

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here ▶ Alexandro Flores Superintendent
Print Name (Authorized School District Representative) Title

sign here ▶ [Signature] 1-20-2015
Signature (Authorized School District Representative) Date

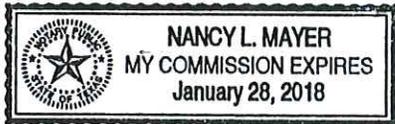
2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

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

print here ▶ Jack Wu Vice President
Print Name (Authorized Company Representative (Applicant)) Title

sign here ▶ [Signature] January 18, 2016
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the
18th day of January 2016
[Signature]
Notary Public in and for the State of Texas
My Commission expires: 1-28-2018

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

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

Date 10-19-15

Applicant Name Formosa Plastics Corporation, Texas

Form 50-296A

ISD Name Palacios

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district		Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)		Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2016-2017	2016	269,000,000.00	Qualified Investment	Qualified Investment	400,000.00	269,400,000.00
Complete tax years of qualifying time period	QTP1	2017-2018	2017	580,200,000.00	Qualified Investment	Qualified Investment	300,000.00	580,500,000.00
	QTP2	2018-2019	2018	150,000,000.00	Qualified Investment	Qualified Investment	100,000.00	150,100,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				999,200,000.00			800,000.00	1,000,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				1,000,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

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

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

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

Date 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

Form 50-296A

ISD Name: Palacios

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		Enter amounts from TOTAL row in Schedule A1 in the row below				
Each year prior to start of value limitation period** <i>insert as many rows as necessary</i>	0	2016-2017	2016	\$ 269,000,000.00			\$ 400,000.00	\$ 269,400,000.00
	0	2017-2018	2017	\$ 580,200,000.00			\$ 300,000.00	\$ 580,500,000.00
	0	2018-2019	2018	\$ 150,000,000.00			\$ 100,000.00	\$ 150,100,000.00
Value limitation period***	1	2019-2020	2019					
	2	2020-2021	2020					
	3	2021-2022	2021					
	4	2022-2023	2022					
	5	2023-2024	2023					
	6	2024-2025	2024					
	7	2025-2026	2025					
	8	2026-2027	2026					
	9	2027-2028	2027					
	10	2028-2029	2028					
Total Investment made through limitation				\$ 999,200,000.00	\$ -		\$ 800,000.00	\$ 1,000,000,000.00
Continue to maintain viable presence	11	2029-2030	2029					
	12	2030-2031	2030					
	13	2031-2032	2031					
	14	2032-2033	2032					
	15	2033-2034	2033					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034					
	17	2035-2036	2035					
	18	2036-2037	2036					
	19	2037-2038	2037					
	20	2038-2039	2038					
	21	2039-2040	2039					
	22	2040-2041	2040					
	23	2041-2042	2041					
	24	2042-2043	2042					
	25	2043-2044	2043					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

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

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

Date: 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

Form 50-296A

ISD Name: Palacios

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2016-2017	2016	\$ 689,720.00		\$ -	na	\$ 689,720.00	\$ 689,720.00
	0	2017-2018	2017	\$ 689,720.00	\$ 14,000,000.00	\$ -	na	\$ 14,689,720.00	\$ 14,689,720.00
	0	2018-2019	2018	\$ 689,720.00	\$ 600,000,000.00	\$ -	na	\$ 600,689,720.00	\$ 600,689,720.00
Value Limitation Period	1	2019-2020	2019	\$ 689,720.00	\$ 570,000,000.00	\$ -	na	\$ 570,689,720.00	\$ 30,000,000.00
	2	2020-2021	2020	\$ 689,720.00	\$ 541,500,000.00	\$ -	na	\$ 542,189,720.00	\$ 30,000,000.00
	3	2021-2022	2021	\$ 689,720.00	\$ 514,425,000.00	\$ -	na	\$ 515,114,720.00	\$ 30,000,000.00
	4	2022-2023	2022	\$ 689,720.00	\$ 488,703,750.00	\$ -	na	\$ 489,393,470.00	\$ 30,000,000.00
	5	2023-2024	2023	\$ 689,720.00	\$ 464,268,562.50	\$ -	na	\$ 464,958,282.50	\$ 30,000,000.00
	6	2024-2025	2024	\$ 689,720.00	\$ 441,055,134.38	\$ -	na	\$ 441,744,854.38	\$ 30,000,000.00
	7	2025-2026	2025	\$ 689,720.00	\$ 419,002,377.66	\$ -	na	\$ 419,692,097.66	\$ 30,000,000.00
	8	2026-2027	2026	\$ 689,720.00	\$ 398,052,258.77	\$ -	na	\$ 398,741,978.77	\$ 30,000,000.00
	9	2027-2028	2027	\$ 689,720.00	\$ 378,149,645.83	\$ -	na	\$ 378,839,365.83	\$ 30,000,000.00
	10	2028-2029	2028	\$ 689,720.00	\$ 359,242,163.54	\$ -	na	\$ 359,931,883.54	\$ 30,000,000.00
Continue to maintain viable presence	11	2029-2030	2029	\$ 689,720.00	\$ 341,280,055.37	\$ -	na	\$ 341,969,775.37	\$ 341,969,775.37
	12	2030-2031	2030	\$ 689,720.00	\$ 324,216,052.60	\$ -	na	\$ 324,905,772.60	\$ 324,905,772.60
	13	2031-2032	2031	\$ 689,720.00	\$ 308,005,249.97	\$ -	na	\$ 308,694,969.97	\$ 308,694,969.97
	14	2032-2033	2032	\$ 689,720.00	\$ 292,604,987.47	\$ -	na	\$ 293,294,707.47	\$ 293,294,707.47
	15	2033-2034	2033	\$ 689,720.00	\$ 277,974,738.10	\$ -	na	\$ 278,664,458.10	\$ 278,664,458.10
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	\$ 689,720.00	\$ 264,076,001.19	\$ -	na	\$ 264,765,721.19	\$ 264,765,721.19
	17	2035-2036	2035	\$ 689,720.00	\$ 250,872,201.13	\$ -	na	\$ 251,561,921.13	\$ 251,561,921.13
	18	2036-2037	2036	\$ 689,720.00	\$ 238,328,591.07	\$ -	na	\$ 239,018,311.07	\$ 239,018,311.07
	19	2037-2038	2037	\$ 689,720.00	\$ 226,412,161.52	\$ -	na	\$ 227,101,881.52	\$ 227,101,881.52
	20	2038-2039	2038	\$ 689,720.00	\$ 215,091,553.45	\$ -	na	\$ 215,781,273.45	\$ 215,781,273.45
	21	2039-2040	2039	\$ 689,720.00	\$ 204,336,975.77	\$ -	na	\$ 205,026,695.77	\$ 205,026,695.77
	22	2040-2041	2040	\$ 689,720.00	\$ 194,120,126.98	\$ -	na	\$ 194,809,846.98	\$ 194,809,846.98
	23	2041-2042	2041	\$ 689,720.00	\$ 184,414,120.64	\$ -	na	\$ 185,103,840.64	\$ 185,103,840.64
	24	2042-2043	2042	\$ 689,720.00	\$ 175,193,414.60	\$ -	na	\$ 175,883,134.60	\$ 175,883,134.60
	25	2043-2044	2043	\$ 689,720.00	\$ 166,433,743.87	\$ -	na	\$ 167,123,463.87	\$ 167,123,463.87

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

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date: 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

Form 50-296A

ISD Name: Palacios

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying 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 non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2016-2017	2016	100,000/MH/Month	\$ 52,693.00	0	0	\$ 53,333.28
	0	2017-2018	2017	840,000/MH/Month	\$ 52,693.00	60	10	\$ 53,333.28
	0	2018-2019	2018	100,000/MH/Month	\$ 52,693.00	110	10	\$ 53,333.28
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2019-2020	2019		\$ 52,693.00	110	10	\$ 53,333.28
	2	2020-2021	2020		\$ 52,693.00	110	10	\$ 53,333.28
	3	2021-2022	2021		\$ 52,693.00	110	10	\$ 53,333.28
	4	2022-2023	2022		\$ 52,693.00	110	10	\$ 53,333.28
	5	2023-2024	2023		\$ 52,693.00	110	10	\$ 53,333.28
	6	2024-2025	2024		\$ 52,693.00	110	10	\$ 53,333.28
	7	2025-2026	2025		\$ 52,693.00	110	10	\$ 53,333.28
	8	2026-2027	2026		\$ 52,693.00	110	10	\$ 53,333.28
	9	2027-2028	2027		\$ 52,693.00	110	10	\$ 53,333.28
	10	2028-2029	2028		\$ 52,693.00	110	10	\$ 53,333.28
Years Following Value Limitation Period	11 through 25	2030-2043	2030-2043		\$ 52,693.00	110	10	\$ 53,333.28

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
- If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

Date: 10-19-15

Applicant Name: Formosa Plastics Corporation, Texas

ISD Name: Palacios

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County:					
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL						

Additional information on incentives for this project:

ORDER DESIGNATING FPC-TX REINVESTMENT ZONE

NOW WHEREAS the Jackson County Commissioners Court is authorized by Texas Tax Code §312.401 to designate reinvestment zones; and

WHEREAS property owner Formosa Plastics Corporation, Texas has applied for a tax abatement in an area of Jackson County which is described in Exhibit A (which is attached to this Order) and which does not include area in the taxing jurisdiction of a municipality; and

WHEREAS a reinvestment zone must be designated if an abatement is to be granted regarding the property described in Exhibit A; and

WHEREAS the Commissioners Court has held a public hearing on the designation and hereby finds that the designation of the FPC-TX Reinvestment Zone:

would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the zone; and

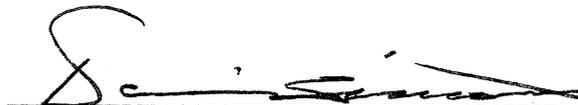
would contribute to the economic development of Jackson County; and

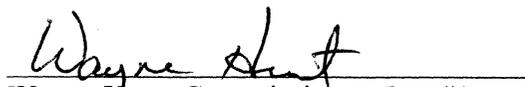
WHEREAS THE Commissioners Court has established guidelines and criteria governing its tax abatement agreements and a resolution stating that the Commissioners Court has elected to become eligible to participate in tax abatements;

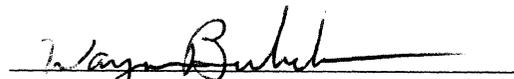
NOW THEREFORE BE IT ORDERED that the real property consisting of approximately 775.74 acres (the legal description of which is attached hereto as Exhibit "A") is hereby designated as a reinvestment zone to be known as the 2015 Jackson County FPC-TX Reinvestment Zone; and

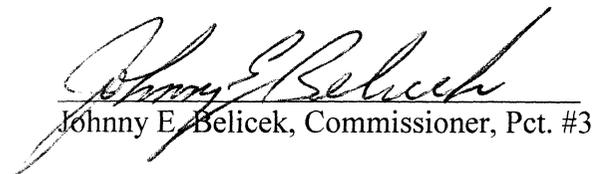
BE IT FURTHER RESOLVED that the designation of this reinvestment zone will expire five years after the date that this Order of designation is signed, unless it is renewed for one or more subsequent periods not to exceed five years each.

APPROVED BY MAJORITY VOTE OF THE JACKSON COUNTY COMMISSIONERS COURT AT ITS REGULARLY SCHEDULED PUBLIC MEETING ON THE 12th DAY OF November, 2015.


Dennis Simons, County Judge


Wayne Hunt, Commissioner, Pct. #1


Wayne Bubela, Commissioner, Pct. #2


Johnny E. Belicek, Commissioner, Pct. #3


Dennis Karl, Commissioner, Pct. #4

FILED November 17, 2015 @ 8:26am
BARBARA WILLIAMS-Clerk of County Court
Jackson County, Texas

BY

EXHIBIT A
775.74 ACRE TRACT
LEGAL DESCRIPTION

STATE OF TEXAS
COUNTY OF JACKSON

BEING a 775.74 acre tract situated in the Hugh McGuffin Survey, Abstract 43, Jackson County, Texas and being out of a 292.53 acre tract described as "Tract One" conveyed in General Warranty Deed dated July 12, 2013 from Anthony B. McDowell to Formosa Plastics Corporation, Texas and recorded in Instrument #201301969 of the Official Records of Jackson County, Texas, and being out a 295.62 acre tract described as "Tract Three" conveyed in General Warranty Deed dated July 12, 2013 from Barbara Louise May to Formosa Plastics Corporation, Texas and recorded in Instrument #201302044 of the Official Records of Jackson County, Texas, and also being out of a 1,560.40 acre tract conveyed in Deed dated February 12, 1988 from Aluminum Company of America to Formosa Plastics Corporation, Texas and recorded in Volume 15, Page 404 of the Official Records of Jackson County, Texas and this 775.74 acre tract of land being more particularly described by metes and bounds as follows:

BEGINNING at an existing 5/8 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of a 1,624.06 acre tract described in Volume 175, Page 603 of the Deed Records of said county and the northwest corner of said 282.53 acre tract for the northwest corner of the herein described tract;

THENCE East with the north line of said 292.53 acre tract and the south line of said 1,624.06 acre tract at 6,439.38 feet pass a set 5/8 inch iron rod on line and continuing for a total distance of 6,539.38 feet to a point on the west bank of Cox's Creek for the northeast corner of the herein described tract;

THENCE with the meanders of the west bank of Cox's Creek for the following courses and distances:

South 08°22'38" East for a distance of 138.54 feet to a point;
South 68°29'09" West for a distance of 59.69 feet to a point;
South 09°43'23" East for a distance of 100.80 feet to a point;
South 80°56'41" East for a distance of 120.69 feet to a point;
South 21°09'47" East for a distance of 197.87 feet to a point;
South 59°28'27" West for a distance of 52.23 feet to a point;
South 09°32'46" East for a distance of 99.75 feet to a point;
South 50°24'20" East for a distance of 146.31 feet to a point;
South 17°39'50" East for a distance of 173.59 feet to a point;
South 67°36'37" East for a distance of 74.30 feet to a point;
South 12°04'34" East for a distance of 151.51 feet to a point;
South 61°05'41" East for a distance of 189.28 feet to a point;
South 13°47'26" West for a distance of 44.13 feet to a point;
South 33°24'10" East for a distance of 104.37 feet to a point;
South 25°36'49" East for a distance of 136.00 feet to a point;
South 66°40'25" East for a distance of 152.25 feet to a point;
North 67°34'05" East for a distance of 166.83 feet to a point;
South 53°04'21" East for a distance of 184.93 feet to a point;
South 36°14'38" West for a distance of 128.27 feet to a point;
South 21°52'10" East for a distance of 152.58 feet to a point;
North 76°53'28" West for a distance of 138.17 feet to a point;
South 16°29'17" West for a distance of 150.69 feet to a point;
South 25°11'57" East for a distance of 127.52 feet to a point;
South 69°34'15" West for a distance of 89.60 feet to a point;
South 17°19'29" East for a distance of 174.41 feet to a point;
South 52°51'18" West for a distance of 93.05 feet to a point;
South 10°48'14" East for a distance of 55.58 feet to a point;
South 35°37'11" East for a distance of 168.44 feet to a point;
South 54°17'16" West for a distance of 45.25 feet to a point;
South 11°45'18" East for a distance of 104.39 feet to a point;
South 40°01'19" East for a distance of 171.21 feet to a point;
South 49°05'49" West for a distance of 122.64 feet to a point;
South 06°44'39" East for a distance of 150.13 feet to a point;
South 19°29'09" West for a distance of 127.38 feet to a point;
South 48°26'31" West for a distance of 54.43 feet to a point;

South 10°07'03 West for a distance of 76.19 feet to a point;
South 02°19'03 West for a distance of 113.51 feet to a point;
South 24°09'51 East for a distance of 110.89 feet to a point;
South 11°44'25 East for a distance of 135.89 feet to a point;
South 45°20'51 East for a distance of 287.64 feet to a point;
South 01°58'49 West for a distance of 160.61 feet to a point;
South 28°29'35 East for a distance of 136.18 feet to a point;
South 08°40'05 East for a distance of 108.63 feet to a point;
South 14°37'07 West for a distance of 172.42 feet to a point;
South 22°18'48 East for a distance of 114.21 feet to a point;
South 14°52'21 West for a distance of 169.89 feet to a point;
South 20°49'18 East for a distance of 91.73 feet to a point;
South 47°34'24 East for a distance of 129.98 feet to a point;

THENCE South 03°27'25 East and continuing with the west bank of Cox's Creek for a distance of 17.40 feet to a point for the southeast corner of the herein described tract;

THENCE West at 345.86 feet pass a 5/8 inch iron rod on line and continuing for a total distance of 4,306.19 feet to an existing 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE North for a distance of 164.36 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE West for a distance of 2,730.00 feet to an existing 5/8 iron rod for a southerly interior corner of the herein described tract;

THENCE South a distance of 164.36 feet to a set 5/8 iron rod for a southerly exterior corner of the herein described tract;

THENCE West a distance of 697.77 feet to set 5/8 iron rod in the west line of said 1,560.40 acre tract and the east line of the remaining portion of a 909.53 acre tract described in Volume 294, Page 599 of the Deed Records of said county for the southwest corner of the herein described tract;

THENCE North 00°02'48 East with the west line of said 1,560.40 acre tract and the east line of the remaining portion of said 909.53 acre tract for a distance of 1,511.87 feet to an existing 5/8 iron rod in the south line of said 295.62 acre tract at the northwest corner of said 1,560.40 acre tract and the northeast corner of the remaining portion of said 909.53 acre tract for a southwesterly interior corner of the herein described tract;

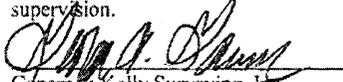
THENCE South 89°54'37 West with the south line of said 295.62 acre tract and the north line of the remaining portion of said 909.53 acre tract for a distance of 149.47 feet to an existing 1/2 inch iron rod in the east right-of-way line of Farm-to-Market Road 1593 at the southwest corner of said 295.62 acre tract for a westerly southwesterly corner of the herein described tract;

THENCE North 00°02'06 East with the east right-of-way line of Farm-to-Market Road 1593 and the west line of said 295.62 acre tract and the west line of said 292.53 acre tract for a distance of 3,166.32 feet to the **POINT OF BEGINNING**, Containing 775.74 acres of land.

Reference is made to that plat accompanying this legal description.

Bearings and coordinates are based on Formosa Plastics Corporation plant coordinates.

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


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

Date

01/04/2015



GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A
REINVESTMENT ZONE CREATED IN JACKSON COUNTY TEXAS

SECTION I

BACKGROUND

- (A) Pursuant to the Texas Tax Code (hereinafter the "Code"), Jackson County, Texas (hereinafter "the County"), is authorized to designate Reinvestment Zones in areas of the County that do not include areas in the taxing jurisdiction of a municipality, to enter into tax abatement agreements with regard to properties located in Reinvestment Zones, and to enter into tax abatement agreements with regard to properties for which a municipality has given tax abatement incentives by agreement.
- (B) The Code requires that the County establish guidelines and criteria governing tax abatement agreements. These guidelines and criteria are for the purpose of promoting the efficient and reasonably consistent administration of tax abatement incentives. These guidelines are effective for two (2) years from date adopted by the Jackson County Commissioners Court (the "Commissioners Court"). A three-quarter (3/4) vote by the Commissioners Court is required to amend or repeal these guidelines.
- (C) These guidelines and criteria, and the procedures established herein, are in compliance with the requirements of the Code.
- (D) NOTHING HEREIN SHALL IMPLY OR SUGGEST THAT THE COUNTY IS UNDER ANY OBLIGATION TO PROVIDE ANY TAX ABATEMENT, OR PROVIDE ANY LENGTH, LEVEL OR VALUE OF TAX ABATEMENT, TO ANY APPLICANT.

SECTION II

DEFINITIONS

- (A) "*Abatement*" means the full or partial exemption from County ad valorem taxation of the increased values of eligible properties in a Reinvestment Zone designated as such in accordance with state law, or the full or partial exemption from County ad valorem taxation of the increased values of eligible properties located within a municipality's taxing jurisdiction where the municipality has granted full or partial exemption to those properties from municipal ad valorem taxation.
- (B) "*Agreement*" means a contractual agreement between a property owner and a taxing jurisdiction for the purpose of tax abatement.

- (C) "*Base Year Value*" means the market value of any property eligible for abatement under these guidelines and criteria on January 1 of the year of the execution of the agreement. In addition, Base Year Value may include a guaranteed minimum agreed upon value of any property improvements or additions eligible for abatement under these guidelines and criteria made after such January 1 but before execution of such agreement.
- (D) "*Economic Life*" means the number of the years a property improvement is expected to be in service in a facility.
- (E) "*Expansion*" means the addition of buildings, structures, machinery, or equipment for the purpose of increasing production capacity.
- (F) "*Facility*" means property improvements completed or in the process of construction which together comprise an integral whole.
- (G) "*Lease*" means a relationship whereby the person applying for a tax abatement has a contract for exclusive possession of the real property on which improvements are to be made and/or personal property to be used for the operation of the business for a defined period of time.
- (H) "*Modernization*" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment. Modernization shall not include reconditioning, refurbishing, repairing, or completion of deferred maintenance.
- (I) "*New facility*" means a Facility on property previously undeveloped and which is placed into service by means other than expansion or a modernization.
- (J) "*Personal Property*" means machinery, equipment and/or tools used, or bought or leased for use, in the operations of the person applying for tax abatement, other than that which was located on the real property at any time before execution of the tax abatement agreement. "Personal Property" shall not include inventory, supplies, office furniture, office equipment, motor vehicles, vessels, aircraft, housing, hotel accommodations, or deferred maintenance investments.
- (K) "*Real Property*" means the area of land defined by legal description as being owned or leased by the person applying for a tax abatement, including any improvements thereto, which is to be improved and valued for property tax purposes, and which is to be included in the Reinvestment Zone.
- (L) "*Reinvestment Zone*" is an area designated as such for the purpose of a tax abatement as authorized by the County in accordance with the Code.

SECTION III

REINVESTMENT ZONE DESIGNATION

- (A) A Reinvestment Zone may only be designated in accordance with the Code.
- (B) A Reinvestment Zone may only be designated by the Commissioners Court in an area of the County that does not include an area within the taxing jurisdiction of a municipality.
- (C) An area may be designated as a Reinvestment Zone if the Commissioners Court, after a public hearing on the proposed designation, finds that the designation would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the Reinvestment Zone and would contribute to the economic development of the County.
- (D) A public hearing on a proposed Reinvestment Zone designation must be held prior to the findings and action of the Commissioners Court on the proposal. The public hearing shall be conducted in accordance with all applicable provisions of the Code. Notice of the hearing shall be given in accordance with the Code. The public hearing must also be posted as an agenda item in accordance with Chapter 551 of the Texas Government Code (the "Texas Open Meetings Act").
- (E) Property may be located both in a Reinvestment Zone designated by the County and in a Reinvestment Zone designated by a municipality.
- (F) If the Commissioners Court finds that designation of an area as a Reinvestment Zone is proper, such proposed designation shall be put to a vote of the Commissioners Court, and will pass if a majority of the members of the Commissioners Court in attendance vote to approve the designation. The order of the Commissioners Court designating the area as a Reinvestment Zone shall contain a sufficient description of the boundaries of the Reinvestment Zone.
- (G) The designation of a Reinvestment Zone shall be for a period of five (5) years. No designation of a Reinvestment Zone shall exceed five (5) years, and a designation of a Reinvestment Zone shall automatically expire five (5) years after the date of designation unless renewed by the Commissioners Court for one or more subsequent periods not to exceed five (5) years each. The expiration of a designation of a Reinvestment Zone does not affect any existing tax abatement agreement relating to property in such Reinvestment Zone.
- (H) Tax abatement agreements entered into by the County shall be in compliance with all applicable requirements set forth in the Code.

SECTION IV

ABATEMENT AUTHORIZED

- (A) Abatement is authorized, subject to approval of the Commissioners Court and execution of a tax abatement agreement, for properties located within a Reinvestment Zone designated by the Commissioners Court.
- (B) Abatement is also authorized for properties located within a municipal Reinvestment Zone when the municipality has entered into a tax abatement agreement with regard to property located within the Reinvestment Zone if the County enters into a tax abatement agreement with regard to that property. Such an agreement must be in compliance with all applicable requirements set forth in the Code.
- (C) Authorized Facilities: Tax abatement may be granted for New Facilities or for the Expansion or Modernization of existing Facilities. The economic life of a Facility or improvements thereto must exceed the life of the tax abatement agreement.
- (D) Eligible Property: Tax abatement may be granted for improvements to owned real property or real property subject to a Lease and for Personal Property located on such real property to the extent allowed by state law.
- (E) Value of Abatement: Authorized Facilities may be granted abatement on all or a portion of the increased taxable value of eligible property over the base year value for a period not to exceed ten (10) years. Such abatement, if granted as to real property, is not with regard to the entire value of the real property, but only to the extent that the value of the real property exceeds the value for the year in which the abatement is granted (i.e., the Base Year Value). Ad valorem taxes on tangible Personal Property may be abated to the extent of additions, but cannot be abated as to personal property located on the real property at any time before the tax abatement agreement is executed, and cannot be abated for inventory, supplies, office furniture, office equipment, motor vehicles, vessels, aircraft, housing, hotel accommodations, or deferred maintenance investments.

SECTION V

PROJECT IMPACT DATA

(A) Introduction

The information required in this Section V will be used by the Commissioners Court to determine whether or not it is in the best interest of the County to offer tax abatement to a particular applicant. The County may request that the applicant describe the methodologies used to respond to the questions below and to supply supporting documentation.

(B) Proposed Investment

The applicant must submit information providing answers to the following inquiries:

- (1) Identify and describe the type and location. of the proposed real property improvements and/or personal property additions to the property and describe the planned development schedule for the proposed improvements and/or additions.
- (2) To what extent, if any, will material, additional public improvements be needed? Describe the plans, if any, in existence for the provision of such improvements.
- (3) What material governmental approvals or permits will be required for the improvements?
- (4) Is the financial capital required to complete the project already available (financing commitments, reserved funds, etc.)? Explain in reasonable detail.

(C) Fiscal Impact

The applicant must submit information providing answers to the following inquiries:

- (1) What is the estimated cost of the proposed real property improvements and/or personal property additions?
- (2) What is the proposed depreciation schedule for the real and personal property to be abated?

(D) Community Impact

The applicant must submit information providing answers to the following inquiries:

- (1) Provide a copy of an economic impact study prepared with respect to the proposed project. An economic impact evaluation prepared in connection with an application for appraised value limitation under Chapter 313 of the Code will satisfy this requirement.
- (2) What support services or products, if any, does the applicant anticipate will be procured from the local community in the construction of improvements or additions of personal property, and with regard to its operations?

(E) A legal description of the subject real property must be supplied to the County by the applicant.

(F) Pursuant to the Code, information submitted in the application process is confidential, and is not subject to public disclosure, unless and until a tax abatement agreement is executed. If an application for abatement is granted, the information submitted in the application process will be considered public once the abatement agreement has been signed by representatives for both parties.

SECTION VI

GUIDELINES

(A) Economic Qualification

To be eligible for designation of a Reinvestment Zone and to receive tax abatement, the proposed project must be reasonably shown to have an estimated cost upon completion of at least \$5,000,000.00

(B) Eligibility

The Commissioners Court shall determine eligibility for abatement on a case-by-case basis.

(C) Rate and Duration of Tax Abatement

When a determination has been made to offer tax abatement, the County will determine the percent of value abated and the length of abatement on a case-by-case basis.

SECTION VII

PROCEDURE

(A) Any person or entity desiring that the County consider tax abatement for a proposed project must comply with the following procedural guidelines.

(B) Application Process

The applicant shall submit a letter of application for tax abatement to the County Judge for submission to the Commissioners Court. The application must:

- (1) give a reasonably detailed explanation of the proposed project (improvements to owned or leased real property, and/or addition of owned or leased Personal Property);
- (2) address all criteria questions and inquiries outlined in Section V above;
- (3) provide a current survey of the real property and information showing the proposed location of the proposed improvements and additions on such real property, together with a legal description of such real property;
- (4) identify the name, address, telephone number, fax number, and e-mail address of the applicant's contact person for purposes of the application;
- (5) identify the form of organization & the applicant (e.g., sole proprietorship, partnership, corporation, limited liability company, etc.) and any assumed or trade names under which the applicant operates; and
- (6) identify how the project will comply with or fit within the criteria and guidelines set forth in the preceding sections.

All applications will be reviewed by the Commissioners Court's designee or designees for accuracy and completeness. If requested by the Commissioners Court or its designee, the applicant shall verify any information submitted to the Commissioners Court. In addition, the applicant shall provide any additional information requested by the Commissioners Court or its designee. Upon completion of the application process, the application will be placed on the agenda for a meeting of the Commissioners Court for consideration.

- (C) The application shall be considered at a meeting of the Commissioners Court held in compliance with the Texas Open Meetings Act. If the abatement would involve the designation of a Reinvestment Zone, a public hearing regarding such designation must first be held in accordance with the procedures and notice requirements in the Code. No applicant has a legal right or expectation to a favorable determination by the Commissioners Court with respect to its application.
- (D) The abatement, if granted, must be made pursuant to a tax abatement agreement which meets all of the requirements of law and is acceptable to the Commissioners Court. Any such tax abatement agreement shall provide that in filling any new employment positions created as a result of the project, the applicant will use commercially reasonable efforts to hire qualified applicants located in the County and willing to perform the work required by such position. A tax abatement agreement must be approved by the Commissioners Court for execution by the County Judge before it can be effective.
- (E) Any abatement is for County ad valorem taxes only, and does not provide abatement from taxation by other taxing jurisdictions in which the property may be located unless otherwise provided by state law. Property owned or leased by a member of the Commissioners Court is not eligible for tax abatement.

SECTION VIII

ADMINISTRATION

- (A) The tax abatement agreement shall stipulate that employees of the County and/or designated representatives of the County will have access to the Reinvestment Zone during the term of the abatement to inspect the Facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after giving forty-eight (48) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the company and in accordance with the safety standards for the Facility.
- (B) The employees and/or designated representatives of the County who conduct an inspection of the Facility shall within ten days of the inspection submit a written report to the Jackson County Commissioners Court regarding the property owner's compliance with the terms and conditions of the agreement.

- (C) Violations of the terms of the tax abatement agreement by the tax abatement recipient may result in the full or partial loss of the abatement and give rise to a right of the County to recoup taxes abated and terminate the agreement, all as may be more fully provided for in the agreement.

SECTION IX

ASSIGNMENT

A tax abatement agreement may be assigned to a new owner or lessee of the Facility with the prior written consent of the Commissioners Court, which consent shall not be unreasonably withheld, delayed or conditioned. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee are indebted to the County for delinquent ad valorem taxes or other obligations.

SECTION X

SUNSET PROVISION

These Guidelines and Criteria are effective **September 8, 2014**, and will remain in force until **September 8, 2016**, at which time all tax abatement agreements created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.