

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

January 3, 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:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Angleton Independent School District is notifying the Ascend Performance Materials Operations, LLC and its affiliates of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the Application to the school district on November 13, 2012. The Board voted to accept the application on November 13, 2012. The application has been determined complete as of January 2, 2012. Please prepare the economic impact report.

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.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

A paper copy of the application will be hand delivered to your office today. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Brazoria County Appraisal District.

Letter to Local Government Assistance & Economic Analysis Division

January 3, 2013

Page 2 of 2

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', with a stylized flourish extending to the right.

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

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

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: Kevin, Last Name: O'Hanlon, Title: Consultant, Firm Name: O'Hanlon, McCollom & Demerath, Street Address: 808 West Avenue, Mailing Address: 808 West Avenue, City: Austin, State: Tx, ZIP: 78701, Phone Number: 512-494-9949, Fax Number: 512-494-9919, E-mail Address: kohanlon@808west.com; mhanley@808west.com

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): Pat Montgomery, Date: 1/2/13

Has the district determined this application complete? [X] 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 [X] No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Table with 4 columns: Checklist, Page X of 16, Check Completed. Rows include: 1 Date application received by the ISD (1 of 16, checked), 2 Certification page signed and dated by authorized school district representative (2 of 16, checked), 3 Date application deemed complete by ISD (2 of 16, checked), 4 Certification pages signed and dated by applicant or authorized business representative of applicant (4 of 16, checked), 5 Completed company checklist (12 of 16, checked), 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, checked)



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

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

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)

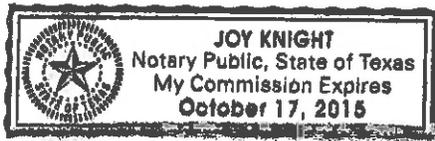
First Name Christine		Last Name Bustamante	
Title Managing Director, Global Location & Expansion Services			
Firm Name KPMG LLP			
Street Address 191 W. Nationwide Boulevard, Suite 500			
Mailing Address			
City Columbus		State OH	ZIP 43215
Phone Number (614) 249-1922		Fax Number (614) 388-5605	
Business e-mail 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.

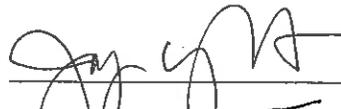
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant)) 	Date 12/20/2012
--	---------------------------

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



(Notary Seal)


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)?

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)?

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?

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?

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)?

2. Is the applicant current on all tax payments due to the State of Texas?

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?

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?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology
(7) nuclear electric power generation
(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)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

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)?

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: Brazoria County, 100% City: _____
(Name and percent of project) (Name and percent of project)

Hospital District: _____ Water District: Brazoria County C&R District #3, 100%
(Name and percent of project) (Name and percent of project)

Other (describe): Alvin Community College, 100% Other (describe): Road & Bridge Fund, 100%
(Name and percent of project) (Name and percent of project)

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.

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 [x] 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 (Market Value) 2012 (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ... [] Yes [x] 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? ... [x] 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 [x] 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. NA

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? ... [x] 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 [x] 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).

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]

Checklist Item #8 – Description of Qualified Property

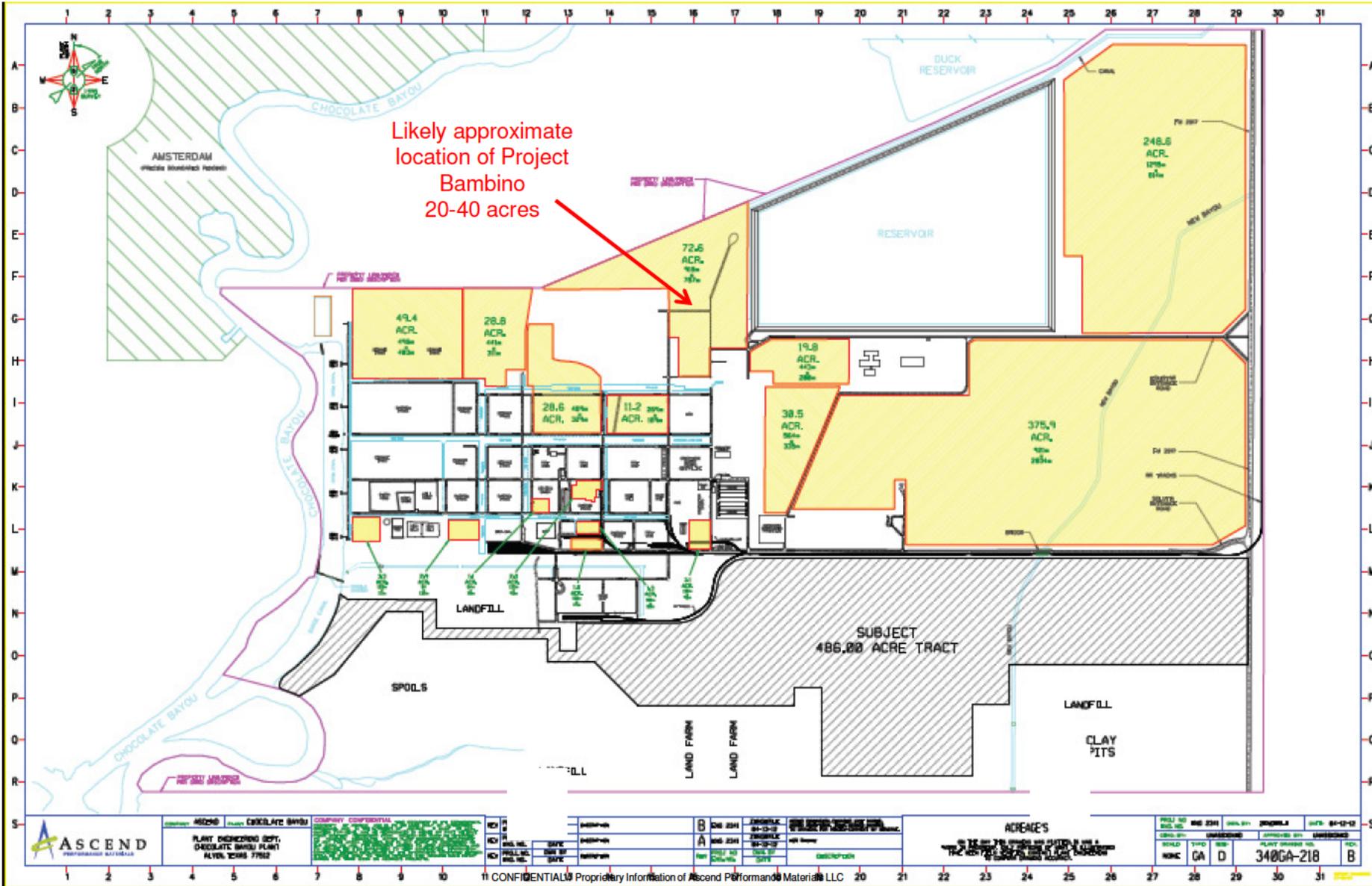
Ascend plans to design and construct a fully functioning propylene plant which will use propane as the feedstock to produce propylene through a process known as propane dehydrogenation (PDH).

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]

Chocolate Bayou



PROJECT: CHOCOLATE BAYOU
 PLAN: ENGINEERING DEPT.
 CHOCOLATE BAYOU PLAN
 ALLEN TEXAS 77602

NO.	REV.	DATE	DESCRIPTION
1	1		
2	1		
3	1		
4	1		
5	1		
6	1		
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8	1		
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24	1		
25	1		
26	1		
27	1		
28	1		
29	1		
30	1		
31	1		

AGENCE'S
 IN THE CITY OF HOUSTON, TEXAS, I HEREBY CERTIFY THAT I AM A
 THE AGENT FOR THE PROJECT AND I AM NOT PROVIDING ANY OTHER INFORMATION

PROJ. NO.	REV. NO.	DATE	DESCRIPTION	APPROVED BY	DATE
340GA-218	D				

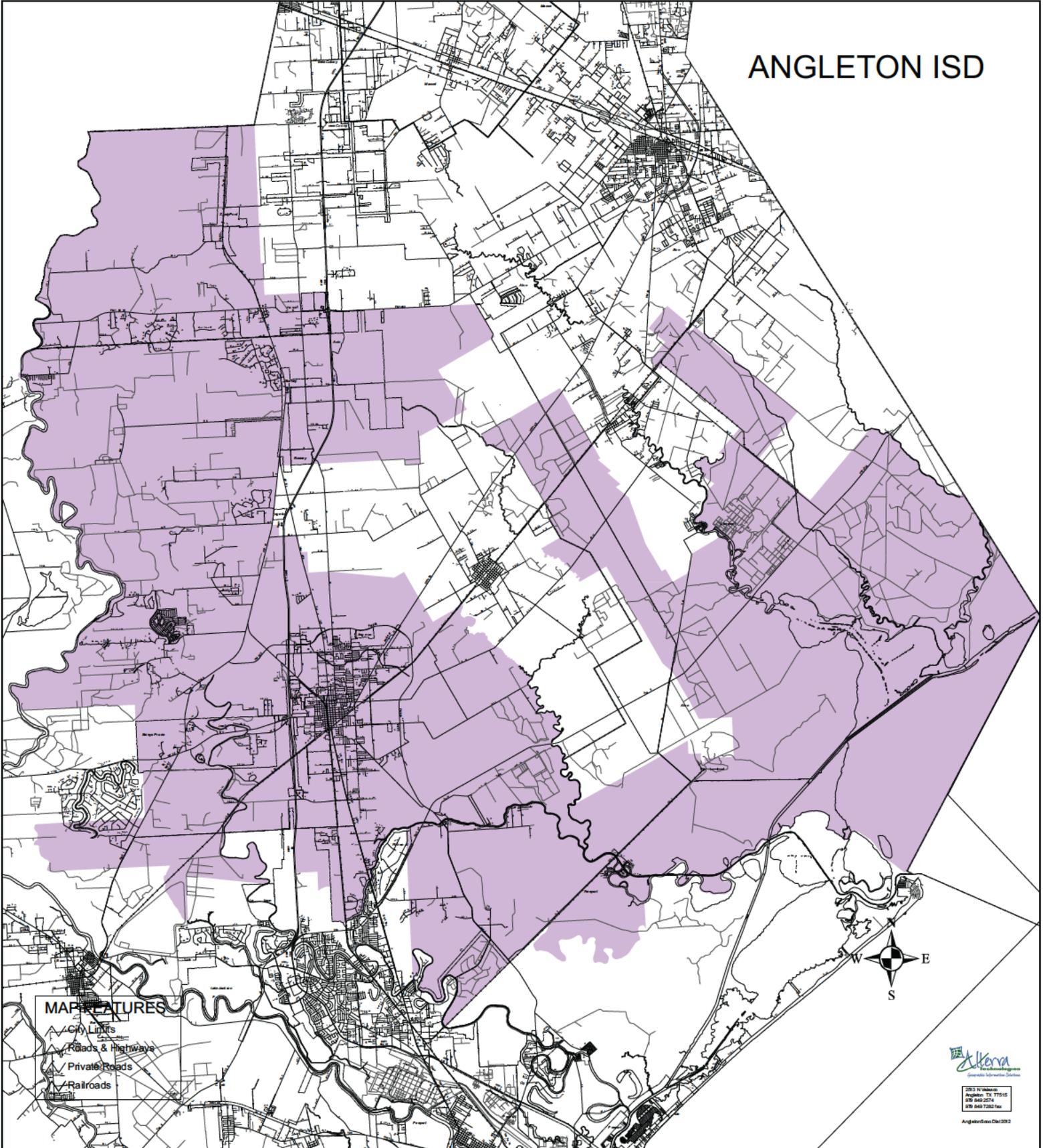
Checklist Item #10 – Description of Land

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



2013-14 Mission
Angleton, TX 77515
936.840.2714
936.840.7303 Fax
Angleton.com Dec 2012

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 which is approximately 1,900 acres.

A decision on the precise site has not yet been determined but will likely be a Brownfield parcel of a previous chemical operation. All sites under consideration which have previously hosted another operation have been dismantled of most improvements. However, there may be limited improvements (e.g., above ground site infrastructure and buildings) that will attempt to be incorporated into the proposed project. The value of these improvements is anticipated to be nominal relative to the estimated total project cost.

It is anticipated that any existing improvements will require significant refurbishment as a result of the closure of previous operations. Once a final project site is confirmed, existing improvements (if any) will be identified and valued.

Should the existing control room illustrated on Checklist Item #9 of this application be deemed suitable for reuse and incorporated into the final project, an estimated \$290,000 of existing improvements would be excluded from the value limitation agreement.¹

¹ Ascend contracted with American Appraisers to perform a valuation of the existing control room. American Appraisers estimates the current fair market value at \$290,000.

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

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: Other investment that is not qualified 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	-	226,384,244	226,384,244	-	226,384,244
	1	2014-2015	2014	-	607,977,349	60,600,000	668,577,349
	2	2015-2016	2015	-	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-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column C: 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 example 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.

Chad Kelly

12-20-2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

	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 I&S after all reductions	Final taxable value for M&O--after all reductions
	pre-year 1	2013-2014	2013	25,000	-	-	-	-	-
Complete tax years of qualifying time period	1	2014-2015	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	409,156,397
	3	2016-2017	2016	25,000	1,104,573,286	-	33,626,977	1,070,971,310	1,070,971,310
	4	2017-2018	2017	25,000	1,063,832,064	-	31,595,491	1,032,261,573	1,032,261,573
	5	2018-2019	2018	25,000	1,033,567,709	-	29,952,276	1,003,640,433	1,003,640,433
Value Limitation Period	6	2019-2020	2019	25,000	991,095,828	-	28,024,792	963,096,036	963,096,036
	7	2020-2021	2020	25,000	947,871,229	-	26,152,775	921,743,455	921,743,455
	8	2021-2022	2021	25,000	904,087,255	-	24,336,224	879,776,030	879,776,030
	9	2022-2023	2022	25,000	869,457,805	-	22,575,142	836,907,664	836,907,664
	10	2023-2024	2023	25,000	814,071,622	-	20,869,526	793,227,097	793,227,097
Credit Settle-Up Period	11	2024-2025	2024	25,000	756,927,447	-	18,928,175	738,024,272	738,024,272
	12	2025-2026	2025	25,000	699,091,263	-	17,056,157	682,060,106	682,060,106
	13	2026-2027	2026	25,000	640,944,397	-	15,253,474	625,715,923	625,715,923
Post-Settle-Up Period	14	2027-2028	2027	25,000	582,315,005	-	13,520,125	568,819,881	568,819,881
	15	2028-2029	2028	25,000	523,547,416	-	11,856,109	511,716,307	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 C- Application: Employment Information

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

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	200 FTE	55,000	35	60,000	28	60,000
	1	2014-2015	2014	600 FTE	55,000	70	60,000	56	60,000
	2	2015-2016	2015	200 FTE	55,000	100	60,000	80	60,000
	3	2016-2017	2016	-	-	100	60,000	80	60,000
	4	2017-2018	2017	-	-	100	60,000	80	60,000
	5	2018-2019	2018	-	-	100	60,000	80	60,000
	6	2019-2020	2019	-	-	100	60,000	80	60,000
	7	2020-2021	2020	-	-	100	60,000	80	60,000
	8	2021-2022	2021	-	-	100	60,000	80	60,000
	9	2022-2023	2022	-	-	100	60,000	80	60,000
	10	2023-2024	2023	-	-	100	60,000	80	60,000
	11	2024-2025	2024	-	-	100	60,000	80	60,000
	12	2025-2026	2025	-	-	100	60,000	80	60,000
	13	2026-2027	2026	-	-	100	60,000	80	60,000
	14	2027-2028	2027	-	-	100	60,000	80	60,000
	15	2028-2029	2028	-	-	100	60,000	80	60,000
Tax Credit Period (with 50% cap on credit)									
	Complete tax years of qualifying time period								
	Value Limitation Period								
	Credit Settle-Up Period								
	Post- Settle-Up Period								

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

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.

[Handwritten Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-20-2012

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	Other Property Tax Abatements Sought				
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax		County	City	Hospital	Other	
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%	0%	100%
Complete tax years of qualifying time period	1	2014-2015	2014	121,595,470	486,381,879	2,000,000	100%	0%	0%	0%	100%
	2	2015-2016	2015	55,572,601	222,290,405	2,000,000	100%	0%	0%	0%	100%
	3	2016-2017	2016	-	-	2,000,000	100%	0%	0%	0%	100%
	4	2017-2018	2017	-	-	2,000,000	100%	0%	0%	0%	100%
	5	2018-2019	2018	-	-	2,000,000	100%	0%	0%	0%	100%
	6	2019-2020	2019	-	-	2,000,000	100%	0%	0%	0%	100%
	7	2020-2021	2020	-	-	2,000,000	0%	0%	0%	0%	0%
	8	2021-2022	2021	-	-	2,000,000	0%	0%	0%	0%	0%
	9	2022-2023	2022	-	-	2,000,000	0%	0%	0%	0%	0%
	10	2023-2024	2023	-	-	2,000,000	0%	0%	0%	0%	0%
Value Limitation Period	11	2024-2025	2024	-	-	2,000,000	0%	0%	0%	0%	0%
	12	2025-2026	2025	-	-	2,000,000	0%	0%	0%	0%	0%
	13	2026-2027	2026	-	-	2,000,000	0%	0%	0%	0%	0%
Continue to Maintain Viable Presence	14	2027-2028	2027	-	-	2,000,000	0%	0%	0%	0%	0%
	15	2028-2029	2028	-	-	2,000,000	0%	0%	0%	0%	0%
Credit Settle-Up Period											
Post-Settle-Up Period											
Post-Settle-Up Period											

12-20-2012

DATE

[Signature]
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*For planning, construction and operation of the facility.

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 1st 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.