

FINDINGS OF THE LA PORTE  
INDEPENDENT SCHOOL DISTRICT BOARD  
OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
ARKEMA INC.



August 16, 2011

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OF THE  
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Board Findings of the La Porte Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Harris County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on April 15, 2011. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

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

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

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

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

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

**Board Finding Number 1.**

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

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

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

**Board Finding Number 2.**

**The economic condition of Harris County, Texas, is in need of long-term improvement.**

Based on information provided by the Comptroller's Office, Harris County is the largest in the state in terms of population. Population growth in Harris County is substantial and was the state's 35<sup>th</sup> fastest growing county from 2008 to 2009. The state population grew by 2.0 percent between 2008 and 2009, while the population of Harris County increased by 2.3 percent over the same period.

February 2011 employment for Harris County was up 1.6 percent from February 2010, above the state's 1.0 percent increase in total employment during the same period. The unemployment rate in Harris County was 8.3 percent in February 2011, slightly more than the current state average of 8.2 percent. It is noteworthy that the Harris County unemployment rate decreased from 8.5 percent a year ago to the 8.3 percent level in February 2011.

Harris County continues to have a somewhat higher per capita personal income than the state as a whole. In terms of per capita income, Harris County's \$47,788 in 2008 ranked sixth among the 254 counties in Texas, while the Texas average was \$37,809 for the same period. These data are more than two years old and the recession that has occurred during that period would be expected to slow the growth in personal income in Harris County and throughout the state, suggesting the need for long-term economic growth in the area.

In the third quarter of 2010, taxable sales totaled \$14.52 billion in Harris County. This figure reflects a 7.0 percent increase from the year-earlier third quarter.

Harris County will benefit from economic activity like that associated with the Arkema project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$65,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. Arkema indicates that total employment will be approximately five (5) new jobs, of which four (4) will be qualifying jobs.**

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

After construction, the project will create five new jobs when fully operational. Four of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Harris County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009-2010 for Harris County is \$72,748. During that time, the county annual average wage for all industries was \$58,019. In addition to a salary of \$65,000, each qualifying position will receive benefits such as medical coverage, a dental plan, a vision plan, prescription drug benefits, flexible spending accounts, life insurance, disability plans, paid holidays, paid vacation, a 401(k) retirement savings plan, retiree medical benefit plan, education assistance, and an employee assistance program.

**Board Finding Number 4.**

**The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$26.1 million on the basis of the goal of four (4) new qualifying positions for the entire Arkema project.**

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

The project's total investment is \$104.4 million, resulting in a relative level of investment per qualifying job of \$26.1 million.

**Board Finding Number 5.**

**Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.**

According to the information provided by the Applicant as to the industry standards, based on the Applicant's experience as the operator of other acrylic acid and methyl acrylate plants and general knowledge of competitor operations, five permanent employees is the industry standard staffing requirement for the acrylic acid and methyl acrylate.

**Board Finding Number 6.**

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

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

Board Findings of the La Porte Independent School District

The analysis indicates 18 direct positions during the construction phase of the project. It is anticipated that that five (5) new positions will be created for operating the facility once construction has been completed.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Arkema Inc.**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	5	99	104	355,993	4,644,007	5,000,000
2012	14	273	287	1,039,212	15,960,788	17,000,000
2013	18	267	285	1,292,295	17,707,705	19,000,000
2014	5	41	46	325,000	4,675,000	5,000,000
2015	5	31	36	325,000	4,675,000	5,000,000
2016	5	25	30	325,000	3,675,000	4,000,000
2017	5	22	27	325,000	3,675,000	4,000,000
2018	5	20	25	325,000	3,675,000	4,000,000
2019	5	21	26	325,000	3,675,000	4,000,000
2020	5	22	27	325,000	2,675,000	3,000,000
2021	5	22	27	325,000	3,675,000	4,000,000
2022	5	22	27	325,000	3,675,000	4,000,000
2023	5	19	24	325,000	3,675,000	4,000,000
2024	5	20	25	325,000	3,675,000	4,000,000
2025	5	22	27	325,000	3,675,000	4,000,000
2026	5	22	27	325,000	3,675,000	4,000,000

Source: CPA, REMI, Arkema Inc.

La Porte ISD's ad valorem tax base in 2010 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2009-2010. During that same year, La Porte ISD's estimated wealth per WADA was \$648,889. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, Harris County Education Department, and San Jacinto College District, with all property tax incentives sought being granted using estimated market value from Arkema Inc.'s application. Arkema Inc. has applied for a value limitation under Chapter 313, Tax Code and no other additional tax incentives. Table 3 illustrates the estimated tax impact of the Arkema Inc. project on the region if all taxes are assessed.

Board Findings of the La Porte Independent School District

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	La Porte ISD I&S Levy	La Porte ISD M&O Levy	La Porte ISD M&O and I&S Tax Levies (Before Credit Credited)	La Porte ISD M&O and I&S Tax Levies (After Credit Credited)	Harris County	Harris County Flood Control District	Port of Houston Authority	Harris County Hospital District	Harris County Education Department	San Jacinto College District	Estimated Total Property Taxes
2012	\$3,875,000	\$3,875,000	\$11.044	\$40.300	\$51.344	\$51,344	\$15,037	\$1,133	\$796	\$7,446	\$255	\$6,831	\$5,831	\$82,841
2013	\$36,622,500	\$36,622,500	\$104.374	\$390.874	\$485,248	\$485,248	\$142,114	\$10,705	\$7,522	\$70,374	\$2,410	\$64,557	\$782,930	\$782,930
2014	\$99,180,000	\$30,000,000	\$282.663	\$312.000	\$594,663	\$594,663	\$384,868	\$28,990	\$20,372	\$190,584	\$6,527	\$174,832	\$1,400,836	\$1,400,836
2015	\$97,196,400	\$30,000,000	\$277.010	\$312.000	\$589,010	\$579,171	\$377,171	\$28,411	\$19,964	\$186,773	\$6,396	\$171,335	\$1,369,220	\$1,369,220
2016	\$95,252,460	\$30,000,000	\$271.470	\$312.000	\$583,470	\$573,630	\$369,627	\$27,842	\$19,565	\$183,037	\$6,269	\$167,908	\$1,347,879	\$1,347,879
2017	\$91,442,300	\$30,000,000	\$260.611	\$312.000	\$572,611	\$562,771	\$354,842	\$26,729	\$18,782	\$175,716	\$6,018	\$161,192	\$1,408,049	\$1,408,049
2018	\$87,784,700	\$30,000,000	\$250.186	\$312.000	\$562,186	\$552,347	\$340,649	\$25,659	\$18,031	\$168,687	\$5,777	\$154,744	\$1,265,895	\$1,265,895
2019	\$84,273,300	\$30,000,000	\$240.179	\$312.000	\$552,179	\$542,340	\$327,023	\$24,633	\$17,310	\$161,940	\$5,546	\$148,554	\$1,227,345	\$1,227,345
2020	\$80,902,400	\$30,000,000	\$230.572	\$312.000	\$542,572	\$532,733	\$313,942	\$23,648	\$16,617	\$155,462	\$5,324	\$142,612	\$1,190,338	\$1,190,338
2021	\$77,666,300	\$30,000,000	\$221.349	\$312.000	\$533,349	\$523,510	\$301,384	\$22,702	\$15,953	\$149,244	\$5,111	\$136,908	\$1,154,811	\$1,154,811
2022	\$74,559,600	\$74,559,600	\$212.495	\$775.420	\$987,915	\$987,915	\$289,329	\$21,794	\$15,315	\$143,274	\$4,907	\$131,431	\$1,593,963	\$1,593,963
2023	\$71,577,200	\$71,577,200	\$203.995	\$744.403	\$948,398	\$948,398	\$277,755	\$20,922	\$14,702	\$137,543	\$4,710	\$126,174	\$1,530,205	\$1,530,205
2024	\$68,714,100	\$68,714,100	\$195.835	\$714.627	\$910,462	\$910,462	\$266,645	\$20,085	\$14,114	\$132,041	\$4,522	\$121,127	\$1,468,996	\$1,468,996
2025	\$65,965,500	\$65,965,500	\$188.002	\$686.041	\$874,043	\$874,043	\$255,979	\$19,282	\$13,549	\$126,759	\$4,341	\$116,282	\$1,410,236	\$1,410,236
2026	\$63,326,900	\$63,326,900	\$180.482	\$658.600	\$839,081	\$839,081	\$245,740	\$18,510	\$13,007	\$121,689	\$4,168	\$111,631	\$1,353,827	\$1,353,827
						<b>Total</b>	<b>\$9,557,656</b>	<b>\$4,262,103</b>	<b>\$321,044</b>	<b>\$225,599</b>	<b>\$2,110,568</b>	<b>\$72,282</b>	<b>\$1,936,118</b>	<b>\$18,485,369</b>

Assumes School Value Limitation

Source: CPA, Arkema Inc.  
<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	La Porte ISD I&S Levy	La Porte ISD M&O Levy	La Porte ISD M&O and I&S Tax Levies	Harris County	Harris County Flood Control District	Port of Houston Authority	Harris County Hospital District	Harris County Education Department	San Jacinto College District	Estimated Total Property Taxes
2012	\$3,875,000	\$3,875,000	\$11.044	\$40.300	\$51.344	\$51,344	\$15,037	\$1,133	\$796	\$7,446	\$255	\$6,831	\$82,841
2013	\$36,622,500	\$36,622,500	\$104.374	\$390.874	\$485,248	\$485,248	\$142,114	\$10,705	\$7,522	\$70,374	\$2,410	\$64,557	\$782,930
2014	\$99,180,000	\$99,180,000	\$282.663	\$1,031.472	\$1,314,135	\$1,314,135	\$384,868	\$28,990	\$20,372	\$190,584	\$6,527	\$174,832	\$2,120,308
2015	\$97,196,400	\$97,196,400	\$277.010	\$1,010.843	\$1,287,852	\$1,287,852	\$377,171	\$28,411	\$19,964	\$186,773	\$6,396	\$171,335	\$2,077,902
2016	\$95,252,460	\$95,252,460	\$271.470	\$990.626	\$1,262,095	\$1,262,095	\$369,627	\$27,842	\$19,565	\$183,037	\$6,269	\$167,908	\$2,036,343
2017	\$91,442,300	\$91,442,300	\$260.611	\$951.000	\$1,211,610	\$1,211,610	\$354,842	\$26,729	\$18,782	\$175,716	\$6,018	\$161,192	\$1,954,885
2018	\$87,784,700	\$87,784,700	\$250.186	\$912.961	\$1,163,147	\$1,163,147	\$340,649	\$25,659	\$18,031	\$168,687	\$5,777	\$154,744	\$1,876,695
2019	\$84,273,300	\$84,273,300	\$240.179	\$876.442	\$1,116,621	\$1,116,621	\$327,023	\$24,633	\$17,310	\$161,940	\$5,546	\$148,554	\$1,801,627
2020	\$80,902,400	\$80,902,400	\$230.572	\$841.385	\$1,071,957	\$1,071,957	\$313,942	\$23,648	\$16,617	\$155,462	\$5,324	\$142,612	\$1,729,562
2021	\$77,666,300	\$77,666,300	\$221.349	\$807.730	\$1,029,078	\$1,029,078	\$301,384	\$22,702	\$15,953	\$149,244	\$5,111	\$136,908	\$1,660,350
2022	\$74,559,600	\$74,559,600	\$212.495	\$775.420	\$987,915	\$987,915	\$289,329	\$21,794	\$15,315	\$143,274	\$4,907	\$131,431	\$1,593,963
2023	\$71,577,200	\$71,577,200	\$203.995	\$744.403	\$948,398	\$948,398	\$277,755	\$20,922	\$14,702	\$137,543	\$4,710	\$126,174	\$1,530,205
2024	\$68,714,100	\$68,714,100	\$195.835	\$714.627	\$910,462	\$910,462	\$266,645	\$20,085	\$14,114	\$132,041	\$4,522	\$121,127	\$1,468,996
2025	\$65,965,500	\$65,965,500	\$188.002	\$686.041	\$874,043	\$874,043	\$255,979	\$19,282	\$13,549	\$126,759	\$4,341	\$116,282	\$1,410,236
2026	\$63,326,900	\$63,326,900	\$180.482	\$658.600	\$839,081	\$839,081	\$245,740	\$18,510	\$13,007	\$121,689	\$4,168	\$111,631	\$1,353,827
					<b>Total</b>	<b>\$14,552,987</b>	<b>\$4,262,103</b>	<b>\$321,044</b>	<b>\$225,599</b>	<b>\$2,110,568</b>	<b>\$72,282</b>	<b>\$1,936,118</b>	<b>\$23,480,701</b>

Source: CPA, Arkema Inc.  
<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 7.**

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$99.2 million to the tax base for debt service purposes at the peak investment level for the 2014-15 school year. The Arkema project remains fully taxable for debt services taxes, with La Porte ISD currently levying a \$0.315 per \$100 I&S rate. The value of the Arkema project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base.

**Board Finding Number 8.**

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

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

**Board Finding Number 9.**

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

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

According to Arkema's application, "Arkema is a global chemical company and France's leading chemical producer. Arkema operates three acrylic acid production facilities: one in France (Carling), and two in the United States at Bayport, TX (a joint venture with Nippon Shokubai) and Clear Lake, TX (acquired from Dow Chemical in January 2010 as part of the acquisition of certain Dow acrylic assets).

“Arkema has the ability to locate a new facility in many countries around the world as well as numerous existing facilities in the United States.”

**Board Finding Number 10.**

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

**Board Finding Number 11.**

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

**Board Finding Number 12.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).**

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2010 Preliminary Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2010 industrial value for La Porte ISD is \$4.21 billion. La Porte ISD is categorized as a Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Given that the value of industrial property in La Porte ISD exceeds \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

**Board Finding Number 13.**

**The Applicant (Taxpayer Id. 12309608904) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.**

**Board Finding Number 14.**

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first year the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Additional revenue protection measures are also in place for the duration of the Agreement.

**Board Finding Number 15.**

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

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

Board Findings of the La Porte Independent School District

Dated the 16th day of August 2011.

*LA PORTE INDEPENDENT SCHOOL DISTRICT*

By: *Kathy Green*  
Kathy Green, President Board of Trustees

**ATTEST:**

By: *Dee Anne Thomson*  
Dee Anne Thomson, Secretary Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

July 20, 2011

President and Members  
Board of Trustees  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571

*Re: Recommendations and Findings of the firm Concerning Application of Arkema Inc. for  
Limitation on Appraised Value of Property for School District Maintenance and Operations  
Taxes*

Dear President Green and Members of the Board of Trustees:

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey".

Daniel T. Casey

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

Phone 512-485-7878

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

Fax 512-485-7888

# O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
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**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

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

**JUSTIN DEMERATH**

July 19, 2011

President and Members  
Board of Trustees  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571

*Re: Recommendations and Findings of the firm Concerning Application of Arkema Inc.  
for Limitation on Appraised Value of Property for School District Maintenance  
and Operations Taxes*

Dear President Green and Members of the Board of Trustees:

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

Letter to La Porte ISD  
July 19, 2011  
Page 2 of 2

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

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

Sincerely,

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

Kevin O'Hanlon  
For the Firm

Attachment A

Application

APPLICATION FOR APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY

SUBMITTED TO LA PORTE ISD  
BY  
ARKEMA INC.

DECEMBER 30, 2010

ORIGINAL APPLICATION



# 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

Date application received by district  
*12/30/2010*

Authorized School District Representative

First Name

Lloyd W.

Last Name

Graham

Title

Superintendent

School District Name

La Porte ISD

Street Address

1002 San Jacinto Street

Mailing Address

1002 San Jacinto Street

City

La Porte

State

TX

ZIP

77571

Phone Number

281-604-7015

Fax Number

281-604-7020

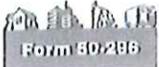
Mobile Number (optional)

E-mail Address

supt-secretary@lpsd.org

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

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



Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (continued)

Authorized School District Consultant (If Applicable)

Fast Name Daniel T. Last Name Casey

Title Partner

Firm Name Moak, Casey & Associates LLP

Street Address 400 W. 15th Street, Suite 1410

Mailing Address 400 W. 15th Street, Suite 1410

City Austin

State TX

ZIP 78701-1648

Phone Number 512-485-7878

Fax Number 512-485-7888

Web Site Number (Optional)

E-mail Address dcasey@moakcasey.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)

Date 1/18/2011

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

If yes, date determined complete.

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name: Steven  
 Last Name: Zuk  
 Title: Senior Tax Director  
 Organization: Arkema Inc.  
 Street Address: 2000 Market Street  
 Mailing Address: 2000 Market Street  
 City: Philadelphia  
 State: PA  
 ZIP: 19103-3222  
 Phone Number: 215-419-7821  
 Fax Number: 215-419-7315  
 Mobile Number (optional):  
 Business e-mail Address: steven.zuk@arkema.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



Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION (PLEASE PRINT NAME OF APPLICANT OR APPLICANT COMPANY)

Authorized Company Consultant (If Applicable)

First Name

D. Dale

Title

Partner

Firm Name

Cummings Westlake LLC

Street Address

12837 Louetta Road, Suite 201

Mailing Address

12837 Louetta Road, Suite 201

City

Cypress

Phone Number

713-266-4456

Business email Address

Last Name

Cummings

State

TX

Fax Number

713-266-2333

ZIP

77429

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))

*[Handwritten Signature]*

Date

12/23/10

GIVEN under my hand and seal of office this 23<sup>rd</sup> day of December, 2010

*[Handwritten Signature: Michele T. Muller]*

Notary Public, State of PENNSYLVANIA  
COMMONWEALTH OF PENNSYLVANIA

(Notary Seal)

NOTARIAL SEAL  
MICHELE T. MULLER, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires July 13, 2012

My commission expires July 13, 2012

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

**FEES AND PAYMENTS**

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

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

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)?  Yes  No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No

**BUSINESS/APPLICANT INFORMATION**

Legal Name under which application is made

Arkema Inc.

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

12309608904

NAICS code

325110

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

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

Beaumont ISD - 2003

**APPLICANT BUSINESS STRUCTURE**

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

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

Corporation

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

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

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

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



Application for Appraised Value Limitation on Qualified Property

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...
(4) an advanced clean energy project...
(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 Attachment 4

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

See Attachment 4A

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction January 2012, Begin Hiring New Employees January 2013, Construction Complete Third quarter 2013, Fully Operational Third quarter 2013, Purchase Machinery & Equipment March 2011 (place orders)

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)?

Note: Improvements made before that time may not be considered qualified property. When do you anticipate the new buildings or improvements will be placed in service? Third quarter 2013

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

Not applicable

Total

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.)

Not applicable

THE PROPERTY

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

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

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: Harris (100%) City: N/A

Hospital District: Harris County (100%) Water District: N/A

Other (describe): See Attachment 5 Other (describe): N/A

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.



Application for Appraised Value Limitation on Qualified Property

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? \$30,000,000

What is the amount of appraised value limitation for which you are applying? \$30,000,000

What is your total estimated qualified investment? \$104,400,000

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? April 1, 2011

What is the anticipated date of the beginning of the qualifying time period? April 1, 2011

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? \$104,400,000

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? April 1, 2011

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? [X] Yes [ ] No

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

List current market value of existing property at site as of most recent tax year. \$55,689,810 (Market Value) 2010 (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)? 121

The last complete calendar quarter before application review start date is the:
[ ] First Quarter [ ] Second Quarter [ ] Third Quarter [X] Fourth Quarter of 2010 (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? 326

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. Not applicable

Total number of new jobs that will have been created when fully operational 5

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

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 4

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).



Application for Appraised Value Limitation on Qualified Property

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 \$1,227

110% of the county average weekly wage for manufacturing jobs in the county is \$1,539

110% of the county average weekly wage for manufacturing jobs in the region is \$1,008

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? \$52,392

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? \$65,000

- 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.)

See Attachment 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.

Schedule A (Rev. May 2011) Investment

Applicant Name  
 ISD Name  
 ARKEMA, INC.  
 LA PORTE

Form 50-255

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 (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 investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)  Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)  Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)  Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)  Complete tax years of qualifying time period  Value Limitation Period  Continue to Maintain Viable Presence  Post-Settle-Up Period Post-Settle-Up Period	1	2012-2013	\$ 15,550,000	\$ -	\$ 15,550,000	\$ -	\$ 15,550,000.00
	2	2013-2014	\$ 45,000,000	\$ 0	\$ 45,000,000	\$ -	\$ 45,000,000.00
	3	2014-2015	\$ 42,850,000	\$ 0	\$ 42,850,000	\$ -	\$ 42,850,000.00
	4	2015-2016	\$ -	\$ 0	\$ -	\$ -	\$ -
	5	2016-2017	\$ -	\$ 0	\$ -	\$ -	\$ -
	6	2017-2018	\$ -	\$ 0	\$ -	\$ -	\$ -
	7	2018-2019	\$ -	\$ 0	\$ -	\$ -	\$ -
	8	2019-2020	\$ -	\$ 0	\$ -	\$ -	\$ -
	9	2020-2021	\$ -	\$ 0	\$ -	\$ -	\$ -
	10	2021-2022	\$ -	\$ 0	\$ -	\$ -	\$ -
	11	2022-2023	\$ -	\$ 0	\$ -	\$ -	\$ -
	12	2023-2024	\$ -	\$ 0	\$ -	\$ -	\$ -
	13	2024-2025	\$ -	\$ 0	\$ -	\$ -	\$ -
	14	2025-2026	\$ -	\$ 0	\$ -	\$ -	\$ -
	15	2026-2027	\$ -	\$ 0	\$ -	\$ -	\$ -

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: 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.

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).  
 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.

Column D: 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.

12/28/10

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value  
**ARKEMA INC.**

LA PORTE

Form 50-296

Applicant Name  
 ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market-Value		Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for i&S - after all reductions	Final taxable value for M&O - after all reductions	
	pre-year 1	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2012-2013	2012	\$ -	\$ -	\$ 3,875,000	\$ -	\$ 3,875,000	\$ 3,875,000	\$ 3,875,000
	2	2013-2014	2013	\$ -	\$ -	\$ 38,550,000	\$ 1,927,500	\$ 36,622,500	\$ 36,622,500	\$ 36,622,500
	3	2014-2015	2014	\$ -	\$ -	\$ 104,400,000	\$ 5,220,000	\$ 99,180,000	\$ 99,180,000	\$ 99,180,000
	4	2015-2016	2015	\$ -	\$ -	\$ 102,312,000	\$ 5,115,600	\$ 97,196,400	\$ 97,196,400	\$ 97,196,400
	5	2016-2017	2016	\$ -	\$ -	\$ 100,265,760	\$ 5,013,300	\$ 95,252,460	\$ 95,252,460	\$ 95,252,460
Value Limitation Period	6	2017-2018	2017	\$ -	\$ -	\$ 96,255,100	\$ 4,812,800	\$ 91,442,300	\$ 91,442,300	\$ 91,442,300
	7	2018-2019	2018	\$ -	\$ -	\$ 92,404,900	\$ 4,620,200	\$ 87,784,700	\$ 87,784,700	\$ 87,784,700
	8	2019-2020	2019	\$ -	\$ -	\$ 88,708,700	\$ 4,435,400	\$ 84,273,300	\$ 84,273,300	\$ 84,273,300
	9	2020-2021	2020	\$ -	\$ -	\$ 85,160,400	\$ 4,258,000	\$ 80,902,400	\$ 80,902,400	\$ 80,902,400
	10	2021-2022	2021	\$ -	\$ -	\$ 81,754,000	\$ 4,087,700	\$ 77,666,300	\$ 77,666,300	\$ 77,666,300
Credit Settle-Up Period	11	2022-2023	2022	\$ -	\$ -	\$ 78,483,800	\$ 3,924,200	\$ 74,559,600	\$ 74,559,600	\$ 74,559,600
	12	2023-2024	2023	\$ -	\$ -	\$ 75,344,400	\$ 3,767,200	\$ 71,577,200	\$ 71,577,200	\$ 71,577,200
	13	2024-2025	2024	\$ -	\$ -	\$ 72,330,600	\$ 3,616,500	\$ 68,714,100	\$ 68,714,100	\$ 68,714,100
Post-Settle-Up Period	14	2025-2026	2025	\$ -	\$ -	\$ 69,437,400	\$ 3,471,900	\$ 65,965,500	\$ 65,965,500	\$ 65,965,500
	15	2026-2027	2026	\$ -	\$ -	\$ 66,659,900	\$ 3,333,000	\$ 63,326,900	\$ 63,326,900	\$ 63,326,900

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 those amounts for future years.

*St. O'Neil*

12/28/10

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name  
ISD Name

ARKEMA INC.  
LA PORTE

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	2011-2012	2011	9,900	\$ 75,000	0	n/a	n/a	n/a
	1	2012-2013	2012	28,900	\$ 75,000	0	n/a	n/a	n/a
	2	2013-2014	2013	26,900	\$ 75,000	5	\$ 65,000	4	\$ 65,000
	3	2014-2015	2014	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	4	2015-2016	2015	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	5	2016-2017	2016	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	6	2017-2018	2017	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	7	2018-2019	2018	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	8	2019-2020	2019	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	9	2020-2021	2020	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	10	2021-2022	2021	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	11	2022-2023	2022	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	12	2023-2024	2023	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	13	2024-2025	2024	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	14	2025-2026	2025	n/a	n/a	5	\$ 65,000	4	\$ 65,000
	15	2026-2027	2026	n/a	n/a	5	\$ 65,000	4	\$ 65,000

\* man hours  
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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE  
12/28/20

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

Applicant Name

ARKEMA INC.

ISD Name

LA PORTE

Form 50-296

		Sales Tax Information			Other Property Tax Abatements Sought			
		Sales-Taxable-Expenditures			County	City	Hospital	Other
	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2011-2012	2011	\$ 1,399,500	\$ 14,150,500	\$ -	N/A	N/A
Complete tax years of qualifying time period	1	2012-2013	2012	\$ 4,140,000	\$ 41,860,000	\$ -	N/A	N/A
	2	2013-2014	2013	\$ 3,856,500	\$ 38,993,500	\$ 750,000	N/A	N/A
Value Limitation Period	3	2014-2015	2014	\$ -	\$ -	\$ 750,000	N/A	N/A
	4	2015-2016	2015	\$ -	\$ -	\$ 750,000	N/A	N/A
	5	2016-2017	2016	\$ -	\$ -	\$ 750,000	N/A	N/A
	6	2017-2018	2017	\$ -	\$ -	\$ 750,000	N/A	N/A
	7	2018-2019	2018	\$ -	\$ -	\$ 750,000	N/A	N/A
	8	2019-2020	2019	\$ -	\$ -	\$ 750,000	N/A	N/A
	9	2020-2021	2020	\$ -	\$ -	\$ 750,000	N/A	N/A
	10	2021-2022	2021	\$ -	\$ -	\$ 750,000	N/A	N/A
	11	2022-2023	2022	\$ -	\$ -	\$ 750,000	N/A	N/A
	12	2023-2024	2023	\$ -	\$ -	\$ 750,000	N/A	N/A
Credit Settle-Up Period	13	2024-2025	2024	\$ -	\$ -	\$ 750,000	N/A	N/A
	14	2025-2026	2025	\$ -	\$ -	\$ 750,000	N/A	N/A
Post-Settle-Up Period	15	2026-2027	2026	\$ -	\$ -	\$ 750,000	N/A	N/A
	16	2027-2028	2027	\$ -	\$ -	\$ 750,000	N/A	N/A

\*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 12/28/10



Application for Appraised Value Limitation on Qualified Property

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	✓
22 Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	
23 Legal Description of Reinvestment Zone (Attachment)*	9 of 16	
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.

ATTACHMENT 1

See application

ATTACHMENT 2

Copy of check attached

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

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

ATTACHMENT 3

See attached documentation

### TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

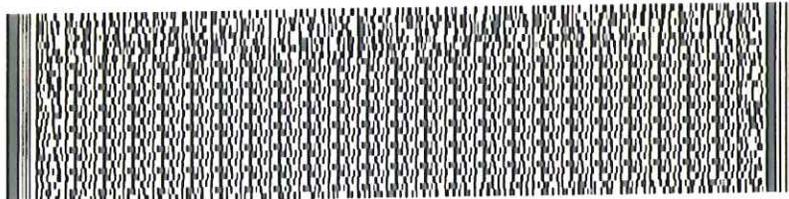
<input type="checkbox"/> Reporting entity taxpayer number <div style="border: 1px solid black; padding: 2px;">15216294908</div>	<input type="checkbox"/> Report year <div style="border: 1px solid black; padding: 2px;">2010</div>	<input type="checkbox"/> Reporting entity taxpayer name <div style="border: 1px solid black; padding: 2px;">Arkema Delaware Inc and Subsidiaries</div>
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**Reporting entity must be included on Affiliate Schedule.**

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Arkema Delaware, Inc.		15216294908		551112	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Altuglas International Mexico Inc.		510343174		325100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 36611877.00			
10. Gross receipts in Texas (before eliminations) 1383710.00		11. Cost of goods sold or compensation (before eliminations) 35230839.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Arkema Inc.		12309608904		325100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 1528412941.00			
10. Gross receipts in Texas (before eliminations) 214250909.00		11. Cost of goods sold or compensation (before eliminations) 1008201853.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			

An information report (Form 06-102 or Form 06-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

**Texas Comptroller Official Use Only**



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### TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

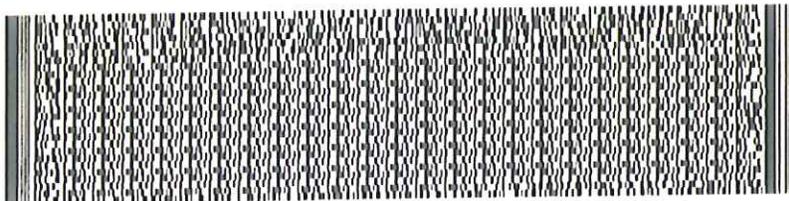
Reporting entity taxpayer number <b>15216294908</b>	Report year <b>2010</b>	Reporting entity taxpayer name <b>Arkema Delaware Inc and Subsidiaries</b>
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**Reporting entity must be included on Affiliate Schedule.**

1. Legal name of affiliate <b>Delaware Chemicals Corporation</b>		2. Affiliate taxpayer number (if none, use FEI number) <b>510113920</b>	3. Affiliate NAICS code <b>551112</b>
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y <b>010109</b>	7. Affiliate reporting end date m m d d y y <b>123109</b>
8. Gross receipts subject to throwback in other states (before eliminations) <b>0.00</b>		9. Gross receipts everywhere (before eliminations) <b>4436503.00</b>	
10. Gross receipts in Texas (before eliminations) <b>0.00</b>		11. Cost of goods sold or compensation (before eliminations) <b>0.00</b>	
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	
1. Legal name of affiliate <b>Michelet Finance, Inc.</b>		2. Affiliate taxpayer number (if none, use FEI number) <b>510326322</b>	3. Affiliate NAICS code <b>523900</b>
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y <b>010109</b>	7. Affiliate reporting end date m m d d y y <b>123109</b>
8. Gross receipts subject to throwback in other states (before eliminations) <b>0.00</b>		9. Gross receipts everywhere (before eliminations) <b>1328342.00</b>	
10. Gross receipts in Texas (before eliminations) <b>0.00</b>		11. Cost of goods sold or compensation (before eliminations) <b>0.00</b>	
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	
1. Legal name of affiliate <b>Oxford Performance Materials, Inc.</b>		2. Affiliate taxpayer number (if none, use FEI number) <b>043727384</b>	3. Affiliate NAICS code <b>423990</b>
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y <b>010109</b>	7. Affiliate reporting end date m m d d y y <b>123109</b>
8. Gross receipts subject to throwback in other states (before eliminations) <b>0.00</b>		9. Gross receipts everywhere (before eliminations) <b>1062648.00</b>	
10. Gross receipts in Texas (before eliminations) <b>32766.00</b>		11. Cost of goods sold or compensation (before eliminations) <b>1258927.00</b>	
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>	

An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

**Texas Comptroller Official Use Only**



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1062

### TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

15216294908

2010

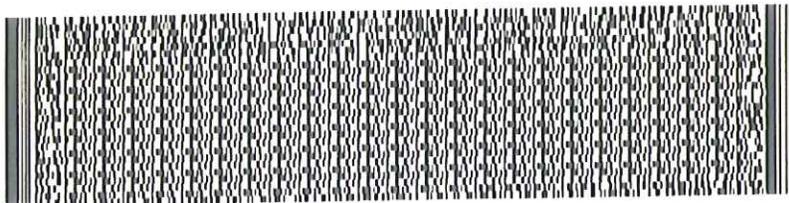
Arkena Delaware Inc and Subsidiaries

#### Reporting entity must be included on Affiliate Schedule.

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Ozark-Mahoning Company		510120611		325100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Turkish Products, Inc.		13301228774		523900	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Viking Chemical Company		411562013		325100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 39625666.00			
10. Gross receipts in Texas (before eliminations) 943809.00		11. Cost of goods sold or compensation (before eliminations) 25911139.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			

An information report (Form 06-102 or Form 06-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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### TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

15216294908

2010

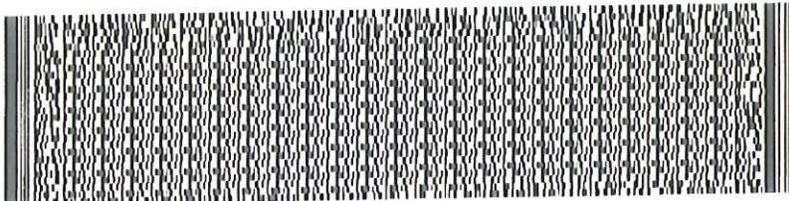
Arkana Delaware Inc and Subsidiaries

**Reporting entity must be included on Affiliate Schedule.**

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
Odor-Tech LLC		12628825049		325100	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 8144975.00			
10. Gross receipts in Texas (before eliminations) 399492.00		11. Cost of goods sold or compensation (before eliminations) 5397140.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y		7. Affiliate reporting end date m m d d y y	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y		7. Affiliate reporting end date m m d d y y	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



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1062

#### ATTACHMENT 4

Arkema Inc. plans to increase production of acrylic acid ("AA") at its Clear Lake plant to a rated nameplate capacity of 270,000 tons per year. This is an increase of 90,000 tons per year over current nameplate capacity. The project will install the following new equipment:

- AA reactor
- Reactor outlet cooler
- Process air compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Quench tower coolers and pumps
- Surge tank and two associated pumps
- Electrical substation and transformer
- New BFW pump
- Steam lines

The following existing equipment will be modified, overhauled, or recommissioned:

- Piping, valves, and controls instrumentation
- Vacuum pump compressor and seals
- Quench tower internals

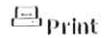
As part of the project Arkema plans to construct a methyl acrylate ("MA") unit at the Clear Lake plant with an annual rated capacity of 45,000 tons per year. Construction of the MA unit will allow for growth opportunities in water treatment, elastomers, and technical polymers. The project will install the following new equipment:

- Reactor
- Compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Steam lines

The MA project will convert the existing ethyl acrylate ("EA") unit at the Clear Lake plant to an MA unit. The EA unit is currently idled with no plans for resuming production of EA. Arkema currently manufactures MA at its Carling facility in France, along with EA, and this investment will allow Arkema to relocate its MA production to Clear Lake, which will become Arkema's global producer of MA, allowing the Carling plant to focus solely on EA production.

HARRIS COUNTY APPRAISAL DISTRICT  
 REAL PROPERTY ACCOUNT INFORMATION  
 1005150000681

Tax Year: 2010



Owner and Property Information									
Owner Name & Mailing Address: * DOW CHEMICAL CO ATTN TAX DEPT 2301 N BRAZOSPORT BLVD FREEPORT TX 77541-3203					Legal Description: TR 19 (IMPS ONLY) (LAND*1005150000020) BAYPORT SEC 1 U/R				
					Property Address: 9502 BAYPORT BLVD PASADENA TX 77507				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Total Living Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
F2 -- Real, Industrial	3300 -- Industrial Imps Only Land	--	0	0 SF	0	0	5980.24	6152C	579Q

Value Status Information			
Capped Account	Value Status	Notice Date	Shared CAD
No	Noticed	06/18/2010	No

Exemptions and Jurisdictions					
Exemption Type	Districts	Jurisdictions	ARB Status	2009 Rate	2010 Rate
None	020	LA PORTE ISD	Certified: 08/20/2010	1.325000	1.325000
	040	HARRIS COUNTY	Certified: 08/20/2010	0.392240	0.388050
	041	HARRIS CO FLOOD CNTRL	Certified: 08/20/2010	0.029220	0.029230
	042	PORT OF HOUSTON AUTHY	Certified: 08/20/2010	0.016360	0.020540
	043	HARRIS CO HOSP DIST	Certified: 08/20/2010	0.192160	0.192160
	044	HARRIS CO EDUC DEPT	Certified: 08/20/2010	0.006050	0.006581
	047	SAN JACINTO COM COL D	Certified: 08/20/2010	0.170800	0.176277

Valuations			
Value as of January 1, 2009		Value as of January 1, 2010	
	Market	Appraised	
Land	0		Land
Improvement	73,361,040		Improvement
Total	73,361,040	73,361,040	Total
			55,689,810
			55,689,810

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	3300 -- Industrial Imps Only Land	--	GR	0	1.00	1.00	1.00	--	1.00	0.00	0.00	0

Building												
Vacant (No Building Data)												

\* Purchased By ARKEMA ON 1.25.10

ATTACHMENT 13

The request for a waiver of the job creation requirement is attached.



December 23, 2010

Mr. Bill Snead  
President, Board of Trustees  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, TX 77571

Re: Arkema Inc. Chapter 313 Application

Dear Mr. Snead,

Arkema Inc. ("Arkema") has filed the enclosed Application for Appraised Value Limitation on Qualified Property with La Porte ISD for new investment at our Clear Lake plant. In the application Arkema states that we will create five (5) permanent jobs for the project to increase acrylic acid production capacity and add methyl acrylate production.

The purpose of this letter is to provide evidence required by the application that the district should waive the requirement to create 10 new permanent jobs as permitted by Tax Code Section 313.025 (f-1).

Arkema is a worldwide chemical manufacturing company that operates manufacturing plants which produce Performance Chemicals, Industrial Chemicals and Vinyl Products. Based upon our experience as the operator of other acrylic acid and methyl acrylate plants, and general knowledge of competitor operations, five permanent employees is the industry standard staffing requirement for the acrylic acid and methyl acrylate units of the size planned for the project in La Porte ISD. Any staffing above the five permanent jobs stated in the application would exceed the number of employees required by industry standards to operate the proposed units.

Sincerely,



Mike Scott  
Regional President, Acrylics

ATTACHMENT 14

The calculation of the three possible wage requirements with TWC documentation is attached.

ARKEMA INC.  
ATTACHMENT TO CHAPTER 313 APPLICATION

CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2010	\$ 1,062	\$ 55,224
FIRST	2010	\$ 1,163	\$ 60,476
FOURTH	2009	\$ 1,195	\$ 62,140
THIRD	2009	\$ 1,043	\$ 54,236
AVERAGE		\$ 1,116	\$ 58,019
X		110%	110%
		\$ 1,227	\$ 63,821

CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2010	\$ 1,323	\$ 68,796
FIRST	2010	\$ 1,476	\$ 76,752
FOURTH	2009	\$ 1,519	\$ 78,988
THIRD	2009	\$ 1,278	\$ 66,456
AVERAGE		\$ 1,399	\$ 72,748
X		110%	110%
		\$ 1,539	\$ 80,023

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
	2009	\$ 916	\$ 47,629
X		110%	110%
		\$ 1,008	\$ 52,392

\* SEE ATTACHED TWC DOCUMENTATION

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text" value="2010"/>	<input type="text" value="2nd Qtr"/>	<input type="text" value="Harris County"/>	<input type="text" value="Total All"/>	<input type="text" value="00"/>	<input type="text" value="0"/>	<input type="text" value="10"/>	<input type="text" value="Total, All Industries"/>	<input type="text" value="\$1,062"/>
<input type="text" value="2010"/>	<input type="text" value="2nd Qtr"/>	<input type="text" value="Harris County"/>	<input type="text" value="Total All"/>	<input type="text" value="00"/>	<input type="text" value="0"/>	<input type="text" value="10"/>	<input type="text" value="Total, All Industries"/>	<input type="text" value="\$1,062"/>

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text" value="2010"/>	<input type="text" value="1st Qtr"/>	<input type="text" value="Harris County"/>	<input type="text" value="Total All"/>	<input type="text" value="00"/>	<input type="text" value="0"/>	<input type="text" value="10"/>	<input type="text" value="Total, All Industries"/>	<input type="text" value="\$1,163"/>

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text" value="Year"/>	<input type="text" value="Period"/>	<input type="text" value="Area"/>	<input type="text" value="Ownership"/>	<input type="text" value="Division"/>	<input type="text" value="Level"/>	<input type="text" value="Ind Code"/>	<input type="text" value="Industry"/>	<input type="text" value="Avg Weekly Wages"/>
2009	4th Qtr	Harris County	Total All	00	0	10	Total, All Industries	\$1,195

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text" value="Year"/>	<input type="text" value="Period"/>	<input type="text" value="Area"/>	<input type="text" value="Ownership"/>	<input type="text" value="Division"/>	<input type="text" value="Level"/>	<input type="text" value="Ind Code"/>	<input type="text" value="Industry"/>	<input type="text" value="Avg Weekly Wages"/>
2009	3rd Qtr	Harris County	Total All	00	0	10	Total, All Industries	\$1,043

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text" value="Year"/>	<input type="text" value="Period"/>	<input type="text" value="Area"/>	<input type="text" value="Ownership"/>	<input type="text" value="Division"/>	<input type="text" value="Level"/>	<input type="text" value="Ind Code"/>	<input type="text" value="Industry"/>	<input type="text" value="Avg Weekly Wages"/>
2010	2nd Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,323

## Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text" value="Year"/>	<input type="text" value="Period"/>	<input type="text" value="Area"/>	<input type="text" value="Ownership"/>	<input type="text" value="Division"/>	<input type="text" value="Level"/>	<input type="text" value="Ind Code"/>	<input type="text" value="Industry"/>	<input type="text" value="Avg Weekly Wages"/>
2010	1st Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,476

## 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
2009	4th Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,519

## Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

<input type="text" value="Year"/>	<input type="text" value="Period"/>	<input type="text" value="Area"/>	<input type="text" value="Ownership"/>	<input type="text" value="Division"/>	<input type="text" value="Level"/>	<input type="text" value="Ind Code"/>	<input type="text" value="Industry"/>	<input type="text" value="Avg Weekly Wages"/>
2009	3rd Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,278

**2009 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$21.43	\$44,583
<u>1. Panhandle Regional Planning Commission</u>	\$18.38	\$38,227
<u>2. South Plains Association of Governments</u>	\$15.67	\$32,596
<u>3. NORTEX Regional Planning Commission</u>	\$19.60	\$40,768
<u>4. North Central Texas Council of Governments</u>	\$23.44	\$48,754
<u>5. Ark-Tex Council of Governments</u>	\$15.14	\$31,489
<u>6. East Texas Council of Governments</u>	\$16.87	\$35,091
<u>7. West Central Texas Council of Governments</u>	\$17.27	\$35,916
<u>8. Rio Grande Council of Governments</u>	\$15.26	\$31,732
<u>9. Permian Basin Regional Planning Commission</u>	\$19.11	\$39,757
<u>10. Concho Valley Council of Governments</u>	\$14.80	\$30,784
<u>11. Heart of Texas Council of Governments</u>	\$17.41	\$36,206
<u>12. Capital Area Council of Governments</u>	\$25.60	\$53,244
<u>13. Brazos Valley Council of Governments</u>	\$15.33	\$31,893
<u>14. Deep East Texas Council of Governments</u>	\$15.46	\$32,151
<u>15. South East Texas Regional Planning Commission</u>	\$25.53	\$53,095
<u>16. Houston-Galveston Area Council</u>	\$22.90	\$47,629
<u>17. Golden Crescent Regional Planning Commission</u>	\$19.84	\$41,273
<u>18. Alamo Area Council of Governments</u>	\$16.82	\$34,984
<u>19. South Texas Development Council</u>	\$13.68	\$28,445
<u>20. Coastal Bend Council of Governments</u>	\$22.10	\$45,967
<u>21. Lower Rio Grande Valley Development Council</u>	\$13.52	\$28,114
<u>22. Texoma Council of Governments</u>	\$18.42	\$38,305
<u>23. Central Texas Council of Governments</u>	\$16.58	\$34,484
<u>24. Middle Rio Grande Development Council</u>	\$13.66	\$28,416

Source: Texas Occupational Employment and Wages

Data published: July 2010

Data published annually, next update will be June 2011.

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.

ATTACHMENT 15

Arkema provides its employees with benefits including but not limited to the following:

- Medical Coverage – Preferred Provider Organization (“PPO”) and Exclusive Provider Organization (“EPO”) Plans
- Dental Plan
- Vision Plan
- Prescription Drug Benefits
- Flexible Spending Accounts (“FSA’s”)
- Life Insurance
- Disability Plans
- Paid Holidays
- Paid Vacation
- 401(k) Retirement Savings Plan
- Retiree Medical Benefit Plan
- Education Assistance
- Employee Assistance Program

ATTACHMENT 16

The economic impact study will be performed by the Comptroller at a future date.

ATTACHMENT 17

Schedule A

Schedule A (Rev. May 2011) Investment

Applicant Name: ARKEMA INC.  
 ISD Name: LA PORTE

Form 50-236

		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 (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 (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -			
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -			
	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)	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -			
	Complete tax years of qualifying time period	1	2012-2013	2012	\$ 15,550,000	\$ -	\$ 15,550,000	\$ -	\$ 15,550,000.00		
		2	2013-2014	2013	\$ 46,000,000	\$ 0	\$ 46,000,000	\$ -	\$ 46,000,000.00		
		3	2014-2015	2014	\$ 42,850,000	\$ 0	\$ 42,850,000	\$ -	\$ 42,850,000.00		
		4	2015-2016	2015	\$ -	\$ 0	\$ -	\$ -	\$ -		
		5	2016-2017	2016	\$ -	\$ 0	\$ -	\$ -	\$ -		
		6	2017-2018	2017	\$ -	\$ 0	\$ -	\$ -	\$ -		
		7	2018-2019	2018	\$ -	\$ 0	\$ -	\$ -	\$ -		
		8	2019-2020	2019	\$ -	\$ 0	\$ -	\$ -	\$ -		
		9	2020-2021	2020	\$ -	\$ 0	\$ -	\$ -	\$ -		
		10	2021-2022	2021	\$ -	\$ 0	\$ -	\$ -	\$ -		
	Value Limitation Period	11	2022-2023	2022	\$ -	\$ 0	\$ -	\$ -	\$ -		
		12	2023-2024	2023	\$ -	\$ 0	\$ -	\$ -	\$ -		
13		2024-2025	2024	\$ -	\$ 0	\$ -	\$ -	\$ -			
Credit Settle-Up Period	14	2025-2026	2025	\$ -	\$ 0	\$ -	\$ -	\$ -			
	15	2026-2027	2026	\$ -	\$ 0	\$ -	\$ -	\$ -			

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 §913.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.

Column C: Dollar value of other investment that is not 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.

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 credits. 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.

Signature: *Art G. Juhl* Date: 12/28/10

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

ATTACHMENT 18

Schedule B

ATTACHMENT 4A

Arkema Inc. is a global chemical company and France's leading chemical producer. Arkema operates three acrylic acid production facilities: one in France (Carling), and two in the United States at Bayport, TX (a joint venture with Nippon Shokubai) and Clear Lake, TX (acquired from Dow Chemical in January 2010 as part of the acquisition of certain Dow acrylic assets).

Arkema has the ability to locate a new facility in many countries around the world as well as numerous existing facilities in the United States.

ATTACHMENT 5

The project is located in the following taxing jurisdictions:

- Harris County (100%)
- La Porte ISD (100%)
- Harris County Flood Control District (100%)
- Port of Houston Authority (100%)
- Harris County Hospital District (100%)
- Harris County Education Department (100%)
- San Jacinto College District (100%)

## ATTACHMENT 6

Arkema Inc. plans to increase production of acrylic acid ("AA") at its Clear Lake plant to a rated nameplate capacity of 270,000 tons per year. This is an increase of 90,000 tons per year over current nameplate capacity. The project will install the following new equipment:

- AA reactor
- Reactor outlet cooler
- Process air compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Quench tower coolers and pumps
- Surge tank and two associated pumps
- Electrical substation and transformer
- New BFW pump
- Steam lines

The following existing equipment will be modified, overhauled, or recommissioned:

- Piping, valves, and controls instrumentation
- Vacuum pump compressor and seals
- Quench tower internals

As part of the project Arkema plans to construct a methyl acrylate ("MA") unit at the Clear Lake plant with an annual rated capacity of 45,000 tons per year. Construction of the MA unit will allow for growth opportunities in water treatment, elastomers, and technical polymers. The project will install the following new equipment:

- Reactor
- Compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Steam lines

The MA project will convert the existing ethyl acrylate ("EA") unit at the Clear Lake plant to an MA unit. The EA unit is currently idled with no plans for resuming production of EA. Arkema currently manufactures MA at its Carling facility in France, along with EA, and this investment will allow Arkema to relocate its MA production to Clear Lake, which will become Arkema's global producer of MA, allowing the Carling plant to focus solely on EA production.

ATTACHMENT 7

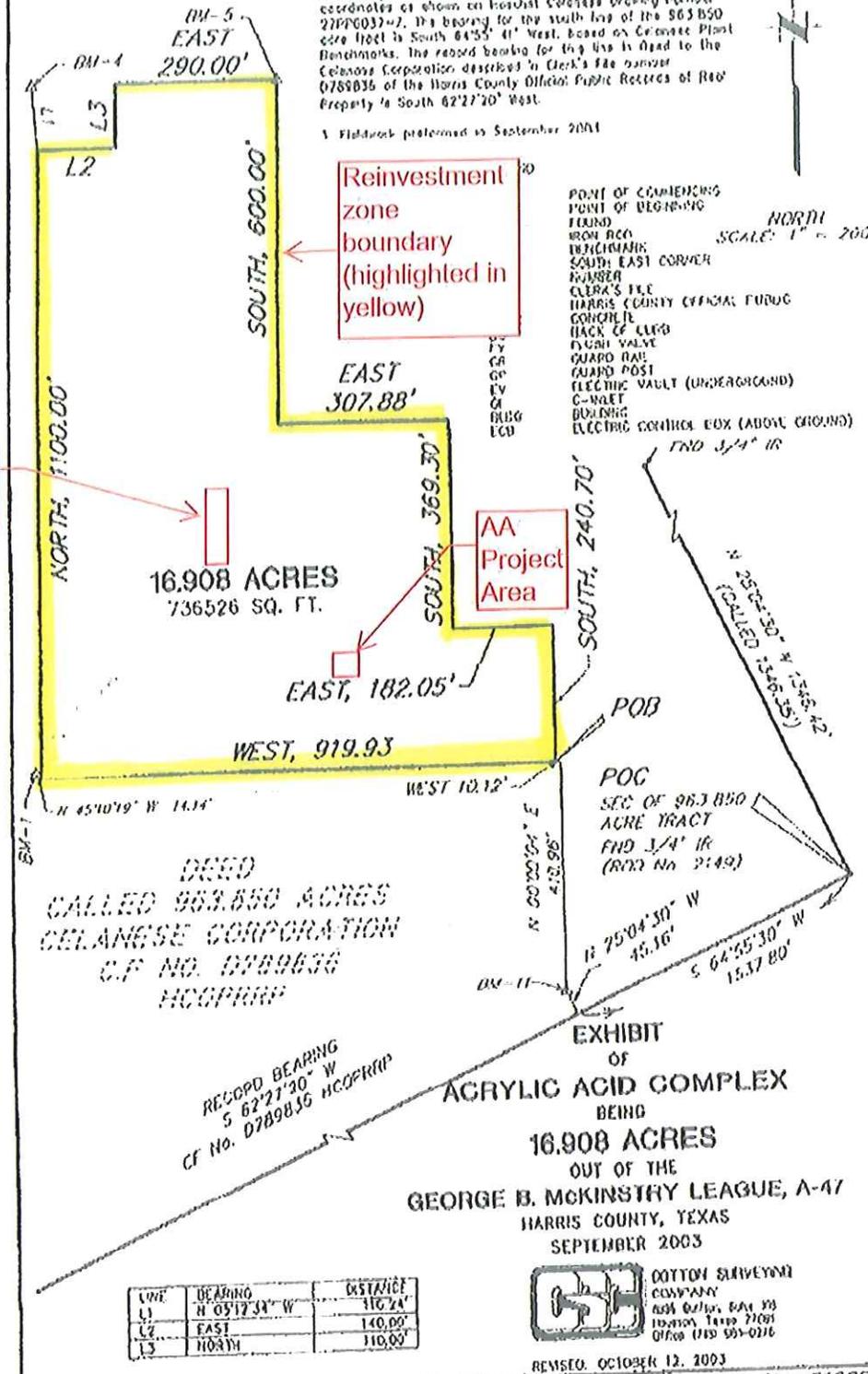
See attached maps

GENERAL NOTES

1. The site was configured using coordinates (based on business front measurements) or known as a survey practice by Celanese, and improvement on the east portion of this tract.

2. Bearings shown herein are based on Celanese Plant coordinates as shown on Houston Celanese Drawing number 27PP0037-7. The bearing for the south line of the 863850 acre tract is South 64°55' 41" West, based on Celanese Plant Benchmarks. The record bearing for this line is read to the Celanese Corporation described in Clerk's File number 0789836 of the Harris County Official Public Records of Real Property is South 62°27'30" West.

3. Fieldwork performed in September 2003



MA Project Area

Reinvestment zone boundary (highlighted in yellow)

AA Project Area

16.908 ACRES  
736526 SQ. FT.

DEED  
CALLED 863,850 ACRES  
CELANESE CORPORATION  
C.F. NO. 0789836  
HCOFRRIP

EXHIBIT  
OF  
ACRYLIC ACID COMPLEX  
BEING  
16.908 ACRES  
OUT OF THE  
GEORGE B. MCKINSTRY LEAGUE, A-47  
HARRIS COUNTY, TEXAS  
SEPTEMBER 2003

LINE	BEARING	DISTANCE
L1	N 05°17'34" W	110.00'
L2	EAST	140.00'
L3	NORTH	110.00'

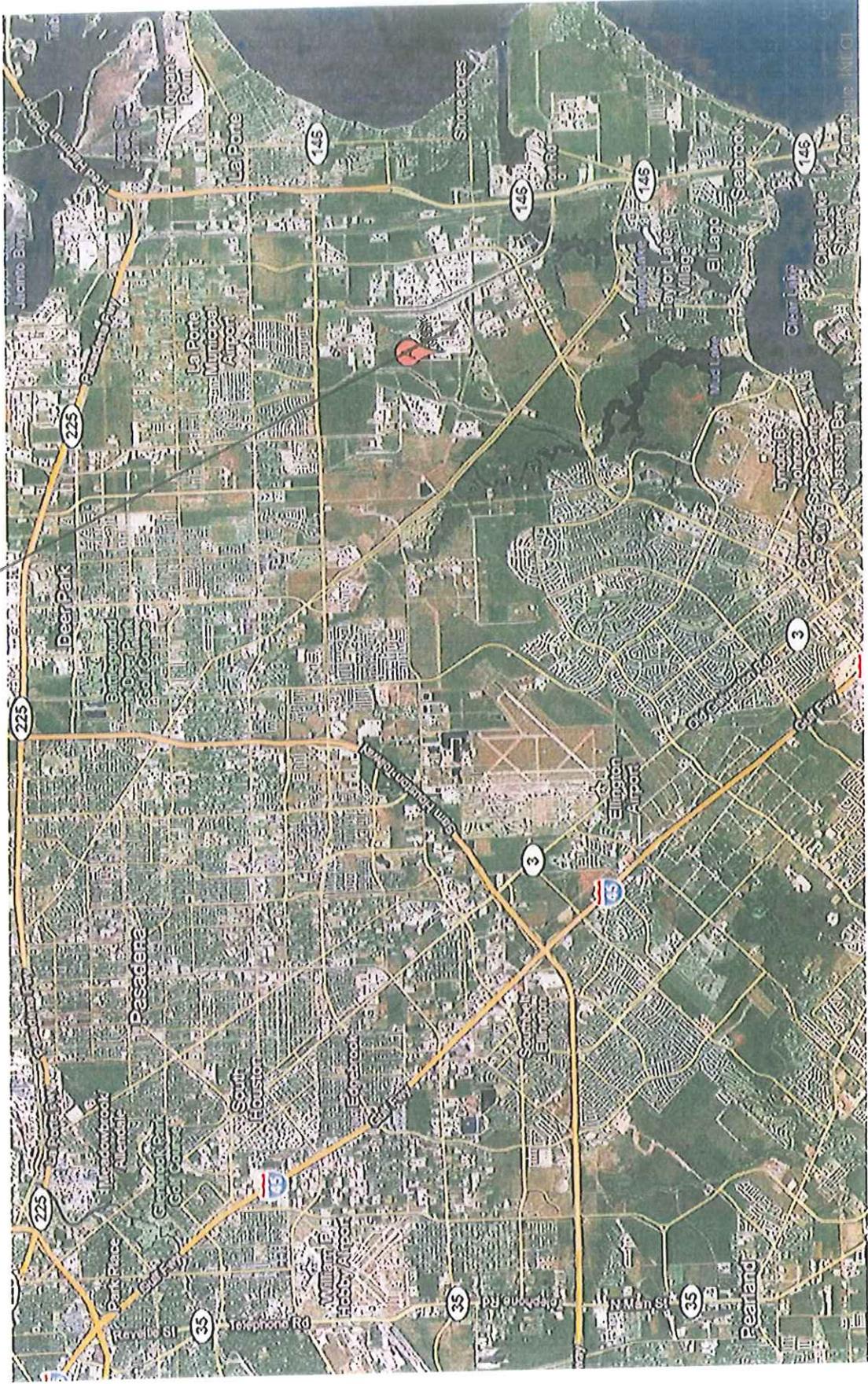


REMSO. OCTOBER 12, 2003

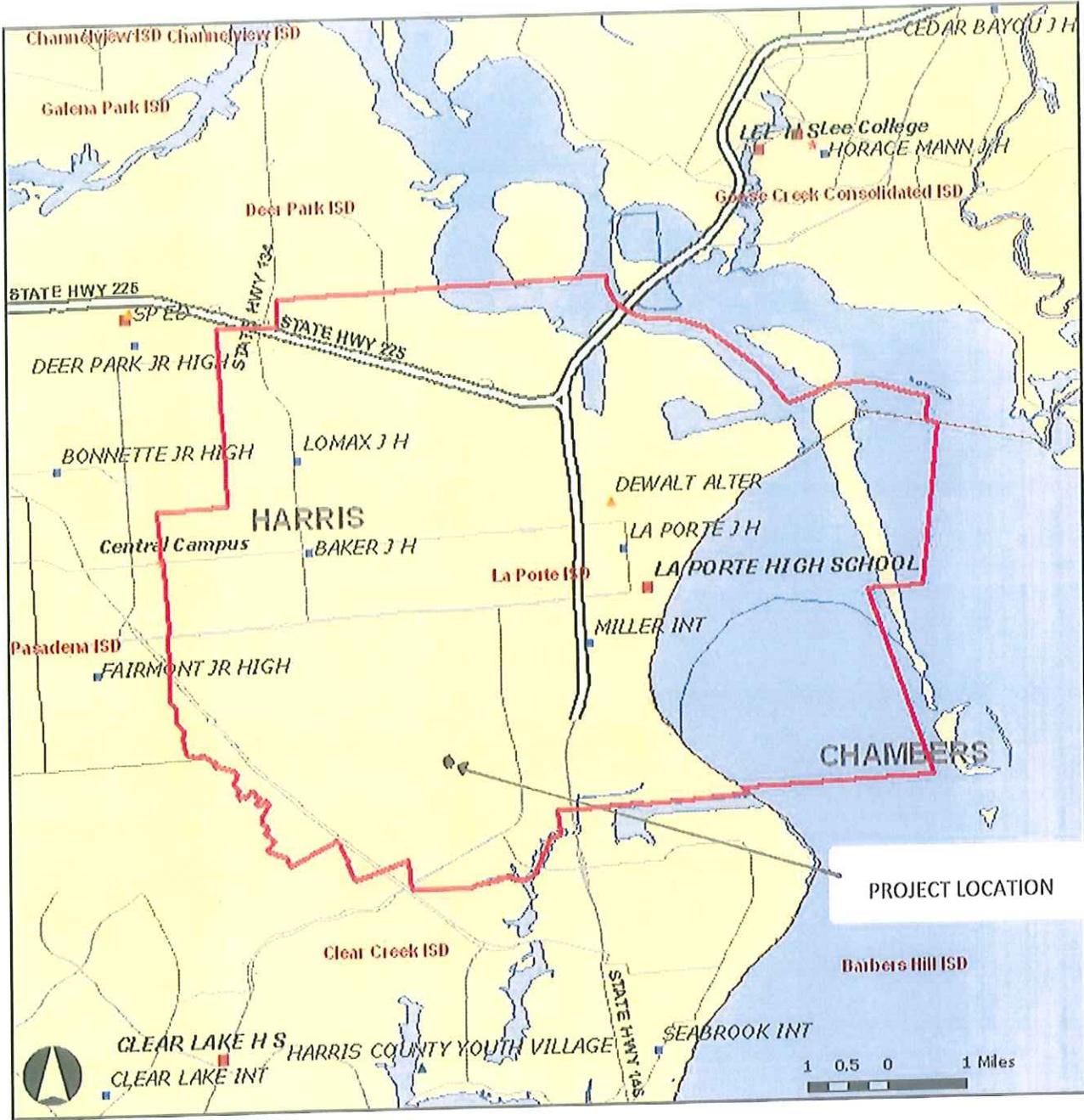


To see all the details that are visible on the screen, use the "Print" link next to the map.

PROJECT LOCATION



# Map



ATTACHMENT 7  
LPISD MAP

## ATTACHMENT 8

Arkema Inc. plans to increase production of acrylic acid ("AA") at its Clear Lake plant to a rated nameplate capacity of 270,000 tons per year. This is an increase of 90,000 tons per year over current nameplate capacity. The project will install the following new equipment:

- AA reactor
- Reactor outlet cooler
- Process air compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Quench tower coolers and pumps
- Surge tank and two associated pumps
- Electrical substation and transformer
- New BFW pump
- Steam lines

The following existing equipment will be modified, overhauled, or recommissioned:

- Piping, valves, and controls instrumentation
- Vacuum pump compressor and seals
- Quench tower internals

As part of the project Arkema plans to construct a methyl acrylate ("MA") unit at the Clear Lake plant with an annual rated capacity of 45,000 tons per year. Construction of the MA unit will allow for growth opportunities in water treatment, elastomers, and technical polymers. The project will install the following new equipment:

- Reactor
- Compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Steam lines

The MA project will convert the existing ethyl acrylate ("EA") unit at the Clear Lake plant to an MA unit. The EA unit is currently idled with no plans for resuming production of EA. Arkema currently manufactures MA at its Carling facility in France, along with EA, and this investment will allow Arkema to relocate its MA production to Clear Lake, which will become Arkema's global producer of MA, allowing the Carling plant to focus solely on EA production.

ATTACHMENT 9

See attached maps

GENERAL NOTES

1. The site was configured using coordinates (based on business front measurements) of which no ordering previous by Celanese, and improvement on the east portion of this tract.
2. Bearings shown hereon are based on Celanese Plant coordinates as shown on historical Celanese Drawing number 22PFG037-7. The bearing for the south line of the S63 B50 acre tract is South 64°55' 41" West, based on Celanese Plant Benchmarks. The raised bearing for this line is fixed to the Celanese Corporation described in Clerk's file number 0789836 of the Harris County Official Public Records of Real Property is South 62°27'20" West.
3. Fieldwork performed in September 2003

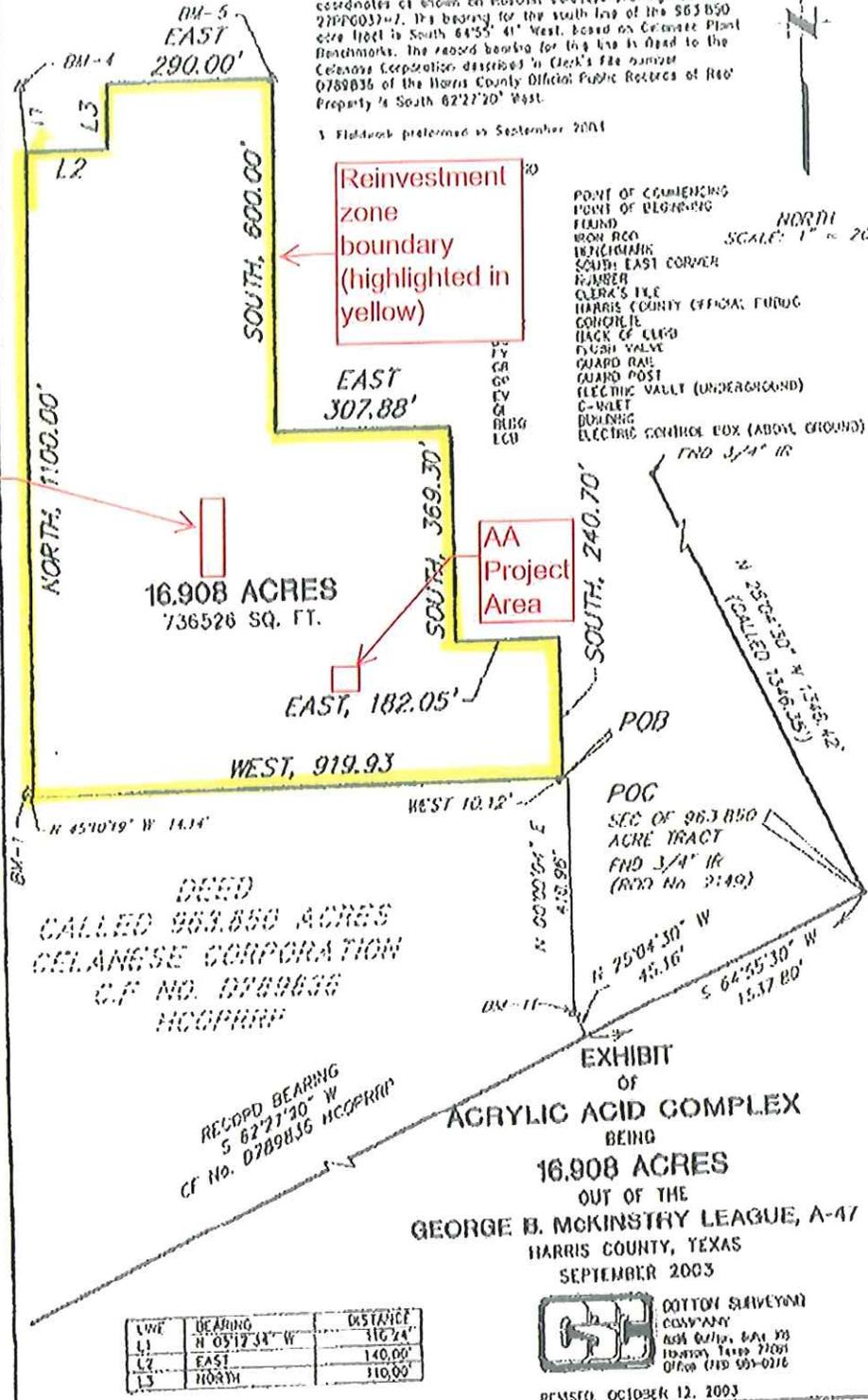
Reinvestment zone boundary (highlighted in yellow)

- POINT OF COMMENCING  
POINT OF BEGINNING  
FOUND  
IRON ROD  
18" DIAMETER  
SOUTH EAST CORNER  
NUMBER  
CLERK'S FILE  
HARRIS COUNTY OFFICIAL PUBLIC RECORDS  
CONCRETE  
BACK OF CURB  
CUBIC VALVE  
GUARD RAIL  
GUARD POST  
ELECTRIC VAULT (UNDERGROUND)  
C-VALET  
BUILDING  
ELECTRIC CONTROL BOX (ABOVE GROUND)
- NORTH  
SCALE: 1" = 200'

MA Project Area

AA Project Area

16.908 ACRES  
736526 SQ. FT.



DEED  
CALLED 963.850 ACRES  
CELANESE CORPORATION  
C.F. NO. 0789836  
HCOPRRP

POB  
POC  
SEC OF 963.850  
ACRE TRACT  
END 3/4" IR  
(BOOK No. 2149)

EXHIBIT  
OF  
ACRYLIC ACID COMPLEX  
BEING  
16.908 ACRES  
OUT OF THE  
GEORGE B. MCKINSTRY LEAGUE, A-47  
HARRIS COUNTY, TEXAS  
SEPTEMBER 2003

LINE	BEARING	DISTANCE
L1	N 05°17'38" W	316.24'
L2	EAST	140.00'
L3	NORTH	310.00'

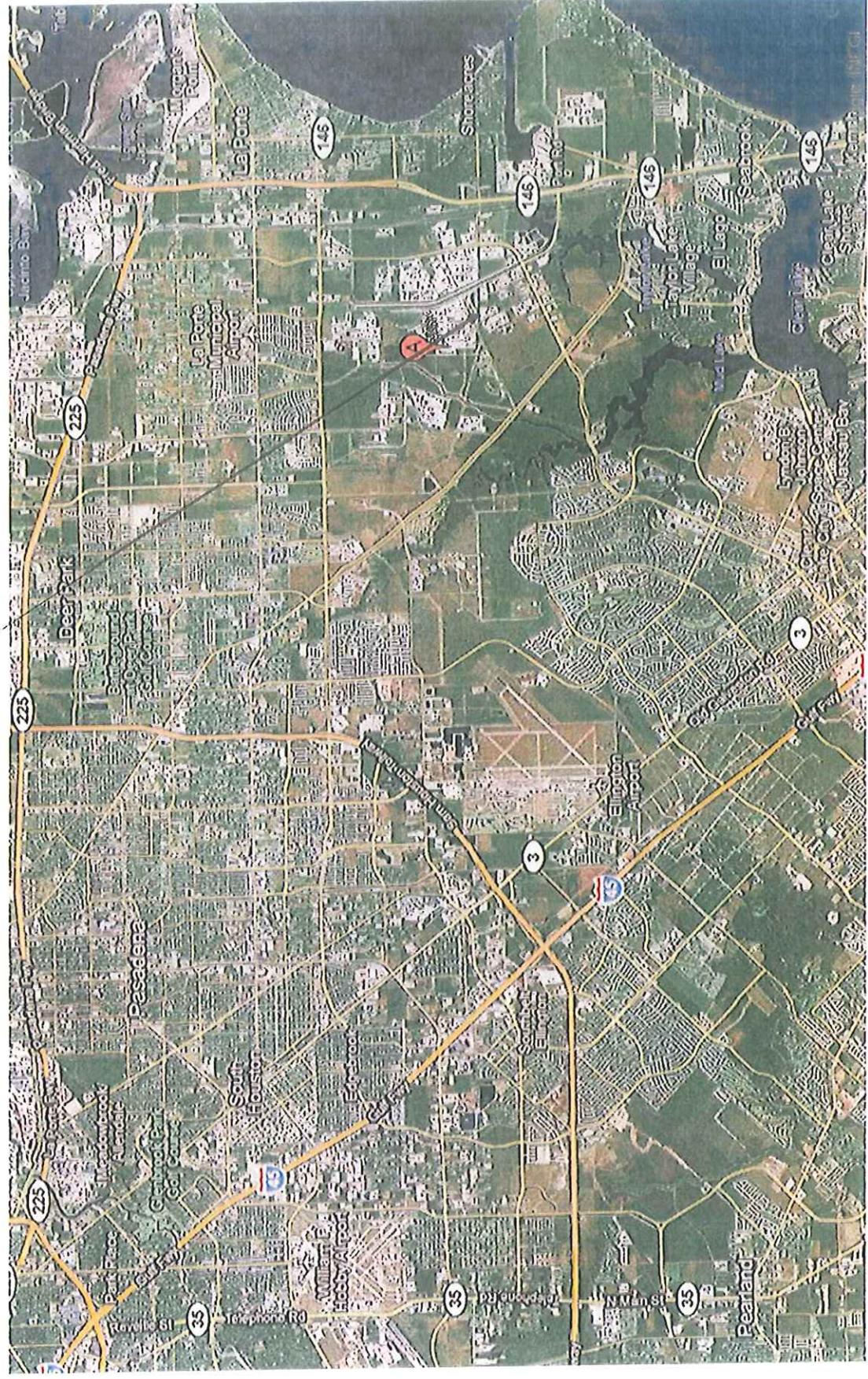
COTTON SURVEYING  
COMPANY  
ASH OULIF, SVP  
HOUSTON, TEXAS 77061  
OFFICE (713) 593-0176

REVISED, OCTOBER 12, 2003



To see all the details that are visible on the screen, use the "Print" link next to the map.

PROJECT LOCATION

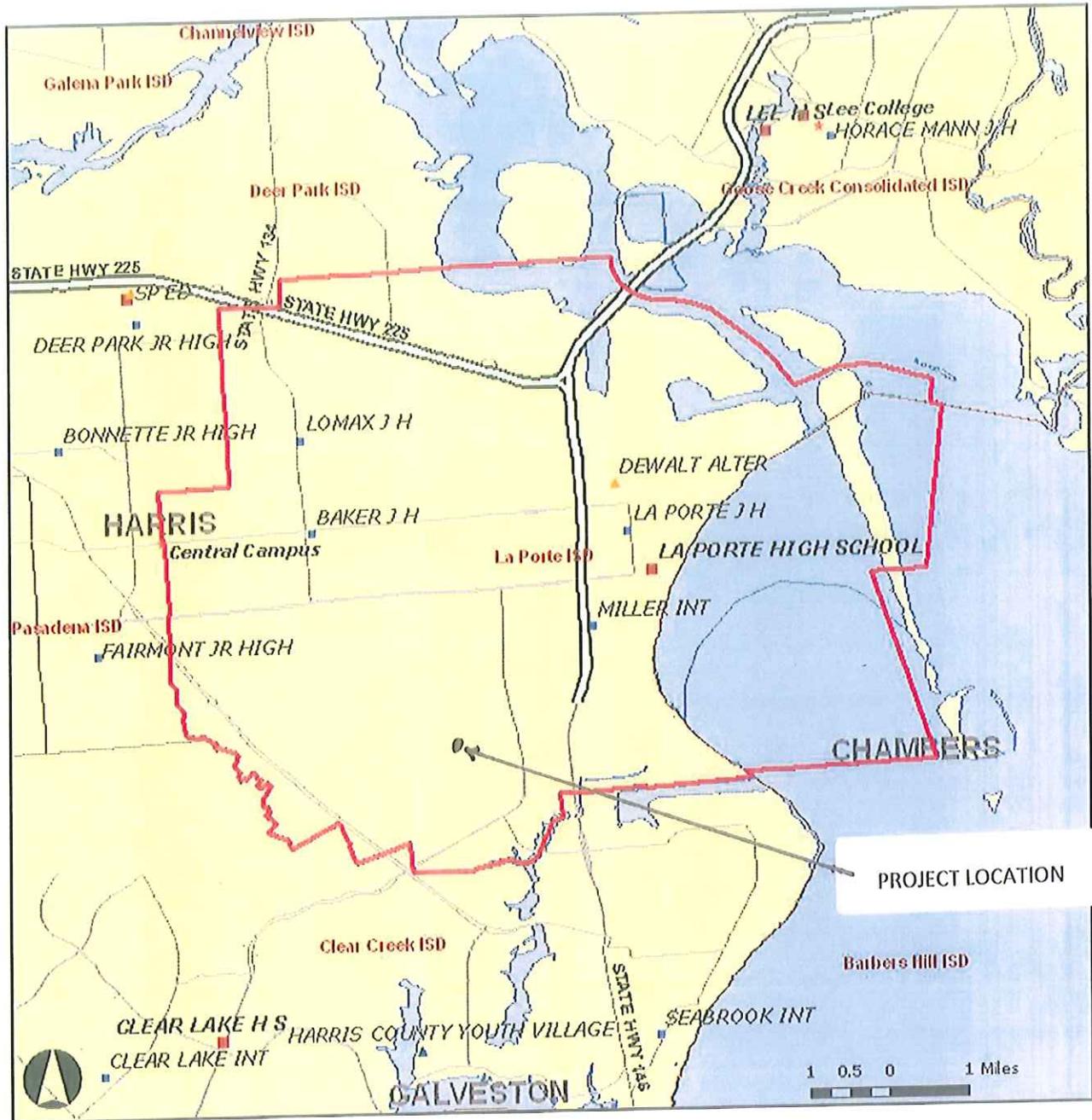


ATTACHMENT 9  
VICINITY MAP

<http://maps.google.com/>

12/21/2010

# Map



ATTACHMENT 9  
LPISD MAP

ATTACHMENT 10

See attached land description. Please note that land is leased from Celanese Ltd. The land leased by Arkema consists of 16,908 acres and is included in the 944.182 acre tract owned by Celanese Ltd.

Harris County Appraisal District assesses Celanese Ltd.'s land on account 100-515-000-0020 and values the land at \$13,366,784 or \$14,157 per acre.

Based upon this value, the equivalent assessed value of land leased to Arkema is approximately \$239,367.

Acrylic Acid Complex  
16.908 Acres

George B. McKinstry League  
Abstract No. 47

STATE OF TEXAS           §  
COUNTY OF HARRIS       §

A METES AND BOUNDS description of a 16.908 acre tract of land in the George B. McKinstry League, Abstract No. 47 in Harris County Texas, being a portion of a called 963.850 acre tract described in Deed to Celanese Corporation as recorded in Clerk's File number D789836 of the Harris County Official Public Records of Real Property; said 16.908 acre tract of land more particularly described as follows with all bearings based Celanese Plant coordinates as shown on Hoechst Celanese Drawing number 27PP0037-7:

COMMENCING at a found 3/4-inch iron rod (rod number 2149) at the southeast corner of the said 963.850 acre tract, from said iron rod a found 3/4-inch iron rod bears North 25°04'30" West, 1346.42 feet (called 1346.35 feet);

THENCE, South 64°55'30" West, (for reference this bearing is called South 62°27'20" West in Clerk's File number D789836 of the Harris County Official Public Records of Real Property) along the south line of the said 963.850 acre tract, 1537.80 feet to a point;

THENCE, North 25°04'30" West, 45.16 feet to Celanese Benchmark 11;

THENCE, North 00°00'04" East, 410.96 feet to a point, from said point Celanese Benchmark 12 bears North 00°00'04" East, 1209.86 feet;

THENCE, West, 10.12 feet to the POINT OF BEGINNING of the herein described 16.908 acre tract of land;

THENCE, West, 919.93 feet to a point for corner, from said point, Celanese Benchmark number 1 bears North 45°10'19" West, 14.14 feet;

THENCE, North, 1100.00 feet to a point for corner, from said point, Celanese Benchmark 4 bears North 05°12'34" West, 110.24 feet;

THENCE, East, 140.00 feet to a point for corner;

THENCE, North, 110.00 feet to a point for corner;

THENCE, East, 290.00 feet to a point for corner on a brass cap (Celanese Benchmark 5);

THENCE, South, 600.00 feet to a point for corner;

THENCE, East, 307.88 feet to a point for corner;

THENCE, South, 309.30 feet to a point for corner;

THENCE, East, 182.05 feet to a point for corner;



## GENERAL NOTES

1. The site was configured using coordinates (based on Celanese Plant Benchmarks) as shown on a drawing provided by Celanese.
2. Bearings shown hereon are based on Celanese Plant coordinates as shown on Hoechst Celanese Drawing number 27PP0037-7. The bearing for the south line of the 963.850 acre tract is South 64°55' 41" West, based on Celanese Plant Benchmarks. The record bearing for this line in Deed to the Celanese Corporation described in Clerk's File number D789836 of the Harris County Official Public Records of Real Property is South 62°27'20" West.
3. Fieldwork performed in September 2003.
4. No improvements were located for this exhibit.

HARRIS COUNTY APPRAISAL DISTRICT  
 REAL PROPERTY ACCOUNT INFORMATION  
 1005150000020

Tax Year: 2010



Owner and Property Information									
Owner Name & Mailing Address: CELANESE LTD PO BOX 819063 DALLAS TX 75381-9063				Legal Description: TR 19 (IMPS*1005150000627 & 1005150000681) (PC IMPS*1005150000628 & 0683) BAYPORT SEC 1 U/R					
				Property Address: 9502 BAYPORT BLVD PASADENA TX 77507					
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
F2 -- Real, Industrial	4416 -- Chemical and Allied Products	E	0	41,128,567 SF <i>944, 102 AC.</i>	0	0	5980.24	6152C	579Q

Value Status Information			
Capped Account	Value Status	Notice Date	Shared CAD
No	Noticed	05/28/2010	No

Exemptions and Jurisdictions					
Exemption Type	Districts	Jurisdictions	ARB Status	2009 Rate	2010 Rate
None	020	LA PORTE ISD	Certified: 08/20/2010	1.325000	1.325000
	040	HARRIS COUNTY	Certified: 08/20/2010	0.392240	0.388050
	041	HARRIS CO FLOOD CNTRL	Certified: 08/20/2010	0.029220	0.029230
	042	PORT OF HOUSTON AUTHY	Certified: 08/20/2010	0.016360	0.020540
	043	HARRIS CO HOSP DIST	Certified: 08/20/2010	0.192160	0.192160
	044	HARRIS CO EDUC DEPT	Certified: 08/20/2010	0.006050	0.006581
	047	SAN JACINTO COM COL D	Certified: 08/20/2010	0.170800	0.176277
	074	CITY OF PASADENA	Certified: 08/20/2010	0.562000	0.591593

Valuations					
Value as of January 1, 2009			Value as of January 1, 2010		
	Market	Appraised		Market	Appraised
Land	13,366,784		Land	13,366,784	
Improvement	76,749,240		Improvement	80,653,060	
<b>Total</b>	<b>90,116,024</b>	<b>90,116,024</b>	<b>Total</b>	<b>94,019,844</b>	<b>94,019,844</b>

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	4416 -- Chemical and Allied Products	AC6	AC	11.4800	1.00	1.00	0.65	Excessive Frontage	0.65	21,780.00	14,157.00	162,522
2	4416 -- Chemical and Allied Products	AC7	AC	932.7020	1.00	1.00	0.65	Shape or Size	0.65	21,780.00	14,157.00	13,204,262

Building												
Vacant (No Building Data)												

ATTACHMENT 11

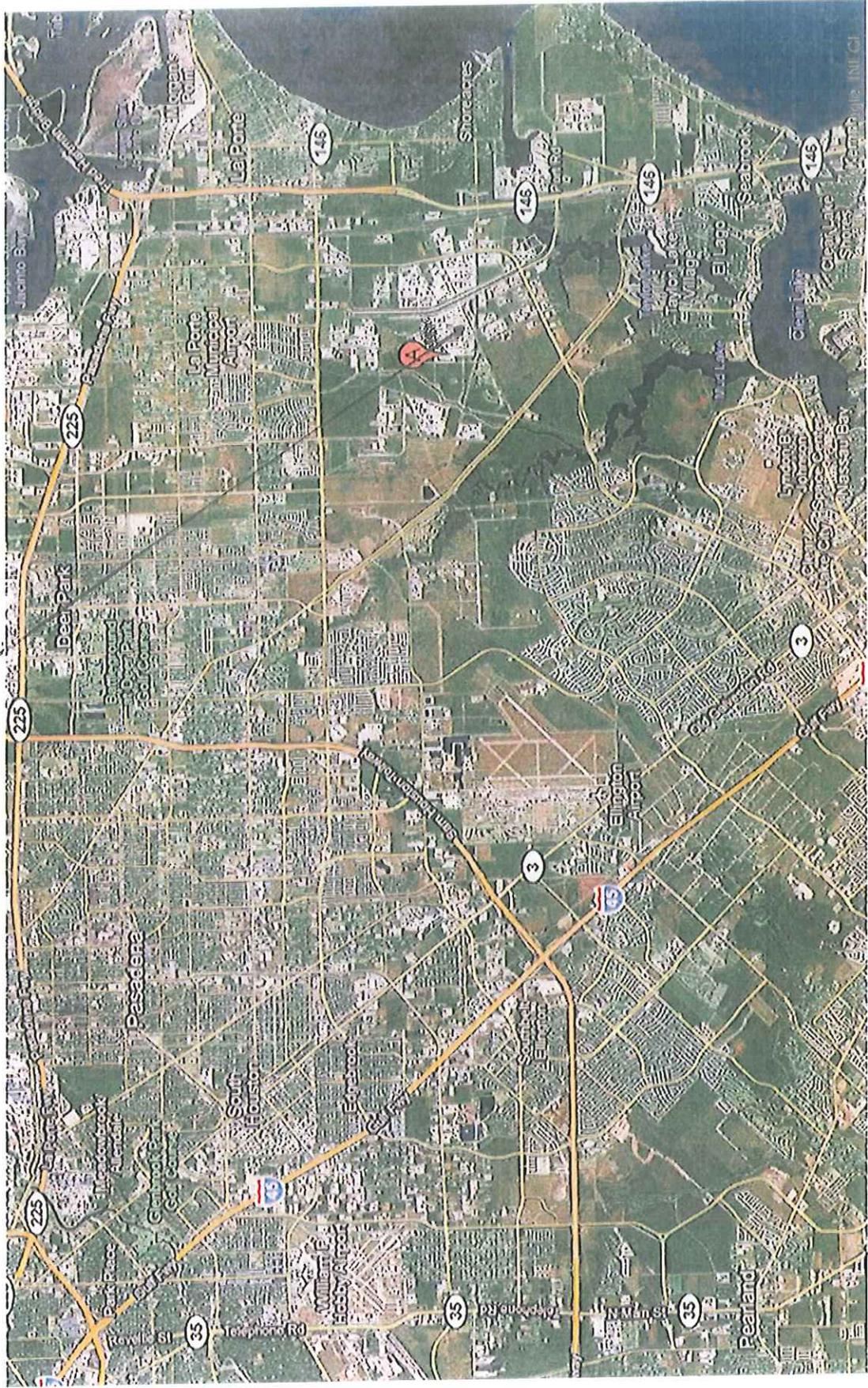
Please see attached maps





To see all the details that are visible on the screen, use the "Print" link next to the map.

PROJECT LOCATION



ATTACHMENT 11  
VICINITY MAP

# Map



ATTACHMENT 11  
LPISD MAP

ATTACHMENT 12

Arkema has existing chemical processing units at the Clear Lake plant. These assets consist of the following:

- Acrylic acid
- Glacial acrylic acid
- Esters – butyl acrylate
- Esters – ethyl acrylate
- Incinerators
- Tank farms
- Storage building
- Pollution control equipment

The improvements listed above are assessed by Harris County Appraisal District on account 100-515-000-0681 and the most recent property value is attached.

Schedule B (Rev. May 2010): Estimated Market And Taxable Value  
 ARKEMA INC.

LA PORTE

Form 50-296

Applicant Name  
 ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or in or on the new improvement		
pre-year 1	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -
1	2012-2013	2012	\$ -	\$ -	\$ 3,875,000	\$ -	\$ 3,875,000
2	2013-2014	2013	\$ -	\$ -	\$ 38,550,000	\$ 1,927,500	\$ 36,622,500
3	2014-2015	2014	\$ -	\$ -	\$ 104,400,000	\$ 5,220,000	\$ 99,180,000
4	2015-2016	2015	\$ -	\$ -	\$ 102,312,000	\$ 5,115,600	\$ 97,196,400
5	2016-2017	2016	\$ -	\$ -	\$ 100,265,760	\$ 5,013,300	\$ 95,252,460
6	2017-2018	2017	\$ -	\$ -	\$ 96,255,100	\$ 4,812,800	\$ 91,442,300
7	2018-2019	2018	\$ -	\$ -	\$ 92,404,900	\$ 4,620,200	\$ 87,784,700
8	2019-2020	2019	\$ -	\$ -	\$ 88,708,700	\$ 4,435,400	\$ 84,273,300
9	2020-2021	2020	\$ -	\$ -	\$ 85,160,400	\$ 4,258,000	\$ 80,902,400
10	2021-2022	2021	\$ -	\$ -	\$ 81,754,000	\$ 4,087,700	\$ 77,666,300
11	2022-2023	2022	\$ -	\$ -	\$ 78,483,800	\$ 3,924,200	\$ 74,559,600
12	2023-2024	2023	\$ -	\$ -	\$ 75,344,400	\$ 3,767,200	\$ 71,577,200
13	2024-2025	2024	\$ -	\$ -	\$ 72,330,600	\$ 3,616,500	\$ 68,714,100
14	2025-2026	2025	\$ -	\$ -	\$ 69,437,400	\$ 3,471,900	\$ 65,965,500
15	2026-2027	2026	\$ -	\$ -	\$ 66,659,900	\$ 3,333,000	\$ 63,326,900

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 those amounts for future years.

*St. O'Neil*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

12/28/10

ATTACHMENT 19

Schedule C

Schedule C- Application: Employment Information

Applicant Name  
ISD Name

ARKEMA INC.  
LA PORTE

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 FTEs 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	2011-2012	2011	9,900 \$	75,000	0	n/a	n/a	n/a
1	2012-2013	2012	26,900 \$	75,000	0	n/a	n/a	n/a
2	2013-2014	2013	26,900 \$	75,000	5	\$ 65,000	4	\$ 65,000
3	2014-2015	2014	n/a	n/a	5	\$ 65,000	4	\$ 65,000
4	2015-2016	2015	n/a	n/a	5	\$ 65,000	4	\$ 65,000
5	2016-2017	2016	n/a	n/a	5	\$ 65,000	4	\$ 65,000
6	2017-2018	2017	n/a	n/a	5	\$ 65,000	4	\$ 65,000
7	2018-2019	2018	n/a	n/a	5	\$ 65,000	4	\$ 65,000
8	2019-2020	2019	n/a	n/a	5	\$ 65,000	4	\$ 65,000
9	2020-2021	2020	n/a	n/a	5	\$ 65,000	4	\$ 65,000
10	2021-2022	2021	n/a	n/a	5	\$ 65,000	4	\$ 65,000
11	2022-2023	2022	n/a	n/a	5	\$ 65,000	4	\$ 65,000
12	2023-2024	2023	n/a	n/a	5	\$ 65,000	4	\$ 65,000
13	2024-2025	2024	n/a	n/a	5	\$ 65,000	4	\$ 65,000
14	2025-2026	2025	n/a	n/a	5	\$ 65,000	4	\$ 65,000
15	2026-2027	2026	n/a	n/a	5	\$ 65,000	4	\$ 65,000

\* man hours  
Notes: For job definitions see TAC §§.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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12/28/16  
DATE

ATTACHMENT 20

Schedule D

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

Applicant Name

ARKEMA INC.

ISD Name

LA PORTE

Form 50-298

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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2011-2012	2011	\$ 1,399,500	\$ 14,150,500	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2012-2013	\$ 4,140,000	\$ 41,860,000	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		2	2013-2014	\$ 3,656,500	\$ 38,993,500	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		3	2014-2015	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		4	2015-2016	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		5	2016-2017	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		6	2017-2018	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		7	2018-2019	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		8	2019-2020	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		9	2020-2021	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		10	2021-2022	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		11	2022-2023	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		12	2023-2024	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		13	2024-2025	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		14	2025-2026	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		15	2026-2027	\$ -	\$ -	\$ 750,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12/28/10

DATE

ATTACHMENT 21

A map of the proposed reinvestment zone is attached as is a vicinity map. The reinvestment zone will be established by the Board of Trustees of La Porte ISD at a later date and will be certified by the district.

GENERAL NOTES

1. The site was configured using coordinates (based on business front measurements) or known or a survey practice by Delmas, and improvement on the east portion of this tract.
2. Bearings shown hereon are based on Celestee Plant coordinates as shown on Houston Celestee Drawing number 27PP0037-2. The bearing for the south line of the S63 B50 acre tract is South 84°55' 41" West, based on Celestee Plant Benchmarks. The record bearing for this line is tied to the Celestee Corporation described in Clerk's file number 0785836 of the Harris County Official Public Records of Real Property is South 82°21'20" West.

3. Fieldwork performed in September 2003



NORTH  
SCALE: 1" = 200'

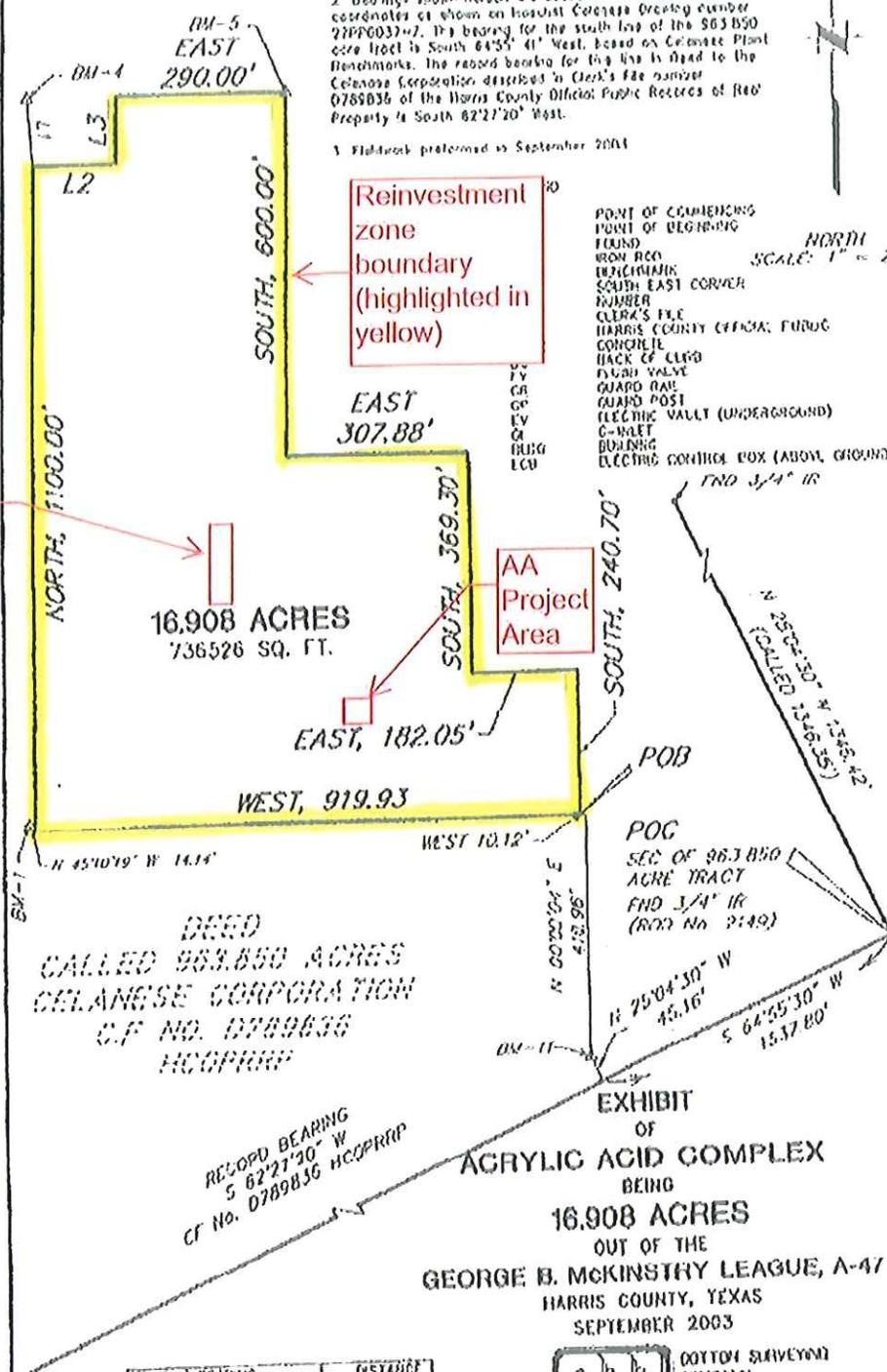
POINT OF COMMENCING  
POINT OF BEGINNING  
FOUND  
FROM RECORD  
BENCHMARK  
SOUTH EAST CORNER  
NUMBER  
CLERK'S FILE  
HARRIS COUNTY OFFICIAL PUBLIC  
RECORDS  
CONCISE  
BACK OF CURB  
FLY VALVE  
GUARD RAIL  
GUARD POST  
ELECTRIC VAULT (UNDERGROUND)  
C-WALK  
BUILDING  
ELECTRIC CONTROL BOX (ABOVE GROUND)  
FND 3/4" IR

Reinvestment zone boundary (highlighted in yellow)

MA Project Area

AA Project Area

16.908 ACRES  
736526 SQ. FT.



DEED  
CALLED 983.850 ACRES  
CELANESE CORPORATION  
C.F. NO. 0789836  
HCOPRRP

EXHIBIT  
OF  
ACRYLIC ACID COMPLEX  
BEING  
16.908 ACRES  
OUT OF THE  
GEORGE B. MCKINSTRY LEAGUE, A-47  
HARRIS COUNTY, TEXAS  
SEPTEMBER 2003

LINE	BEARING	DISTANCE
L1	N 05°12'34" W	116.24'
L2	EAST	140.00'
L3	NORTH	110.00'

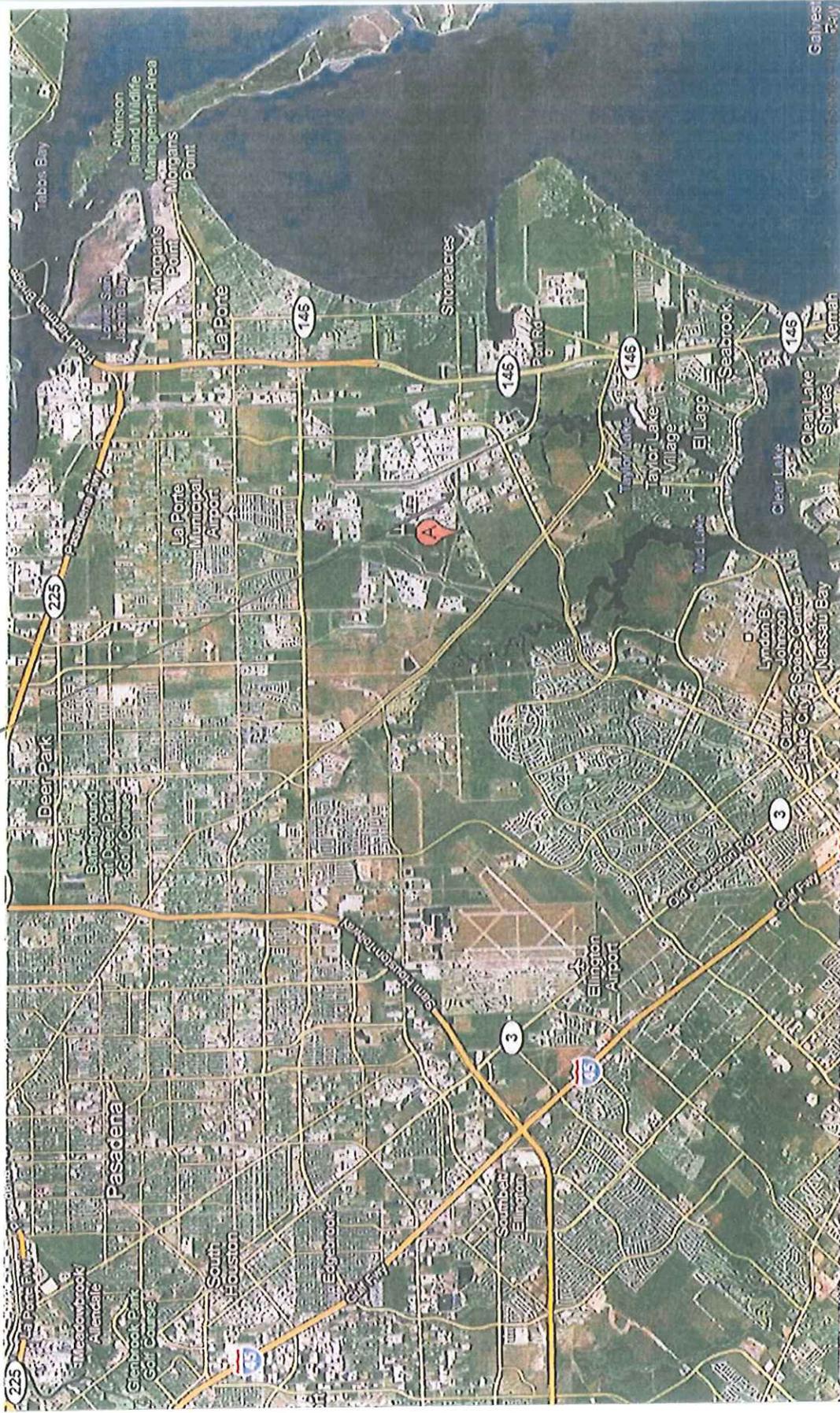
DOTYON SURVEYING  
CORPORATION  
2008 Dallas, TX 75201  
Houston, Texas 77001  
Office (281) 591-0216

REMOVED, OCTOBER 12, 2003



To see all the details that are visible on the screen, use the "Print" link next to the map.

PROJECT LOCATION



ATTACHMENT 21  
VICINITY MAP

# Map



ATTACHMENT 21  
LPISD MAP

ATTACHMENT 22

The resolution of the Board of Trustees of La Porte ISD establishing the reinvestment zone will be provided at a later date.

ATTACHMENT 23

The legal description of the proposed reinvestment zone is attached.

Acrylic Acid Complex  
16.908 Acres

George B. McKinstry League  
Abstract No. 47

STATE OF TEXAS           §

COUNTY OF HARRIS       §

A METES AND BOUNDS description of a 16.908 acre tract of land in the George B. McKinstry League, Abstract No. 47 in Harris County Texas, being a portion of a called 963.850 acre tract described in Deed to Celanese Corporation as recorded in Clerk's File number D789836 of the Harris County Official Public Records of Real Property; said 16.908 acre tract of land more particularly described as follows with all bearings based Celanese Plant coordinates as shown on Hoechst Celanese Drawing number 27PP0037-7:

COMMENCING at a found 3/4-inch iron rod (rod number 2149) at the southeast corner of the said 963.850 acre tract, from said iron rod a found 3/4-inch iron rod bears North 25°04'30" West, 1346.42 feet (called 1346.35 feet);

THENCE, South 64°55'30" West, (for reference this bearing is called South 62°27'20" West in Clerk's File number D789836 of the Harris County Official Public Records of Real Property) along the south line of the said 963.850 acre tract, 1537.80 feet to a point;

THENCE, North 25°04'30" West, 45.18 feet to Celanese Benchmark 11;

THENCE, North 00°00'04" East, 410.96 feet to a point, from said point Celanese Benchmark 12 bears North 00°00'04" East, 1209.86 feet;

THENCE, West, 10.12 feet to the POINT OF BEGINNING of the herein described 16.908 acre tract of land;

THENCE, West, 919.93 feet to a point for corner, from said point, Celanese Benchmark number 1 bears North 45°10'19" West, 14.14 feet;

THENCE, North, 1100.00 feet to a point for corner, from said point, Celanese Benchmark 4 bears North 05°12'34" West, 110.24 feet;

THENCE, East, 140.00 feet to a point for corner;

THENCE, North, 110.00 feet to a point for corner;

THENCE, East, 290.00 feet to a point for corner on a brass cap (Celanese Benchmark 5);

THENCE, South, 000.00 feet to a point for corner;

THENCE, East, 307.88 feet to a point for corner;

THENCE, South, 369.30 feet to a point for corner;

THENCE, East, 182.05 feet to a point for corner;

THENCE, South, 240.70 feet to the POINT OF BEGINNING, CONTAINING 16.908 of acres of land in Harris County Texas as shown on drawing number 5160 F(\$) in the offices of Colton Surveying in Houston Texas.

September 3, 2003  
I:\W\Surveying\cls\2200-2299\2276\95\16.908.DOC

## GENERAL NOTES

1. The site was configured using coordinates (based on Celanese Plant Benchmarks) as shown on a drawing provided by Celanese.
2. Bearings shown hereon are based on Celanese Plant coordinates as shown on Hoechst Celanese Drawing number 27PP0937-7. The bearing for the south line of the 963.850 acre tract is South 64°55' 41" West, based on Celanese Plant Benchmarks. The record bearing for this line in Deed to the Celanese Corporation described in Clerk's File number D789836 of the Harris County Official Public Records of Real Property is South 62°27'20" West.
3. Fieldwork performed in September 2003.
4. No improvements were located for this exhibit.

ATTACHMENT 24

The proposed reinvestment zone will be created by the Board of Trustees of La Porte ISD. Creation of the reinvestment zone by a school board does not require guidelines and criteria.

## Attachment B

### Certificate of Account Status



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

July 19, 2011

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

**ARKEMA INC.**

is, as of this date, in good standing with this office having no  
franchise tax reports or payments due at this time. This certificate is  
valid through the date that the next franchise tax report will be due  
August 15, 2011.

This certificate does not make a representation as to the status of the  
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the  
converted entity is subject to franchise tax as required by law. This  
certificate is not valid for any other filing with the Texas Secretary  
of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 19th day of  
July 2011 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 12309608904  
File number: 0001221906

## Attachment C

### State Comptroller's Recommendation

S U S A N  
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



April 15, 2011

Lloyd W. Graham  
Superintendent  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571

Dear Superintendent Graham:

On Mar. 11, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the La Porte Independent School District (La Porte ISD) by Arkema Inc. (Arkema) on Dec. 30, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Arkema's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, La Porte ISD is currently classified as a rural school district in Category 1. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$104,400,000) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Arkema is proposing the construction of a manufacturing facility in Harris County. Arkema is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Arkema, the Comptroller's recommendation is that Arkema's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Mr. Graham  
April 15, 2011  
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at [www.window.state.tx.us/taxinfo/proptax/hb1200](http://www.window.state.tx.us/taxinfo/proptax/hb1200) to find an outline of the program and links to applicable rules and forms.

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

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

# Attachment D

## Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Arkema Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	La Porte ISD
2009-10 Enrollment in School District	7,818
County	Harris
Total Investment in District	\$104,400,000
Qualified Investment	\$104,400,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	5*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,250
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,008
Minimum Annual Wage committed to by applicant for qualified jobs	\$65,000
Investment per Qualifying Job	\$26,100,000
Estimated 15 year M&O levy without any limit or credit:	\$11,422,722
Estimated gross 15 year M&O tax benefit	\$4,995,332
Estimated 15 year M&O tax benefit ( <i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$4,902,830
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$68,874
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$6,519,892
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	42.9%
Percentage of tax benefit due to the limitation	98.6%
Percentage of tax benefit due to the credit.	1.4%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Arkema Inc. (the project) applying to La Porte Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

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

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

After construction, the project will create five new jobs when fully operational. Four of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Harris County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009-2010 for Harris County is \$72,748. During that time, the county annual average wage for all industries was \$58,019. In addition to a salary of \$65,000, each qualifying position will receive benefits such as medical coverage, a dental plan, a vision plan, prescription drug benefits, flexible spending accounts, life insurance, disability plans, paid holidays, paid vacation, a 401(k) retirement savings plan, retiree medical benefit plan, education assistance, and an employee assistance program. The project's total investment is \$104.4 million, resulting in a relative level of investment per qualifying job of \$26.1 million.

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

According to Arkema Inc.'s application, "Arkema Inc. is a global chemical company and France's leading chemical producer. Arkema operates three acrylic acid production facilities: one in France (Carling), and two in the United States at Bayport, TX (a joint venture with Nippon Shokubai) and Clear Lake, TX (acquired from Dow Chemical in January 2010 as part of the acquisition of certain Dow acrylic assets). Arkema has the ability to locate a new facility in many countries around the world as well as numerous existing facilities in the United States."

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

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

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

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

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

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

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Arkema Inc.**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	5	99	104	355,993	4,644,007	5,000,000
2012	14	273	287	1,039,212	15,960,788	17,000,000
2013	18	267	285	1,292,295	17,707,705	19,000,000
2014	5	41	46	325,000	4,675,000	5,000,000
2015	5	31	36	325,000	4,675,000	5,000,000
2016	5	25	30	325,000	3,675,000	4,000,000
2017	5	22	27	325,000	3,675,000	4,000,000
2018	5	20	25	325,000	3,675,000	4,000,000
2019	5	21	26	325,000	3,675,000	4,000,000
2020	5	22	27	325,000	2,675,000	3,000,000
2021	5	22	27	325,000	3,675,000	4,000,000
2022	5	22	27	325,000	3,675,000	4,000,000
2023	5	19	24	325,000	3,675,000	4,000,000
2024	5	20	25	325,000	3,675,000	4,000,000
2025	5	22	27	325,000	3,675,000	4,000,000
2026	5	22	27	325,000	3,675,000	4,000,000

Source: CPA, REMI, Arkema Inc.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. La Porte ISD's ad valorem tax base in 2010 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2009-2010. During that same year, La Porte ISD's estimated wealth per WADA was \$648,889. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, Harris County Education Department, and San Jacinto College District, with all property tax incentives sought being granted using estimated market value from Arkema Inc.'s application. Arkema Inc. has applied for a value limitation under Chapter 313, Tax Code and no other additional tax incentives. Table 3 illustrates the estimated tax impact of the Arkema Inc. project on the region if all taxes are assessed.



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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$11,422,722. The estimated gross 15 year M&O tax benefit, or levy loss, is \$4,995,332.

Attachment 3 is an economic overview of Harris County.

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



TEXAS EDUCATION AGENCY

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

Robert Scott  
Commissioner

April 11, 2011

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Arkema Inc. project on the number and size of school facilities in La Porte Independent School District (LPISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the LPISD superintendent, Mr. Lloyd Graham, the TEA has found that the Arkema Inc. project would not have a significant impact on the number or size of school facilities in LPISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at [helen.daniels@tea.state.tx.us](mailto:helen.daniels@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Helen Daniels".

Helen Daniels  
Director of State Funding

HD/hd



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

Robert Scott  
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April 11, 2011

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

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Arkema Inc. project for the La Porte Independent School District (LPISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Arkema Inc. project on LPISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at [helen.daniels@tea.state.tx.us](mailto:helen.daniels@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels". The signature is written in a cursive style with a small heart-like flourish above the "i" in "Daniels".

Helen Daniels  
Director of State Funding

HD/hd

## Harris County

### Population

Total county population in 2009 for Harris County: 4,070,989, up 2.3 percent from 2008. State population increased 2.0 percent in the same time period. Harris County was the state's 1st largest county in population in 2009 and the 35th fastest growing county from 2008 to 2009. Harris County's population in 2009 was 35.3 percent Anglo (below the state average of 46.7 percent), 17.9 percent African-American (above the state average of 11.3 percent) and 39.8 percent Hispanic (above the state average of 36.9 percent).

2009 population of the largest cities and places in Harris County:

<b>Houston:</b>	2,257,926	<b>Pasadena:</b>	145,789
<b>Baytown:</b>	70,872	<b>La Porte:</b>	34,191
<b>Deer Park:</b>	30,938	<b>Bellaire:</b>	18,176
<b>South Houston:</b>	16,346	<b>West University Place:</b>	15,613
<b>Humble:</b>	14,865	<b>Katy:</b>	13,891

### Economy and Income

#### Employment

February 2011 total employment in Harris County: 1.86 million, up 1.6 percent from February 2010. State total employment increased 1.0 percent during the same period.

February 2011 Harris County unemployment rate: 8.3 percent, down from 8.5 percent in February 2010. The statewide unemployment rate for February 2011 was 8.2 percent, unchanged from 8.2 percent in February 2010.

February 2011 unemployment rate in the city of:

<b>Houston:</b>	8.1 percent, down from 8.2 percent in February 2010.
<b>Pasadena:</b>	9.9 percent, down from 10.1 percent in February 2010.
<b>Baytown:</b>	12.1 percent, up from 11.7 percent in February 2010.
<b>La Porte:</b>	8.8 percent, down from 9.6 percent in February 2010.
<b>Deer Park:</b>	8.2 percent, down from 8.5 percent in February 2010.

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

#### Income

Harris County's ranking in per capita personal income in 2008: 6th with an average per capita income of \$47,788, up 3.9 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

#### Industry

Agricultural cash values in Harris County averaged \$420.90 million annually from 2006 to 2009. County total agricultural values in 2009 were down 5.3 percent from 2008. Major agriculture related commodities in Harris County during 2009 included:

Timber	Horses	Hay	Other Beef	Nursery
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2010 oil and gas production in Harris County: 1.1 million barrels of oil and 20.8 million Mcf of gas. In February 2011, there were 317 producing oil wells and 158 producing gas wells.

### Taxes

#### Sales Tax - Taxable Sales

Taxable sales in Harris County during the third quarter 2010: \$14.52 billion, up 7.0 percent from the same quarter in 2009.

Taxable sales during the third quarter 2010 in the city of:

<b>Houston:</b>	\$11.54 billion, up 7.4 percent from the same quarter in 2009.
<b>Pasadena:</b>	\$322.46 million, up 0.7 percent from the same quarter in 2009.
<b>Baytown:</b>	\$170.33 million, down 0.7 percent from the same quarter in 2009.
<b>La Porte:</b>	\$67.85 million, up 19.7 percent from the same quarter in 2009.
<b>Deer Park:</b>	\$89.19 million, up 14.1 percent from the same quarter in 2009.
<b>Bellaire:</b>	\$48.03 million, up 14.5 percent from the same quarter in 2009.
<b>South Houston:</b>	\$27.95 million, up 0.7 percent from the same quarter in 2009.
<b>West University Place:</b>	\$12.61 million, up 0.5 percent from the same quarter in 2009.
<b>Humble:</b>	\$221.68 million, up 0.8 percent from the same quarter in 2009.
<b>Katy:</b>	\$131.31 million, up 14.1 percent from the same quarter in 2009.
<b>Seabrook:</b>	\$26.67 million, up 0.9 percent from the same quarter in 2009.
<b>Webster:</b>	\$130.18 million, down 1.7 percent from the same quarter in 2009.
<b>Tomball:</b>	\$87.30 million, up 1.5 percent from the same quarter in 2009.
<b>Galena Park:</b>	\$9.78 million, up 3.2 percent from the same quarter in 2009.
<b>Jacinto City:</b>	\$11.63 million, down 3.2 percent from the same quarter in 2009.
<b>Jersey Village:</b>	\$35.28 million, up 0.7 percent from the same quarter in 2009.
<b>Hunters Creek Village:</b>	\$3.00 million, up 1.2 percent from the same quarter in 2009.
<b>Nassau Bay:</b>	\$7.66 million, down 2.6 percent from the same quarter in 2009.
<b>Spring Valley Village:</b>	\$16.88 million, up 6.2 percent from the same quarter in 2009.
<b>Bunker Hill Village:</b>	\$365,864.00, down 31.7 percent from the same quarter in 2009.
<b>Taylor Lake Village:</b>	\$366,068.00, up 18.8 percent from the same quarter in 2009.
<b>Piney Point Village:</b>	\$827,084.00, down 16.6 percent from the same quarter in 2009.
<b>El Lago:</b>	\$1.73 million, up 2.7 percent from the same quarter in 2009.

Hedwig Village:	\$39.32 million, up 14.3 percent from the same quarter in 2009.
Southside Place:	\$6.48 million, down 4.3 percent from the same quarter in 2009.
Shoreacres:	\$472,263.00, down 3.5 percent from the same quarter in 2009.
Hilshire Village:	\$111,865.00, down 71.7 percent from the same quarter in 2009.
Morgan's Point:	\$3.56 million, up 6.8 percent from the same quarter in 2009.

**Annual (2009)**

Taxable sales in Harris County during 2009: \$58.29 billion, down 12.4 percent from 2008. Harris County sent an estimated \$3.64 billion (or 14.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

Houston:	\$46.61 billion, down 13.0 percent from 2008.
Pasadena:	\$1.40 billion, down 3.9 percent from 2008.
Baytown:	\$739.26 million, down 4.9 percent from 2008.
La Porte:	\$236.00 million, down 7.0 percent from 2008.
Deer Park:	\$333.15 million, down 9.8 percent from 2008.
Bellaire:	\$167.00 million, down 10.0 percent from 2008.
South Houston:	\$116.05 million, down 7.0 percent from 2008.
West University Place:	\$52.21 million, down 15.2 percent from 2008.
Humble:	\$932.38 million, down 8.8 percent from 2008.
Katy:	\$498.13 million, down 7.6 percent from 2008.
Seabrook:	\$109.00 million, down 4.8 percent from 2008.
Webster:	\$572.85 million, down 10.6 percent from 2008.
Tomball:	\$358.86 million, down 9.4 percent from 2008.
Galena Park:	\$39.44 million, down 51.7 percent from 2008.
Jacinto City:	\$49.05 million, down 7.4 percent from 2008.
Jersey Village:	\$145.74 million, down 6.0 percent from 2008.
Hunters Creek Village:	\$13.43 million, down 12.0 percent from 2008.
Nassau Bay:	\$30.42 million, down 20.1 percent from 2008.
Spring Valley Village:	\$68.23 million, down 29.9 percent from 2008.
Bunker Hill Village:	\$2.57 million, down 21.3 percent from 2008.
Taylor Lake Village:	\$1.57 million, up 10.2 percent from 2008.
Piney Point Village:	\$2.58 million, down 16.7 percent from 2008.
El Lago:	\$6.73 million, down 2.5 percent from 2008.
Hedwig Village:	\$145.58 million, down 1.9 percent from 2008.
Southside Place:	\$26.69 million, down 2.4 percent from 2008.
Shoreacres:	\$1.81 million, down 40.6 percent from 2008.
Hilshire Village:	\$1.14 million, down 13.9 percent from 2008.
Morgan's Point:	\$13.27 million, down 19.8 percent from 2008.

**Sales Tax – Local Sales Tax Allocations**

**Monthly**

Statewide payments based on the sales activity month of January 2011: \$433.11 million, up 7.1 percent from January 2010.

Payments to all cities in Harris County based on the sales activity month of January 2011: \$44.29 million, up 4.9 percent from January 2010. Payment based on the sales activity month of January 2011 to the city of:

Houston:	\$36.85 million, up 5.1 percent from January 2010.
Pasadena:	\$1.68 million, up 7.6 percent from January 2010.
Baytown:	\$843,428.77, down 7.3 percent from January 2010.
La Porte:	\$406,449.09, up 7.3 percent from January 2010.
Deer Park:	\$371,628.83, up 36.0 percent from January 2010.
Bellaire:	\$137,110.70, down 30.2 percent from January 2010.
South Houston:	\$159,325.94, down 3.8 percent from January 2010.
West University Place:	\$85,633.29, down 6.1 percent from January 2010.
Humble:	\$764,365.05, down 3.3 percent from January 2010.
Katy:	\$567,507.73, down 16.5 percent from January 2010.
Seabrook:	\$141,236.00, down 7.5 percent from January 2010.
Webster:	\$1.01 million, up 29.2 percent from January 2010.
Tomball:	\$663,317.39, up 9.6 percent from January 2010.
Galena Park:	\$56,104.12, up 27.3 percent from January 2010.
Jacinto City:	\$37,664.53, down 2.6 percent from January 2010.
Jersey Village:	\$175,661.11, up 0.8 percent from January 2010.
Hunters Creek Village:	\$20,974.27, down 10.7 percent from January 2010.
Nassau Bay*:	\$58,670.36, up 13.1 percent from January 2010.
Spring Valley:	\$64,595.51, up 9.0 percent from January 2010.
Bunker Hill Village:	\$6,224.03, up 3.6 percent from January 2010.
Taylor Lake Village:	\$4,201.28, up 3.6 percent from January 2010.
Piney Point Village:	\$7,478.61, up 0.3 percent from January 2010.
El Lago:	\$8,670.85, down 21.1 percent from January 2010.
Hedwig Village:	\$120,663.40, up 23.4 percent from January 2010.
Southside Place:	\$18,212.15, up 1.2 percent from January 2010.
Shoreacres*:	\$4,979.06, up 21.0 percent from January 2010.
Hilshire Village:	\$2,101.36, up 124.0 percent from January 2010.
Morgan's Point:	\$19,011.15, down 1.7 percent from January 2010.

### Annual (2010)

Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.

Payments to all cities in Harris County based on sales activity months in 2010: \$579.94 million, up 0.7 percent from 2009.

Payment based on sales activity months in 2010 to the city of:

<b>Houston:</b>	\$478.01 million, up 0.8 percent from 2009.
<b>Pasadena:</b>	\$23.23 million, down 3.5 percent from 2009.
<b>Baytown:</b>	\$11.87 million, down 2.7 percent from 2009.
<b>La Porte:</b>	\$5.59 million, up 11.1 percent from 2009.
<b>Deer Park:</b>	\$4.16 million, down 1.9 percent from 2009.
<b>Bellaire:</b>	\$2.25 million, up 3.1 percent from 2009.
<b>South Houston:</b>	\$2.28 million, down 3.4 percent from 2009.
<b>West University Place:</b>	\$1.05 million, up 10.9 percent from 2009.
<b>Humble:</b>	\$10.78 million, down 1.2 percent from 2009.
<b>Katy:</b>	\$8.54 million, up 14.1 percent from 2009.
<b>Seabrook:</b>	\$2.12 million, down 2.9 percent from 2009.
<b>Webster:</b>	\$13.05 million, down 3.2 percent from 2009.
<b>Tomball:</b>	\$8.93 million, up 0.4 percent from 2009.
<b>Galena Park:</b>	\$750,580.78, up 6.6 percent from 2009.
<b>Jacinto City:</b>	\$581,584.28, up 3.1 percent from 2009.
<b>Jersey Village:</b>	\$2.40 million, up 1.2 percent from 2009.
<b>Hunters Creek Village:</b>	\$271,978.08, down 5.2 percent from 2009.
<b>Nassau Bay*:</b>	\$679,854.28, down 6.5 percent from 2009.
<b>Spring Valley:</b>	\$807,981.43, up 2.0 percent from 2009.
<b>Bunker Hill Village:</b>	\$72,086.00, up 17.7 percent from 2009.
<b>Taylor Lake Village:</b>	\$51,516.47, up 16.2 percent from 2009.
<b>Piney Point Village:</b>	\$125,031.28, up 26.0 percent from 2009.
<b>El Lago:</b>	\$135,168.06, up 4.4 percent from 2009.
<b>Hedwig Village:</b>	\$1.48 million, up 8.0 percent from 2009.
<b>Southside Place:</b>	\$293,163.92, down 0.3 percent from 2009.
<b>Shoreacres*:</b>	\$62,215.94, up 23.4 percent from 2009.
<b>Hilshire Village:</b>	\$32,733.90, down 16.1 percent from 2009.
<b>Morgan's Point:</b>	\$334,244.58, up 71.7 percent from 2009.

\*On 10/1/2009, the city of Shoreacres's local sales tax rate increased by 1.250 from 1.250 percent to 1.250 percent.

\*On 10/1/2009, the city of Nassau Bay's local sales tax rate increased by 1.750 from 0.000 percent to 1.750 percent.

### Property Tax

As of January 2009, property values in Harris County: \$337.95 billion, up 1.3 percent from January 2008 values. The property tax base per person in Harris County is \$83,014, below the statewide average of \$85,809. About 0.1 percent of the property tax base is derived from oil, gas and minerals.

### State Expenditures

Harris County's ranking in state expenditures by county in fiscal year 2009: 1st. State expenditures in the county for FY2009: \$13.69 billion, up 11.7 percent from FY2008.

In Harris County, 52 state agencies provide a total of 45,268 jobs and \$2.01 billion in annualized wages (as of 3rd quarter 2010).

Major state agencies in the county (as of third quarter 2010):

- University of Texas (MD Anderson)
- University of Houston
- University of Texas Health Science Center
- Department of Family and Protective Services

### Higher Education

Community colleges in Harris County fall 2010 enrollment:

- Tomball College, a Public Community College (part of Lone Star College System), had 10,791 students.
- South Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 10,497 students.
- North Harris College, a Public Community College (part of Lone Star College System), had 15,213 students.
- North Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 6,573 students.
- Lee College, a Public Community College, had 6,719 students.
- Kingwood College, a Public Community College (part of Lone Star College System), had 9,807 students.
- Houston Community College, a Public Community College, had 49,717 students.
- Cy-Fair College, a Public Community College (part of Lone Star College System), had 16,861 students.
- Central Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 15,035 students.

Harris County is in the service area of the following:

Houston Community College with a fall 2010 enrollment of 49,717. Counties in the service area include:  
Fort Bend County  
Harris County  
Waller County

Lee College with a fall 2010 enrollment of 6,719. Counties in the service area include:  
Chambers County  
Hardin County  
Harris County  
Liberty County

Lone Star College System with a fall 2010 enrollment of 63,826. Counties in the service area include:  
Harris County  
Liberty County  
Montgomery County  
San Jacinto County  
Walker County

San Jacinto Community College with a fall 2010 enrollment of 32,105. Counties in the service area include:  
Chambers County  
Harris County

Institutions of higher education in Harris County fall 2010 enrollment:

University of St. Thomas, an Independent University, had 3,437 students.  
University of Houston-Downtown, a Public University (part of University of Houston System), had 12,900 students.  
University of Houston-Clear Lake, a Public University (part of University of Houston System), had 8,099 students.  
University of Houston, a Public University (part of University of Houston System), had 38,752 students.  
The University of Texas M.D. Anderson Cancer Center, a Public Health-Related Institution (part of The University of Texas System), had 248 students.  
The University of Texas Health Science Center at Houston, a Public Health-Related Institution (part of The University of Texas System), had 4,485 students.  
Texas Southern University, a Public University, had 9,557 students.  
Texas Chiropractic College, an Independent Senior College/University, had 292 students.  
South Texas College of Law, an Independent Senior College/University, had 1,295 students.  
Rice University, an Independent University, had 5,879 students.  
Houston Baptist University, an Independent University, had 2,597 students.  
Baylor College of Medicine, an Independent Health-Related Institution, had 1,485 students.

### School Districts

Harris County had 20 school districts with 897 schools and 773,881 students in the 2009-10 school year.

**(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)**

Aldine ISD had 62,532 students in the 2009-10 school year. The average teacher salary was \$51,698. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.

Alief ISD had 45,410 students in the 2009-10 school year. The average teacher salary was \$51,983. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.

Channelview ISD had 8,628 students in the 2009-10 school year. The average teacher salary was \$51,435. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.

Crosby ISD had 4,997 students in the 2009-10 school year. The average teacher salary was \$47,973. The percentage of students meeting the 2010 TAKS passing standard for all tests was 74 percent.

Cypress-Fairbanks ISD had 103,897 students in the 2009-10 school year. The average teacher salary was \$48,160. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.

Deer Park ISD had 12,436 students in the 2009-10 school year. The average teacher salary was \$54,620. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

Galena Park ISD had 21,409 students in the 2009-10 school year. The average teacher salary was \$49,054. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.

Goose Creek ISD had 20,819 students in the 2009-10 school year. The average teacher salary was \$50,503. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.

Houston ISD had 200,944 students in the 2009-10 school year. The average teacher salary was \$52,535. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.

Huffman ISD had 3,150 students in the 2009-10 school year. The average teacher salary was \$46,579. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

Humble ISD had 34,689 students in the 2009-10 school year. The average teacher salary was \$46,844. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.

Katy ISD had 58,444 students in the 2009-10 school year. The average teacher salary was \$50,374. The percentage of students meeting the 2010 TAKS passing standard for all tests was 88 percent.

Klein ISD had 44,695 students in the 2009-10 school year. The average teacher salary was \$51,719. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.

La Porte ISD had 7,818 students in the 2009-10 school year. The average teacher salary was \$50,976. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

North Forest ISD had 7,662 students in the 2009-10 school year. The average teacher salary was \$47,706. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.

Pasadena ISD had 51,923 students in the 2009-10 school year. The average teacher salary was \$48,436. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.

Sheldon ISD had 6,525 students in the 2009-10 school year. The average teacher salary was \$48,991. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.

Spring ISD had 35,276 students in the 2009-10 school year. The average teacher salary was \$48,690. The percentage of students meeting the 2010 TAKS passing standard for all tests was 69 percent.

Spring Branch ISD had 32,415 students in the 2009-10 school year. The average teacher salary was \$50,971. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.

Tomball ISD had 10,212 students in the 2009-10 school year. The average teacher salary was \$51,337. The percentage of students meeting the 2010 TAKS passing standard for all tests was 85 percent.

## Attachment E

# Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED  
ARKEMA, INC. PROJECT ON THE FINANCES OF THE LA PORTE  
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED  
CHAPTER 313 PROPERTY VALUE LIMITATION**

**August 15, 2011**

**Final Report (Revised)**

**PREPARED BY**



# Estimated Impact of the Proposed ARKEMA, Inc. Project on the Finances of the La Porte Independent School District under a Requested Chapter 313 Property Value Limitation

## Introduction

ARKEMA, Inc. (ARKEMA) has requested that the La Porte Independent School District (LPISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a chemical manufacturing project. An application was submitted to LPISD on December 30, 2010. ARKEMA proposes to invest \$104 million to construct this project in LPISD.

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

## School Finance Mechanics

Under the provisions of Chapter 313, LPISD may offer a minimum value limitation of \$30 million. Based on the application, the qualifying time period would begin with the 2012-13 school year. The full taxable value of the investment is expected to reach \$99.2 million in 2014-15, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2012-13 and 2013-14 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purposes of this analysis, it is assumed that the qualifying time period will be the 2012-13 and 2013-14 school years. Beginning in 2014-15, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with LPISD levying a \$0.285 per \$100 I&S tax rate for the 2010-11 school year and anticipated to levy a \$0.315 per \$100 I&S tax rate for the 2011-12 school year.

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

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. This typically resulted in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

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

In the case of HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point was the target revenue provisions from HB 1, that were then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts did have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 70 percent of all school districts were funded at the minimum \$120 per WADA level, while approximately 30 percent school districts were expected to generate higher revenue amounts per WADA in the 2009-10 school year. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 797 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 227 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the appropriations bill. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the ARKEMA project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws

are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

### **Underlying Assumptions**

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

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, future changes are dependent on legislative action that is difficult to forecast. While there is a statement of intent to no longer fund target revenue by the 2017-18 school year, implementing this change will require future legislative action, with any changes coming through the appropriations process, statutory changes, or both. An earlier value limitation agreement for Air Liquide is factored into the base model used here, although the impact of the proposed ARKEMA project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 7,330 students in average daily attendance (ADA) in analyzing the effects of the ARKEMA project on the finances of LPISD. The District's local tax base reached \$5.9 billion for the 2010 tax year. While the District's tax base experienced value growth during the latter part of the last decade, it was lower in 2010. Based on data received from LPISD the underlying taxable value is forecasted to decline by approximately 1.5 percent through 2014-15 and then is maintained for the rest of the period in order to isolate the effects of the property value limitation. LPISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$661,417 for the 2010-11 school year. It remains close to \$600,000 per WADA over the forecast period under the assumptions used here. These assumptions are summarized in Table 1.

### **School Finance Impact**

A baseline model was prepared for LPISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

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

A third model is developed which adds the ARKEMA value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue

protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$54.6 million a year in net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, LPISD would experience a revenue loss as a result of the implementation of the value limitation in the 2014-15 school year (-\$28,412). The revenue reduction results from the mechanics of four cents not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2014-15 school year. The formula loss of \$28,412 cited above between the base and the limitation models is based on an assumption of \$719,472 in M&O tax savings for Arkema when the \$30 limitation is implemented. Under the estimates presented here and as highlighted in Table 4, a \$127,719 reduction in recapture costs is expected to offset a portion of this reduction in M&O tax collections. In addition, a \$565,115 increase in ASATR funding is calculated under the assumptions used here.

Given that the ASATR amount falls below the anticipated tax savings for the project in the first year of implementation of the agreement, there is no financial risk to the school district as a result of the adoption of the value limitation agreement in response to future legislative changes in ASATR funding. But significant or complete elimination of ASATR funding could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect. The estimates for the 2016-17 school year and thereafter show the offset coming almost entirely from reductions in the amount of recapture that would be owed by LPISD.

On August 9, 2011, the Comptroller's Property Tax Assistance Division announced at a meeting of the Property Tax Advisory Committee that it would be adopting a rule this fall that would implement the use of two values for school districts for its 2011 state property value study. These are the state values that will be used to calculate state aid and recapture in the 2012-13 school year.

At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office through the 2010 tax year, however, only a single deduction amount was calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes only.

Under the Arkema request for a value limitation, the 2014 state property value used for the 2015-16 school year would be the first year that this change in the value study would be reflected in funding formula calculations for the new Arkema project. This change has been made in the models presented here. Under earlier estimates for the project, there was a small, residual value loss amounts over the course of the value limitation. Under the Comptroller's proposed methodology, these out-year formula losses disappear.

### **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$4.9 million over the life of the agreement. In addition, ARKEMA would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$68,874 over the life of the agreement, with no unpaid tax credits anticipated.

The key LPISD revenue losses are associated with the additional four-cent levy not subject to recapture and expected to total approximately \$28,412 over the course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits are estimated to total \$5.0 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the 2014-15 school year, there would still be a substantial tax benefit to Arkema under the value limitation agreement for the remaining years that the limitation is in effect.

### **Facilities Funding Impact**

The ARKEMA project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.285 I&S tax rate and expected to levy a \$0.315 I& S tax rate for the 2011-12 school year. The value of the ARKEMA project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. At its peak taxable value, the project adds 1.7 percent to LPISD's current tax base, which should assist the District in meeting its debt service obligations.

The ARKEMA project is not expected to affect LPISD in terms of enrollment. Given that much of what is proposed expands existing operations, only five new full-time positions are expected to be created as a result of the project. This is not expected to have an impact on student growth in the District.

### **Conclusion**

The proposed ARKEMA chemical manufacturing project enhances the tax base of LPISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$5.0 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District under current law. The additional taxable value also enhances the tax base of LPISD in meeting its future debt service obligations.

**Table 1 – Base District Information with ARKEMA Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2012-13	7,320.06	9,828.71	\$1.0400	\$0.3000	\$5,916,907,120	\$5,916,907,120	\$5,831,975,739	\$5,831,975,739	\$593,361	\$593,361
2	2013-14	7,330.06	9,839.10	\$1.0400	\$0.3025	\$5,684,362,286	\$5,684,362,286	\$5,957,725,618	\$5,957,725,618	\$605,516	\$605,516
3	2014-15	7,330.06	9,811.85	\$1.0400	\$0.3055	\$5,644,566,075	\$5,575,386,075	\$5,763,541,034	\$5,763,541,034	\$587,406	\$587,406
4	2015-16	7,330.06	9,811.85	\$1.0400	\$0.3060	\$5,642,582,475	\$5,575,386,075	\$5,720,151,022	\$5,666,678,558	\$582,984	\$577,534
5	2016-17	7,330.06	9,811.85	\$1.0400	\$0.3065	\$5,640,638,535	\$5,575,386,075	\$5,716,859,172	\$5,664,939,220	\$582,648	\$577,357
6	2017-18	7,330.06	9,811.85	\$1.0400	\$0.3071	\$5,636,828,375	\$5,575,386,075	\$5,712,784,206	\$5,662,384,979	\$582,233	\$577,096
7	2018-19	7,330.06	9,811.85	\$1.0400	\$0.3080	\$5,633,170,775	\$5,575,386,075	\$5,706,954,328	\$5,659,519,103	\$581,639	\$576,804
8	2019-20	7,330.06	9,811.85	\$1.0400	\$0.3085	\$5,629,659,375	\$5,575,386,075	\$5,701,397,560	\$5,656,815,893	\$581,073	\$576,529
9	2020-21	7,330.06	9,811.85	\$1.0400	\$0.3090	\$5,626,288,475	\$5,575,386,075	\$5,696,046,897	\$5,654,189,847	\$580,527	\$576,261
10	2021-22	7,330.06	9,811.85	\$1.0400	\$0.3100	\$5,733,226,975	\$5,685,560,675	\$5,690,925,541	\$5,651,682,772	\$580,005	\$576,006
11	2022-23	7,330.06	9,811.85	\$1.0400	\$0.3105	\$5,719,876,115	\$5,719,876,115	\$5,770,091,989	\$5,733,371,284	\$588,074	\$584,331
12	2023-24	7,330.06	9,811.85	\$1.0400	\$0.3115	\$5,707,413,205	\$5,707,413,205	\$5,756,741,129	\$5,756,741,129	\$586,713	\$586,713
13	2024-25	7,330.06	9,811.85	\$1.0400	\$0.3120	\$5,695,776,095	\$5,695,776,095	\$5,744,278,219	\$5,744,278,219	\$585,443	\$585,443
14	2025-26	7,330.06	9,811.85	\$1.0400	\$0.3125	\$5,684,907,155	\$5,684,907,155	\$5,732,641,109	\$5,732,641,109	\$584,257	\$584,257
15	2026-27	7,330.06	9,811.85	\$1.0400	\$0.3130	\$5,674,738,673	\$5,674,738,673	\$5,721,772,169	\$5,721,772,169	\$583,149	\$583,149

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

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$59,496,121	\$1,868,411	\$1,785,114	\$0	-\$10,758,661	\$2,340,499	\$25,003	\$0	\$54,756,488
2	2013-14	\$57,204,347	\$1,869,511	\$4,564,735	\$0	-\$11,193,397	\$2,248,947	\$0	\$0	\$54,694,143
3	2014-15	\$56,834,635	\$1,871,261	\$3,076,404	\$0	-\$9,479,330	\$2,234,178	\$62,625	\$0	\$54,599,773
4	2015-16	\$56,814,656	\$2,640,917	\$1,990,182	\$0	-\$9,142,785	\$2,233,380	\$79,696	\$0	\$54,616,046
5	2016-17	\$56,795,072	\$3,154,021	\$1,477,464	\$0	-\$9,123,588	\$2,232,597	\$80,476	\$0	\$54,616,043
6	2017-18	\$56,756,796	\$2,640,917	\$2,006,662	\$0	-\$9,101,405	\$2,231,068	\$81,212	\$0	\$54,615,251
7	2018-19	\$56,719,961	\$3,154,021	\$1,493,666	\$0	-\$9,064,678	\$2,229,597	\$82,710	\$0	\$54,615,277
8	2019-20	\$56,684,702	\$2,640,917	\$2,006,789	\$0	-\$9,029,439	\$2,228,188	\$84,149	\$0	\$54,615,307
9	2020-21	\$56,650,849	\$3,154,021	\$1,493,707	\$0	-\$8,995,606	\$2,226,836	\$85,530	\$0	\$54,615,336
10	2021-22	\$57,715,595	\$2,640,917	\$1,100,975	\$0	-\$9,154,516	\$2,269,370	\$88,566	\$0	\$54,660,907
11	2022-23	\$57,580,564	\$3,154,021	\$1,548,523	\$0	-\$9,980,138	\$2,263,976	\$44,759	\$0	\$54,611,706
12	2023-24	\$57,456,142	\$2,640,917	\$2,058,420	\$0	-\$9,852,509	\$2,259,006	\$50,003	\$0	\$54,611,980
13	2024-25	\$57,340,089	\$3,154,021	\$1,542,224	\$0	-\$9,733,364	\$2,254,370	\$54,900	\$0	\$54,612,240
14	2025-26	\$57,231,687	\$3,154,021	\$1,539,348	\$0	-\$9,622,085	\$2,250,039	\$59,474	\$0	\$54,612,483
15	2026-27	\$57,130,261	\$3,154,021	\$1,536,790	\$0	-\$9,518,102	\$2,245,988	\$63,746	\$0	\$54,612,703

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$59,496,121	\$1,868,411	\$1,785,114	\$0	-\$10,758,661	\$2,340,499	\$25,003	\$0	\$54,756,488
2	2013-14	\$57,204,347	\$1,869,511	\$4,564,735	\$0	-\$11,193,397	\$2,248,947	\$0	\$0	\$54,694,143
3	2014-15	\$56,142,802	\$1,871,261	\$3,641,519	\$0	-\$9,352,611	\$2,206,541	\$61,850	\$0	\$54,571,361
4	2015-16	\$56,142,658	\$2,640,917	\$1,994,503	\$0	-\$8,475,107	\$2,206,535	\$106,908	\$0	\$54,616,413
5	2016-17	\$56,142,515	\$3,154,021	\$1,481,518	\$0	-\$8,475,083	\$2,206,529	\$106,907	\$0	\$54,616,407
6	2017-18	\$56,142,343	\$2,640,917	\$1,994,765	\$0	-\$8,475,055	\$2,206,522	\$106,907	\$0	\$54,616,400
7	2018-19	\$56,142,085	\$3,154,021	\$1,481,876	\$0	-\$8,475,012	\$2,206,512	\$106,907	\$0	\$54,616,389
8	2019-20	\$56,141,942	\$2,640,917	\$1,995,099	\$0	-\$8,474,988	\$2,206,506	\$106,906	\$0	\$54,616,383
9	2020-21	\$56,141,799	\$3,154,021	\$1,482,114	\$0	-\$8,474,964	\$2,206,500	\$106,906	\$0	\$54,616,377
10	2021-22	\$57,238,908	\$2,640,917	\$1,081,260	\$0	-\$8,658,114	\$2,250,328	\$109,030	\$0	\$54,662,328
11	2022-23	\$57,580,564	\$3,154,021	\$1,174,019	\$0	-\$9,605,634	\$2,263,976	\$63,990	\$0	\$54,630,937
12	2023-24	\$57,456,142	\$2,640,917	\$2,058,420	\$0	-\$9,852,509	\$2,259,006	\$50,003	\$0	\$54,611,980
13	2024-25	\$57,340,089	\$3,154,021	\$1,542,224	\$0	-\$9,733,364	\$2,254,370	\$54,900	\$0	\$54,612,240
14	2025-26	\$57,231,687	\$3,154,021	\$1,539,348	\$0	-\$9,622,085	\$2,250,039	\$59,474	\$0	\$54,612,483
15	2026-27	\$57,130,261	\$3,154,021	\$1,536,790	\$0	-\$9,518,102	\$2,245,988	\$63,746	\$0	\$54,612,703

Table 4 -- Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2014-15	-\$691,834	\$0	\$565,115	\$0	\$126,719	-\$27,637	-\$775	\$0	-\$28,412
4	2015-16	-\$671,998	\$0	\$4,320	\$0	\$667,678	-\$26,845	\$27,212	\$0	\$367
5	2016-17	-\$652,558	\$0	\$4,054	\$0	\$648,504	-\$26,068	\$26,432	\$0	\$363
6	2017-18	-\$614,454	\$0	-\$11,897	\$0	\$626,350	-\$24,546	\$25,695	\$0	\$1,149
7	2018-19	-\$577,876	\$0	-\$11,790	\$0	\$589,666	-\$23,085	\$24,196	\$0	\$1,111
8	2019-20	-\$542,760	\$0	-\$11,690	\$0	\$554,451	-\$21,682	\$22,758	\$0	\$1,076
9	2020-21	-\$509,050	\$0	-\$11,592	\$0	\$520,642	-\$20,336	\$21,376	\$0	\$1,041
10	2021-22	-\$476,687	\$0	-\$19,715	\$0	\$496,402	-\$19,043	\$20,464	\$0	\$1,421
11	2022-23	\$0	\$0	-\$374,504	\$0	\$374,504	\$0	\$19,231	\$0	\$19,231
12	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the ARKEMA Project Property Value Limitation Request Submitted to LPISD at \$1.04 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2012-13	\$3,875,000	\$3,875,000	\$0	\$40,300	\$40,300	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$36,622,500	\$36,622,500	\$0	\$380,874	\$380,874	\$0	\$0	\$0	\$0	\$0
3	2014-15	\$99,180,000	\$30,000,000	\$69,180,000	\$1,031,472	\$312,000	\$719,472	\$0	\$719,472	-\$28,412	\$691,060
4	2015-16	\$97,196,400	\$30,000,000	\$67,196,400	\$1,010,843	\$312,000	\$698,843	\$9,839	\$708,682	\$0	\$708,682
5	2016-17	\$95,252,460	\$30,000,000	\$65,252,460	\$990,626	\$312,000	\$678,626	\$9,839	\$688,465	\$0	\$688,465
6	2017-18	\$91,442,300	\$30,000,000	\$61,442,300	\$951,000	\$312,000	\$639,000	\$9,839	\$648,839	\$0	\$648,839
7	2018-19	\$87,784,700	\$30,000,000	\$57,784,700	\$912,961	\$312,000	\$600,961	\$9,839	\$610,800	\$0	\$610,800
8	2019-20	\$84,273,300	\$30,000,000	\$54,273,300	\$876,442	\$312,000	\$564,442	\$9,839	\$574,281	\$0	\$574,281
9	2020-21	\$80,902,400	\$30,000,000	\$50,902,400	\$841,385	\$312,000	\$529,385	\$9,839	\$539,224	\$0	\$539,224
10	2021-22	\$77,666,300	\$30,000,000	\$47,666,300	\$807,730	\$312,000	\$495,730	\$9,839	\$505,569	\$0	\$505,569
11	2022-23	\$74,559,600	\$74,559,600	\$0	\$775,420	\$775,420	\$0	\$0	\$0	\$0	\$0
12	2023-24	\$71,577,200	\$71,577,200	\$0	\$744,403	\$744,403	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$68,714,100	\$68,714,100	\$0	\$714,627	\$714,627	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$65,965,500	\$65,965,500	\$0	\$686,041	\$686,041	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$63,326,900	\$63,326,900	\$0	\$658,600	\$658,600	\$0	\$0	\$0	\$0	\$0
					\$11,422,722	\$6,496,264	\$4,926,458	\$68,874	\$4,995,332	-\$28,412	\$4,966,920
Tax Credit for Value Over Limit in First 2 Years							<u>Year 1</u>	<u>Year 2</u>	<u>Max Credits</u>		
							\$0	\$68,874	\$68,874		
							Credits Earned		\$68,874		
							Credits Paid		<u>\$68,874</u>		
							Excess Credits Unpaid		\$0		

## Attachment F

# Taxable Value of Property

DATE: 02/07/2011  
 TIME: 10:22:50

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION  
 2010 ISD SUMMARY WORKSHEET  
 035/Chambers  
 101-916/La Porte ISD

PAGE: 001  
 REPT: PTS265  
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	0	N/A	0	0
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	0	N/A	0	0
D. RURAL REAL (TAXABLE)	0	N/A	0	0
F1. COMMERCIAL REAL	644,530	N/A	644,530	644,530
F2. INDUSTRIAL REAL	0	N/A	0	0
G. OIL, GAS, MINERALS	0	N/A	0	0
J. UTILITIES	0	N/A	0	0
L1. COMMERCIAL PERSONAL	0	N/A	0	0
L2. INDUSTRIAL PERSONAL	0	N/A	0	0
M. MOBILE HOMES	0	N/A	0	0
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
<b>SUBTOTAL</b>	<b>644,530</b>		<b>644,530</b>	<b>644,530</b>
<b>LESS TOTAL DEDUCTIONS</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>TOTAL TAXABLE VALUE</b>	<b>644,530</b>		<b>644,530</b>	<b>644,530 T2</b>

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	0	N/A	0
PROD VALUE QUALIFIED ACRES	0	N/A	0
<b>TAXABLE VALUE</b>	<b>0</b>		<b>0</b>

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT  
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION  
 2010 FINAL VALUES WORKSHEET  
 035/Chambers  
 101-916/La Porte ISD

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-5238.

T1	T2	T3	T4	T5	T6
644,530	644,530	644,530	644,530	644,530	644,530
LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION _____ 0					
50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION _____ 0					

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION  
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION  
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION  
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION  
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION  
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 02/07/2011  
 TIME: 10:22:50

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION  
 2010 ISD SUMMARY WORKSHEET  
 101/Harris  
 101-916/La Porte ISD

PAGE: 003  
 REPT: PTS265  
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 FTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	1,622,135,375	N/A	1,622,135,375	1,622,135,375
B. MULTIFAMILY RESIDENCES	61,026,343	N/A	61,026,343	61,026,343
C. VACANT LOTS	111,290,537	N/A	111,290,537	111,290,537
D. RURAL REAL (TAXABLE)	78,972,240	1.0000	78,972,240	78,972,240
F1. COMMERCIAL REAL	700,718,386	N/A	700,718,386	700,718,386
F2. INDUSTRIAL REAL	2,681,320,504	N/A	2,681,320,504	2,681,320,504
G. OIL,GAS,MINERALS	0	N/A	0	0
J. UTILITIES	102,832,127	N/A	102,832,127	102,832,127
L1. COMMERCIAL PERSONAL	487,482,939	N/A	487,482,939	487,482,939
L2. INDUSTRIAL PERSONAL	1,527,527,044	N/A	1,527,527,044	1,527,527,044
M. MOBILE HOMES	6,262,665	N/A	6,262,665	6,262,665
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	991,545	N/A	991,545	991,545
S. SPECIAL INVENTORY	12,139,308	N/A	12,139,308	12,139,308
SUBTOTAL	7,392,699,013		7,392,699,013	7,392,699,013
LESS TOTAL DEDUCTIONS	1,416,230,173		1,416,230,173	1,416,230,173
TOTAL TAXABLE VALUE	5,976,468,840		5,976,468,840	5,976,468,840 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	FTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	77,656,441	N/A	77,656,441
PROD VALUE QUALIFIED ACRES	1,315,799	1.0000	1,315,799
TAXABLE VALUE	78,972,240		78,972,240

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT  
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES



DATE: 02/07/2011  
 TIME: 10:22:50

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION  
 2010 ISD SUMMARY WORKSHEET  
 101-916/La Porte ISD  
 SCHOOL DISTRICT TOTALS

PAGE: 005  
 REPT: PTS265  
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	1,622,135,375	N/A	1,622,135,375	1,622,135,375
B. MULTIFAMILY RESIDENCES	61,026,343	N/A	61,026,343	61,026,343
C. VACANT LOTS	111,290,537	N/A	111,290,537	111,290,537
D. RURAL REAL(TAXABLE)	78,972,240	N/A	78,972,240	78,972,240
F1. COMMERCIAL REAL	701,362,916	N/A	701,362,916	701,362,916
F2. INDUSTRIAL REAL	2,681,320,504	N/A	2,681,320,504	2,681,320,504
G. OIL,GAS,MINERALS	0	N/A	0	0
J. UTILITIES	102,832,127	N/A	102,832,127	102,832,127
L1. COMMERCIAL PERSONAL	487,482,939	N/A	487,482,939	487,482,939
L2. INDUSTRIAL PERSONAL	1,527,527,044	N/A	1,527,527,044	1,527,527,044
M. MOBILE HOMES	6,262,665	N/A	6,262,665	6,262,665
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	991,545	N/A	991,545	991,545
S. SPECIAL INVENTORY	12,139,308	N/A	12,139,308	12,139,308
SUBTOTAL	7,393,343,543		7,393,343,543	7,393,343,543
LESS TOTAL DEDUCTIONS	1,416,230,173		1,416,230,173	1,416,230,173
TOTAL TAXABLE VALUE	5,977,113,370		5,977,113,370	5,977,113,370 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED			
ACRES & FARM/RANCH IMP	77,656,441	1.0000	77,656,441
PROD VALUE QUALIFIED ACRES	1,315,799	1.0000	1,315,799
TAXABLE VALUE	78,972,240		78,972,240

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT  
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

\*\*\*\* END OF REPORT \*\*\*\*

# Attachment G

## Participation Agreement

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

---

by and between

**LA PORTE INDEPENDENT SCHOOL DISTRICT**

and

**ARKEMA INC.**  
*(Texas Taxpayer ID # 12309608904)*

---

Dated

August 16, 2011

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

*STATE OF TEXAS* §

*COUNTY OF HARRIS* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **ARKEMA INC.**, Texas Taxpayer Identification Number *12309608904*, hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on December 30, 2010, the Superintendent of Schools of the La Porte Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, and acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local)pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on January 18, 2011, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Arkema Inc.; and,

**WHEREAS**, on February 8, 2011, the Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d); and,

**WHEREAS**, the Comptroller's Office has established March 11, 2011 as the completed Application date; and,

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

**WHEREAS**, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and on April 15, 2011, the Comptroller's Office, via letter, recommended that the Application be approved; and,

**WHEREAS**, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of

Trustees at the August 16, 2011 public hearing held in connection with the Board's consideration of the Application; and,

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

*WHEREAS*, on August 16, 2011, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

*WHEREAS*, on August 16, 2011, the Board of Trustees made factual findings pursuant to Tex. Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met; and,

*WHEREAS*, on August 16, 2011, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

*WHEREAS*, on July 14, 2011, the District received written notification, pursuant to 34 Tex. Admin Code § 9.1055(e)(2)(A), that the Texas Comptroller of Public Accounts reviewed this Agreement, and reaffirming the recommendation previously made on April 15, 2011 that the Application be approved: and,

*WHEREAS*, on August 16, 2011, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

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

## ARTICLE I

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

#### Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

**Section 1.2. TERM OF THE AGREEMENT**

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2014, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of August 16, 2011 and ending on December 31, 2013 will be referred to herein as the “Qualifying Time Period,” as that term is defined in Texas Tax Code § 313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2021. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date, as defined in Section 1.3, below. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

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

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year (Commencing August 16, 2011)	January 1, 2011	2011-12	2011	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
2	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2014	2014-15	2014	\$ 30 million property value limitation.
4	January 1, 2015	2015-16	2015	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2016	2016-17	2016	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
12	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

### Section 1.3. DEFINITIONS

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

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

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

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

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

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

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Tex. Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be Seven Hundred Twenty-Seven Thousand Dollars (\$727,000.00), based upon the District’s 2009-10 Average Daily Attendance of 7,269.846, rounded to the whole number. The Annual Limit shall first be

computed for tax year 2011, which, by virtue of the Commencement Date, is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Arkema Inc. (Texas Taxpayer ID # 12309608904), the company listed in the Preamble of this Agreement who, on December 30, 2010, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on December 30, 2010, which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of February 8, 2011. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“Appraisal District” means the Harris County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Independent School District.

“Commencement Date” means August 16, 2011, the date upon which this Agreement was approved by the District’s Board of Trustees.

“Completed Application Date” means the date upon which the Comptroller determined to be the date of its receipt of a completed Chapter 313 application from Applicant, to wit: February 25, 2011.

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

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

“County” means Harris County, Texas.

“Determination of Breach” shall have the meaning assigned to such term in Section 7.8 of the Agreement

“District” or “School District” means the La Porte Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means December 31, 2024.

“Force Majeure” means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant’s Qualified Property or the Applicant’s Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant’s Qualified Property or the Applicant’s Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport products from the Applicant’s facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

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

“Maintain Viable Presence” means, after the development and construction of the project described in the Application and in the description of Qualified Investment/Qualified property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time

be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth in its Application by the Applicant, and the retention of the highest number of New Jobs and Qualifying Jobs set forth in its Application through the Final Termination Date of this Agreement.

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

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

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

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

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

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

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

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

"Qualifying Time Period" means the period that begins on the Commencement Date of August 16, 2011 and ends on December 31, 2013.

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

"State" means the State of Texas.

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

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

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

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

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

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

## ARTICLE II

### PROPERTY DESCRIPTION

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

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

#### Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

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

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Qualified Investment shall be that property, described in **EXHIBIT 3**, which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2, above, and the definition of Qualifying Time Period set forth in Section 1.3, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to, Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by Applicant; 2) was first placed in service after February 10, 2011, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

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

- (a) submits to the school district and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific

description of the additional property to which the applicant requests that the limitation apply;

- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

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

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

**Section 2.5. QUALIFYING USE**

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

**Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

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

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tex. Tax Code § 313.023.

## ARTICLE III

### PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

#### Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Tex. Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by Applicant to the District in addition to any and all payments due under Article IV.

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

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

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

Where:

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

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates the full M & O revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, on account of any other factors not contained in this Agreement.

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

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

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.
- (c) any other loss of District revenues which are, or may be, attributable to the payment by Applicant to or on behalf any other third party beneficiary.

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

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

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

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Harris County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Harris County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

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

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

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

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the

Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be, required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

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

Pursuant to Sections 3.3(b), 3.4 and 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Independent School District Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

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

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed the taxable values placed by the Harris County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the Harris County Appraisal District.

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

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

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount

limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

## **ARTICLE IV**

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

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

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

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV. Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(b) **Adherence to Statutory Limits on Supplemental Payments**

It is the express intent of the parties that any Supplemental Payments made to or on behalf of the District by Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Tex. Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date.

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

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) Applicant's Stipulated Supplemental Payment Amount, defined as forty percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above; or,
- (b) the Aggregate Limit, as the term is defined in Section 1.3, above.

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

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2014), the Stipulated Supplemental Payment amount, described in Section 4.2, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

*Minus,*

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

*Multiplied by,*

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

*Plus,*

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

*Minus,*

Any amounts previously paid to the District under Article III;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

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

For each year of this Agreement, beginning with year three (Tax Year 2014) and continuing thereafter through year thirteen (Tax Year 2024), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit, defined in Section 1.3, above.

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

Any Stipulated Supplemental Payment amount, which cannot be paid to the District prior to the end of year thirteen (Tax Year 2024), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law.

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

- (a) All calculations required by this Article, including but not limited to: (i) the calculation of the Stipulated Supplemental Payment amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and, (iv) the carry forward and accumulation of any Stipulated Supplemental Payment amounts unpaid by Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

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

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

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

### **ARTICLE V**

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

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

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2016 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

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

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately

prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties' respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

## **ARTICLE VI**

### **TAX CREDITS**

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

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

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

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

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

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment, thirty (30) days past due from the date of the reimbursement claim, shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

## ARTICLE VII

### ADDITIONAL OBLIGATIONS OF APPLICANT

#### Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Harris County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code § 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Harris County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

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

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

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

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent

such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,

- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

**Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT**

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

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

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said

amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

#### **Section 7.6 MATERIAL BREACH OF AGREEMENT**

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain set forth on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain set forth on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by Applicant on the project as Qualifying Jobs.
- (g) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

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

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

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

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, or failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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

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

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to

make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's written notice to the District initiating mediation of the dispute, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Harris County, Texas. The Parties agree to sign a document that designates the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

#### **Section 7.10. LIMITATION OF OTHER DAMAGES**

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

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

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

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

#### Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with “answer back” or other “advice of receipt” obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Lloyd W. Graham, Superintendent  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
1002 San Jacinto Street  
La Porte, Texas 77571  
Fax: (281) 640-7072  
E-mail: [supt-secretary@lpisd.org](mailto:supt-secretary@lpisd.org)

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

Notices to the Applicant shall be addressed to:

Steven Zuk, Senior Tax Director  
**ARKEMA INC.**  
900 First Avenue  
King of Prussia, Pennsylvania 19406-1308  
Fax: (610) 205-7315  
E-mail: [steven.zuk@arkema.com](mailto:steven.zuk@arkema.com)

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

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

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2013.

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

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the Applicant. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

## **Section 8.4. ASSIGNMENT**

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

**Section 8.5. MERGER**

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

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

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

**Section 8.7. GOVERNING LAW**

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Harris County, Texas.

**Section 8.8. AUTHORITY TO EXECUTE AGREEMENT**

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

**Section 8.9. SEVERABILITY**

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application of such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental

department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

#### **Section 8.10. PAYMENT OF EXPENSES**

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

#### **Section 8.11. INTERPRETATION**

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase "but not limited to." Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

#### **Section 8.12. EXECUTION OF COUNTERPARTS**

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

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

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

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

#### **Section 8.14. PUBLICATION OF DOCUMENTS**

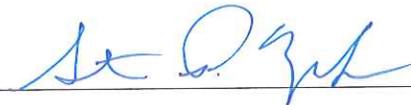
The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

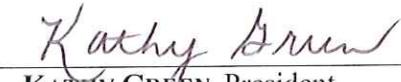
- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 22 day of August 2011.

ARKEMA INC.

LA PORTE INDEPENDENT SCHOOL DISTRICT

By: 

By:   
KATHY GREEN, President  
Board of Trustees

Name: Steven Zuk

Title: Asst Treasurer

ATTEST:

  
DEE ANNE THOMSON  
Secretary  
Board of Trustees

## EXHIBIT 1

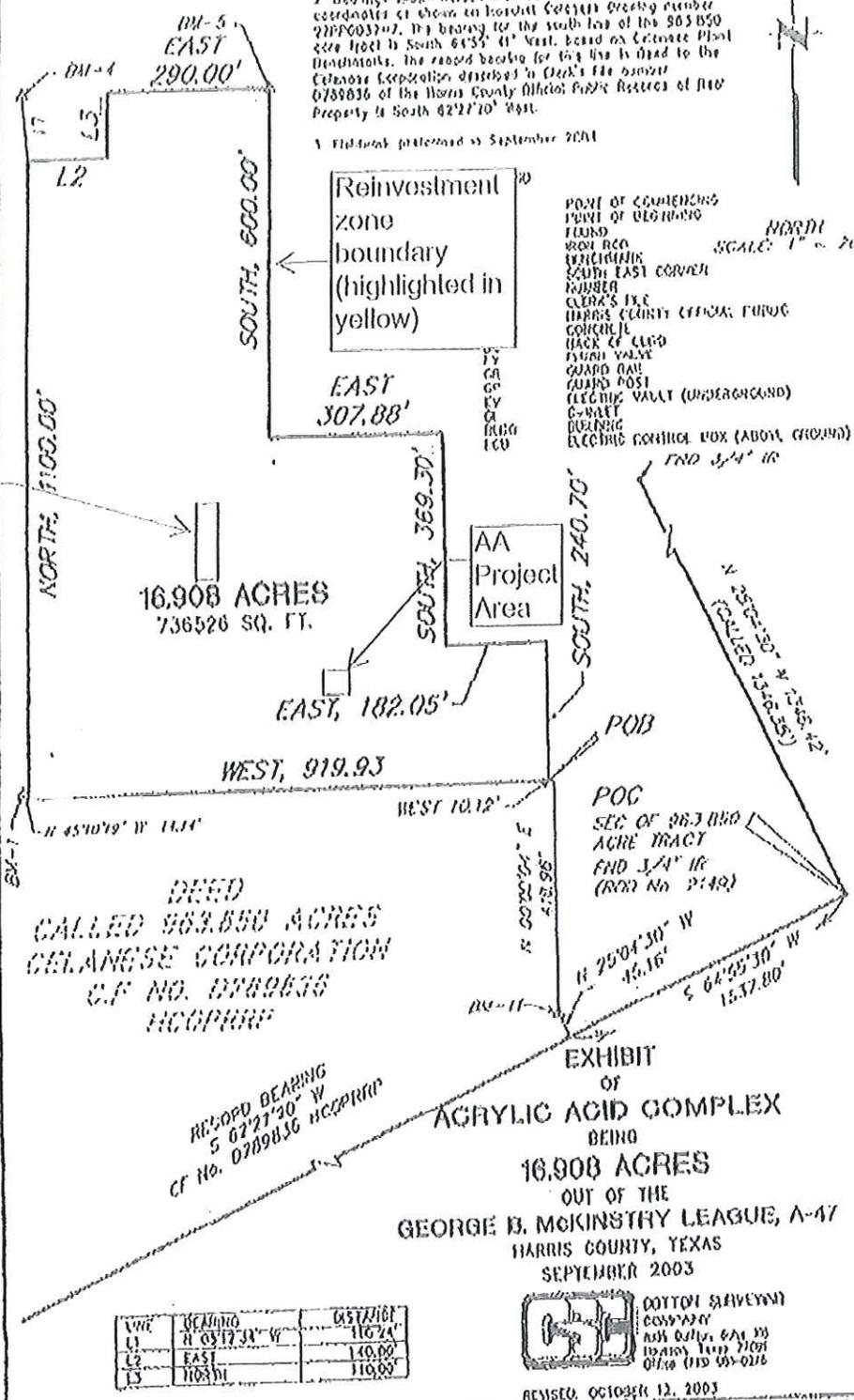
### DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

*The Arkema Reinvestment Zone* was originally created on August 16, 2011 by action of the La Porte Independent School District Board of Trustees. A map of *The Arkema Reinvestment Zone* is attached as the next page following this **EXHIBIT 1**.

As a result of the action of the Board of Trustees of the La Porte Independent School District, *The Arkema Reinvestment Zone* includes real property within Harris County, Texas, more specifically the real property tracts listed on the three (3) pages next following the map.

**GENERAL NOTES**

1. The title not recaptured with expenditures (based on previous title statements) of more or a conveyance by CELESTINE, and improvement in the east portion of this tract.
2. Bearings shown herein are based on Celestine Plod coordinates of shown in horizontal Celestine Plod number 2288003707. The bearing for the south line of the 803850 acre tract is South 64°55' 41" West, based on Celestine Plod Benchmarks. The record bearing for this line is based to the Celestine Corporation described in Clerk's file number 0788036 of the Harris County Official Public Records of New Property is South 62°27'30" West.
3. Fieldwork performed in September 2003



POINT OF COMMENCING  
 POINT OF BEGINNING  
 FOUND  
 IRON NAIL  
 IRON ROD  
 SOUTH EAST CORNER  
 IRONER  
 CLERK'S FILE  
 HARRIS COUNTY OFFICIAL PUBLIC  
 RECORDS  
 BACK OF CURB  
 IRON VALVE  
 GUARD RAIL  
 GUARD POST  
 ELECTRIC VALVE (UNDERGROUND)  
 CEMENT  
 BUSHING  
 RECEIVING CONCRETE BOX (ABOVE GROUND)  
 END 3/4" IR

NORTH  
 SCALE: 1" = 200'

MA Project Area

16.908 ACRES  
 736526 SQ. FT.

POB  
 POC  
 SEC OF 36.3850  
 ACRE TRACT  
 END 3/4" IR  
 (RCD No 2142)

DEED  
 CALLED 963.850 ACRES  
 CELESTINE CORPORATION  
 C.F. NO. 0788036  
 HCCPRR#

EXHIBIT  
 OF  
 ACRYLIC ACID COMPLEX  
 BEING  
 16.908 ACRES  
 OUT OF THE  
 GEORGE B. MCKINSTHY LEAGUE, A-47  
 HARRIS COUNTY, TEXAS  
 SEPTEMBER 2003

LINE	BEARING	DISTANCE
L1	N 65°17'31" W	110.00
L2	EAST	140.00
L3	N 65°17'31" W	110.00

DOTTON SURVEYING  
 COMPANY  
 1514 GULF, SUITE 300  
 HOUSTON, TEXAS 77001  
 OFFICE (713) 592-0216

REVISED OCTOBER 12, 2003

PG 1/2 DWG. No. 5160F (S)

EXHIBIT  
 B

Acrylic Acid Complex  
16.908 Acres

George B. McKinstry League  
Abstract No. 47

STATE OF TEXAS           §

COUNTY OF HARRIS       §

A METES AND BOUNDS description of a 16.908 acre tract of land in the George B. McKinstry League, Abstract No. 47 in Harris County Texas, being a portion of a called 963.850 acre tract described in Deed to Celanese Corporation as recorded in Clerk's File number D789836 of the Harris County Official Public Records of Real Property; said 16.908 acre tract of land more particularly described as follows with all bearings based Celanese Plant coordinates as shown on Hochst Celanese Drawing number 27PP0037-7:

COMMENCING at a found 3/4-inch iron rod (rod number 2149) at the southeast corner of the said 963.850 acre tract, from said iron rod a found 3/4-inch iron rod bears North 25°04'30" West, 1346.42 feet (called 1346.35 feet);

THENCE, South 64°55'30" West, (for reference this bearing is called South 62°27'20" West in Clerk's File number D789836 of the Harris County Official Public Records of Real Property) along the south line of the said 963.850 acre tract, 1537.80 feet to a point;

THENCE, North 25°04'30" West, 46.18 feet to Celanese Benchmark 11;

THENCE, North 00°00'04" East, 410.96 feet to a point, from said point Celanese Benchmark 12 bears North 00°00'04" East, 1209.86 feet;

THENCE, West, 10.12 feet to the POINT OF BEGINNING of the herein described 16.908 acre tract of land;

THENCE, West, 919.93 feet to a point for corner, from said point, Celanese Benchmark number 1 bears North 45°10'19" West, 14.14 feet;

THENCE, North, 1100.00 feet to a point for corner, from said point, Celanese Benchmark 4 bears North 05°12'34" West, 110.24 feet;

THENCE, East, 140.00 feet to a point for corner;

THENCE, North, 110.00 feet to a point for corner;

THENCE, East, 290.00 feet to a point for corner on a brass cap (Celanese Benchmark 5);

THENCE, South, 600.00 feet to a point for corner;

THENCE, East, 307.88 feet to a point for corner;

THENCE, South, 309.30 feet to a point for corner;

THENCE, East, 182.05 feet to a point for corner;



THENCE, South, 240.70 feet to the POINT OF BEGINNING, CONTAINING 16.908 of acres of land in Harris County Texas as shown on drawing number 5160 F(s) in the offices of Cotton Surveying in Houston Texas.

September 3, 2003  
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## GENERAL NOTES

1. The site was configured using coordinates (based on Celanese Plant Benchmarks) as shown on a drawing provided by Celanese.
2. Bearings shown hereon are based on Celanese Plant coordinates as shown on Hoechst Celanese Drawing number 27PP0937-7. The bearing for the south line of the 963.650 acre tract is South 64°55' 41" West, based on Celanese Plant Benchmarks. The record bearing for this line in Dood to the Celanese Corporation described in Clerk's File number D789836 of the Harris County Official Public Records of Real Property is South 62°27'20" West.
3. Fieldwork performed in September 2003.
4. No improvements were located for this exhibit.

## EXHIBIT 2

### LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the La Porte Independent School District and *The Arkema Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land described on the map and three (3) pages attached to the foregoing **EXHIBIT 1**.

### EXHIBIT 3

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

The Parties to this Agreement acknowledge that Applicant was, at the time of Application Date, the owner of certain improvements to the real property located within the Arkema Reinvestment Zone described in EXHIBIT 1. Those improvements are currently assigned Account Number 1005150000681 by the Harris County Appraisal District. It is the intent of the parties that all property which was assigned Account Number 1005150000681 by the Harris County Appraisal District on the Application date as defined in Section 1.3, above, be excluded from this Agreement.

Subject to the foregoing exclusion, the Parties further intend that the following described property be included as Qualified Investment and/or Qualified Property as defined in the Agreement, to wit:

all property, whether attached to real property or not, necessary for Arkema Inc. to increase production of acrylic acid ("AA") within the *Arkema Reinvestment Zone* to a rated nameplate capacity of 270,000 tons per year, an increase of 90,000 tons per year over current nameplate capacity; including, but not limited to, the following new equipment:

- AA reactor
- Reactor outlet cooler
- Process air compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and controls instrumentation
- Quench tower coolers and pumps
- Surge tank and two associated pumps
- Electrical substation and transformer
- New BFW pump
- Steam lines

The following existing equipment currently assigned Account Number 1005150000681 by the Harris County Appraisal District will be modified, overhauled, or recommissioned:

- Piping, valves, and controls instrumentation
- Vacuum pump compressor and seals
- Quench tower internals

It is the intent of the Parties that all value increases associated with the foregoing modifications, overhauls, or recommissionings be included within the Qualified Investment/ Qualified Property described in the Agreement.

It is the further intent of the Parties that all of a new a methyl acrylate ("MA") unit with an annual rated capacity of 45,000 tons per year to be constructed by Applicant within the *Arkema Reinvestment Zone*, be included within the Qualified Investment/ Qualified Property described in the Agreement.

It is anticipated that this part of the project will consist of, but is not limited to the following new equipment, to wit:

- MA reactor
- Compressor
- Associated auxiliary equipment such as pumps, piping, valves, motors, vessels, tanks, and
- controls instrumentation
- Steam lines

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



July 21, 2011

Lloyd W. Graham  
Superintendent  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571

Re: Agreement for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between La Porte Independent School District  
and Arkema Inc.

Dear Superintendent Graham:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between La Porte Independent School District and Arkema Inc." (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

If you need additional information or have questions, please contact me at (512) 463-3973.

Sincerely,

A handwritten signature in black ink, appearing to read "R.B. Wood".

Robert B. Wood  
Director  
Local Government Assistance & Economic Development

cc: Daniel T. Casey, Moak, Casey & Associates LLP  
D. Dale Cummings, Cummings Westlake LLC