	\$18,815.00

### **Sales Tax – Local Sales Tax Allocations**

*(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)*

#### **Monthly**

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Brazoria County based on the sales activity month of August 2011: \$3.57 million, up 9.2 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Pearland*:	\$1.62 million, up 5.1 percent from August 2010.
Lake Jackson:	\$568,565.83, up 9.2 percent from August 2010.
Alvin:	\$486,410.35, up 16.2 percent from August 2010.
Angleton:	\$249,880.72, up 9.9 percent from August 2010.
Freeport:	\$173,510.53, up 18.7 percent from August 2010.
Clute:	\$154,235.75, up 22.5 percent from August 2010.
Manvel:	\$93,103.54, up 23.3 percent from August 2010.
West Columbia:	\$63,572.59, up 26.9 percent from August 2010.
Sweeny:	\$23,337.23, down 23.8 percent from August 2010.
Richwood:	\$25,511.08, up 10.0 percent from August 2010.
Brazoria:	\$62,718.11, up 13.0 percent from August 2010.
Jones Creek:	\$3,295.75, down 3.4 percent from August 2010.
Brookside Village:	\$2,387.38, down 20.5 percent from August 2010.
Danbury:	\$6,806.86, up 48.8 percent from August 2010.
Oyster Creek:	\$13,907.07, down 21.7 percent from August 2010.
Holiday Lakes:	\$573.54, down 13.3 percent from August 2010.
Iowa Colony:	\$10,575.40, down 15.9 percent from August 2010.
Surfside Beach:	\$7,278.22, up 18.4 percent from August 2010.
Bailey's Prairie:	\$396.90, down 1.6 percent from August 2010.
Liverpool:	\$1,835.61, down 63.3 percent from August 2010.
Quintana:	\$2,563.69, up 78.1 percent from August 2010.

#### **Fiscal Year**

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months from September 2010 through August 2011: \$42.66 million, up 4.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Pearland*:	\$19.83 million, up 2.3 percent from fiscal 2010.
Lake Jackson:	\$7.00 million, up 3.4 percent from fiscal 2010.
Alvin:	\$5.45 million, up 7.5 percent from fiscal 2010.
Angleton:	\$3.03 million, up 3.1 percent from fiscal 2010.
Freeport:	\$1.95 million, up 20.0 percent from fiscal 2010.
Clute:	\$1.82 million, up 9.9 percent from fiscal 2010.
Manvel:	\$983,543.45, up 11.2 percent from fiscal 2010.
West Columbia:	\$685,356.40, up 2.2 percent from fiscal 2010.
Sweeny:	\$302,452.77, down 0.4 percent from fiscal 2010.
Richwood:	\$274,954.27, up 10.7 percent from fiscal 2010.
Brazoria:	\$719,283.78, up 6.9 percent from fiscal 2010.
Jones Creek:	\$42,124.74, up 2.8 percent from fiscal 2010.
Brookside Village:	\$35,875.21, down 9.7 percent from fiscal 2010.
Danbury:	\$81,357.57, up 37.2 percent from fiscal 2010.
Oyster Creek:	\$158,682.12, down 2.0 percent from fiscal 2010.
Holiday Lakes:	\$7,727.20, up 5.9 percent from fiscal 2010.
Iowa Colony:	\$165,247.97, up 50.5 percent from fiscal 2010.
Surfside Beach:	\$62,657.63, up 21.0 percent from fiscal 2010.

<b>Bailey's Prairie:</b>	\$5,454.70, down 28.7 percent from fiscal 2010.
<b>Liverpool:</b>	\$25,085.09, up 17.9 percent from fiscal 2010.
<b>Quintana:</b>	\$20,775.81, down 36.4 percent from fiscal 2010.

*January 2011 through August 2011 (Sales Activity Year-To-Date)*

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months through August 2011: \$27.60 million, up 3.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

<b>Pearland*:</b>	\$12.68 million, up 0.2 percent from the same period in 2010.
<b>Lake Jackson:</b>	\$4.49 million, up 2.8 percent from the same period in 2010.
<b>Alvin:</b>	\$3.58 million, up 8.2 percent from the same period in 2010.
<b>Angleton:</b>	\$1.95 million, up 2.0 percent from the same period in 2010.
<b>Freeport:</b>	\$1.32 million, up 14.3 percent from the same period in 2010.
<b>Clute:</b>	\$1.20 million, up 12.0 percent from the same period in 2010.
<b>Manvel:</b>	\$675,446.20, up 9.0 percent from the same period in 2010.
<b>West Columbia:</b>	\$439,718.95, up 0.5 percent from the same period in 2010.
<b>Sweeny:</b>	\$197,504.78, down 2.5 percent from the same period in 2010.
<b>Richwood:</b>	\$184,879.84, up 8.9 percent from the same period in 2010.
<b>Brazoria:</b>	\$474,043.43, up 6.3 percent from the same period in 2010.
<b>Jones Creek:</b>	\$27,593.02, up 2.8 percent from the same period in 2010.
<b>Brookside Village:</b>	\$22,157.56, down 23.2 percent from the same period in 2010.
<b>Danbury:</b>	\$48,106.28, up 22.6 percent from the same period in 2010.
<b>Oyster Creek:</b>	\$101,462.63, down 10.3 percent from the same period in 2010.
<b>Holiday Lakes:</b>	\$5,340.78, up 10.7 percent from the same period in 2010.
<b>Iowa Colony:</b>	\$118,301.95, up 50.3 percent from the same period in 2010.
<b>Surfside Beach:</b>	\$47,156.99, up 23.1 percent from the same period in 2010.
<b>Bailey's Prairie:</b>	\$3,774.23, up 7.4 percent from the same period in 2010.
<b>Liverpool:</b>	\$18,583.44, up 25.7 percent from the same period in 2010.
<b>Quintana:</b>	\$16,036.10, up 29.4 percent from the same period in 2010.

*12 months ending in August 2011*

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Brazoria County based on sales activity in the 12 months ending in August 2011: \$42.66 million, up 4.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

<b>Pearland*:</b>	\$19.83 million, up 2.3 percent from the previous 12-month period.
<b>Lake Jackson:</b>	\$7.00 million, up 3.4 percent from the previous 12-month period.
<b>Alvin:</b>	\$5.45 million, up 7.5 percent from the previous 12-month period.
<b>Angleton:</b>	\$3.03 million, up 3.1 percent from the previous 12-month period.
<b>Freeport:</b>	\$1.96 million, up 20.0 percent from the previous 12-month period.
<b>Clute:</b>	\$1.82 million, up 9.9 percent from the previous 12-month period.
<b>Manvel:</b>	\$983,543.45, up 11.2 percent from the previous 12-month period.
<b>West Columbia:</b>	\$685,356.40, up 2.2 percent from the previous 12-month period.
<b>Sweeny:</b>	\$302,452.77, down 0.4 percent from the previous 12-month period.
<b>Richwood:</b>	\$274,954.27, up 10.7 percent from the previous 12-month period.
<b>Brazoria:</b>	\$719,283.78, up 6.9 percent from the previous 12-month period.
<b>Jones Creek:</b>	\$42,124.74, up 2.8 percent from the previous 12-month period.
<b>Brookside Village:</b>	\$35,875.21, down 9.7 percent from the previous 12-month period.
<b>Danbury:</b>	\$81,357.57, up 37.2 percent from the previous 12-month period.
<b>Oyster Creek:</b>	\$158,682.12, down 2.0 percent from the previous 12-month period.
<b>Holiday Lakes:</b>	\$7,727.20, up 5.9 percent from the previous 12-month period.
<b>Iowa Colony:</b>	\$165,247.97, up 50.5 percent from the previous 12-month period.
<b>Surfside Beach:</b>	\$62,657.63, up 21.0 percent from the previous 12-month period.
<b>Bailey's Prairie:</b>	\$5,454.70, down 28.7 percent from the previous 12-month period.

Liverpool:	\$25,085.09, up 17.9 percent from the previous 12-month period.
Quintana:	\$20,775.61, down 36.4 percent from the previous 12-month period.

■ *City Calendar Year-To-Date (RJ 2011)*

■ Payment to the cities from January 2011 through October 2011:

Pearland*:	\$16.53 million, up 1.7 percent from the same period in 2010.
Lake Jackson:	\$5.92 million, up 3.2 percent from the same period in 2010.
Alvin:	\$4.51 million, up 6.7 percent from the same period in 2010.
Angleton:	\$2.51 million, up 3.6 percent from the same period in 2010.
Freeport:	\$1.61 million, up 18.0 percent from the same period in 2010.
Clute:	\$1.51 million, up 12.8 percent from the same period in 2010.
Manvel:	\$822,290.83, up 11.4 percent from the same period in 2010.
West Columbia:	\$573,559.55, up 2.7 percent from the same period in 2010.
Sweeny:	\$249,336.88, down 0.9 percent from the same period in 2010.
Richwood:	\$229,245.62, up 14.6 percent from the same period in 2010.
Brazoria:	\$600,072.15, up 6.1 percent from the same period in 2010.
Jones Creek:	\$34,177.91, up 2.0 percent from the same period in 2010.
Brookside Village:	\$27,813.93, down 19.0 percent from the same period in 2010.
Danbury:	\$59,717.24, up 20.6 percent from the same period in 2010.
Oyster Creek:	\$129,141.24, down 5.6 percent from the same period in 2010.
Holiday Lakes:	\$6,525.94, up 9.2 percent from the same period in 2010.
Iowa Colony:	\$142,860.27, up 52.1 percent from the same period in 2010.
Surfside Beach:	\$53,230.26, up 21.4 percent from the same period in 2010.
Bailey's Prairie:	\$4,661.08, down 33.1 percent from the same period in 2010.
Liverpool:	\$21,746.84, up 20.5 percent from the same period in 2010.
Quintana:	\$18,275.03, down 42.7 percent from the same period in 2010.

*Annual (2010)*

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Brazoria County based on sales activity months in 2010: \$41.77 million, up 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Pearland*:	\$19.80 million, up 2.2 percent from 2009.
Lake Jackson:	\$6.88 million, down 0.9 percent from 2009.
Alvin:	\$5.18 million, down 1.0 percent from 2009.
Angleton:	\$2.99 million, down 0.7 percent from 2009.
Freeport:	\$1.80 million, up 11.9 percent from 2009.
Clute:	\$1.69 million, down 3.6 percent from 2009.
Manvel:	\$928,016.24, up 5.5 percent from 2009.
West Columbia:	\$683,003.60, down 1.5 percent from 2009.
Sweeny:	\$307,562.66, down 5.1 percent from 2009.
Richwood:	\$259,772.39, down 8.8 percent from 2009.
Brazoria:	\$691,277.98, down 7.0 percent from 2009.
Jones Creek:	\$41,386.13, down 8.1 percent from 2009.
Brookside Village:	\$42,556.62, up 35.3 percent from 2009.
Danbury:	\$72,498.57, up 12.8 percent from 2009.
Oyster Creek:	\$170,345.11, up 5.4 percent from 2009.
Holiday Lakes:	\$7,212.68, down 10.7 percent from 2009.
Iowa Colony:	\$125,637.22, up 5.9 percent from 2009.
Surfside Beach:	\$53,802.40, up 10.0 percent from 2009.
Bailey's Prairie:	\$5,194.29, down 45.8 percent from 2009.
Liverpool:	\$21,280.04, up 15.2 percent from 2009.
Quintana:	\$17,136.83, down 54.6 percent from 2009.

\*On 1/1/2009, the city of Pearland's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

**Property Tax**

- As of January 2009, property values in Brazoria County: \$26.70 billion, down 1.7 percent from January 2008 values. The property

tax base per person in Brazoria County is \$86,351, above the statewide average of \$85,809. About 2.4 percent of the property tax base is derived from oil, gas and minerals.

### State Expenditures

- Brazoria County's ranking in state expenditures by county in fiscal year 2010: 21st. State expenditures in the county for FY2010: \$996.28 million, up 0.5 percent from FY2009.
- In Brazoria County, 19 state agencies provide a total of 2,892 jobs and \$26.88 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Department of Criminal Justice
  - Department of Family and Protective Services
  - Department of Transportation
  - Department of Public Safety

### Higher Education

- Community colleges in Brazoria County fall 2010 enrollment:
  - Brazosport College, a Public Community College, had 4,174 students.
  - Alvin Community College, a Public Community College, had 5,721 students.
- Brazoria County is in the service area of the following:
  - Alvin Community College with a fall 2010 enrollment of 5,721 . Counties in the service area include:  
Brazoria County
  - Brazosport College with a fall 2010 enrollment of 4,174 . Counties in the service area include:  
Brazoria County
- Institutions of higher education in Brazoria County fall 2010 enrollment:
  - None.

### School Districts

- Brazoria County had 8 school districts with 93 schools and 59,838 students in the 2009-10 school year.  
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
  - Alvin ISD had 16,591 students in the 2009-10 school year. The average teacher salary was \$49,031. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
  - Angleton ISD had 6,282 students in the 2009-10 school year. The average teacher salary was \$50,412. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
  - Brazosport ISD had 12,822 students in the 2009-10 school year. The average teacher salary was \$49,929. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
  - Columbia-Brazoria ISD had 3,070 students in the 2009-10 school year. The average teacher salary was \$46,937. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
  - Damon ISD had 168 students in the 2009-10 school year. The average teacher salary was \$41,023. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.
  - Danbury ISD had 773 students in the 2009-10 school year. The average teacher salary was \$47,625. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
  - Pearland ISD had 18,198 students in the 2009-10 school year. The average teacher salary was \$48,294. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
  - Sweeny ISD had 1,934 students in the 2009-10 school year. The average teacher salary was \$49,272. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

# Attachment E

## Summary of Financial Impact

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**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED ASCEND  
PERFORMANCE MATERIALS OPERATIONS, LLC PROJECT ON  
THE FINANCES OF THE ANGLETON INDEPENDENT SCHOOL  
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY  
VALUE LIMITATION**

**January 18, 2013**

**Final Report**

**PREPARED BY**



## **Estimated Impact of the Proposed Ascend Performance Materials Operations, LLC Project on the Finances of the Angleton Independent School District under a Requested Chapter 313 Property Value Limitation**

### **Introduction**

Ascend Performance Materials Operations, LLC (Ascend) has requested that the Angleton Independent School District (AISD) 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 AISD on January 2, 2013, Ascend proposes to invest \$1.1 billion to construct a new propylene plant project in AISD.

The Ascend 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, AISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning in the 2016-17 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and after, with AISD currently levying a \$0.4152 per \$100 I&S tax rate. The full taxable value of the investment is expected to reach \$1.1 billion in the 2016-17 school year, with depreciation expected to reduce the taxable value of the project in future years.

In the case of the Ascend project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. AISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$7.6 million), with no out-year losses anticipated, based on current law.

Under the assumptions outlined below, the potential tax benefits to Ascend under a Chapter 313 agreement could reach an estimated \$72.8 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

## School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but requires some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 815 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 209 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. As a result of these changes, the number of ASATR districts fell to 421, with an estimated 603 formula districts in operation.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy. In the case of the Ascend project, it appears that ASATR funding is only a factor for AISD in the 2016-17 school year, when the \$30 million value limitation takes effect.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Ascend project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

### **Underlying Assumptions**

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Ascend project are factored into the base model used here. The impact of the limitation value for the proposed Ascend project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 5,925 students in average daily attendance (ADA) in analyzing the effects of the Ascend project on the finances of AISD. The District's local tax base reached \$2.23 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. AISD has estimated state property wealth per weighted ADA or WADA of approximately \$283,882 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for AISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Ascend facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Ascend value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue

protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, AISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$7,572,324). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. The formula loss of \$7.5 million cited above between the base and the limitation models is based on an assumption of \$10.8 million in M&O tax savings for Ascend when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, a \$3.5 million increase in ASATR funding offsets a significant amount of the AISD reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses little if any financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings under the value limitation in the first year that the \$30 million value limitation takes effect.

The Comptroller's state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. The Comptroller's Property Tax Assistance Division makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

### **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$75.5 million over the life of the agreement. In addition, Ascend would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$4.8 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key AISD revenue losses are expected to total approximately -\$7.5 million in the first limitation year under the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$72.8 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Ascend under the value limitation agreement for the remaining years that the limitation is in effect.

### **Facilities Funding Impact**

The Ascend project remains fully taxable for debt services taxes, with AISD currently levying a \$0.4152 per \$100 I&S rate. The value of the Ascend project is expected to add nearly 50 percent to the tax base of AISD, which should provide substantial help in meeting the District's debt service needs. Once the peak project value is on the local tax roll, current debt service needs could be met with a 12 to 13 cent reduction in the current I&S tax rate.

The Ascend project is not expected to have a significant impact on AISD in terms of enrollment. While 100 permanent jobs are expected once the Ascend plant is in operation, highway access to the Angleton area provides potential employees with a variety of housing options outside of the boundaries of AISD. Continued expansion of the project and related development could result in an increase in the school-age population, but this project is unlikely to have a significant impact on a stand-alone basis.

### **Conclusion**

The proposed Ascend propylene plant project enhances the tax base of AISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$72.8 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of AISD in meeting its future debt service obligations.

**Table 1 – Base District Information with Ascend Performance Materials Operations LLC 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
Pre-Year 1	2013-14	5,925.00	7,694.37	\$1.0400	\$0.4152	\$2,231,720,213	\$2,231,720,213	\$2,184,296,191	\$2,184,296,191	\$283,882	\$283,882
1	2014-15	5,925.00	7,694.37	\$1.0400	\$0.4152	\$2,344,937,335	\$2,344,937,335	\$2,184,296,191	\$2,184,296,191	\$283,882	\$283,882
2	2015-16	5,925.00	7,811.54	\$1.0400	\$0.4152	\$2,640,876,610	\$2,640,876,610	\$2,297,513,313	\$2,297,513,313	\$294,118	\$294,118
3	2016-17	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,302,691,523	\$2,261,720,213	\$2,593,452,588	\$2,593,452,588	\$332,003	\$332,003
4	2017-18	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,263,981,786	\$2,261,720,213	\$3,255,267,501	\$2,214,296,191	\$416,726	\$283,465
5	2018-19	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,235,360,646	\$2,261,720,213	\$3,216,557,764	\$2,214,296,191	\$411,770	\$283,465
6	2019-20	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,194,816,249	\$2,261,720,213	\$3,187,936,624	\$2,214,296,191	\$408,106	\$283,465
7	2020-21	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,153,463,668	\$2,261,720,213	\$3,147,392,227	\$2,214,296,191	\$402,916	\$283,465
8	2021-22	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,111,496,243	\$2,261,720,213	\$3,106,039,646	\$2,214,296,191	\$397,622	\$283,465
9	2022-23	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,068,627,877	\$2,261,720,213	\$3,064,072,221	\$2,214,296,191	\$392,250	\$283,465
10	2023-24	5,925.00	7,811.54	\$1.0400	\$0.4152	\$3,024,947,310	\$2,261,720,213	\$3,021,203,855	\$2,214,296,191	\$386,762	\$283,465
11	2024-25	5,925.00	7,811.54	\$1.0400	\$0.4152	\$2,969,744,485	\$2,969,744,485	\$2,977,523,288	\$2,214,296,191	\$381,170	\$283,465
12	2025-26	5,925.00	7,811.54	\$1.0400	\$0.4152	\$2,913,780,319	\$2,913,780,319	\$2,922,320,463	\$2,922,320,463	\$374,103	\$374,103
13	2026-27	5,925.00	7,811.54	\$1.0400	\$0.4152	\$2,857,436,136	\$2,857,436,136	\$2,866,356,297	\$2,866,356,297	\$366,939	\$366,939
14	2027-28	5,925.00	7,811.54	\$1.0400	\$0.4152	\$2,800,540,094	\$2,800,540,094	\$2,810,012,114	\$2,810,012,114	\$359,726	\$359,726
15	2028-29	5,925.00	7,811.54	\$1.0400	\$0.4152	\$2,743,436,520	\$2,743,436,520	\$2,753,116,072	\$2,753,116,072	\$352,442	\$352,442

\*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

**Table 2 – “Baseline Revenue Model”--Project Value Added with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$20,712,689	\$16,777,065	\$0	\$0	\$0	\$2,119,746	\$1,566,126	\$0	\$41,175,625
1	2014-15	\$21,759,469	\$16,777,065	\$0	\$0	\$0	\$2,226,874	\$1,645,275	\$0	\$42,408,683
2	2015-16	\$24,495,660	\$16,262,244	\$0	\$0	\$0	\$2,506,897	\$1,700,463	\$0	\$44,965,265
3	2016-17	\$30,614,656	\$13,470,213	\$0	\$0	\$0	\$3,133,118	\$1,569,874	-\$42,435	\$48,745,427
4	2017-18	\$30,256,754	\$7,226,339	\$0	\$0	\$0	\$3,096,491	\$844,882	-\$259,824	\$41,164,642
5	2018-19	\$29,992,130	\$7,591,545	\$0	\$0	\$0	\$3,069,409	\$870,526	-\$247,366	\$41,276,243
6	2019-20	\$29,617,265	\$7,861,570	\$0	\$0	\$0	\$3,031,045	\$884,274	-\$236,681	\$41,157,473
7	2020-21	\$29,234,928	\$8,244,085	\$0	\$0	\$0	\$2,991,916	\$908,053	-\$222,773	\$41,156,209
8	2021-22	\$28,846,906	\$8,634,225	\$0	\$0	\$0	\$2,952,206	\$932,355	-\$208,607	\$41,157,085
9	2022-23	\$28,450,555	\$9,030,165	\$0	\$0	\$0	\$2,911,643	\$956,921	-\$194,216	\$41,155,068
10	2023-24	\$28,046,694	\$9,434,606	\$0	\$0	\$0	\$2,870,312	\$982,031	-\$179,529	\$41,154,115
11	2024-25	\$27,536,300	\$9,846,709	\$0	\$0	\$0	\$2,818,078	\$1,003,995	-\$163,979	\$41,041,104
12	2025-26	\$27,018,868	\$10,367,518	\$0	\$0	\$0	\$2,765,124	\$1,036,197	-\$145,151	\$41,042,556
13	2026-27	\$26,497,922	\$10,895,511	\$0	\$0	\$0	\$2,711,810	\$1,068,962	-\$126,090	\$41,048,115
14	2027-28	\$25,971,873	\$11,427,088	\$0	\$0	\$0	\$2,657,974	\$1,101,868	-\$106,897	\$41,051,907
15	2028-29	\$25,443,906	\$11,963,872	\$0	\$0	\$0	\$2,603,941	\$1,135,218	-\$87,534	\$41,059,404

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$20,712,689	\$16,777,065	\$0	\$0	\$0	\$2,119,746	\$1,566,126	\$0	\$41,175,625
1	2014-15	\$21,759,469	\$16,777,065	\$0	\$0	\$0	\$2,226,874	\$1,645,275	\$0	\$42,408,683
2	2015-16	\$24,495,660	\$16,262,244	\$0	\$0	\$0	\$2,506,897	\$1,700,463	\$0	\$44,965,265
3	2016-17	\$20,990,062	\$13,470,213	\$3,517,450	\$0	\$0	\$2,148,133	\$1,076,339	-\$29,094	\$41,173,103
4	2017-18	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
5	2018-19	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
6	2019-20	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
7	2020-21	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
8	2021-22	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
9	2022-23	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
10	2023-24	\$20,990,062	\$17,047,353	\$0	\$0	\$0	\$2,148,133	\$1,592,600	\$0	\$41,778,148
11	2024-25	\$27,536,300	\$17,047,353	\$0	\$0	\$0	\$2,818,078	\$2,089,289	\$0	\$49,491,021
12	2025-26	\$27,018,868	\$10,367,518	\$0	\$0	\$0	\$2,765,124	\$1,036,197	-\$145,151	\$41,042,556
13	2026-27	\$26,497,922	\$10,895,511	\$0	\$0	\$0	\$2,711,810	\$1,068,962	-\$126,090	\$41,048,115
14	2027-28	\$25,971,873	\$11,427,088	\$0	\$0	\$0	\$2,657,974	\$1,101,868	-\$106,897	\$41,051,907
15	2028-29	\$25,443,906	\$11,963,872	\$0	\$0	\$0	\$2,603,941	\$1,135,218	-\$87,534	\$41,059,404

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$9,624,594	\$0	\$3,517,450	\$0	\$0	-\$984,986	-\$493,535	\$13,341	-\$7,572,324
4	2017-18	-\$9,266,692	\$9,821,014	\$0	\$0	\$0	-\$948,358	\$747,718	\$259,824	\$613,506
5	2018-19	-\$9,002,067	\$9,455,808	\$0	\$0	\$0	-\$921,276	\$722,074	\$247,366	\$501,905
6	2019-20	-\$8,627,203	\$9,185,783	\$0	\$0	\$0	-\$882,912	\$708,326	\$236,681	\$620,675
7	2020-21	-\$8,244,866	\$8,803,268	\$0	\$0	\$0	-\$843,783	\$684,546	\$222,773	\$621,939
8	2021-22	-\$7,856,844	\$8,413,128	\$0	\$0	\$0	-\$804,073	\$660,245	\$208,607	\$621,063
9	2022-23	-\$7,460,493	\$8,017,188	\$0	\$0	\$0	-\$763,510	\$635,679	\$194,216	\$623,080
10	2023-24	-\$7,056,632	\$7,612,747	\$0	\$0	\$0	-\$722,179	\$610,568	\$179,529	\$624,033
11	2024-25	\$0	\$7,200,644	\$0	\$0	\$0	\$0	\$1,085,294	\$163,979	\$8,449,917
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the Ascend Performance Materials Operations LLC Project Property Value Limitation Request Submitted to AISD at 1.04 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	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$113,217,122	\$113,217,122	\$0	\$1.040	\$1,177,458	\$1,177,458	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$409,156,397	\$409,156,397	\$0	\$1.040	\$4,255,227	\$4,255,227	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$1,070,971,310	\$30,000,000	\$1,040,971,310	\$1.040	\$11,138,102	\$312,000	\$10,826,102	\$0	\$10,826,102	-\$7,572,324	\$3,253,778
4	2017-18	\$1,032,261,573	\$30,000,000	\$1,002,261,573	\$1.040	\$10,735,520	\$312,000	\$10,423,520	\$686,955	\$11,110,475	\$0	\$11,110,475
5	2018-19	\$1,003,640,433	\$30,000,000	\$973,640,433	\$1.040	\$10,437,861	\$312,000	\$10,125,861	\$686,955	\$10,812,815	\$0	\$10,812,815
6	2019-20	\$963,096,036	\$30,000,000	\$933,096,036	\$1.040	\$10,016,199	\$312,000	\$9,704,199	\$686,955	\$10,391,154	\$0	\$10,391,154
7	2020-21	\$921,743,455	\$30,000,000	\$891,743,455	\$1.040	\$9,586,132	\$312,000	\$9,274,132	\$686,955	\$9,961,087	\$0	\$9,961,087
8	2021-22	\$879,776,030	\$30,000,000	\$849,776,030	\$1.040	\$9,149,671	\$312,000	\$8,837,671	\$686,955	\$9,524,626	\$0	\$9,524,626
9	2022-23	\$836,907,664	\$30,000,000	\$806,907,664	\$1.040	\$8,703,840	\$312,000	\$8,391,840	\$686,955	\$9,078,795	\$0	\$9,078,795
10	2023-24	\$793,227,097	\$30,000,000	\$763,227,097	\$1.040	\$8,249,562	\$312,000	\$7,937,562	\$686,955	\$8,624,517	\$0	\$8,624,517
11	2024-25	\$738,024,272	\$738,024,272	\$0	\$1.040	\$7,675,452	\$7,675,452	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$682,060,106	\$682,060,106	\$0	\$1.040	\$7,093,425	\$7,093,425	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$625,715,923	\$625,715,923	\$0	\$1.040	\$6,507,446	\$6,507,446	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$568,819,881	\$568,819,881	\$0	\$1.040	\$5,915,727	\$5,915,727	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$511,716,307	\$511,716,307	\$0	\$1.040	\$5,321,850	\$5,321,850	\$0	\$0	\$0	\$0	\$0
<b>Total</b>						<b>\$115,963,470</b>	<b>\$40,442,584</b>	<b>\$75,520,885</b>	<b>\$4,808,685</b>	<b>\$80,329,570</b>	<b>-\$7,572,324</b>	<b>\$72,757,246</b>
<b>Tax Credit for Value Over Limit in First 2 Years</b>								<b>Year 1</b>	<b>Year 2</b>	<b>Max Credits</b>		
								\$865,458	\$3,943,227	\$4,808,685		
								Credits Earned		\$4,808,685		
								Credits Paid		<u>\$4,808,685</u>		
								Excess Credits Unpaid		\$0		

**\*Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

# Attachment F

## Taxable Value of Property



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2012 ISD Summary Worksheet

### 020/Brazoria

### 020-902/Angleton ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	874,338,853	1.0092	866,368,265	874,338,853
B. Multi-Family Residences	23,777,194	N/A	23,777,194	23,777,194
C. Vacant Lots	66,027,330	N/A	66,027,330	66,027,330
D. Rural Real(Taxable)	115,855,666	.9541	121,425,573	115,855,666
F1. Commercial Real	151,952,369	1.0176	149,324,262	151,952,369
F2. Industrial Real	652,146,100	N/A	652,146,100	652,146,100
G. Oil, Gas, Minerals	32,352,068	N/A	32,352,068	32,352,068
J. Utilities	105,178,060	.9339	112,622,401	105,178,060
L1. Commercial Personal	71,412,890	.9860	72,426,866	71,412,890
L2. Industrial Personal	417,892,160	N/A	417,892,160	417,892,160
M. Other Personal	11,043,810	N/A	11,043,810	11,043,810
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	5,399,120	N/A	5,399,120	5,399,120

S. Special Inventory	7,803,440	N/A	7,803,440	7,803,440
Subtotal	2,535,179,060		2,538,608,589	2,535,179,060
Less Total Deductions	308,996,885		307,032,367	308,996,885
Total Taxable Value	2,226,182,175		2,231,576,222	2,226,182,175 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	96,754,276	.9239	104,723,754
Prod Value Qualified Acres	19,101,390	1.1437	16,701,819
Taxable Value	115,855,666		121,425,573

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
2,296,663,054	2,226,182,175	2,296,663,054	2,226,182,175	2,226,989,830	2,226,989,830

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
70,480,879	0

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

exemption

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
2,296,663,054	2,226,182,175	2,296,663,054	2,226,182,175	2,226,989,830	2,226,989,830

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

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

# Attachment G

## Participation Agreement

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

---

by and between

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

and

**ASCEND PERFORMANCE MATERIALS OPERATIONS, LLC**  
*(Texas Taxpayer ID # 32039425957)*

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TEXAS COMPTROLLER APPLICATION NO. 263

Dated

August 5, 2013

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

*STATE OF TEXAS* §

*COUNTY OF BRAZORIA* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **ANGLETON INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **ASCEND PERFORMANCE MATERIALS OPERATIONS, LLC** (*Texas Taxpayer ID # 32039425957*), hereinafter collectively referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on November 13, 2012, the Superintendent of Schools of the Angleton Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property ("Application"), pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on November 13, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Ascend Performance Materials Operations, LLC, (*Texas Taxpayer ID # 32039425957*) on January 2, 2013, the Superintendent acknowledged receipt of the complete Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

**WHEREAS**, on January 2, 2013 the Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code §313.025(d); and,

**WHEREAS**, on January 18, 2013, the Comptroller deemed the application complete, but indicated that certain information contained in the application was insufficient for the office to adequately complete the economic impact report required under Texas Tax Code §313.026.

**WHEREAS**, on February 27, 2013, the Superintendent of Schools of the Angleton Independent School District, acting as agent of the Board of Trustees, received from the Applicant Supplemental Application Materials for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on February 27, 2013 pursuant to a request for further information from the Comptroller's Office, the Supplemental Application Materials were delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code §313.025(d); and,

**WHEREAS**, the Comptroller has established January 18, 2013 as the completed Application date; and,

**WHEREAS**, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Brazoria County Appraisal District established in Brazoria County, Texas (the "Brazoria County Appraisal District"), pursuant to Texas Tax Code §6.01; and,

**WHEREAS**, the Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.025(d), and, on April 16, 2013, the Comptroller, via letter, recommended that the Application be approved; and,

**WHEREAS**, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at the August 5, 2013 public hearing held in connection with the Board of Trustee's consideration of the Application; and,

**WHEREAS**, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code §313.026 and has carefully considered such The Comptroller's positive recommendation for the project; and,

**WHEREAS**, on May 31, 2013, the District, at the request of Applicant, granted an extension of time to Ascend Performance Materials Operations, LLC, in accordance with Texas Tax Code § 313.025(b) for final action upon the pending application until December 30, 2013; and,

**WHEREAS**, on August 5, 2013, 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; and,

**WHEREAS**, on August 5, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code §313.025(e) has been met; and,

**WHEREAS**, on August 5, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is

consistent with the minimum values set out by Texas Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

*WHEREAS*, on August 2, 2013, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Texas Comptroller of Public Accounts reviewed this Agreement and reaffirmed the recommendation previously made on April 16, 2013 that the Application be approved: and,

*WHEREAS*, on August 5, 2013, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

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

## ARTICLE I

### AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

#### Section 1.1. 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 Texas Tax Code §313.027.

#### Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that The Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of August 5, 2013 and ending on December 31, 2015 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). The Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this

Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year Commencing on date of Board approval (08/05/13)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date (08/05/13). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017-20	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.

**Agreement for Limitation on Appraised Value**

Between Angleton Independent School District and Ascend Performance Materials Operations, LLC

TEXAS COMPTROLLER APPLICATION NO. 263

August 5, 2013

Page 5

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
10	January 1, 2023	2023-24	2023	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

**Section 1.3. DEFINITIONS**

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“*Act*” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“*Affiliate*” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“*Affiliated Group*” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any year of this Agreement, the cumulative total of the Annual Limit amount for the current year and all previous years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

“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 based upon the District’s Average Daily Attendance. The Annual Limit shall first be computed for tax year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” Ascend Performance Materials Operations, LLC, (Texas Taxpayer ID # 32039425957), listed in the Preamble of this Agreement who, on January 2, 2013, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, and on February 27, 2013, filed Supplemental Application Materials with the District. The term “Applicant” shall also include the Applicants’ assigns, Affiliates and successors-in-interest and their direct and indirect subsidiaries.

“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 the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Original 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 January 2, 2013, and the Supplemental Application Materials filed with the District on February 27, 2013, which have collectively been certified by the Comptroller to constitute a complete final Application as of the date of January 18, 2013. 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.

“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 County Appraisal District.

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

"Commencement Date" means August 5, 2013.

"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 at Chapter 34 of the Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Brazoria County, Texas.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of the Agreement.

"District" or "School District" means the Angleton Independent School District, being a duly authorized and operating independent 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 December 31, 2026.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss,

interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means after the development and construction of the project described in the Application and in the description of Qualified Investment/Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered: (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth in its Application by the Applicant, and the retention of the highest number of New Jobs and Qualifying Jobs set forth in its Application through the Final Termination Date of this Agreement.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code §45.002 and Article VII §3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Tax Benefit" means, (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313 of the Texas Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means the total number of jobs, defined by 34 Texas Administrative Code §9.1051, which the Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Texas Tax Code §313.024(d), Eighty Percent (80%), of all New Jobs created by the Applicant on the project shall also be Qualifying Jobs, as defined below.

"Party" has the meaning set forth in the Preamble to this Agreement.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application, which meet the requirements of Texas Tax Code §313.021(3).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the Commencement Date of August 5, 2013 and ends on December 31, 2015.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Stipulated Supplemental Payment Amount" shall have the meaning assigned to such term in Section 4.2(a).

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Chapter 313 of the Texas Tax Code. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between the Applicant and the District and any subsequent amendments or assignments, any school district written finding or

report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

“Tax Credit” means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code §313.103 and the duly adopted administrative rules.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant’s Qualified Investment for the District’s maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant’s Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052.

“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.

“Texas Education Agency Rules” means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313 of the Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

## ARTICLE II

### PROPERTY DESCRIPTION

#### Section 2.1. LOCATION WITHIN A QUALIFIED ENTERPRISE ZONE

The Applicant’s Qualified Property upon which the Applicant’s Qualified Investment will be located is within an area designated as an enterprise zone under Chapter 2303 of the

Texas Government Code. The County of Brazoria certified that the property on which the Applicant's Qualified Property is located within the Enterprise Zone. A copy of the resolution is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

### **Section 2.2. LOCATION OF QUALIFIED PROPERTY**

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is 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** without the express authorization of each of the Parties.

### **Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2, above, and the definition of Qualifying Time Period set forth in Section 1.3, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by the Applicant; 2) was first placed in service after January 18, 2013, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the Applicant requests that the limitation apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

**Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY**

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Qualified Property located on the land described in EXHIBIT 2; upon a reasonable request in writing of the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to the Agreement. Such Qualified Property list shall be provided within 60 days.

**Section 2.5. QUALIFYING USE**

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

**Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as the Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment 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 Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code §313.052.

**ARTICLE III**

**PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 3.1. INTENT OF THE PARTIES**

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its

Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

### **Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT**

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the formulae set forth in the following formulae:

The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax at the District-adopted tax rate for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).

- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

### **Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES**

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) subject to Section 3.6, all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project 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.
- (c) any other loss of District revenues which are, or may be attributable to the payment by the Applicant to or on behalf of any other third party beneficiary.

### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the

Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

### **Section 3.5. DATA USED FOR CALCULATIONS**

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Brazoria County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. 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 Brazoria County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

### **Section 3.6. DELIVERY OF CALCULATIONS**

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, or under Section 5.1 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. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

### **Section 3.7. PAYMENT BY APPLICANT**

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or

financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement 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. In Tax Years 2016, 2017, and 2018, the Applicant will be responsible for the payment of any total expenses under this Section and Section 3.6, above, up to Fifteen Thousand Dollars (\$15,000.00). In all other years during which this Agreement is effective, the Applicant will be responsible for the payment of any total expenses under this Section and Section 3.6, above, not to exceed Ten Thousand Dollars (\$10,000.00).

### **Section 3.8. RESOLUTION OF DISPUTES**

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

### **Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT**

In the event that, at the time the Third Party selected under Section 3 or 4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the County Appraisal District.

In the event that the result of an appraisal 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 a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-party within thirty (30) days of the receipt of the new calculations from the Third Party.

### **Section 3.10. EFFECT OF STATUTORY CHANGES**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory

change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State for maintenance and operations purposes, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District 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 the District.

## **ARTICLE IV**

### **Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS**

In interpreting the provisions of Article IV, the Parties agree as follows:

(a) **Amounts Exclusive of Indemnity Amounts**

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, 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 IV. 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 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(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 IV, shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i) unless that limit is increased by the Legislature at a future date.

### **Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT**

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the least amount which would be due to the District under any of the following two Subsections:

- (a) the Applicant's Stipulated Supplemental Payment Amount, defined as fifteen percent (15%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above; or,
- (b) the Aggregate Limit, as the term is defined in Section 1.3, above.

**Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT**

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2016), the Stipulated Supplemental Payment amount, described in Section 4.2 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;

*Plus,*

Any Tax Credit received by the Applicant with respect to such Tax Year;

*Minus,*

Any amounts previously paid to the District under Article III;

*Multiplied by,*

The number 0.15;

*Minus,*

Any amounts previously paid to the District under Sections 4.2 and 4.3 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 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

**Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT**

For each year of this Agreement, beginning with year three (Tax Year 2016) and continuing thereafter through year thirteen (Tax Year 2026), the District, or its Successor Beneficiary, should one be designated under Section 4.6 below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit, defined in Section 1.3, above.

If, for any year of this Agreement the payment of the Applicant's Stipulated Supplemental Payment amount, calculated under sections 4.2 and 4.3 above, exceeds the Aggregate Limit for that year, the difference between the Stipulated Supplemental Payment amount and the Aggregate Limit, shall be carried forward from year-to-year into subsequent years of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2026), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law.

**Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

- (a) All calculations required by this Article, including but not limited to: (i) the calculation of the 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 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 3.4.

- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

#### **Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 6.1, below. Such designation may be rescinded by the District's Board of Trustees, by Board action, at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

### **ARTICLE V**

#### **ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

##### **SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS**

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement beginning after the 2016 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid or due to be paid by the Applicant to the District for the current Tax Year together with the taxes due or paid for prior Tax Years of the Agreement, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such current and all preceding Tax Years, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such current and all preceding Tax Years (determined by using the District's actual maintenance and operations tax rate for each applicable 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 Section 3.4, 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 III and IV shall be reduced until such excess is eliminated.

#### **Section 5.2. OPTION TO CANCEL AGREEMENT**

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 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. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

### **ARTICLE VI**

#### **TAX CREDITS**

##### **Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS**

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

##### **Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS**

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and either Comptroller and/or Texas Education Agency Rules.

##### **Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES**

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the

District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

## **ARTICLE VII**

### **ADDITIONAL OBLIGATIONS OF APPLICANT**

#### **Section 7.1. DATA REQUESTS**

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Brazoria County Appraisal District to have reasonable access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code §22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less than 3 Business Days 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. 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 Brazoria County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

#### **Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES**

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

#### **Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE**

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District 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 (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Chapter 313 of the Texas Tax Code, throughout the value limitation and tax-credit settle-up periods.

**Section 7.4. 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 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. 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 interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. 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.

#### **Section 7.5. CALCULATION OF PENALTY AND INTEREST**

In determining the amount of interest due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each applicable Tax. The District shall calculate interest for each applicable Tax Year 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 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

In the event the liquidated damages are not paid by February 1 of the calendar year following the Tax Year where the breach occurred, penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute.

#### **Section 7.6 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:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of Qualifying Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by the Applicant on the project as Qualifying Jobs.

- (g) Applicant makes 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 III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or in consideration of this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Texas Tax Code are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

#### **Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH**

In accordance with the provisions of Texas Tax Code §313.0275, for any full tax year which commences after the project has become operational, the Applicant may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for the particular Tax Year of non-compliance only, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

#### **Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT**

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material 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 material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/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 whether or not a material breach of this

Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any interest under Section 7.5 that are owed to the District.

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.").

### **Section 7.9. DISPUTE RESOLUTION**

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) 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 ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.8, 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

#### **Section 7.10. 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 greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

#### **Section 7.11. BINDING ON SUCCESSORS**

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.

### **ARTICLE VIII**

#### **MISCELLANEOUS PROVISIONS**

#### **Section 8.1. INFORMATION AND NOTICES**

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 transmission, with "answer back" or other "advice 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 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.

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

Dr. Patricia Montgomery, Superintendent  
ANGLETON INDEPENDENT SCHOOL DISTRICT  
1900 North Downing Road

Angleton, Texas 77515  
Fax: (979) 864-8070  
Email: DrPat@angletonisd.net

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

Notices to the Applicant shall be addressed to:

Andrew Ralston  
**ASCEND PERFORMANCE MATERIALS OPERATIONS, LLC**  
600 Travis Street, Suite 300  
Houston, Texas 77002  
Fax: (713) 315-5828  
Email: sarals@ascendmaterials.com

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

**Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT**

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees.
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

**Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS**

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the

Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

#### **Section 8.4. ASSIGNMENT**

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Chapter 313 of the Texas Tax Code shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

#### **Section 8.5. 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 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS**

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Brazoria County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

#### **Section 8.7. 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 Brazoria County, Texas.

**Section 8.8. 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 8.9. 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 to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 8.10. 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 8.11. INTERPRETATION**

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement

has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

#### **Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all information, facts, and representations contained therein are true and correct. The Parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative Code §9.1053(f)(2)(K).

#### **Section 8.14. 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; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Texas Tax Code §313.103, as follows:

- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. 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 Texas Tax Code §313.028.

<sup>=</sup>  
*IN WITNESS WHEREOF*, this Agreement has been executed by the Parties in multiple originals on this 5th day of August 2013.

**THE APPLICANT:**

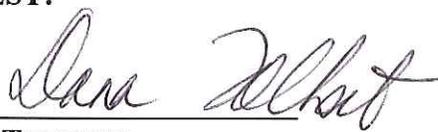
**Ascend Performance Materials  
Operations, LLC**

**ANGLETON INDEPENDENT SCHOOL  
DISTRICT**

By:   
Name: BARRY PENNEY  
Title: VICE PRESIDENT - ISC  
Date Signed: AUG 27, 2013

By:   
**DON THOMPSON**  
President  
Board of Trustees

**ATTEST:**

By:   
**DANA TOLBERT**  
Secretary  
Board of Trustees

**EXHIBIT 1**

**DESCRIPTION OF QUALIFIED REINVESTMENT ZONE**

The *Ascend Performance Materials Operations Reinvestment Zone* was originally created on February 26, 2013 by action of the Brazoria County Commissioners Court. A map of *Ascend Performance Materials Operations Reinvestment Zone* is attached below to this **Exhibit 1**.

As a result of the action of the Brazoria County Commissioners Court, *Ascend Performance Materials Operations Reinvestment Zone* include real property within Brazoria County, Texas, more specifically the property tracts listed on the chart also attached to this **Exhibit 1**.

Ascend Performance Materials, LLC  
72.801 Acres

Perry and Austin League No. 2  
Abstract No. 107

STATE OF TEXAS           §

COUNTY OF BRAZORIA   §

METES AND BOUNDS DESCRIPTION of a 72.801-acre tract in the Perry and Austin League No. 2, Abstract No. 107, Brazoria County, Texas. Said 72.801-acre tract is in a 3,000 acre tract described in a deed to Ascend Performance Materials, LLC as recorded in Clerk's File No. 2009024556 in the Brazoria County Clerk's Office and is more particularly described by metes and bounds as follows:

COMMENCING at the most northerly corner of said Perry and Austin League No. 2, Abstract No. 107, same being the most northerly corner of said 3,000 acre tract and is also the most southerly west corner of the Perry and Austin League No. 7, Abstract No. 110 and is on the southeasterly line of the Perry and Austin 1-3/4 League, Abstract No. 37;

THENCE, along the northwesterly line of said 3,000 acre tract with the following courses and distances:

North 89°57'33" West, for a distance of 2,338.36 feet;

South 53°42'57" West, for a distance of 888.14 feet;

South 64°53'27" West, for a distance of 2,001.97 feet;

South 67°08'33" West, for a distance of 2,650.90 feet;

South 67°19'24" West, for a distance of 566.87 feet;

South 22°40'36" East, at right angles to said northwesterly line for a distance of 507.80 feet to a 5/8-inch iron set in a fence line for the POINT OF BEGINNING and northeasterly corner of the herein described 72.801 acre tract, (Plant Coordinates: North 8,145.12', West 0.69);

THENCE, South 00°00'03" West, along said fence line for a distance of 1,632.52 feet to a 5/8-inch iron rod set on the southerly edge of an asphalt road for the most easterly southeast corner of the herein described tract;

THENCE, South 89°58'51" West, along the south edge of said paving for a distance of 434.59 feet to a pk nail set in the easterly edge of paving of First Street, said point is an interior corner of the herein described tract;

THENCE, South 00°25'14" West, along the easterly edge of said paving of First Street for a distance of 405.41 feet to a 5/8-inch iron rod set in the southerly edge of paving of an asphalt road;

THENCE, North 89°55'33" West, along the southerly edge of said asphalt paving for a distance of 698.93 feet to an "X" cut in concrete in the easterly edge of paving of Second Street;

THENCE, South 00°08'44" East, along the easterly edge of paving of said Second Street for a distance of 238.18 feet to a 5/8-inch iron rod set in the northerly edge of paving of "G" Street;

THENCE, North 89°56'49" West, along the northerly line of said "G" Street for a distance of 960.79 feet to a pk nail set for the southwesterly corner of the herein described 72.801 acre tract, said point is the point of intersection of easterly edge of paving of Seventh Street, with the northerly edge of paving of "G" Street

THENCE, North 00°07'02" East, along the projected easterly edge of pavement of said Seventh Street for a distance of 1,479.89 feet to a 5/8-inch iron rod set in the south line of an 80-foot wide Houston Lighting and Power Company easement as recorded in Volume 805, Page 455 in the Brazoria County Deed Records, said point is the most westerly northwest corner of the herein described tract;

THENCE, South 89°57'33" East, along the south line of said 80-foot wide easement, for a distance of 1,443.66 feet to a 5/8-inch iron rod set for an interior corner of the herein described tract;

THENCE, North 00°00'03" East, for a distance of 796.06 feet to a 5/8-inch iron rod set for the most northerly northwest corner of the herein described tract;

THENCE, South 89°57'33" East, along the north line of the herein described tract for a distance of 650.00 feet to POINT OF BEGINNING; containing a computed area of 72.801 acres (3,171,206 square feet).

**NOTES:**

1. The bearings and coordinate shown hereon are based on the Ascend Plant Control Monumentation System utilizing Plant Monument No. 2 (N 3519.00, W 515.00) and Plant Monument No. 5 (N 5074.00, W 515.00).
2. A separate survey map has been prepared in connection with this description.

The Wilson Survey Group, Inc.  
2006 East Broadway, Suite 103  
Pearland, Texas 77588  
(281) 485-3991  
Job No. 13-117



*Michael D. Wilson*  
Michael D. Wilson, R.P.L.S.  
Registration No. 4821

04/01/13

## **EXHIBIT 2**

### **LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

All Qualified Property owned by the Applicant and located within the boundaries of both the Angleton Independent School District and *Ascend Performance Materials Operations Reinvestment Zone* referenced in **EXHIBIT 1**, except that property which is specifically excluded in **EXHIBIT 3**, will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located within the boundaries on the maps and/or charts attached to **EXHIBIT 1** are included.

~ 70-75 Acreages

Acend Assets Rev-3

Google e

Eye alt 40

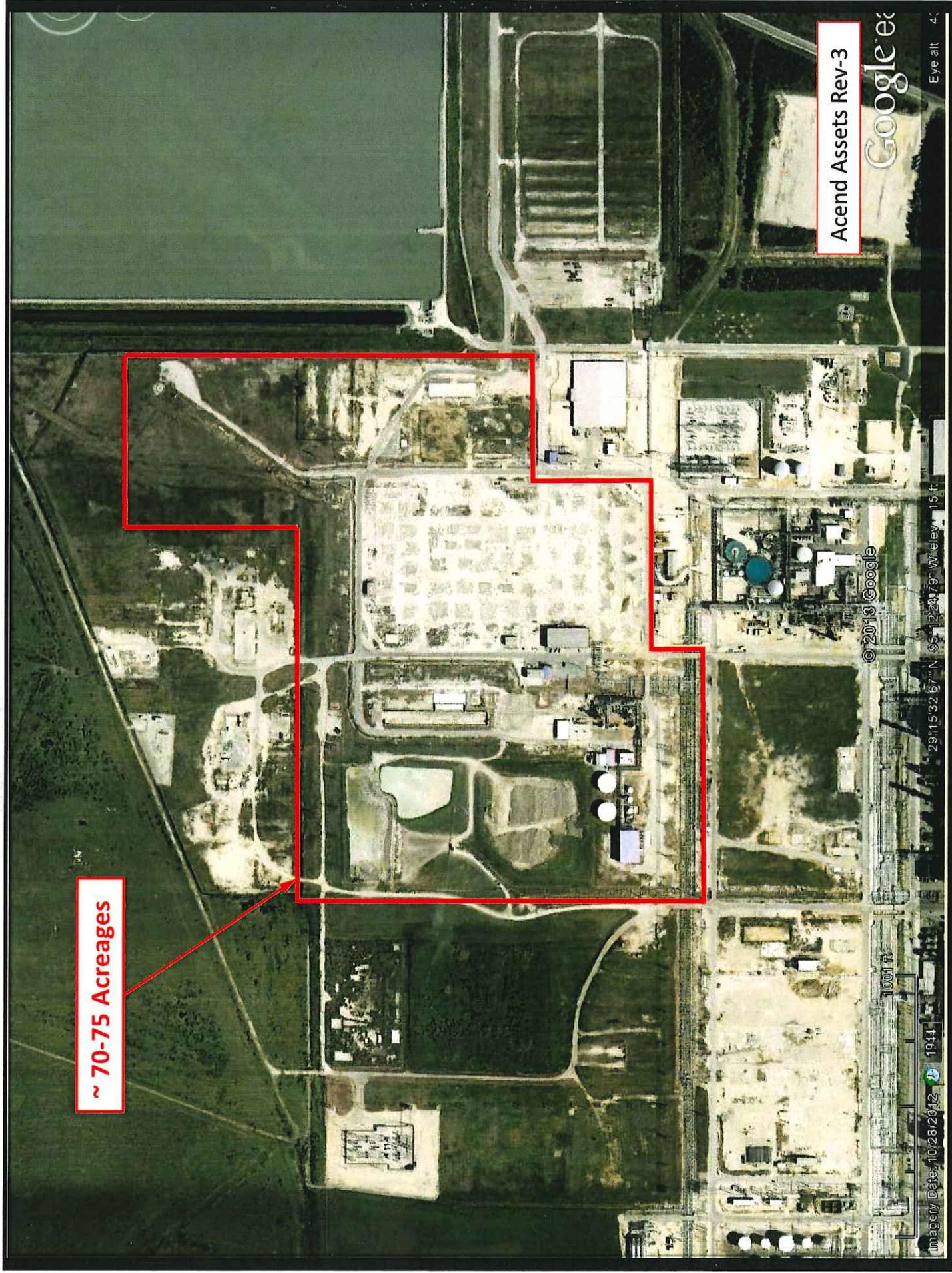
© 2013 Google

29°15'32.67" N 95°12'24.79" W elev 15 ft

1001 ft

1944

Imagery Date: 10/26/2012





### EXHIBIT 3

#### DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

Ascend plans to design and construct a fully functioning propylene plant which will use propane as the feedstock to produce propylene through a process known as propane dehydrogenation (PDH).

The planned improvements for this project include various improvements to the selected site, installation of required pipeways and utility services, and process equipment (vessels, reactors) and related foundations. The project will also include the construction of all buildings and related appurtenances and any and all other necessary equipment required to complete and continually operate the facility including, but not limited to, various other equipment including electrical and instrument systems, filters, pipes, pumps and valves.

The proposed site for Project Ascend is an industrial parcel of approximately 72 acres situated within the perimeter of the Ascend Performance Materials industrial campus.

Specifically, the project will be situated within the red perimeter of the drawing attached as the next page following this **Exhibit 3**.

Excluded from the definition of Applicant's Qualified Property and/or Applicant's Qualified Investment are improvements which pre-existed the completed application date, including, but not limited to: storage tanks, maintenance facilities, and other infrastructure. These improvements were valued by the Brazoria County Appraisal District at \$807,500, as of January 1, 2012. The Brazoria County Appraisal District Account Number for the excluded improvements is 0107-0003-000.

Only new improvements that did not exist before the application review start date are included in qualified property.

~ 70-75 Acreages

Acend Assets Rev-3

Google e

Eye alt 4

© 2013 Google

29°15'32.67" N 95°12'24.79" W elev. 15 ft

Imagery Date: 10/28/2012 19:14

