

**FINDINGS OF THE PORT NECHES-GROVES
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
HUNTSMAN PETROCHEMICAL LLC**



September 16, 2013

**FINDINGS
OF THE
PORT NECHES-GROVES INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
HUNTSMAN PETROCHEMICAL LLC
(APPLICATION #266)**

SEPTEMBER 16, 2013

Board Findings of the Port Neches-Groves Independent School District

FINDINGS OF THE PORT NECHES-GROVES
INDEPENDENT SCHOOL DISTRICT BOARD OF
TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
HUNTSMAN PETROCHEMICAL LLC

STATE OF TEXAS §

COUNTY OF JEFFERSON §

On the 16th day of September, 2013, a public meeting of the Board of Trustees of the Port Neches-Groves Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Huntsman Petrochemical LLC (Huntsman) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Port Neches-Groves Independent School District makes the following findings with respect to the application of Huntsman, and the economic impact of that application:

On February 11, 2013, the Superintendent of Schools of the Port Neches-Groves Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Huntsman for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Huntsman (Texas Taxpayer Id. 15815945181), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

Board Findings of the Port Neches-Groves 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 Jefferson 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 May 14, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

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

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Port Neches-Groves 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 Port Neches-Groves 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 Huntsman over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the Port Neches-Groves Independent School District

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

Board Finding Number 1.

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

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

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

Board Finding Number 2.

The economic condition of Port Neches-Groves, Texas is in need of long-term improvement, based on the state's analysis of Jefferson County data.

Based on information provided by the Comptroller's Office that focused on the county level, Jefferson County is the 20th largest county in the state in terms of population. Population growth in Jefferson County is up; the population of Jefferson County grew by 0.2 percent between 2009 and 2010, below the state average of 1.8 percent.

September 2011 employment for Jefferson County was up 0.6 percent from September 2010, below the state's 0.9 percent increase in total employment during the same period, based on information provided by the Comptroller's Office. Even with the increase in total

Board Findings of the Port Neches-Groves Independent School District

employment, however, the unemployment rate in Jefferson County was 11.9 percent in September 2011, higher than the state average of 8.5 percent.

Jefferson County has a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Jefferson County's \$37,139 in 2009 ranked 59th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The below average population growth and employment growth, along with the higher unemployment rate reported in the analysis prepared by the Comptroller's Office, indicates the need for long-term economic growth in the area served by Port Neches-Groves ISD. The local economy in Jefferson County will benefit from economic activity like that associated with the Huntsman 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 regional average manufacturing wage. Huntsman indicates that total employment will be approximately 10 new jobs, 10 of which will be qualifying jobs.

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

After construction, the project will create ten new jobs when fully operational. All ten 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 South East Texas Regional Planning Commission Region, where Jefferson County is located was \$58,724 in 2011. The annual average manufacturing wage for 2011-2012 for Jefferson County is \$88,348. That same year, the county annual average wage for all industries was \$50,011. In addition to a salary of

Board Findings of the Port Neches-Groves Independent School District

\$65,000, each qualifying position will receive benefits such medical, dental, vision, 401(k) retirement, life insurance and paid vacation days.

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 \$12.5 million on the basis of the goal of 10 new qualifying positions for the entire Huntsman project.

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

The project's total investment is \$125 million, resulting in a relative level of investment per qualifying job of \$12.5 million..

Board Finding Number 5.

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

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

Table 1 depicts Huntsman Petrochemical, L.L.C'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 Huntsman Petrochemical, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	192	212	404	\$10,000,000	\$14,000,000	\$24,000,000
2014	173	220	393	\$9,150,000	\$15,850,000	\$25,000,000
2015	10	51	61	\$650,000	\$6,350,000	\$7,000,000
2016	10	31	41	\$650,000	\$4,350,000	\$5,000,000
2017	10	26	36	\$650,000	\$4,350,000	\$5,000,000
2018	10	23	33	\$650,000	\$3,350,000	\$4,000,000
2019	10	21	31	\$650,000	\$3,350,000	\$4,000,000
2020	10	27	37	\$650,000	\$3,350,000	\$4,000,000
2021	10	29	39	\$650,000	\$4,350,000	\$5,000,000
2022	10	31	41	\$650,000	\$4,350,000	\$5,000,000
2023	10	39	49	\$650,000	\$4,350,000	\$5,000,000
2024	10	35	45	\$650,000	\$4,350,000	\$5,000,000
2025	10	41	51	\$650,000	\$4,350,000	\$5,000,000
2026	10	37	47	\$650,000	\$5,350,000	\$6,000,000
2027	10	41	51	\$650,000	\$5,350,000	\$6,000,000
2028	10	41	51	\$650,000	\$6,350,000	\$7,000,000

Source: CPA, REMI, Huntsman Petrochemical, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Port Neches-Groves ISD's ad valorem tax base in 2011-2012 was \$2.525 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Port Neches-Groves ISD's estimated wealth per WADA was \$470,105. 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, Jefferson County, Sabine-Neches Navigation District and Jefferson County Drainage District # 7 with all property tax incentives sought being granted using estimated market value from Huntsman Petrochemical, LLC's application. Huntsman Petrochemical, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and the navigation district. Table 3 illustrates the estimated tax impact of the Huntsman Petrochemical, LLC project on the region if all taxes are assessed.

Board Findings of the Port Neches-Groves Independent School District

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Levy	Port Neches-Groves ISD M&O Levy	Port Neches-Groves ISD M&O and I&S Tax Levies (Before Credit Credited)	Port Neches-Groves ISD M&O and I&S Tax Levies (After Credit Credited)	Jefferson County Tax Levy	Sabine-Neches Navigation District Tax Levy	Jefferson County Drainage District #7 Tax Levy	Estimated Total Property Taxes
				0.3481	1.0400			0.3650	0.0279	0.1409	
2014	\$62,500,000	\$62,500,000		\$217,544	\$650,000	\$867,544	\$867,544	\$0	\$0	\$88,093	\$955,637
2015	\$112,812,500	\$112,812,500		\$392,666	\$1,173,250	\$1,565,916	\$1,565,916	\$0	\$0	\$159,008	\$1,724,925
2016	\$106,875,000	\$30,000,000		\$372,000	\$312,000	\$684,000	\$684,000	\$39,009	\$2,979	\$150,639	\$876,627
2017	\$100,937,500	\$30,000,000		\$351,333	\$312,000	\$663,333	\$492,012	\$36,842	\$2,813	\$142,270	\$673,937
2018	\$95,000,000	\$30,000,000		\$330,667	\$312,000	\$642,667	\$471,345	\$34,675	\$2,648	\$133,902	\$642,569
2019	\$92,625,000	\$30,000,000		\$322,400	\$312,000	\$634,400	\$463,078	\$106,496	\$8,132	\$130,554	\$708,260
2020	\$89,062,500	\$30,000,000		\$310,000	\$312,000	\$622,000	\$450,678	\$325,078	\$24,822	\$125,533	\$926,111
2021	\$83,125,000	\$30,000,000		\$289,333	\$312,000	\$601,333	\$430,012	\$303,406	\$23,167	\$117,164	\$873,749
2022	\$77,187,500	\$30,000,000		\$268,667	\$312,000	\$580,667	\$409,345	\$281,734	\$21,512	\$108,795	\$821,387
2023	\$71,250,000	\$30,000,000		\$248,000	\$312,000	\$560,000	\$388,678	\$260,063	\$19,857	\$100,426	\$769,024
2024	\$69,112,500	\$69,112,500		\$240,560	\$718,770	\$959,330	\$959,330	\$252,261	\$19,262	\$97,413	\$1,328,266
2025	\$67,039,125	\$67,039,125		\$233,343	\$697,207	\$930,550	\$930,550	\$244,693	\$18,684	\$94,491	\$1,288,418
2026	\$65,027,951	\$65,027,951		\$226,343	\$676,291	\$902,633	\$902,633	\$237,352	\$18,123	\$91,656	\$1,249,765
2027	\$63,077,113	\$63,077,113		\$219,553	\$656,002	\$875,554	\$875,554	\$230,231	\$17,580	\$88,907	\$1,212,272
2028	\$61,184,799	\$61,184,799		\$212,966	\$636,322	\$849,288	\$849,288	\$223,325	\$17,052	\$86,239	\$1,175,904
						Total	\$10,739,965	\$2,575,165	\$196,630	\$1,715,091	\$15,226,850

Assumes School Value Limitation and Tax Abatements with the County and Navigation District.

Source: CPA, Huntsman Petrochemical, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Levy	Port Neches-Groves ISD M&O Levy	Port Neches-Groves ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Sabine-Neches Navigation District Tax Levy	Jefferson County Drainage District #7 Tax Levy	Estimated Total Property Taxes	
				0.3481	1.0400		0.3650	0.0279	0.1409		
2014	\$62,500,000	\$62,500,000		\$217,544	\$650,000	\$867,544	\$228,125	\$17,419	\$88,093	\$1,201,181	
2015	\$112,812,500	\$112,812,500		\$392,666	\$1,173,250	\$1,565,916	\$411,766	\$31,441	\$159,008	\$2,168,131	
2016	\$106,875,000	\$106,875,000		\$372,000	\$1,111,500	\$1,483,500	\$390,094	\$29,786	\$150,639	\$2,054,019	
2017	\$100,937,500	\$100,937,500		\$351,333	\$1,049,750	\$1,401,083	\$368,422	\$28,131	\$142,270	\$1,939,907	
2018	\$95,000,000	\$95,000,000		\$330,667	\$988,000	\$1,318,667	\$346,750	\$26,477	\$133,902	\$1,825,795	
2019	\$92,625,000	\$92,625,000		\$322,400	\$963,300	\$1,285,700	\$338,081	\$25,815	\$130,554	\$1,780,150	
2020	\$89,062,500	\$89,062,500		\$310,000	\$926,250	\$1,236,250	\$325,078	\$24,822	\$125,533	\$1,711,682	
2021	\$83,125,000	\$83,125,000		\$289,333	\$864,500	\$1,153,833	\$303,406	\$23,167	\$117,164	\$1,597,570	
2022	\$77,187,500	\$77,187,500		\$268,667	\$802,750	\$1,071,417	\$281,734	\$21,512	\$108,795	\$1,483,458	
2023	\$71,250,000	\$71,250,000		\$248,000	\$741,000	\$989,000	\$260,063	\$19,857	\$100,426	\$1,369,346	
2024	\$69,112,500	\$69,112,500		\$240,560	\$718,770	\$959,330	\$252,261	\$19,262	\$97,413	\$1,328,266	
2025	\$67,039,125	\$67,039,125		\$233,343	\$697,207	\$930,550	\$244,693	\$18,684	\$94,491	\$1,288,418	
2026	\$65,027,951	\$65,027,951		\$226,343	\$676,291	\$902,633	\$237,352	\$18,123	\$91,656	\$1,249,765	
2027	\$63,077,113	\$63,077,113		\$219,553	\$656,002	\$875,554	\$230,231	\$17,580	\$88,907	\$1,212,272	
2028	\$61,184,799	\$61,184,799		\$212,966	\$636,322	\$849,288	\$223,325	\$17,052	\$86,239	\$1,175,904	
						Total	\$16,890,265	\$4,441,380	\$339,127	\$1,715,091	\$23,385,862

Source: CPA, Huntsman Petrochemical, LLC

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$113 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year, based on the schedule in the application. The Huntsman project remains fully taxable for debt services taxes, with Port Neches-Groves ISD currently levying a \$0.348 per \$100 I&S rate. The value of the Huntsman project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base and assist it in meeting its debt service needs.

Board Finding Number 7.

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

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

Board Finding Number 8.

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

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

According to Huntsman Petrochemical, LLC's application, "Huntsman has petrochemical operations in several states within the United States and many other sites in other countries around globe. Port Neches is the primary location for the production of Ethylene Oxide and Ethylene

Board Findings of the Port Neches-Groves Independent School District

Glycol. However, the equipment could operate as a stand-alone plant and Huntsman could install the reactor system at other petrochemical sites, several of which use EO as a raw material to make other products. The closest neighboring state in which Huntsman operates EO derivative plants is Louisiana.”

Board Finding Number 9.

During the past two years, three projects in the South East Texas Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Board Finding Number 11.

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

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Port Neches-Groves ISD is \$2.263 billion. Port Neches-Groves ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Port Neches-Groves ISD is classified as a “rural” district due to its placement in as strategic investment area. Given that the total taxable value of industrial property in Port Neches-Groves ISD is above \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 15815945181) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 13.

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

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

Board Finding Number 14.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Port Neches-Groves 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 Port Neches-Groves Independent School District.

Board Findings of the Port Neches-Groves Independent School District

Dated the 16th day of September 2013.

PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

By: 
Rodney Balsamo
President, Board of Trustees

ATTEST:

By: 
Melanie Miller
Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

September 16, 2013

President and Members
Board of Trustees
Port Neches-Groves Independent School District
620 Avenue C
Port Neches, Texas 77651

Re: Recommendations and Findings of the firm Concerning Application of Huntsman Petrochemical LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Balsamo 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 Port Neches-Groves Independent School District, with respect to the pending Application of Huntsman Petrochemical LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

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

As a result of the foregoing, it is our recommendation that the Board of Trustees approve the Application of Huntsman Petrochemical LLC 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

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

September 16, 2013

President and Members
Of the Board of Trustees
Port Neches-Groves Independent School District
620 Avenue C
Port Neches, Texas 77651

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

Dear President Balsamo 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 Port Neches-Groves Independent School District, with respect to the pending Application of Huntsman Petrochemical LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2014. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Huntsman Petrochemical LLC Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

Letter to Port Neches-Groves ISD
September 16, 2013
Page 2 of 2

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

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

Sincerely,

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

Kevin O'Hanlon
For the Firm

Attachment A

Application

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
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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

February 12, 2013

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

RE: Application to the Port Neches-Groves Independent School District from
Huntsman Petrochemical LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Port Neches Groves Independent School District is notifying the Applicant Huntsman Petrochemical LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on October 8, 2012. The Board voted to accept the application on October 8, 2012. The application was determined completed on February 11, 2013. Please prepare the economic impact report.

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

As you are aware, regional wage information is published annually and based upon the Texas Workforce Commission (TWC) OES data. The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. A paper copy of the application will be hand delivered to your office today. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Jefferson County Appraisal District.

Please feel free to contact me with questions.

Sincerely,

Letter to Local Government Assistance & Economic Analysis Division
July 18, 2012
Page 2 of 2

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

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Jefferson County Appraisal District

Dr. Rodney Caveness, Port Neches-Groves ISD

October 08, 2012

HAND DELIVERED

Port Neches-Groves Independent School District
Attn: Dr. Rodney Cavness, Superintendent
620 Avenue C
Port Neches, Texas 77651

Application for Appraised Value Limitation on Qualified Property (Form 50-296)

Dear Dr. Cavness:

Enclosed please find a copy of the referenced application along with a check in the amount of \$75,000 for the application fee. If you should have any questions please feel free to contact me at 281-719-4820.

Respectfully yours,
HUNTSMAN PETROCHEMICAL, LLC

Dana Gray
Property Tax Manager

Enclosures



Application for Appraised Value Limitation on Qualified Property

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

Form 50-296
(Revised May 2010)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application.

This notice must include:

- the date on which the school district received the application;
- the date the school district determined that the application was complete;
- the date the school board decided to consider the application; and
- a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district 10/08/12
First Name Dr. Rodney	Last Name Cavness	
Title Superintendent		
School District Name Port Neches-Groves Independent School District		
Street Address 620 Avenue C		
Mailing Address		
City Port Neches	State Texas	ZIP 77651
Phone Number 409-722-4244	Fax Number 409-724-7864	
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



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

Form fields for consultant information: First Name (Kevin), Last Name (O'Hanlon), Title (Attorney), Firm Name (O'Hanlon, McCollom & Demerath, PC), Street Address (808 West Avenue), Mailing Address (808 West Avenue), City (Austin), State (Texas), ZIP (78701), Phone Number (512-494-9949), Fax Number (512-494-9919), Mobile Number (Optional), E-mail Address.

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) and Date (2-12-13)

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

If yes, date determined complete. 2/11/13

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name George		Last Name Wienert	
Title Manager Engineering Excellence - Performance Products			
Organization Huntsman Corporation			
Street Address 2701 Spur 136			
Mailing Address P.O. Box 847			
City Port Neches		State Texas	ZIP 77651
Phone Number 409-724-4488		Fax Number 409-723-3388	
Mobile Number (optional)		Business e-mail Address George_Wienert@huntsman.com	

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

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

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

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

Will consultant be primary contact? Yes No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name Trey		Last Name Novosad	
Title Principal			
Firm Name Popp Hutcheson PLLC			
Street Address 1301 S. Mopac Ste. 430			
Mailing Address 1301 S. Mopac Ste. 430			
City Austin		State Texas	ZIP 78746
Phone Number 512-473-2661		Fax Number 512-479-8013	
Business email Address			

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)) <i>G W Wrennet</i>	Date <i>1/28/2013</i>
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GIVEN under my hand and seal of office this 28th day of January, 2013



(Notary Seal)

Janice Dowden
Notary Public, State of Texas

My commission expires 8/29/15

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

Huntsman Petrochemical LLC

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

14216485855

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.

N/A

APPLICANT BUSINESS STRUCTURE

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

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

Limited Liability 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.)

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

PROJECT DESCRIPTION

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

Please see Attachment #4

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

Please see Attachment #4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction May 01, 2013 Begin Hiring New Employees April 01, 2014

Construction Complete July 01, 2014 Fully Operational August 01, 2014

Purchase Machinery & Equipment May 01, 2013

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

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

When do you anticipate the new buildings or improvements will be placed in service? August 01, 2014

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
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.)

Pending tax abatements: Jefferson County, Sabine-Neches Navigation District

THE PROPERTY

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

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

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: Jefferson County - 100% City: _____
(Name and percent of project) (Name and percent of project)

Hospital District: _____ Water District: _____
(Name and percent of project) (Name and percent of project)

Other (describe): Jefferson County Drainage District #7 - 100% Other (describe): Sabine-Neches Navigation Dist. - 100%
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

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

INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30,000,000
 What is the amount of appraised value limitation for which you are applying? \$30,000,000
 What is your total estimated qualified investment? \$110,000,000

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? May 01, 2013
 What is the anticipated date of the beginning of the qualifying time period? May 01, 2013

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$125,000,000

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? March 01, 2013

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. (Land Only) 2012
(Market Value) (Tax Year)

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

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

WAGE AND EMPLOYMENT INFORMATION

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

The last complete calendar quarter before application review start date is the:

- First Quarter Second Quarter Third Quarter Fourth Quarter of 2012
(year)

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

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

Total number of new jobs that will have been created when fully operational 10

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

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

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 10

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)(i).

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

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

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

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$1,057.93 (as of 01-22-2013)
 110% of the county average weekly wage for manufacturing jobs in the county is \$1,868.90 (as of 01-22-2013)
 110% of the county average weekly wage for manufacturing jobs in the region is \$1,242.24 (as of 01-22-2013)

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? \$64,596.40

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? \$65,000.00

- 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.)

Please 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.



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 01 – CERTIFICATION PAGES

PLEASE REFER TO PAGE 4 OF APPLICATION

ATTACHMENT 2

Proof of payment 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

TX233P01 F0.00.01

TX2011 05-166
Ver. 2.1 (9-09/3)

TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

Tcode 13253 Annual
Reporting entity taxpayer number

Report year Reporting entity taxpayer name

14216485855

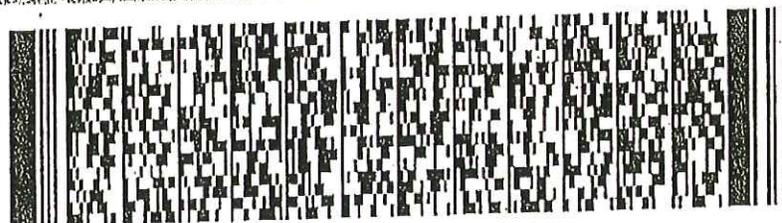
2011

HUNTSMAN CORPORATION

Reporting entity must be included on Affiliate Schedule.

1. Legal name of affiliate HUNTSMAN CORPORATION		2. Affiliate taxpayer number (if none, use FEI number) 14216485855		3. Affiliate NAICS code 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 010110	
7. Affiliate reporting end date m m d d y y 123110		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 1249418 .00	
10. Gross receipts in Texas (before eliminations) 100 .00		11. Cost of goods sold or compensation (before eliminations) -35092257 .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 ALTA ONE, INC.		2. Affiliate taxpayer number (if none, use FEI number) 223660347	
3. Affiliate NAICS code 551112		4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	
6. Affiliate reporting begin date m m d d y y 010110		7. Affiliate reporting end date m m d d y y 123110		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 HUNTSMAN STYRENICS INVESTMENT HOLDINGS	
2. Affiliate taxpayer number (if none, use FEI number) 870652154		3. Affiliate NAICS code 551112		4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	
5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010110		7. Affiliate reporting end date m m d d y y 123110	
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"/>	

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.



VE/DE FM



1023

ATTACHMENT 04 – PROJECT DESCRIPTION

Project Description:

Huntsman Petrochemical LLC plans to expand its Ethylene Oxide Unit, which will produce approximately 265MM lbs of ethylene oxide per annum. Purchasing of new equipment will result in an estimated \$125MM investment. The total estimated investment for this project is **\$125 million dollars**.

The Project may contain the following main units and utility systems:

Boiling Water Reactor Exchanger/Vessels HP Recycle Compressor	Pumps Piping/Steel Miscellaneous Process Equipment
---	--

Statement on Company's Ability to Relocate in Another State:

Huntsman has petrochemical operations in several states within the United States and many other sites in other countries around the globe. Port Neches is the primary location for the production of Ethylene Oxide and Ethylene Glycol. However, the equipment could operate as a stand-alone plant and Huntsman could install the reactor system at other petrochemical sites, several of which use EO as a raw material to make other products. The closest neighboring state in which Huntsman operates EO derivative plants is Louisiana.

ATTACHMENT 05 – OTHER DISTRICTS CLAIMING JURISDICTION

THIS PROJECT WILL BE LOCATED EXCLUSIVELY WITHIN THE BOUNDARIES
OF PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

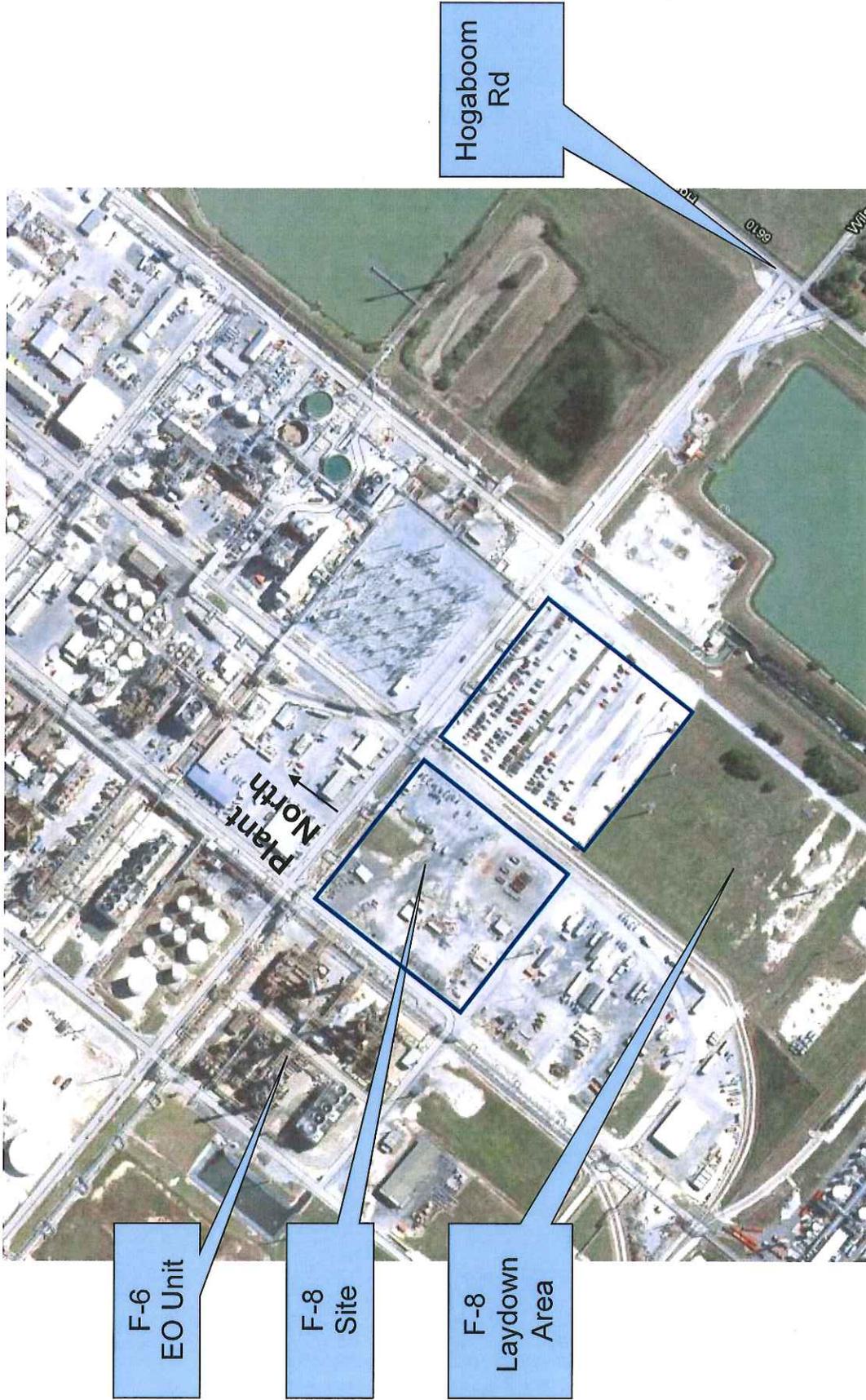
ATTACHMENT 06 – DESCRIPTION OF QUALIFIED INVESTMENT

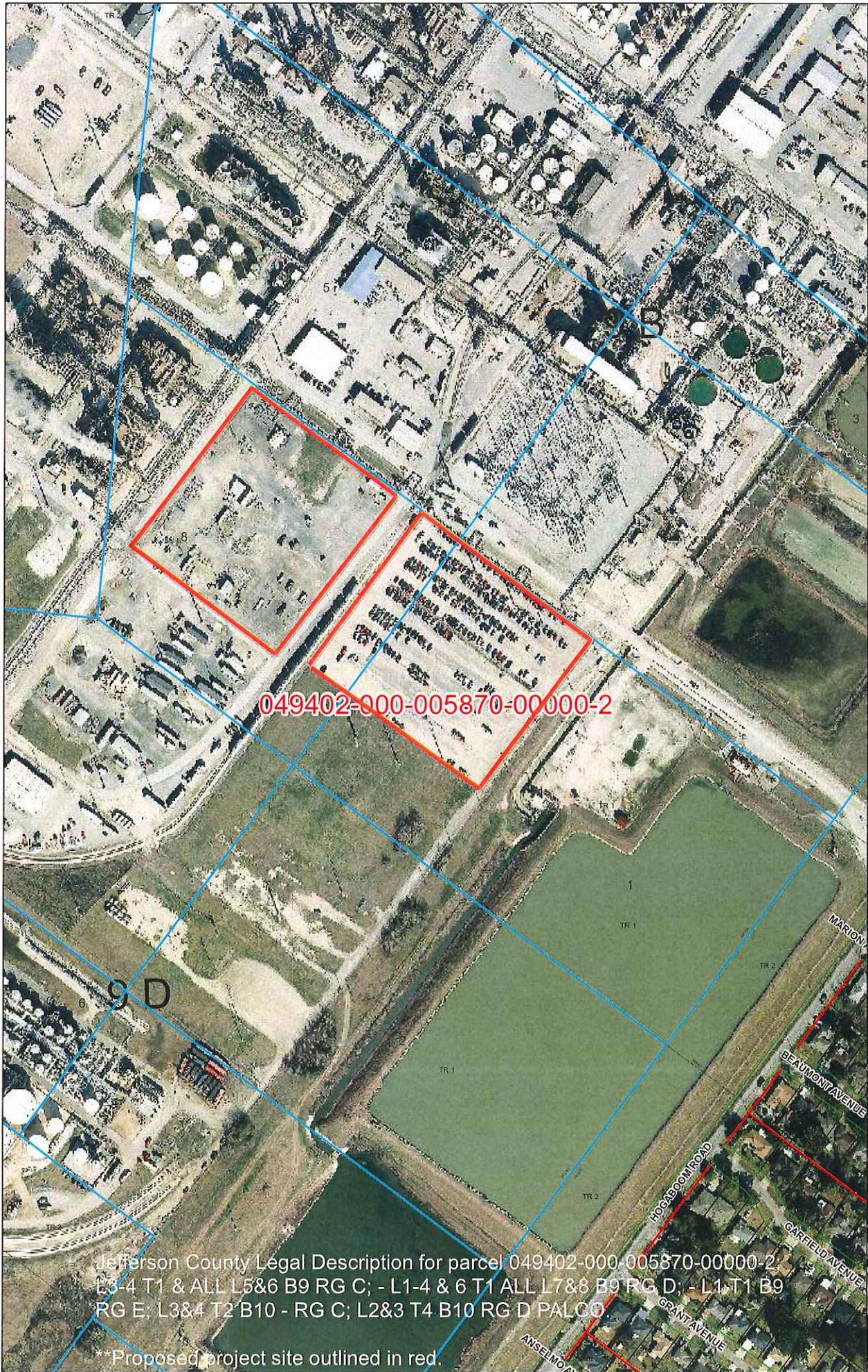
THE QUALIFIED INVESTMENT FOR THE PROPOSED PROJECT MAY CONTAIN THE FOLLOWING MAIN UNITS AND UTILITY SYSTEMS:

Boiling Water Reactor Exchanger/Vessels HP Recycle Compressor	Pumps Piping/Steel Miscellaneous Process Equipment
---	--

ATTACHMENT 7

See attached maps.





049402-000-005870-00000-2

Jefferson County Legal Description for parcel 049402-000-005870-00000-2
E3-4 T1 & ALL L5&6 B9 RG C; - L1-4 & 6 T1 ALL L7&8 B9 RG D; - L1-T1 B9
RG E; L3&4 T2 B10 - RG C; L2&3 T4 B10 RG D PALCO

**Proposed project site outlined in red.

ANSSELMO AVENUE
GRANT AVENUE
ROCKBORN ROAD
BEAUMONT AVENUE
MARION AVENUE

S D

****Please note the proposed site will only utilize portions of the blue highlighted tracts within JCAD Account 049402-000-005870-000000-2.**

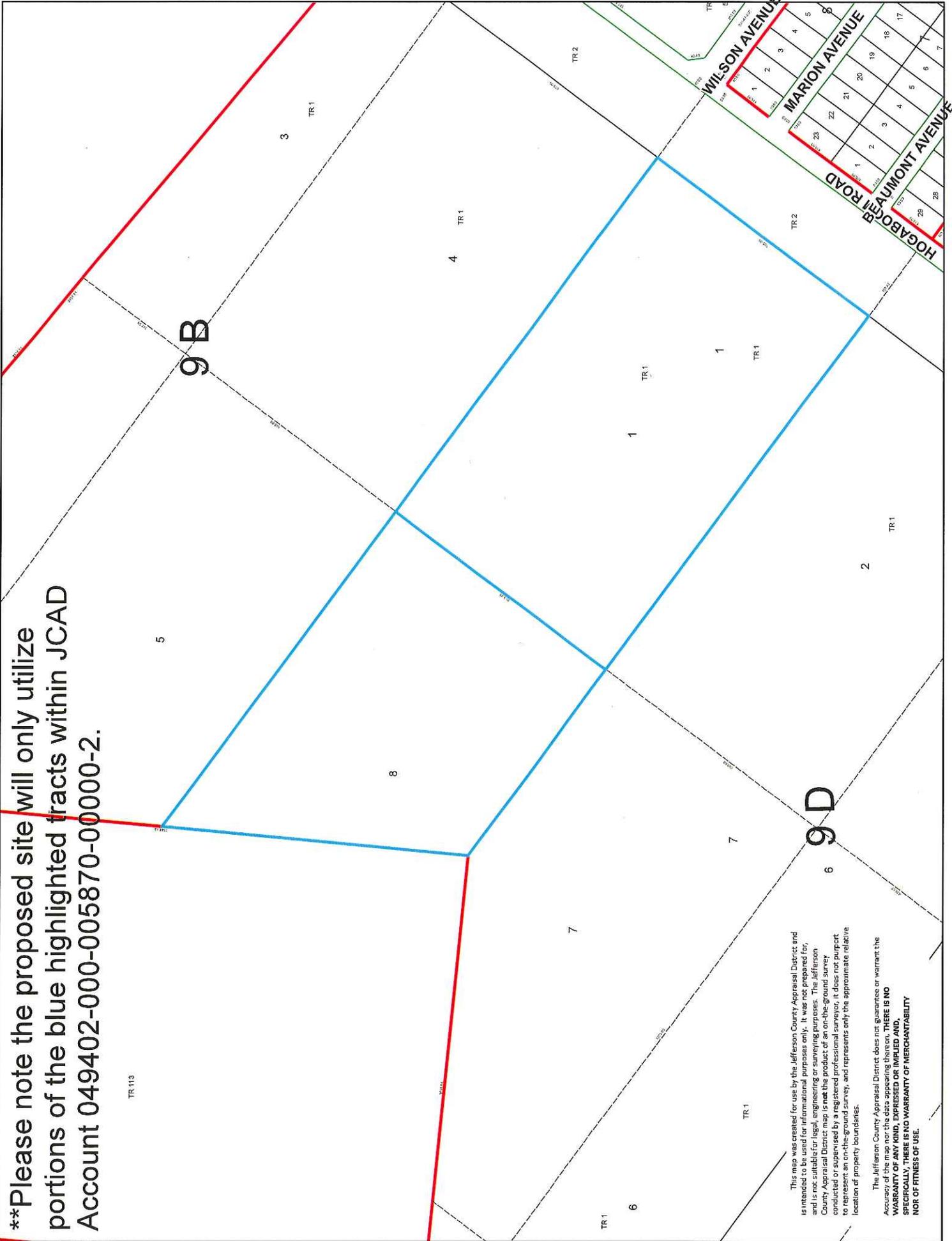
TR 113

9 B

9 D

This map was created for use by the Jefferson County Appraisal District and is intended to be used for informational purposes only. It was not prepared for, and is not suitable for, legal, engineering or surveying purposes. The Jefferson County Appraisal District map is not the product of an on-the-ground survey conducted or supervised by a registered professional surveyor. It does not purport to represent an on-the-ground survey, and represents only the approximate relative location of property boundaries.

The Jefferson County Appraisal District does not guarantee or warrant the accuracy of the map nor the data appearing thereon. **THERE IS NO WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED AND, SPECIFICALLY, THERE IS NO WARRANTY OF MERCHANTABILITY NOR OF FITNESS OF USE.**



Port Neches-Groves ISD



Schools2

- Junior High/Middle Schools
- TocSymbol 0
- HighSchools
- ▲ Elementary/Secondary Schools
- ▲ Other Schools

CommunityColleges

- ★ Universities

HigherEd

- ★ Universities

Hwys2

- Other
- ==A11
- ==A15

Hwys2 (continued)

- ==A17
- A21
- A22
- A23
- A25
- A27
- A60

Counties1

- Counties

Counties3

Hydrology

-

Districts2

- School Districts
- School Districts
- Districts

Texas

-

Texas

-

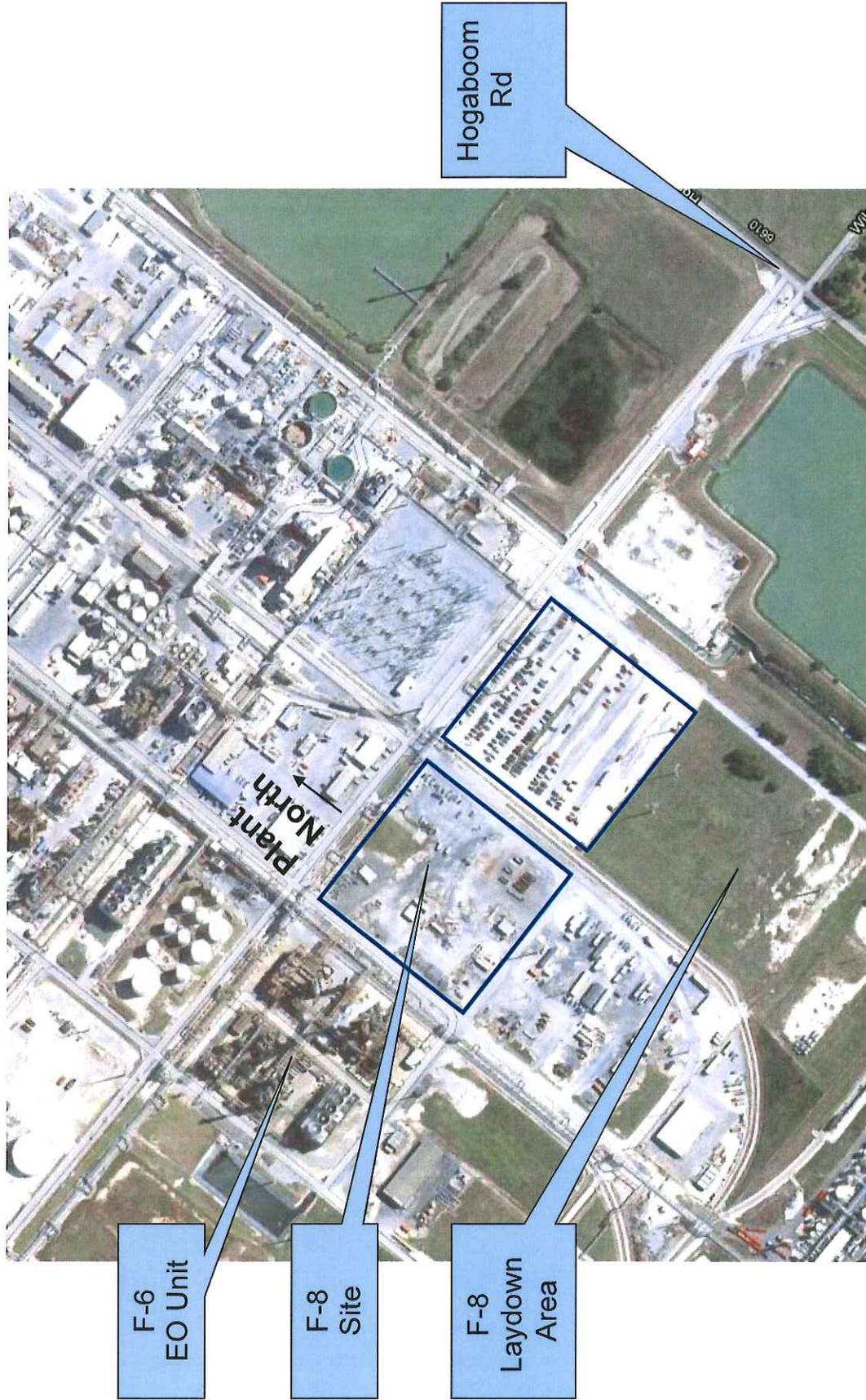
ATTACHMENT 08 – DESCRIPTION OF QUALIFIED PROPERTY

THE QUALIFIED PROPERTY FOR THE PROPOSED PROJECT WILL CONTAIN THE FOLLOWING MAIN UNITS AND UTILITY SYSTEMS:

Boiling Water Reactor Exchanger/Vessels HP Recycle Compressor	Pumps Piping/Steel Miscellaneous Process Equipment
---	--

ATTACHMENT 9

See attached maps.





049402-000-005870-00000-2

Jefferson County Legal Description for parcel 049402-000-005870-00000-2
E3-4 T1 & ALL L5&6 B9 RG C; - L1-4 & 6 T1 ALL L7&8 B9 RG D; - L1-T1 B9
RG E; L3&4 T2 B10 - RG C; L2&3 T4 B10 RG D PALCO

**Proposed project site outlined in red.

****Please note the proposed site will only utilize portions of the blue highlighted tracts within JCAD Account 049402-000-005870-000000-2.**

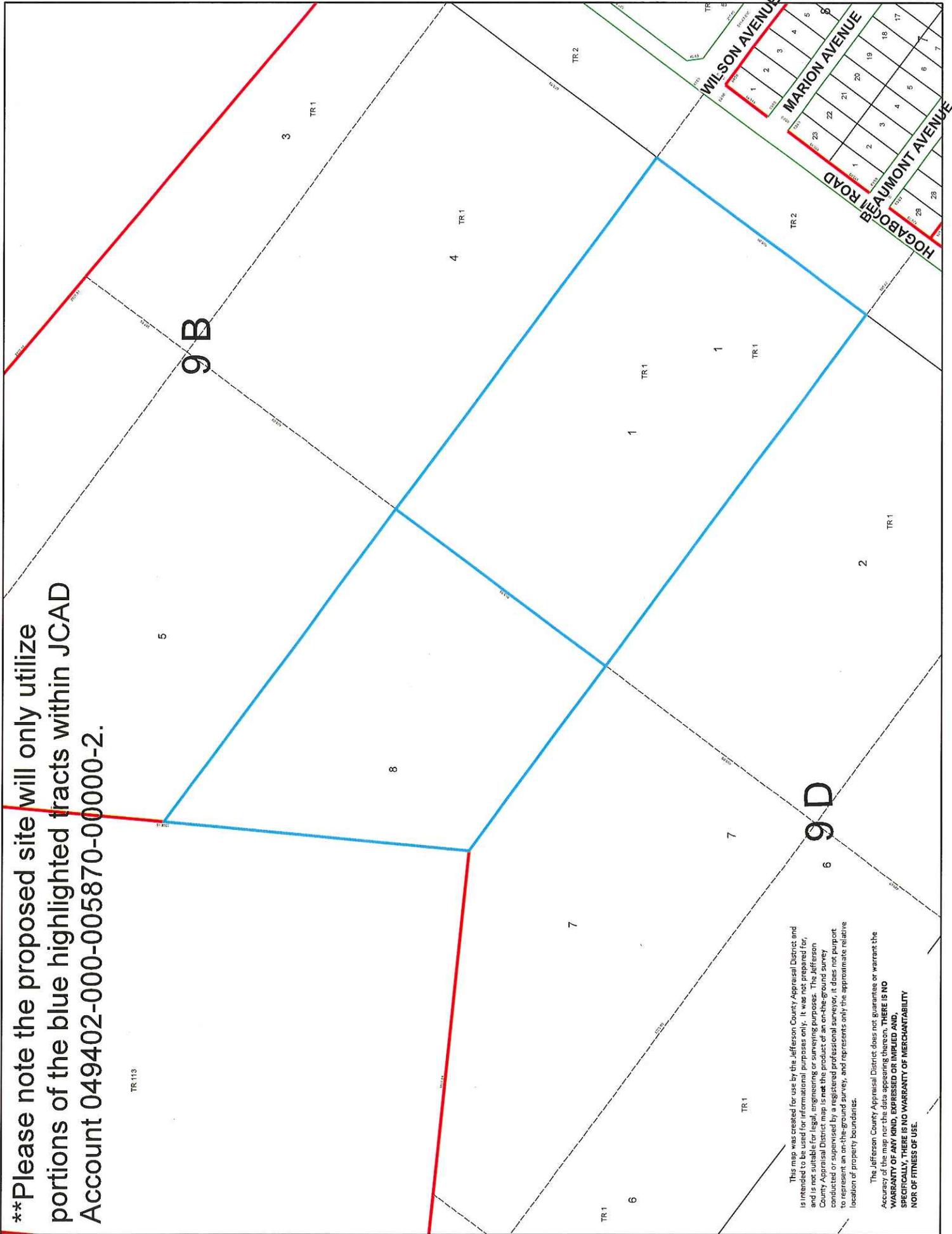
TR 113

9 B

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Port Neches-Groves ISD



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CommunityColleges

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HigherEd

- ★ Universities

Hwys2

- Other
- == A11
- == A15

Hwys2 (continued)

- == A17
- A21
- A22
- A23
- A25
- A27
- A60

Counties1

- Counties

Counties3

Hydrology

-

Districts2

- School Districts
- School Districts

Districts

Texas

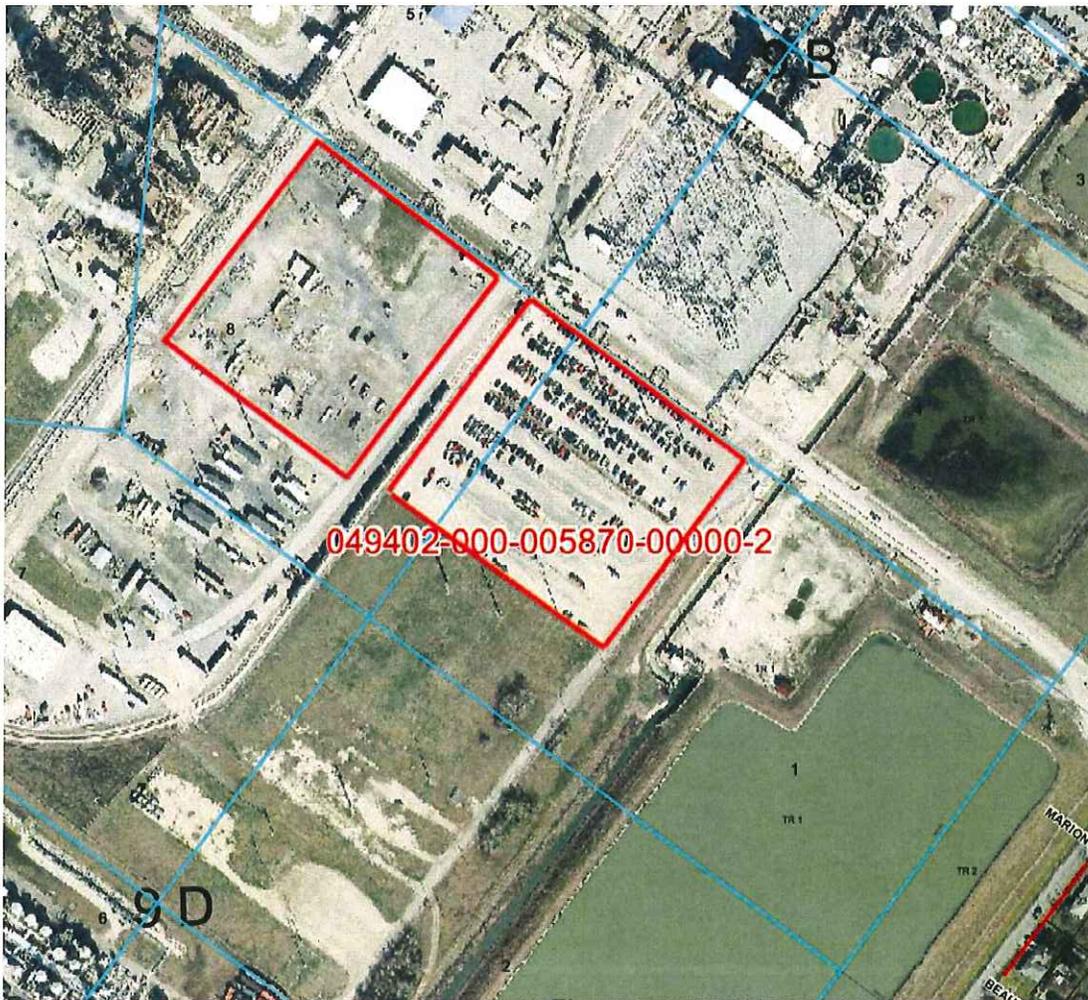
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Texas

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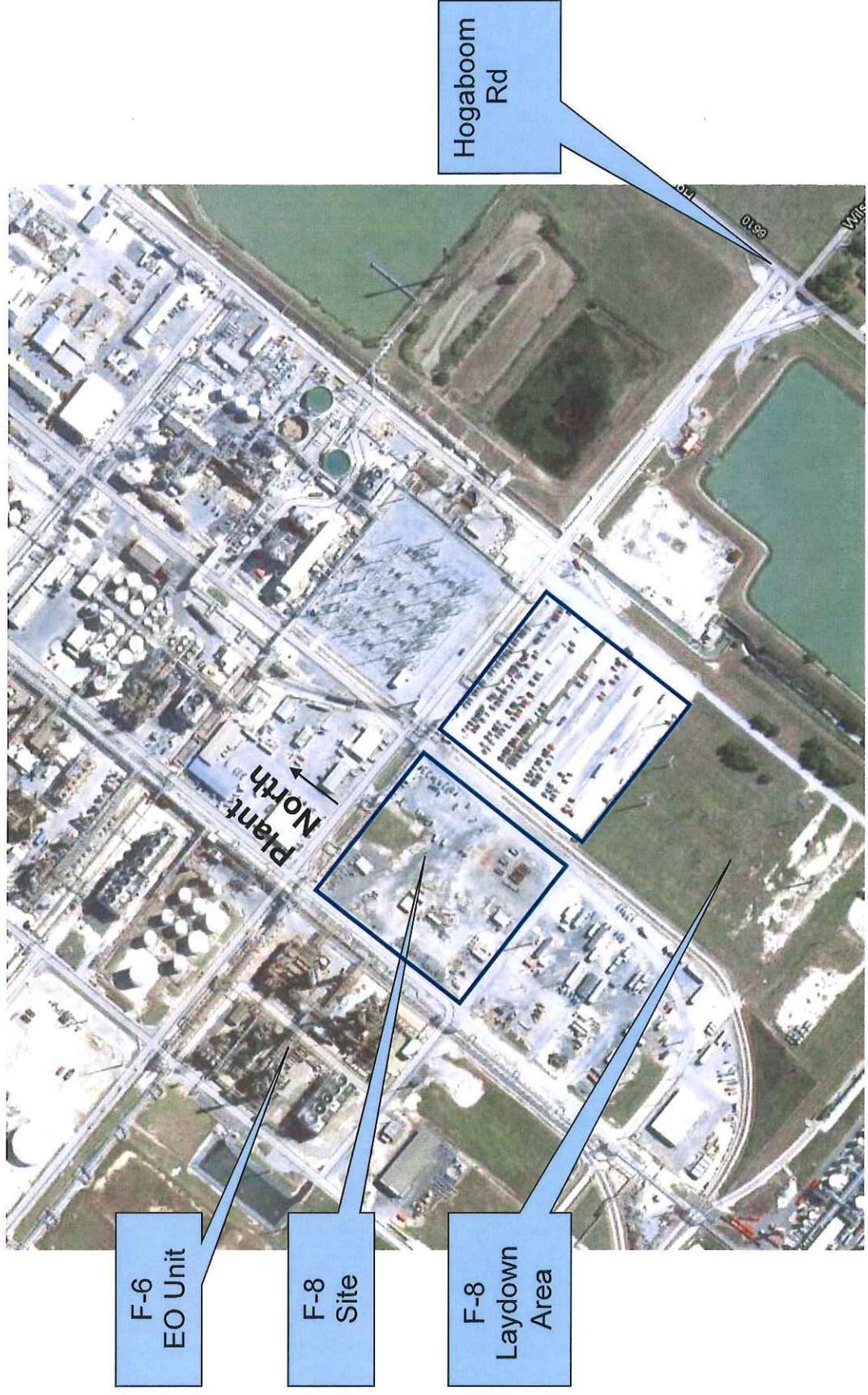
ATTACHMENT 10 – DESCRIPTION OF LAND

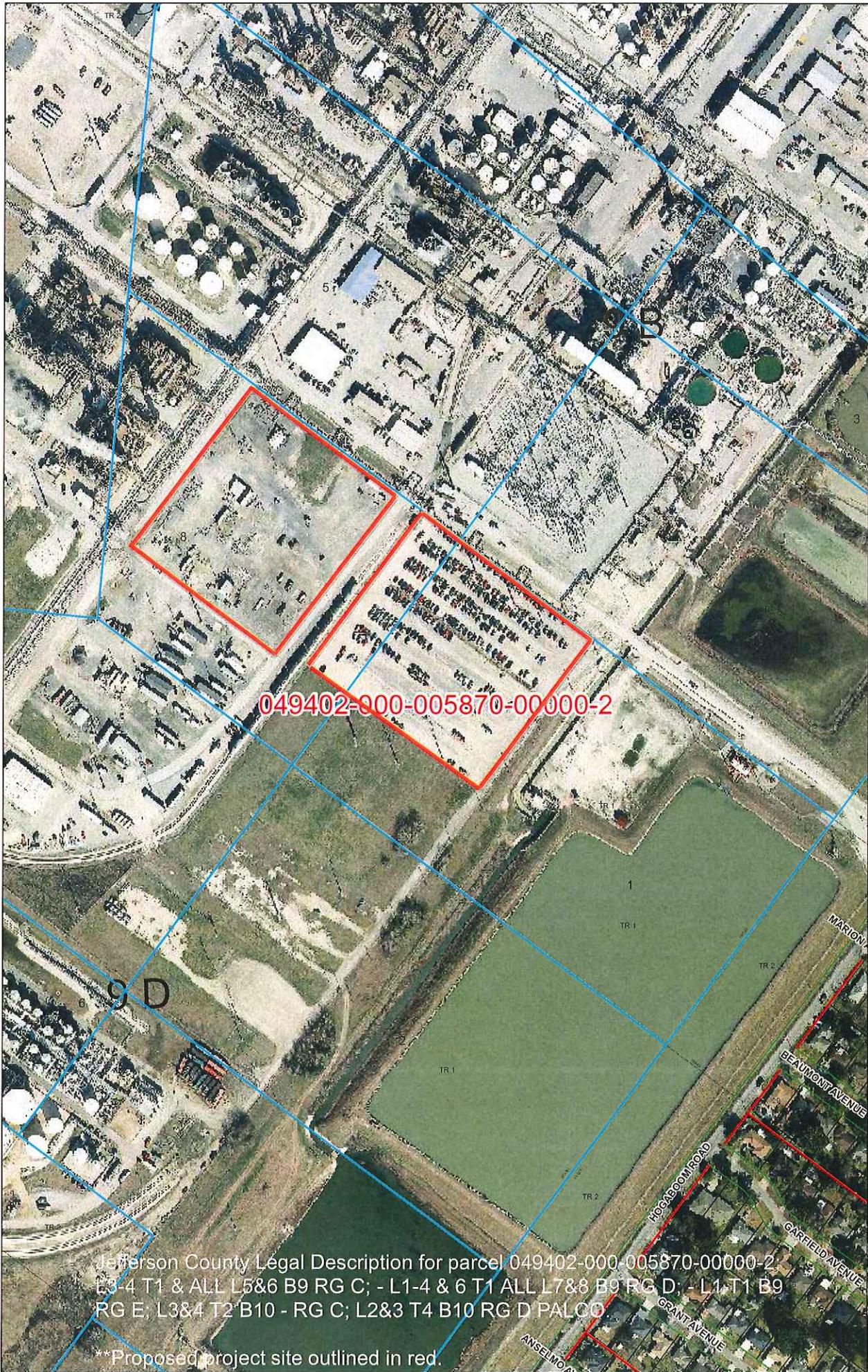
THE PROPOSED SITE IS LOCATED WITHIN JEFFERSON COUNTY APPRAISAL DISTRICT ACCOUNT 049402-000-005870-00000-2, LEGAL DESCRIPTION L3-4 T1 & ALL L5&6 B9 RG C; - L1-4 & 6 T1 ALL L7&8 B9 RG D; - L1 T1 B9 RG E; L3&4 T2 B10 - RG C; L2&3 T4 B10 RG D PALCO.



ATTACHMENT 11

See attached maps.





049402-000-005870-00000-2

Jefferson County Legal Description for parcel 049402-000-005870-00000-2
E3-4 T1 & ALL L5&6 B9 RG C; - L1-4 & 6 T1 ALL L7&8 B9 RG D; - L1-T1 B9
RG E; L3&4 T2 B10 - RG C; L2&3 T4 B10 RG D PALCO

**Proposed project site outlined in red.

****Please note the proposed site will only utilize portions of the blue highlighted tracts within JCAD Account 049402-000-005870-000000-2.**

TR 113

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TR 1

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TR 1

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TR 1

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TR 1

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TR 1

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Port Neches-Groves ISD



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CommunityColleges

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Hwys2

- Other
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- ==A15

Hwys2 (continued)

- ==A17
- A21
- A22
- A23
- A25
- A27
- A60

Counties1

- Counties

Counties3

Hydrology

-

Districts2

- School Districts
- School Districts

Districts

Texas

-

Texas

-

ATTACHMENT 12 – DESCRIPTION OF EXISTING IMPROVEMENTS

THERE ARE NO EXISTING IMPROVEMENTS ON THE PROPOSED PROJECT SITE.

ATTACHMENT 13 – WAIVER OF JOB CREATION

NOT APPLICABLE.

ATTACHMENT 14

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

ATTACHMENT 14 - CALCULATION OF WAGE REQUIREMENTS

Employment and Wage Calculations

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2011	4th	Jefferson	Private	All Industries	\$ 983
2012	1st	Jefferson	Private	All Industries	\$ 1,004
2012	2nd	Jefferson	Private	All Industries	\$ 938
2012	3rd	Jefferson	Private	All Industries	\$ 922

(Mean Avg.) \$ 961.75
110%

\$ 1,057.93 110% of County Average Weekly Wage for All Jobs

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2011	4th	Jefferson	Private	Manufacturing	\$ 1,613
2012	1st	Jefferson	Private	Manufacturing	\$ 1,972
2012	2nd	Jefferson	Private	Manufacturing	\$ 1,628
2012	3rd	Jefferson	Private	Manufacturing	\$ 1,583

(Mean Avg.) \$ 1,699.00
110%

\$ 1,868.90 110% of County Average Weekly Wage for Manufacturing Jobs

South East Texas Regional Planning Commission Annual Wage (as of July 2012) \$ 58,724
110%

\$ 64,596.40 110% of County Average Annual Wage for Manufacturing Jobs

\$ 1,242.24 110% of County Average Weekly Wage for Manufacturing Jobs

*Note: All data was taken from the Texas Workforce Commission TRACER database.

January 22, 2013

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
2012	1st Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,004
2012	2nd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$938
2012	3rd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$922
2011	4th Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$983
2011	1st Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$928
2011	3rd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$925
2011	2nd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$880

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
2012	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,972
2012	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,628
2012	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,583
2011	4th Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,613
2011	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,901
2011	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,587
2011	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,520

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

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

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

ATTACHMENT 15 – DESCRIPTION OF BENEFITS

HUNTSMAN OFFERS THE FOLLOWING PLANS AND BENEFITS:

-Medical

-Dental

-Vision

-401(K) Retirement

-Life Insurance

-Paid Vacation Days

ATTACHMENT 16 – ECONOMIC IMPACT

(UNAVAILABLE) WILL SUPPLEMENT

ATTACHMENT 17

Please see attached Schedule A

Schedule A (Rev. May 2010): Investment

Form 50-295

Applicant Name: HUNTSMAN PETROCHEMICAL LLC
 ISD Name: PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

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 (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	2013-2014	2013	\$ 15,000,000.00				\$ 15,000,000.00
	2014-2015	2014	\$ 47,500,000.00		\$ 47,500,000.00		\$ 47,500,000.00
	2015-2016	2015	\$ 62,500,000.00		\$ 62,500,000.00		\$ 62,500,000.00
	2016-2017	2016	\$ -		\$ -		\$ -
	2017-2018	2017	\$ -		\$ -		\$ -
	2018-2019	2018	\$ -		\$ -		\$ -
	2019-2020	2019	\$ -		\$ -		\$ -
	2020-2021	2020	\$ -		\$ -		\$ -
	2021-2022	2021	\$ -		\$ -		\$ -
	2022-2023	2022	\$ -		\$ -		\$ -
	2023-2024	2023	\$ -		\$ -		\$ -
	2024-2025	2024	\$ -		\$ -		\$ -
	2025-2026	2025	\$ -		\$ -		\$ -
	2026-2027	2026	\$ -		\$ -		\$ -
	2027-2028	2027	\$ -		\$ -		\$ -
2028-2029	2028	\$ -		\$ -		\$ -	

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).
 For the purposes of investment, please list amount invested each year, not cumulative totals.
 [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
 Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.
 The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).
 Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.
 Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.
 The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
 Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

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

Signature: *G.W. Wainwright*
 Date: 1/28/2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

ATTACHMENT 18

Please see attached Schedule B

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

Form 50-296

Applicant Name: HUNTSMAN PETROCHEMICAL, LLC
 ISD Name: PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value	Estimated Taxable Value		
				Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions	
pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2014-2015	\$ -	\$ -	\$ 62,500,000	\$ -	\$ 62,500,000	\$ 62,500,000	\$ 62,500,000
	2	2015-2016	\$ -	\$ -	\$ 118,750,000	\$ 5,937,500	\$ 112,812,500	\$ 112,812,500	\$ 112,812,500
	3	2016-2017	\$ -	\$ -	\$ 112,500,000	\$ 5,625,000	\$ 106,875,000	\$ 106,875,000	\$ 30,000,000
	4	2017-2018	\$ -	\$ -	\$ 106,250,000	\$ 5,312,500	\$ 100,937,500	\$ 100,937,500	\$ 30,000,000
	5	2018-2019	\$ -	\$ -	\$ 100,000,000	\$ 5,000,000	\$ 95,000,000	\$ 95,000,000	\$ 30,000,000
Tax Credit Period (with 50% cap on credit)	6	2019-2020	\$ -	\$ -	\$ 97,500,000	\$ 4,875,000	\$ 92,625,000	\$ 92,625,000	\$ 30,000,000
	7	2020-2021	\$ -	\$ -	\$ 93,750,000	\$ 4,687,500	\$ 89,062,500	\$ 89,062,500	\$ 30,000,000
	8	2021-2022	\$ -	\$ -	\$ 87,500,000	\$ 4,375,000	\$ 83,125,000	\$ 83,125,000	\$ 30,000,000
	9	2022-2023	\$ -	\$ -	\$ 81,250,000	\$ 4,062,500	\$ 77,187,500	\$ 77,187,500	\$ 30,000,000
	10	2023-2024	\$ -	\$ -	\$ 75,000,000	\$ 3,750,000	\$ 71,250,000	\$ 71,250,000	\$ 30,000,000
Credit Settle-Up Period	11	2024-2025	\$ -	\$ -	\$ 72,750,000	\$ 3,637,500	\$ 69,112,500	\$ 69,112,500	\$ 69,112,500
	12	2025-2026	\$ -	\$ -	\$ 70,567,500	\$ 3,528,375	\$ 67,039,125	\$ 67,039,125	\$ 67,039,125
	13	2026-2027	\$ -	\$ -	\$ 68,450,475	\$ 3,422,524	\$ 65,027,951	\$ 65,027,951	\$ 65,027,951
Post-Settle-Up Period	14	2027-2028	\$ -	\$ -	\$ 66,396,961	\$ 3,319,848	\$ 63,077,113	\$ 63,077,113	\$ 63,077,113
Post-Settle-Up Period	15	2028-2029	\$ -	\$ -	\$ 64,405,052	\$ 3,220,253	\$ 61,184,799	\$ 61,184,799	\$ 61,184,799

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.

GW
 1/28/2013
 DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

ATTACHMENT 19

Please see attached Schedule C

Schedule C- Application: Employment Information

Applicant Name HUNTSMAN PETROCHEMICAL LLC
 ISD Name PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	400,000 hrs	\$25/hr	0	\$	0	\$
	1	2014-2015	2014	340,000 hrs	\$25/hr	10	\$ 65,000.00	10	\$ 65,000.00
	2	2015-2016	2015			10	\$ 65,000.00	10	\$ 65,000.00
	3	2016-2017	2016			10	\$ 65,000.00	10	\$ 65,000.00
	4	2017-2018	2017			10	\$ 65,000.00	10	\$ 65,000.00
	5	2018-2019	2018			10	\$ 65,000.00	10	\$ 65,000.00
	6	2019-2020	2019			10	\$ 65,000.00	10	\$ 65,000.00
	7	2020-2021	2020			10	\$ 65,000.00	10	\$ 65,000.00
	8	2021-2022	2021			10	\$ 65,000.00	10	\$ 65,000.00
	9	2022-2023	2022			10	\$ 65,000.00	10	\$ 65,000.00
	10	2023-2024	2023			10	\$ 65,000.00	10	\$ 65,000.00
	11	2024-2025	2024			10	\$ 65,000.00	10	\$ 65,000.00
	12	2025-2026	2025			10	\$ 65,000.00	10	\$ 65,000.00
	13	2026-2027	2026			10	\$ 65,000.00	10	\$ 65,000.00
	14	2027-2028	2027			10	\$ 65,000.00	10	\$ 65,000.00
	15	2028-2029	2028			10	\$ 65,000.00	10	\$ 65,000.00
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period								
	Value Limitation Period								
Credit Settle-Up Period	Continue to Maintain Viable Presence								
Post-Settle-Up Period									
Post-Settle-Up Period									

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

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

G W Wment
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

1/28/2013
 DATE

ATTACHMENT 20

Please see attached Schedule D

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

Applicant Name

HUNTSMAN PETROCHEMICAL LLC

ISD Name

PORT NECHES-GROVES INDEPENDENT SCIFORM 50-296

Other Property Tax Abatements Sought

Franchise Tax

Sales Tax Information

Tax/Calendar Year YYYY

School Year (YYYY-YYYY)

Year

		Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		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	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)		\$ 50,000	\$ 150,050,000	\$ 5,300,000				
	1	\$ 100,000	\$ -	\$ 5,300,000	100.0			100.00
	2	\$ 100,000	\$ -	\$ 5,300,000	100.0			100.00
	3	\$ 100,000	\$ -	\$ 5,300,000	90.0			90.00
	4	\$ 100,000	\$ -	\$ 5,300,000	90.0			90.00
	5	\$ 100,000	\$ -	\$ 5,300,000	90.0			90.00
	6	\$ 100,000	\$ -	\$ 5,300,000	68.5			68.5
	7	\$ 100,000	\$ -	\$ 5,300,000	0.00			0.00
	8	\$ 100,000	\$ -	\$ 5,300,000				
	9	\$ 100,000	\$ -	\$ 5,300,000				
	10	\$ 100,000	\$ -	\$ 5,300,000				
	11	\$ 100,000	\$ -	\$ 5,300,000				
	12	\$ 100,000	\$ -	\$ 5,300,000				
	13	\$ 100,000	\$ -	\$ 5,300,000				
	14	\$ 100,000	\$ -	\$ 5,300,000				
	15	\$ 100,000	\$ -	\$ 5,300,000				

*For planning, construction and operation of the facility.

G. W. Winem

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

1/29/2013

DATE

ATTACHMENT 21 – MAP OF REINVESTMENT ZONE

(UNAVAILABLE) WILL SUPPLEMENT

ATTACHMENT 22 – ORDER ESTABLISHING REINVESTMENT ZONE

(UNAVAILABLE) WILL SUPPLEMENT

ATTACHMENT 23 – LEGAL DESCRIPTION OF REINVESTMENT ZONE

(UNAVAILABLE) WILL SUPPLEMENT

JEFFERSON COUNTY UNIFORM TAX ABATEMENT POLICY-2012

ADMONITORY PROVISIONS

The final determination of value to be abated is vested with the Jefferson County Appraisal District (JCAD), an agency autonomous from Jefferson County. The Procedures used by JCAD are attached as Exhibit "A" and incorporated and adopted in this Abatement Policy for all purposes. These provisions are illustrative only and shall not limit the Appraisal District in making determinations in any manner otherwise allowed by law.

Businesses applying for tax abatement with the County are advised that any agreement with the County applies only to taxes assessed by Jefferson County. Any abatement agreement with other taxing entities must be negotiated directly with such entities. In addition, each individual or business receiving an abatement retains the responsibility for annually applying to the Jefferson County Appraisal District for recognition and implementation of such abatement agreement.

STATEMENT OF PURPOSE

SECTION I

(a) The Commissioners Court of Jefferson County, Texas adopts this tax abatement policy to provide incentives to the owner of real property who proposes a Project to develop, redevelop or improve eligible facilities. The incentives will consist of a limited special exemption from certain taxes provided that the Owner agrees to accept and abide by this Policy and provided that the real property is located in a lawfully created Reinvestment or Enterprise Zone.

(b) This policy is intended to improve the quality of life in economically depressed areas and throughout the County by stimulating industrial development, and job creation and retention.

DEFINITIONS

SECTION II

(a) "**Abatement**" means the full or partial exemption from ad valorem taxes of certain real property values and/or tangible personal property values in a reinvestment or enterprise zone designated by the County for economic development purposes.

(b) "**Agreement**" means a contractual agreement between a property owner and/or lessee and the County.

(c) "**Base Year**" means the calendar year in which the abatement contract is executed (signed).

(d) "**Base Year Value**" means the assessed value of eligible property January 1 preceding the execution of the agreement plus the value of eligible property improvements and Tangible Personal Property made after January 1, but before the execution of the Agreement, and which property is owned by the owner, co-owner, and/or its parent companies, subsidiaries, partners, co-venturers, or any entity exercising legal control over the owner or subject to control by the owner.

(e) "**Deferred Maintenance**" means improvements necessary for continued operation which that do not improve productivity, or alter the process technology, reduce pollution or conserve resources.

(f) "**Distribution Center**" means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Facility operator where a majority of the goods or services are distributed to points beyond Jefferson County.

(g) "**Eligible Facilities**" or "Eligible Projects" means new, expanded or modernized buildings and structures, tangible personal property as defined in the Texas Tax Code, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment or enterprise zone that would be a benefit to the property and that would contribute to the economic development within the County, but does not include facilities which are intended primarily to provide goods or services to residents or existing businesses located in the County such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to, industrial buildings and warehouses. Eligible facilities may also include facilities designed to serve a regional population greater than the County for medical, scientific, recreational or other purposes.

(h) "**Expansion**" means the addition of buildings, structures, machinery, tangible personal property, equipment, payroll or other taxable value for purposes of increasing production capacity.

(i) "**Modernization**" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, equipment, pollution control devices or resource conservation equipment. Modernization shall include improvements for the purpose of increasing productivity or updating the technology of machinery and equipment, or both.

(j) "**Facility**" means property improvements completed or in the process of construction which together comprise and integral whole.

(k) "**New Facility**" means a property previously undeveloped which is placed into service by means other than in conjunction with Expansion or Modernization.

(l) "**Productive Life**" means the number of years a property improvement is expected to be in service in a facility.

(m) "**Tangible Personal Property**" means tangible personal property classified as such under state law, but excluding inventory and/or supplies and tangible personal property that was located in the investment or enterprise zone at any time before the period covered by the agreement with the County.

WHEN ABATEMENT AUTHORIZED
SECTION III

(a) **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for tax abatement as hereinafter provided.

(b) **Creation of New Value.** Abatement may only be granted for the creation of additional value to eligible facilities made subsequent to and specified in an abatement agreement between the County and the property owner or lessee, subject to such limitations as the County may require. Under no circumstances will abatements be considered or granted once construction on a facility or project has begun.

(c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.

(d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility.

(e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, inventory, vehicles, vessels, housing, improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the facility; deferred maintenance, property to be rented or leased (except as provided in Section III(f), property which has a productive life of less than ten years, or any other property for which abatement is not allowed by state law.

(f) **Owned/Leased Facilities.** If a leased facility is granted abatement, both the owner/lessor and the lessee shall be parties to the abatement contract with the County.

(g) **Economic Qualification.** In order for an Eligible Facility to receive tax abatement the planned improvement:

(1) Must create an increased appraised ad valorem tax value based upon the Jefferson County Appraisal District's assessment of the eligible property; and

(2) Must prevent the loss of payroll or retain, increase or create payroll (full-time employment) on a permanent basis in the County.

(3) Must not have the effect of displacing workers or transferring employment from one part of the County to another.

(4) Must demonstrate by an independent economic impact analysis that the local economic benefit will be substantially in excess of the amount of anticipated foregone tax revenues resulting from the abatement.

Factors Considered By County In Considering Abatement Requests

Section IV

(a) **Standards For Tax Abatement.** The following non-exclusive factors may be considered in determining whether to grant tax abatements for an Eligible Facility or Project, and if so, the percentage of value to be abated and the duration of the tax abatement:

- (1) Existing improvements, if any;
- (2) Type and value of proposed improvements;
- (3) Productive life of proposed improvements;
- (4) Number of existing jobs to be retained by proposed improvements;
- (5) Number and types of new jobs to be created by proposed improvements;
- (6) The extent to which new jobs to be created will be filled by persons who are economically disadvantaged, including residents of a Reinvestment or Enterprise Zone;
- (7) The extent to which local labor, local subcontractors and local vendors and suppliers will be used in the construction phase of the project;
- (8) The amount of local taxes to be generated directly;
- (9) The amount the property tax base valuation will be increased during term of abatement and after abatement;
- (10) The amount of economic impact the Eligible Facility will provide to the local community;
- (11) The costs to be incurred by the County to provide facilities or services directly resulting from the new improvements;
- (12) The amount of ad valorem taxes to be paid to the County during the abatement period considering (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period;
- (13) The population growth of the County projected to occur directly as a result of new improvements;
- (14) The types and values of public improvements, if any, to be made by the applicant seeking abatement;
- (15) Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (16) The impact of the proposed project on the business opportunities of existing businesses;

(17) The attraction of other new businesses to the area as a result of the project;

(18) The overall compatibility with the zoning ordinances and comprehensive plan for the area;

(19) Whether the project is environmentally compatible with no negative impact on quality of life perceptions;

Each application for tax abatement shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

(b) Local Employment. For purposes of evaluating Section III(h)(7): Local labor is defined as those laborers or skilled craftsmen who are residents and domiciliaries of the nine county region comprised of Jefferson, Orange, Hardin, Jasper, Newton, Liberty, Tyler and Chambers counties, as well as the Bolivar Peninsula area of Galveston County. Local vendors and suppliers shall include only those located or having a principal office in Jefferson County. Local Subcontractors shall include only those located or having a principal office in Jefferson County.

Each recipient of property tax abatement shall additionally agree to give preference and priority to local manufacturers, suppliers, vendors, contractors and labor, except where not reasonably possible to do so without significant added expense, substantial inconvenience, or sacrifice in operating efficiency. In any such exception, cases involving purchases over \$10,000.00, a justification for such purchase shall be included in the annual report. Each recipient shall further acknowledge that is a legal and moral obligation of persons receiving property tax abatement to favor local manufacturers, suppliers, contractors and labor, all other factors being equal. In the event of breach of the "buy-local" provision, the percentage of abatement shall be proportionately reduced in an amount equal to the amount the disqualified contract bears to the total construction cost for the project.

(c) Each recipient of a property tax abatement must also provide bidding information to local contractors, manufacturers and labor to allow them to have sufficient information and time to submit their bids and pre-bid meetings must be held between the owner and potential local bidders and suppliers of services and materials.

(d) Historically Underutilized Businesses/Disadvantaged Business Enterprises. The County will also strongly consider the extent to which the project will encourage and promote the utilization of Historically Underutilized Businesses (HUBs) (also known as Disadvantaged Business Enterprises, or DBEs) by the owner and general contractor by ensuring that qualified HUB vendors and contractors are given an opportunity to bid on all contracts.

1. A Historically Underutilized Business (HUB) is a business owned or controlled by Socially and Economically Disadvantaged Individuals as defined by all applicable federal or state laws and local policies, including Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans, women and individuals with disabilities.

A HUB is one that is at least 51 percent owned or controlled by one or more women or Socially and Economically Disadvantaged Individuals who actively participate in the conduct of the business or, in the case of a publicly owned business, one in which at least 51 percent of the stock is controlled by one or more women or Socially and Economically Disadvantaged Individuals. A business that has been certified as a HUB/DBE by an agency of the federal government or the State of Texas is presumed to be a HUB/DBE for purposes of this policy.

Only a HUB/DBE with its principal office in Jefferson, Hardin, and Orange, County will be recognized as a HUB/DBE for purposes of this policy. Jefferson County will supply a Minority Business Directory to each applicant.

2. The County will require that each abatement contract between itself and any individual or entity seeking the abatement of ad valorem taxes contain a provision requiring the owner, on at least a quarterly basis, and at owner's cost, to allow the full examination by County or its designated representative(s) of all documents necessary for County to assure that best efforts have been used by owner to utilize local labor, subcontractors, vendors, suppliers and HUB's/DBE's. The County will also require that such contracts contain provisions binding the engineering/construction firms utilized as general contractors on the Project to the terms of the abatement contract.

(e) **Denial of Abatement.** Neither a reinvestment or enterprise zone nor abatement agreement shall be authorized if it is determined that:

- (1) There would be a substantial adverse affect on the provision of government service or tax base;
- (2) The applicant has insufficient financial capacity;
- (3) Planned or potential use of the property would constitute a substantial hazard to public safety, health or morals;
- (4) The project would cause a violation of state or federal laws; or
- (5) For any other reason deemed appropriate by the County including the pendency of litigation between the individual or entity requesting the creation of the reinvestment or enterprise zone and the County.

(f) **"Taxability"** From the execution of the abatement agreement to the end of the agreement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Section II(e) shall be fully taxable; and
- (2) The base year value of existing eligible property as determined each year shall be fully taxable.

APPLICATION PROCESS SECTION V

(a) Any present owner, potential owner or Lessee of taxable property in the County may request the creation of a reinvestment or enterprise zone and tax abatement by filing a written request with the County Judge.

(b) The application shall consist of a completed application form which shall provide detailed information on the items described in Section III(h) hereof; a map and property description with specific metes and bounds; a time schedule for undertaking and completing the planned improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant. The County shall also require a non-refundable application fee in the amount of \$1,000.00 to be submitted with the application.

(c) Prior to the adoption of an ordinance order designating a reinvestment or application by the County for designation of an enterprise zone, the County shall: (1) give written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than seventh (7th) day before the public hearing; and (2) publish notice of a public hearing in a newspaper of general circulation within such taxing jurisdiction not later than the seventh (7th) day before the public hearing. Before acting upon the application, the County shall, through public hearing, afford the applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

(d) The County shall make every reasonable effort to either approve or disapprove the application for tax abatement within forty-five (45) days after receipt of the application. The County shall notify the applicant of approval or disapproval.

(e) The County shall not establish a reinvestment or enterprise zone or enter into an abatement agreement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation or improvements related to a proposed modernization, expansion or new facility.

(f) Information that is provided to the County in connection with an application or request for tax abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which a tax abatement agreement is requested is confidential and not subject to public disclosure pursuant to the Texas Public Information Act until the tax abatement agreement is executed. That information in the possession of a taxing unit after the agreement is executed is not confidential and is subject to disclosure.

AGREEMENT SECTION VI

(a) Not later than the seventh (7th) day before the date on which the County enters into the abatement agreement, the County shall deliver to the presiding officer of the governing body of each other taxing unit in which the property is located a written notice that the County intends to enter into the agreement. The notice shall include a copy of the prepared agreement.

(b) The County shall formally pass a resolution and execute an agreement with the owner of the facility and lessee, as the case may be, which shall include at least the following terms:

- (1) Estimated value to be abated and the base year value;
- (2) Percent of value to be abated each year as provided in Section III(g);
- (3) The commencement date and the termination date of abatement;
- (4) The proposed use of the facility, nature of construction, time schedule, map, property description and improvement list as provided in application, Section IV(b);
- (5) Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, or assignment;
- (6) Provision for access to and authorization for inspection of the property by County employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
- (7) Limitations on the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;

- (8) Provision for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
- (9) Provision that all permanent jobs be registered with the Texas Workforce Commission and that all contractors shall give preference to and to seek qualified workers through the Texas Workforce Commission.
- (10) Contain each and every term agreed to by the owner of the property;
- (11) Requirement that the owner or lessee of the property certify annually to the governing body of each taxing unit that the owner or lessee is in compliance with each applicable term of the agreement; and
- (12) All terms required by Texas Tax Code §312.205, as amended;

Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the County.

RECAPTURE SECTION VII

(a) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the abatement agreement; and fails to cure during the cure period, or discontinues production the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.

(b) Should the County determine that the company or individual is in default according to the terms and conditions of its agreement, the County shall notify the company or individual of such default in writing at the address stated in the agreement; and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the agreement may be terminated. Alternatively, County may, as a penalty for default or non-compliance with the provisions of an abatement contract, reduce the term of the abatement period and/or the annual percentage abatements available thereunder.

(c) Payment in Lieu of Taxes: If, during the period of this abatement, any Federal or State law provides an additional tax exemption for the property that is already the subject of this agreement, Applicant agrees to decline that tax exemption during the period of this abatement. If Applicant is unable to decline that tax exemption, Applicant agrees to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to the County that is the result of said exemption. Any payment in lieu of taxes shall be due on or before November 15 of the year in which payment is due.

ADMINISTRATION SECTION VIII

(a) The Chief Appraiser of the Jefferson County Appraisal District will annually determine an assessment of the real and personal property subject to each abatement agreement. Each year, the company or individual receiving abatement shall furnish the appraiser with such information as may be necessary to determine compliance with the abatement agreement. Once value has been established, the Chief Appraiser will notify the County of the amount of the assessment.

(b) The abatement agreement shall stipulate that employees and/or designated representatives of the County will have access to the facility during the term of the abatement to inspect the

facility to determine if the terms and conditions of the agreement are being met. Inspections 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 representative of the company or individual and in accordance with its safety standards.

(c) Upon completion of construction, the designated representative of the Owner shall annually evaluate each facility receiving abatement to insure compliance with the agreement, and a formal report shall be made to the County.

(d) During the course of construction of the Project, Owner and its general contractor and/or subcontractors shall, on at least a quarterly basis, meet with designated County representatives for an onsite inspection to assure compliance with the terms of the abatement agreement. Owner shall be responsible to County for the payment of costs associated with such monitoring. In the event it is determined that Owner or its contractors have failed to comply with the terms of the abatement agreement, then County may terminate the abatement agreement or, in County's discretion, reduce the duration or annual percentages of such abatement.

(e) During construction, the Applicant shall maintain appropriate records of the employees affected by this abatement, including but not limited to, proof of employees' legal residence, proof of immigration-resident status, and, if applicable, such other documentation that may be required to document compliance with the Agreement

(f) The Chief Appraiser of the Jefferson County Appraisal District shall timely file with the Texas Department of Economic Development and the State Property Tax Board all information required by the Tax Code.

(g) All requirements of the Abatement Agreement shall apply to Applicant's contractors/subcontractors and Applicant shall ensure that they abide by the terms of the Agreement.

AGREEMENT SECTION IX

Abatement may be transferred, assumed and assigned in whole or in part by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners' Court; subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld. As a condition of transfer, an assignment fee of 1% may be required, with the maximum fee being \$10,000.00

SUNSET PROVISION SECTION X

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by three-quarters of the Commissioners' Court at which time all reinvestment and enterprise zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the guidelines and criteria may be modified, renewed or eliminated.

**DISCRETION OF THE COUNTY
SECTION XI**

The adoption of these guidelines and criteria by the County does not:

- (1) Limit the discretion of the County to decide whether to enter into a specific tax abatement agreement;
- (2) Limit the discretion of the County to delegate to its employees the authority to determine whether or not the County should consider a particular application or request for tax abatement; or
- (3) Create any property, contract, or other legal rights in any person to have the County consider or grant a specific application or request for tax abatement.

**QUESTIONS TO BE ANSWERED IN ORDER TO DEVELOP
AN APPLICATION AND ECONOMIC IMPACT STATEMENT
FOR VALUE ADDED TAX ABATEMENTS IN JEFFERSON COUNTY**

General:

Jefferson County will provide a representative to assist in preparation and presentation of all documents and to guide them through the abatement process.

Opening Paragraph:

The application should include a summary statement about the company and its operations. This information can come from an annual report, corporate 10K or other document provided by the company. (Please include these documents with this questionnaire.)

Economic Impact Analysis:

The application must include the attachment of an independently prepared economic impact analysis of the proposed facility as it impacts the local economy detailing the information referred in Section III herein.

Maps and Plats

Provide maps, plats, and drawings necessary to establish the location of the improvements and their relationships to the boundaries of cities, ETJ's, and reinvestment or enterprise zone boundaries.

Questions to be Answered

- (1) Is your project within a city limit? _____. Name of City
- (2) Is your project within an ETJ? . Name of City ETJ

(3) Is your project within an Enterprise or Reinvestment Zone? Which?

(4) Will you own the realty or lease the realty?

(5) Present Appraisal District value of land and any EXISTING improvements owned by the

OWNER:

(Answer this question based on Appraisal District records for the specific site you select.)

Cost of Land (If you are purchasing): \$ _____

Number of Acres: _____ or Square Feet: _____

(6) Type and value of proposed improvements: _____

Type of construction:

(Tiltwall, Build-Out of Existing Facility, Etc.)

Value of Construction:

Value of Equipment:

Value of Personal Property:

Value of Pollution Control Devices: It is understood and agreed that Applicant will not seek a tax exemption for any equipment or portion of the facility which merely reduces the pollution characteristics of the finished product produced by the facility and that an exemption will only be sought for equipment and technology utilized to reduce pollution at or around the facility.

(7) Productive life of proposed improvements: _____ years, or term of initial lease: _____

(8) Number of existing jobs to be retained by proposed improvements: _____
(Answer only if the location is already in or near Jefferson County and now employs Jefferson residents.)

(9) Number and types of new jobs to be created by proposed improvements: _____
Include in this answer the number of Jefferson County residents that will be employed.

(10) Amount of Annual local payroll to be created: _____.

(11) What percentage and type of jobs to be created will Jefferson residents have the opportunity to fill? _____

(12) Amount property tax base valuation will be increased:

During term of abatement: _____

After term of abatement: _____

(13) The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements: _____

(Explain any costs for development or depletion of infrastructure the city is being asked to absorb, if any.)

(14) The amount of ad valorem taxes to be paid to the county during the abatement period considering: (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period.

(15) The population growth of the county that will occur directly as a result of new improvements: _____

(If you relocate to Jefferson County, how many of your employees do you anticipate to relocate?)

(16) The types and values of public improvements, if any, to be made by applicant seeking abatement:

(List any facilities from which the public might benefit.)

(17) Do the proposed improvements compete with existing businesses to the detriment of the local economy:

(18) The impact on the business opportunities of existing businesses:

(Are there possibilities for local businesses to become suppliers? Any new retail opportunities? If you have previously conducted business within Jefferson County, please provide a list of any and all local/non-local HUB/DBE companies with whom you have worked and the extent of that work relationship)

(19) The attraction of other new businesses to the area:

(Will any of your suppliers, customers, parent, or sister companies relocate because of your relocation?)

(20) The overall compatibility with the zoning ordinances and comprehensive plan for the area:

(21) Describe, including the estimated value, all pollution control devices and other improvements for which you intend to seek TNRCC exemption from taxation:

NOTE: Failure to accurately disclose exempted property may result in a total default under the Abatement Contract, resulting in recapture of previously abated taxes and forfeiture of future abatement.

EXHIBIT "A"

JEFFERSON COUNTY APPRAISAL DISTRICT PROCEDURE FOR CALCULATING ABATEMENTS

Purpose

The purpose of this procedure is to clarify the method used in calculating the tax abatement under the attached Contract. This requires calculation of the current market Value, Base Year Value, and taxable Value as these terms are defined below. By deducting the abatable value from the current market Value the Taxable Value may be determined. However, in accordance with the Jefferson County Uniform Tax Abatement Policy, the Real Property Owner's Current Taxable Value shall not be less than the Base Year Value in order for a project to receive the full amount of abatement.

Calculation of "Current Market Value"

"Current Market Value" is determined by calculating for that Tax Year the market value of all industrial realty improvements of a property owner that comprise the "Base year Value" or each taxing entity.

Calculation Base Year Value"

"Base Year Value" for each taxing entity executing an abatement contract is the market value of all industrial realty improvements of a property owner located within that entity for the tax period defined as the "Base Year" less the abated value of all projects granted by that entity for the "Base year." "Base year" is defined as the calendar year in which the abatement contract is executed (signed).

Calculation of "Taxable Value"

"Taxable Value" for each taxing entity is determined by deducting from the appraised market value of all industrial realty improvements of a property owner the amount of any applicable abatements granted for that Tax Year.

Calculation of Value Potentially Eligible for Abatement

The following procedures are followed for each project for which a tax abatement contract has been executed and for each taxing entity granting the abatement.

1. The project base value, if applicable, is subtracted from the current year project value, and the percentage of abatement to be granted is then applied to the net amount determine the project value subject to abatement.

2. The Base Year Value is subtracted from the current Market Value. If the difference is greater than zero (0), then the remaining value is the value potentially eligible for abatement to the extent that it does not exceed the project value subject to abatement.

If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

Calculation of Abated Value

Each project that remains potentially eligible for abatement is then tested for each taxing entity granting the abatement on an individual basis in chronological order based on the date the contract was executed.

1. For the project being tested, the Base year Value plus the value potentially eligible for abatement for all other projects is subtracted from the Current Market Value. If the difference is greater than zero (0), then the remaining value is the value of the project to be abated to the extent that it does not exceed the project value subject to abatement for that year.

If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

If a subsequent project being tested is determined to be ineligible for the full value potentially eligible for abatement calculated previously after performing the calculation stated above, then the test process must be redone for all prior projects using the actual value subject to abatement for the subsequent project to determine if there is any effect on the abatement for each project and each taxing entity for that Tax Year.

Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 09/03/2013 08:47:02 AM

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

HUNTSMAN PETROCHEMICAL LLC	
Texas Taxpayer Number	15815945181
Mailing Address	500 S HUNTSMAN WAY SALT LAKE CTY, UT 84108-1235
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	11/03/2009
Texas SOS File Number	0801189942
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201

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



May 14, 2013

Dr. Rodney Cavness
Superintendent
Port Neches-Groves Independent School District
620 Avenue C
Port Neches, Texas 77651

Dear Superintendent Cavness:

On February 20, 2013, the Comptroller received the completed application (Application # 267) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in October 2012 to the Port Neches-Groves Independent School District (the school district) by Huntsman Petrochemical, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$110 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

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

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

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

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

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

Note that any new building or other improvement existing as of the application review start date of February 20, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

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

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Huntsman Petrochemical, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Neches-Groves
2011-2012 Enrollment in School District	4,711
County	Jefferson
Total Investment in District	\$125,000,000
Qualified Investment	\$110,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	10
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,250
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,242
Minimum Annual Wage committed to by applicant for qualified jobs	\$65,000
Investment per Qualifying Job	\$12,500,000
Estimated 15 year M&O levy without any limit or credit:	\$12,654,891
Estimated gross 15 year M&O tax benefit	\$6,150,300
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):	\$5,393,580
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,199,250
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$7,261,311
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	42.6%
Percentage of tax benefit due to the limitation	80.5%
Percentage of tax benefit due to the credit.	19.5%

This presents the Comptroller's economic impact evaluation of Huntsman Petrochemical, LLC (the project) applying to Port Neches-Groves 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 ten new jobs when fully operational. All ten 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 South East Texas Regional Planning Commission Region, where Jefferson County is located was \$58,724 in 2011. The annual average manufacturing wage for 2011-2012 for Jefferson County is \$88,348. That same year, the county annual average wage for all industries was \$50,011. In addition to a salary of \$65,000, each qualifying position will receive benefits such medical, dental, vision, 401(k) retirement, life insurance and paid vacation days. The project's total investment is \$125 million, resulting in a relative level of investment per qualifying job of \$12.5 million.

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

According to Huntsman Petrochemical, LLC's application, "Huntsman has petrochemical operations in several states within the United States and many other sites in other countries around globe. Port Neches is the primary location for the production of Ethylene Oxide and Ethylene Glycol. However, the equipment could operate as a stand-alone plant and Huntsman could install the reactor system at other petrochemical sites, several of which use EO as a raw material to make other products. The closest neighboring state in which Huntsman operates EO derivative plants is Louisiana."

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

During the past two years, three projects in the South East Texas Regional Planning Commission 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 Huntsman Petrochemical, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

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

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

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Huntsman Petrochemical, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	192	212	404	\$10,000,000	\$14,000,000	\$24,000,000
2014	173	220	393	\$9,150,000	\$15,850,000	\$25,000,000
2015	10	51	61	\$650,000	\$6,350,000	\$7,000,000
2016	10	31	41	\$650,000	\$4,350,000	\$5,000,000
2017	10	26	36	\$650,000	\$4,350,000	\$5,000,000
2018	10	23	33	\$650,000	\$3,350,000	\$4,000,000
2019	10	21	31	\$650,000	\$3,350,000	\$4,000,000
2020	10	27	37	\$650,000	\$3,350,000	\$4,000,000
2021	10	29	39	\$650,000	\$4,350,000	\$5,000,000
2022	10	31	41	\$650,000	\$4,350,000	\$5,000,000
2023	10	39	49	\$650,000	\$4,350,000	\$5,000,000
2024	10	35	45	\$650,000	\$4,350,000	\$5,000,000
2025	10	41	51	\$650,000	\$4,350,000	\$5,000,000
2026	10	37	47	\$650,000	\$5,350,000	\$6,000,000
2027	10	41	51	\$650,000	\$5,350,000	\$6,000,000
2028	10	41	51	\$650,000	\$6,350,000	\$7,000,000

Source: CPA, REMI, Huntsman Petrochemical, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Port Neches-Groves ISD's ad valorem tax base in 2011-2012 was \$2.525 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Port Neches-Groves ISD's estimated wealth per WADA was \$470,105. 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, Jefferson County, Sabine-Neches Navigation District and Jefferson County Drainage District # 7 with all property tax incentives sought being granted using estimated market value from Huntsman Petrochemical, LLC's application. Huntsman Petrochemical, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and the navigation district. Table 3 illustrates the estimated tax impact of the Huntsman Petrochemical, LLC project on the region if all taxes are assessed.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Levy	Port Neches-Groves ISD M&O Levy	Port Neches-Groves ISD M&O and I&S Tax Levies (Before Credit Credited)	Port Neches-Groves ISD M&O and I&S Tax Levies (After Credit Credited)	Jefferson County Tax Levy	Sabine-Neches Navigation District Tax Levy	Jefferson County Drainage District #7 Tax Levy	Estimated Total Property Taxes	
2014	\$62,500,000	\$62,500,000		0.3481	1.0400	\$217,544	\$650,000	\$867,544	\$0	\$0	\$88,093	\$955,637
2015	\$112,812,500	\$112,812,500		\$392,666	\$1,173,250	\$1,565,916	\$1,565,916	\$0	\$0	\$159,008	\$1,724,925	
2016	\$106,875,000	\$30,000,000		\$372,000	\$312,000	\$684,000	\$684,000	\$39,009	\$2,979	\$150,639	\$876,627	
2017	\$100,937,500	\$30,000,000		\$351,333	\$312,000	\$663,333	\$492,012	\$36,842	\$2,813	\$142,270	\$673,937	
2018	\$95,000,000	\$30,000,000		\$330,667	\$312,000	\$642,667	\$471,345	\$34,675	\$2,648	\$133,902	\$642,569	
2019	\$92,625,000	\$30,000,000		\$322,400	\$312,000	\$634,400	\$463,078	\$106,496	\$8,132	\$130,554	\$708,260	
2020	\$89,062,500	\$30,000,000		\$310,000	\$312,000	\$622,000	\$450,678	\$325,078	\$24,822	\$125,533	\$926,111	
2021	\$83,125,000	\$30,000,000		\$289,333	\$312,000	\$601,333	\$430,012	\$303,406	\$23,167	\$117,164	\$873,749	
2022	\$77,187,500	\$30,000,000		\$268,667	\$312,000	\$580,667	\$409,345	\$281,734	\$21,512	\$108,795	\$821,387	
2023	\$71,250,000	\$30,000,000		\$248,000	\$312,000	\$560,000	\$388,678	\$260,063	\$19,857	\$100,426	\$769,024	
2024	\$69,112,500	\$69,112,500		\$240,560	\$718,770	\$959,330	\$959,330	\$252,261	\$19,262	\$97,413	\$1,328,266	
2025	\$67,039,125	\$67,039,125		\$233,343	\$697,207	\$930,550	\$930,550	\$244,693	\$18,684	\$94,491	\$1,288,418	
2026	\$65,027,951	\$65,027,951		\$226,343	\$676,291	\$902,633	\$902,633	\$237,352	\$18,123	\$91,656	\$1,249,765	
2027	\$63,077,113	\$63,077,113		\$219,553	\$656,002	\$875,554	\$875,554	\$230,231	\$17,580	\$88,907	\$1,212,272	
2028	\$61,184,799	\$61,184,799		\$212,966	\$636,322	\$849,288	\$849,288	\$223,325	\$17,052	\$86,239	\$1,175,904	
						Total	\$10,739,965	\$2,575,165	\$196,630	\$1,715,091	\$15,226,850	

Assumes School Value Limitation and Tax Abatements with the County and Navigation District.

Source: CPA, Huntsman Petrochemical, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Port Neches-Groves ISD I&S Levy	Port Neches-Groves ISD M&O Levy	Port Neches-Groves ISD M&O and I&S Tax Levies	Jefferson County Tax Levy	Sabine-Neches Navigation District Tax Levy	Jefferson County Drainage District #7 Tax Levy	Estimated Total Property Taxes	
2014	\$62,500,000	\$62,500,000		0.3481	1.0400	\$867,544	\$228,125	\$17,419	\$88,093	\$1,201,181	
2015	\$112,812,500	\$112,812,500		\$392,666	\$1,173,250	\$1,565,916	\$411,766	\$31,441	\$159,008	\$2,168,131	
2016	\$106,875,000	\$106,875,000		\$372,000	\$1,111,500	\$1,483,500	\$390,094	\$29,786	\$150,639	\$2,054,019	
2017	\$100,937,500	\$100,937,500		\$351,333	\$1,049,750	\$1,401,083	\$368,422	\$28,131	\$142,270	\$1,939,907	
2018	\$95,000,000	\$95,000,000		\$330,667	\$988,000	\$1,318,667	\$346,750	\$26,477	\$133,902	\$1,825,795	
2019	\$92,625,000	\$92,625,000		\$322,400	\$963,300	\$1,285,700	\$338,081	\$25,815	\$130,554	\$1,780,150	
2020	\$89,062,500	\$89,062,500		\$310,000	\$926,250	\$1,236,250	\$325,078	\$24,822	\$125,533	\$1,711,682	
2021	\$83,125,000	\$83,125,000		\$289,333	\$864,500	\$1,153,833	\$303,406	\$23,167	\$117,164	\$1,597,570	
2022	\$77,187,500	\$77,187,500		\$268,667	\$802,750	\$1,071,417	\$281,734	\$21,512	\$108,795	\$1,483,458	
2023	\$71,250,000	\$71,250,000		\$248,000	\$741,000	\$989,000	\$260,063	\$19,857	\$100,426	\$1,369,346	
2024	\$69,112,500	\$69,112,500		\$240,560	\$718,770	\$959,330	\$252,261	\$19,262	\$97,413	\$1,328,266	
2025	\$67,039,125	\$67,039,125		\$233,343	\$697,207	\$930,550	\$244,693	\$18,684	\$94,491	\$1,288,418	
2026	\$65,027,951	\$65,027,951		\$226,343	\$676,291	\$902,633	\$237,352	\$18,123	\$91,656	\$1,249,765	
2027	\$63,077,113	\$63,077,113		\$219,553	\$656,002	\$875,554	\$230,231	\$17,580	\$88,907	\$1,212,272	
2028	\$61,184,799	\$61,184,799		\$212,966	\$636,322	\$849,288	\$223,325	\$17,052	\$86,239	\$1,175,904	
						Total	\$16,890,265	\$4,441,380	\$339,127	\$1,715,091	\$23,385,862

Source: CPA, Huntsman Petrochemical, LLC

¹Tax Rate per \$100 Valuation

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 \$12,654,891. The estimated gross 15 year M&O tax benefit, or levy loss, is \$6,150,300.

Attachment 3 is an economic overview of Jefferson 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

Michael L. Williams
Commissioner

May 13, 2013

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

Dear Mr. Wood:

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
State Funding Division

AM/bd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael L. Williams
Commissioner

May 13, 2013

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Huntsman Petrochemical LLC project on the number and size of school facilities in Port Neches-Groves Independent School District (PNGISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the PNGISD superintendent, Dr. Rodney Cavness, the TEA has found that the Huntsman Petrochemical LLC project would not have a significant impact on the number or size of school facilities in PNGISD.

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

Sincerely,

Al McKenzie, Manager
State Funding Division

AM/bd

Jefferson County

Population

- Total county population in 2010 for Jefferson County: 243,933 , up 0.2 percent from 2009. State population increased 1.8 percent in the same time period.
- Jefferson County was the state's 20st largest county in population in 2010 and the 181st fastest growing county from 2009 to 2010.
- Jefferson County's population in 2009 was 46.6 percent Anglo (below the state average of 46.7 percent), 34.1 percent African-American (above the state average of 11.3 percent) and 15.2 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Jefferson County:

Beaumont:	110,110	Port Arthur:	56,694
Nederland:	16,053	Groves:	14,299
Port Neches:	12,525	Bevil Oaks:	1,204
China:	1,023	Nome:	477
Taylor Landing:	211		

Economy and Income

Employment

- September 2011 total employment in Jefferson County: 105,661 , up 0.6 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Jefferson County unemployment rate: 11.9 percent, up from 10.9 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Beaumont:	11.1 percent, up from 9.6 percent in September 2010.
Port Arthur:	14.9 percent, up from 14.4 percent in September 2010.

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

Income

- Jefferson County's ranking in per capita personal income in 2009: 59th with an average per capita income of \$37,139, up 0.1 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Jefferson County averaged \$44.36 million annually from 2007 to 2010. County total agricultural values in 2010 were up 16.0 percent from 2009. Major agriculture related commodities in Jefferson County during 2010 included:
 - Aquaculture - Nursery - Hay - Rice - Other Beef
- 2011 oil and gas production in Jefferson County: 568,759.0 barrels of oil and 38.6 million Mcf of gas. In September 2011, there were 175 producing oil wells and 145 producing gas wells.

Taxes

Sales Tax - Taxable Sales

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

Quarterly (September 2010 through December 2010)

- Taxable sales in Jefferson County during the fourth quarter 2010: \$840.90 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Beaumont:	\$561.42 million, up 6.5 percent from the same quarter in 2009.
Port Arthur:	\$161.68 million, up 6.1 percent from the same quarter in 2009.
Nederland:	\$36.71 million, down 9.8 percent from the same quarter in 2009.
Groves:	\$18.33 million, up 3.2 percent from the same quarter in 2009.
Port Neches:	\$10.90 million, up 7.2 percent from the same quarter in 2009.
Bevil Oaks:	\$328,690.00, up 28.6 percent from the same quarter in 2009.
China:	\$476,378.00, up 11.0 percent from the same quarter in 2009.
Nome:	\$589,066.00, down 41.1 percent from the same quarter in 2009.

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

- Taxable sales in Jefferson County through the fourth quarter of 2010: \$3.07 billion, down 3.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Beaumont:	\$2.05 billion, down 3.0 percent from the same period in 2009.
Port Arthur:	\$576.60 million, down 4.2 percent from the same period in 2009.

Nederland:	\$151.56 million, down 8.1 percent from the same period in 2009.
Groves:	\$73.47 million, down 2.4 percent from the same period in 2009.
Port Neches:	\$42.85 million, down 2.4 percent from the same period in 2009.
Bevil Oaks:	\$982,394.00, up 10.1 percent from the same period in 2009.
China:	\$1.63 million, up 0.1 percent from the same period in 2009.
Nome:	\$2.40 million, down 31.3 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Jefferson County during 2010: \$3.07 billion, down 3.6 percent from 2009.
- Jefferson County sent an estimated \$191.61 million (or 1.12 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Beaumont:	\$2.05 billion, down 3.0 percent from 2009.
Port Arthur:	\$576.60 million, down 4.2 percent from 2009.
Nederland:	\$151.56 million, down 8.1 percent from 2009.
Groves:	\$73.47 million, down 2.4 percent from 2009.
Port Neches:	\$42.85 million, down 2.4 percent from 2009.
Bevil Oaks:	\$982,394.00, up 10.1 percent from 2009.
China:	\$1.63 million, up 0.1 percent from 2009.
Nome:	\$2.40 million, down 31.3 percent from 2009.

Sales Tax – Local Sales Tax Allocations

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

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Jefferson County based on the sales activity month of August 2011: \$4.92 million, up 28.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Beaumont:	\$2.86 million, up 14.7 percent from August 2010.
Port Arthur:	\$1.52 million, up 75.1 percent from August 2010.
Nederland:	\$328,832.49, up 25.1 percent from August 2010.
Groves:	\$120,684.08, up 6.6 percent from August 2010.
Port Neches:	\$85,567.84, up 3.5 percent from August 2010.
Bevil Oaks:	\$1,447.39, down 20.4 percent from August 2010.
China:	\$3,609.75, down 4.3 percent from August 2010.
Nome:	\$4,512.68, down 4.5 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Jefferson County based on sales activity months from September 2010 through August 2011: \$53.88 million, up 4.8 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Beaumont:	\$34.13 million, up 3.7 percent from fiscal 2010.
Port Arthur:	\$13.08 million, up 8.4 percent from fiscal 2010.
Nederland:	\$3.62 million, up 3.9 percent from fiscal 2010.
Groves:	\$1.66 million, up 1.3 percent from fiscal 2010.
Port Neches:	\$1.25 million, up 6.6 percent from fiscal 2010.
Bevil Oaks:	\$21,324.67, up 29.3 percent from fiscal 2010.
China:	\$59,742.82, down 12.9 percent from fiscal 2010.
Nome:	\$53,336.94, down 3.9 percent from fiscal 2010.

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

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Jefferson County based on sales activity months through August 2011: \$34.25 million, up 3.4 percent from the same period in 2010.

■ Payments based on sales activity months through August 2011 to the city of:

Beaumont:	\$21.39 million, down 0.5 percent from the same period in 2010.
Port Arthur:	\$8.55 million, up 13.4 percent from the same period in 2010.
Nederland:	\$2.40 million, up 7.2 percent from the same period in 2010.
Groves:	\$1.05 million, unchanged 0.0 percent from the same period in 2010.
Port Neches:	\$777,953.02, up 6.8 percent from the same period in 2010.
Bevil Oaks:	\$13,829.51, up 28.9 percent from the same period in 2010.
China:	\$36,072.52, down 15.9 percent from the same period in 2010.
Nome:	\$34,192.72, down 5.8 percent from the same period in 2010.

12 months ending in August 2011

■ Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.

■ Payments to all cities in Jefferson County based on sales activity in the 12 months ending in August 2011: \$53.88 million, up 4.8 percent from the previous 12-month period.

■ Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Beaumont:	\$34.13 million, up 3.7 percent from the previous 12-month period.
Port Arthur:	\$13.08 million, up 8.4 percent from the previous 12-month period.
Nederland:	\$3.62 million, up 3.9 percent from the previous 12-month period.
Groves:	\$1.66 million, up 1.3 percent from the previous 12-month period.
Port Neches:	\$1.25 million, up 6.6 percent from the previous 12-month period.
Bevil Oaks:	\$21,324.67, up 29.3 percent from the previous 12-month period.
China:	\$59,742.82, down 12.9 percent from the previous 12-month period.
Nome:	\$53,336.94, down 3.9 percent from the previous 12-month period.

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

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

Beaumont:	\$28.00 million, up 2.7 percent from the same period in 2010.
Port Arthur:	\$10.95 million, up 11.8 percent from the same period in 2010.
Nederland:	\$3.01 million, up 5.2 percent from the same period in 2010.
Groves:	\$1.35 million, down 0.4 percent from the same period in 2010.
Port Neches:	\$1.00 million, up 4.9 percent from the same period in 2010.
Bevil Oaks:	\$17,539.35, up 24.4 percent from the same period in 2010.
China:	\$49,163.51, down 12.1 percent from the same period in 2010.
Nome:	\$43,857.48, down 8.6 percent from the same period in 2010.

Annual (2010)

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

■ Payments to all cities in Jefferson County based on sales activity months in 2010: \$52.76 million, down 5.8 percent from 2009.

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

Beaumont:	\$34.24 million, down 4.0 percent from 2009.
Port Arthur:	\$12.06 million, down 11.1 percent from 2009.
Nederland:	\$3.46 million, down 5.1 percent from 2009.
Groves:	\$1.66 million, down 5.1 percent from 2009.
Port Neches:	\$1.20 million, down 3.8 percent from 2009.
Bevil Oaks:	\$18,225.09, up 24.3 percent from 2009.
China:	\$66,583.42, down 18.2 percent from 2009.
Nome:	\$55,457.98, up 10.2 percent from 2009.

Property Tax

■ As of January 2009, property values in Jefferson County: \$25.13 billion, down 3.8 percent from January 2008 values. The property tax base per person in Jefferson County is \$103,315, above the statewide average of \$85,809. About 2.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

■ Jefferson County's ranking in state expenditures by county in fiscal year 2010: 17th. State expenditures in the county for FY2010: \$1.14 billion, up 0.3 percent from FY2009.

- In Jefferson County, 31 state agencies provide a total of 4,852 jobs and \$52.56 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Lamar University
 - Lamar Institute of Technology
 - Lamar University
 - Department of Criminal Justice
 - Texas Youth Commission

Higher Education

- Community colleges in Jefferson County fall 2010 enrollment:
 - None.
- Jefferson County is in the service area of the following:
 - Galveston College with a fall 2010 enrollment of 2,318 . Counties in the service area include:
 - Chambers County
 - Galveston County
 - Jefferson County
- Institutions of higher education in Jefferson County fall 2010 enrollment:
 - Lamar University, a Public University (part of Texas State University System), had 13,969 students.
 - Lamar State College-Port Arthur, a Public State College (part of Texas State University System), had 2,374 students.
 - Lamar Institute of Technology, a Public State College (part of Texas State University System), had 3,243 students.

School Districts

- Jefferson County had 6 school districts with 69 schools and 40,215 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.)
 - Beaumont ISD had 19,505 students in the 2009-10 school year. The average teacher salary was \$47,118. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.
 - Hamshire-Fannett ISD had 1,752 students in the 2009-10 school year. The average teacher salary was \$41,481. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
 - Nederland ISD had 5,022 students in the 2009-10 school year. The average teacher salary was \$47,598. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Port Arthur ISD had 9,047 students in the 2009-10 school year. The average teacher salary was \$45,029. The percentage of students meeting the 2010 TAKS passing standard for all tests was 58 percent.
 - Port Neches-Groves ISD had 4,586 students in the 2009-10 school year. The average teacher salary was \$47,318. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Sabine Pass ISD had 303 students in the 2009-10 school year. The average teacher salary was \$47,538. The percentage of students meeting the 2010 TAKS passing standard for all tests was 90 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED HUNTSMAN
PETROCHEMICAL LLC PROJECT ON THE FINANCES OF THE PORT
NECHES-GROVES INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

March 11, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Huntsman Petrochemical LLC Project on the Finances of the Port Neches-Groves Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Huntsman Petrochemical LLC (Huntsman) has requested that the Port Neches-Groves Independent School District (PN-GISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to PN-GISD on February 12, 2013, Huntsman proposes to invest \$125 million to expand its ethylene oxide project in PN-GISD.

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

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

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with PN-GISD currently levying a \$0.348 I&S tax rate. The full taxable value of the investment is expected to reach \$113 million in the 2015-16 school year, with depreciation expected to reduce the value of the project over the course of the value limitation agreement.

In the case of the Huntsman 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. PN-GISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$756,720). No additional revenue losses are expected for the out years under the limitation agreement, based on current school finance laws.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$5.4 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

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

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller or no 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.

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

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

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

Based on the estimates presented below, it appears that PN-GISD is no longer eligible for ASATR funding under the target revenue system, beginning with the 2012-13 school year. ASATR funding is not a factor in the calculations for the years the value limitation takes effect. PN-GISD has a target revenue level of \$5,292 per student which is just above the state average, so the fact that it became a formula district for the 2012-13 school year is consistent with the statewide trend described above.

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

Huntsman project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

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

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year, although it does not appear to be a factor in these estimates. The projected taxable values of the Huntsman Petrochemical LLC project are included in the base model used here. The impact of the limitation value for the proposed Huntsman project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 4,234 students in average daily attendance (ADA) in analyzing the effects of the Huntsman project on the finances of PN-GISD. The District's local tax base reached \$3.1 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. PN-GISD has estimated state property wealth per weighted ADA or WADA of approximately \$486,140 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

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

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

A second model is developed which adds the Huntsman value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, PN-GISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$756,720). The M&O tax savings to Huntsman are expected to total \$799,500 for the 2016-17 school year, with a corresponding \$32,834 reduction in recapture costs. Beyond the recapture reduction, there is little or no offset to the reduction in M&O tax collections. By the 2017-18 school year, the prior-year state property value reflects the \$30 million project value, resulting in lower recapture costs that offset the reduced M&O tax revenues as a result of the value limitation agreement.

The Comptroller's state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Beginning with the 2011 state property value study, two value determinations are made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

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

Under the assumptions used here, the potential tax savings from the value limitation total \$5.0 million over the life of the agreement. In addition, Huntsman would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$1.2 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key PN-GISD revenue losses are expected to total approximately -\$756,720, limited to the first limitation year under current-law funding formulas. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$5.4 million over the life of the agreement.

Facilities Funding Impact

The Huntsman project remains fully taxable for debt services taxes, with PN-GISD currently levying a \$0.348 I&S rate. The projected value increases associated with the project should assist the District in meeting its debt service needs.

The Huntsman project is not expected to affect PN-GISD in terms of enrollment. Ten full-time positions are anticipated once the project goes into operation. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Huntsman ethylene oxide project enhances the tax base of PN-GISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$5.4 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of PN-GISD in meeting its future debt service obligations.

Table 1 – Base District Information with Huntsman Petrochemical LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2013-14	4,233.88	5,377.30	\$1.0400	\$0.3481	\$3,137,665,866	\$3,137,665,866	\$2,614,121,534	\$2,614,121,534	\$486,140	\$486,140
1	2014-15	4,233.88	5,377.30	\$1.0400	\$0.3481	\$3,200,165,866	\$3,200,165,866	\$2,614,121,534	\$2,614,121,534	\$486,140	\$486,140
2	2015-16	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,250,478,366	\$3,250,478,366	\$2,676,621,534	\$2,676,621,534	\$490,196	\$490,196
3	2016-17	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,244,540,866	\$3,167,665,866	\$2,726,934,034	\$2,726,934,034	\$499,410	\$499,410
4	2017-18	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,238,603,366	\$3,167,665,866	\$2,720,996,534	\$2,644,121,534	\$498,323	\$484,244
5	2018-19	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,232,665,866	\$3,167,665,866	\$2,715,059,034	\$2,644,121,534	\$497,235	\$484,244
6	2019-20	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,230,290,866	\$3,167,665,866	\$2,709,121,534	\$2,644,121,534	\$496,148	\$484,244
7	2020-21	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,226,728,366	\$3,167,665,866	\$2,706,746,534	\$2,644,121,534	\$495,713	\$484,244
8	2021-22	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,220,790,866	\$3,167,665,866	\$2,703,184,034	\$2,644,121,534	\$495,061	\$484,244
9	2022-23	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,214,853,366	\$3,167,665,866	\$2,697,246,534	\$2,644,121,534	\$493,973	\$484,244
10	2023-24	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,208,915,866	\$3,167,665,866	\$2,691,309,034	\$2,644,121,534	\$492,886	\$484,244
11	2024-25	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,206,778,366	\$3,206,778,366	\$2,685,371,534	\$2,644,121,534	\$491,798	\$484,244
12	2025-26	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,204,704,991	\$3,204,704,991	\$2,683,234,034	\$2,683,234,034	\$491,407	\$491,407
13	2026-27	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,202,693,817	\$3,202,693,817	\$2,681,160,659	\$2,681,160,659	\$491,027	\$491,027
14	2027-28	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,200,742,979	\$3,200,742,979	\$2,679,149,485	\$2,679,149,485	\$490,659	\$490,659
15	2028-29	4,233.88	5,460.31	\$1.0400	\$0.3481	\$3,198,850,665	\$3,198,850,665	\$2,677,198,647	\$2,677,198,647	\$490,302	\$490,302

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

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$29,843,988	\$1,398,385	\$0	\$0	-\$562,201	\$1,192,208	\$278,494	\$0	\$32,150,874
1	2014-15	\$30,456,518	\$1,398,385	\$0	\$0	-\$573,740	\$1,216,677	\$284,210	\$0	\$32,782,051
2	2015-16	\$30,949,606	\$1,536,092	\$0	\$0	-\$821,488	\$1,236,375	\$276,192	\$0	\$33,176,776
3	2016-17	\$30,891,415	\$1,832,464	\$0	\$0	-\$1,346,271	\$1,234,050	\$247,818	\$0	\$32,859,476
4	2017-18	\$30,833,225	\$1,536,092	\$0	\$0	-\$1,282,750	\$1,231,726	\$250,578	\$0	\$32,568,871
5	2018-19	\$30,775,034	\$1,832,464	\$0	\$0	-\$1,219,193	\$1,229,401	\$253,341	\$0	\$32,871,048
6	2019-20	\$30,751,758	\$1,536,092	\$0	\$0	-\$1,156,913	\$1,228,471	\$256,397	\$0	\$32,615,805
7	2020-21	\$30,716,844	\$1,832,464	\$0	\$0	-\$1,131,009	\$1,227,077	\$257,407	\$0	\$32,902,782
8	2021-22	\$30,658,654	\$1,536,092	\$0	\$0	-\$1,091,969	\$1,224,752	\$258,872	\$0	\$32,586,400
9	2022-23	\$30,600,463	\$1,832,464	\$0	\$0	-\$1,028,303	\$1,222,427	\$261,640	\$0	\$32,888,692
10	2023-24	\$30,542,273	\$1,536,092	\$0	\$0	-\$964,599	\$1,220,103	\$264,411	\$0	\$32,598,279
11	2024-25	\$30,521,324	\$1,832,464	\$0	\$0	-\$901,959	\$1,219,266	\$267,509	\$0	\$32,938,605
12	2025-26	\$30,501,004	\$1,832,464	\$0	\$0	-\$878,994	\$1,218,454	\$268,515	\$0	\$32,941,443
13	2026-27	\$30,481,294	\$1,832,464	\$0	\$0	-\$856,712	\$1,217,667	\$269,491	\$0	\$32,944,203
14	2027-28	\$30,462,174	\$1,832,464	\$0	\$0	-\$835,093	\$1,216,903	\$270,437	\$0	\$32,946,885
15	2028-29	\$30,443,629	\$1,832,464	\$0	\$0	-\$814,118	\$1,216,162	\$271,356	\$0	\$32,949,492

Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$29,843,988	\$1,398,385	\$0	\$0	-\$562,201	\$1,192,208	\$278,494	\$0	\$32,150,874
1	2014-15	\$30,456,518	\$1,398,385	\$0	\$0	-\$573,740	\$1,216,677	\$284,210	\$0	\$32,782,051
2	2015-16	\$30,949,606	\$1,536,092	\$0	\$0	-\$821,488	\$1,236,375	\$276,192	\$0	\$33,176,776
3	2016-17	\$30,138,002	\$1,832,464	\$0	\$0	-\$1,313,437	\$1,203,953	\$241,774	\$0	\$32,102,756
4	2017-18	\$30,138,002	\$1,536,092	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$32,707,239
5	2018-19	\$30,138,002	\$1,832,464	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$33,003,611
6	2019-20	\$30,138,002	\$1,536,092	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$32,707,239
7	2020-21	\$30,138,002	\$1,832,464	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$33,003,611
8	2021-22	\$30,138,002	\$1,536,092	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$32,707,239
9	2022-23	\$30,138,002	\$1,832,464	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$33,003,611
10	2023-24	\$30,138,002	\$1,536,092	\$0	\$0	-\$457,862	\$1,203,953	\$287,053	\$0	\$32,707,239
11	2024-25	\$30,521,324	\$1,832,464	\$0	\$0	-\$463,685	\$1,219,266	\$290,704	\$0	\$33,400,073
12	2025-26	\$30,501,004	\$1,832,464	\$0	\$0	-\$878,994	\$1,218,454	\$268,515	\$0	\$32,941,443
13	2026-27	\$30,481,294	\$1,832,464	\$0	\$0	-\$856,712	\$1,217,667	\$269,491	\$0	\$32,944,203
14	2027-28	\$30,462,174	\$1,832,464	\$0	\$0	-\$835,093	\$1,216,903	\$270,437	\$0	\$32,946,885
15	2028-29	\$30,443,629	\$1,832,464	\$0	\$0	-\$814,118	\$1,216,162	\$271,356	\$0	\$32,949,492

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$753,413	\$0	\$0	\$0	\$32,834	-\$30,097	-\$6,044	\$0	-\$756,720
4	2017-18	-\$695,222	\$0	\$0	\$0	\$824,888	-\$27,773	\$36,475	\$0	\$138,368
5	2018-19	-\$637,032	\$0	\$0	\$0	\$761,331	-\$25,448	\$33,712	\$0	\$132,563
6	2019-20	-\$613,756	\$0	\$0	\$0	\$699,051	-\$24,518	\$30,656	\$0	\$91,434
7	2020-21	-\$578,841	\$0	\$0	\$0	\$673,147	-\$23,124	\$29,646	\$0	\$100,828
8	2021-22	-\$520,651	\$0	\$0	\$0	\$634,108	-\$20,799	\$28,181	\$0	\$120,839
9	2022-23	-\$462,461	\$0	\$0	\$0	\$570,441	-\$18,474	\$25,413	\$0	\$114,919
10	2023-24	-\$404,270	\$0	\$0	\$0	\$506,737	-\$16,150	\$22,642	\$0	\$108,960
11	2024-25	\$0	\$0	\$0	\$0	\$438,274	\$0	\$23,195	\$0	\$461,468
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial Impact of the Huntsman Petrochemical LLC Project Property Value Limitation Request Submitted to PN-GISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$62,500,000	\$62,500,000	\$0	\$1.040	\$650,000	\$650,000	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$112,812,500	\$112,812,500	\$0	\$1.040	\$1,173,250	\$1,173,250	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$106,875,000	\$30,000,000	\$76,875,000	\$1.040	\$1,111,500	\$312,000	\$799,500	\$0	\$799,500	-\$756,720	\$42,780
4	2017-18	\$100,937,500	\$30,000,000	\$70,937,500	\$1.040	\$1,049,750	\$312,000	\$737,750	\$171,321	\$909,071	\$0	\$909,071
5	2018-19	\$95,000,000	\$30,000,000	\$65,000,000	\$1.040	\$988,000	\$312,000	\$676,000	\$171,321	\$847,321	\$0	\$847,321
6	2019-20	\$92,625,000	\$30,000,000	\$62,625,000	\$1.040	\$963,300	\$312,000	\$651,300	\$171,321	\$822,621	\$0	\$822,621
7	2020-21	\$89,062,500	\$30,000,000	\$59,062,500	\$1.040	\$926,250	\$312,000	\$614,250	\$171,321	\$785,571	\$0	\$785,571
8	2021-22	\$83,125,000	\$30,000,000	\$53,125,000	\$1.040	\$864,500	\$312,000	\$552,500	\$171,321	\$723,821	\$0	\$723,821
9	2022-23	\$77,187,500	\$30,000,000	\$47,187,500	\$1.040	\$802,750	\$312,000	\$490,750	\$171,321	\$662,071	\$0	\$662,071
10	2023-24	\$71,250,000	\$30,000,000	\$41,250,000	\$1.040	\$741,000	\$312,000	\$429,000	\$171,321	\$600,321	\$0	\$600,321
11	2024-25	\$69,112,500	\$69,112,500	\$0	\$1.040	\$718,770	\$718,770	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$67,039,125	\$67,039,125	\$0	\$1.040	\$697,207	\$697,207	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$65,027,951	\$65,027,951	\$0	\$1.040	\$676,291	\$676,291	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$63,077,113	\$63,077,113	\$0	\$1.040	\$656,002	\$656,002	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$61,184,799	\$61,184,799	\$0	\$1.040	\$636,322	\$636,322	\$0	\$0	\$0	\$0	\$0
Totals						\$12,654,891	\$7,703,841	\$4,951,050	\$1,199,250	\$6,150,300	-\$756,720	\$5,393,580
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$338,000	\$861,250	\$1,199,250		
								Credits Earned		\$1,199,250		
								Credits Paid		<u>\$1,199,250</u>		
								Excess Credits Unpaid		\$0		

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

Attachment F

Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

123/Jefferson

123-908/Port Neches-Groves ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	1,089,282,480	.9920	1,098,067,016	1,089,282,480
B. Multi-Family Residences	31,011,510	N/A	31,011,510	31,011,510
C. Vacant Lots	20,790,910	N/A	20,790,910	20,790,910
D. Rural Real(Taxable)	24,491,300	1.0003	24,483,356	24,491,300
F1. Commercial Real	82,365,170	.9618	85,636,484	82,365,170
F2. Industrial Real	1,943,034,370	N/A	1,943,034,370	1,943,034,370
G. Oil, Gas, Minerals	120	N/A	120	120
J. Utilities	43,164,760	N/A	43,164,760	43,164,760
L1. Commercial Personal	82,741,890	1.0195	81,159,284	82,741,890
L2. Industrial Personal	320,120,930	N/A	320,120,930	320,120,930
M. Other Personal	338,880	N/A	338,880	338,880
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	1,279,470	N/A	1,279,470	1,279,470

S. Special Inventory	0	N/A	0	0
Subtotal	3,638,621,790		3,649,087,090	3,638,621,790
Less Total Deductions	1,024,500,256		1,027,068,863	1,024,500,256
Total Taxable Value	2,614,121,534		2,622,018,227	2,614,121,534 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	24,443,160	N/A	24,443,160
Prod Value Qualified Acres	48,140	1.1976	40,196
Taxable Value	24,491,300		24,483,356

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
2,688,572,344	2,614,121,534	2,595,589,039	2,521,138,229	2,627,709,970	2,534,726,665

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
74,450,810	92,983,305

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

exemption

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
3,243,542,994	3,169,092,184	3,150,559,689	3,076,108,879	3,182,680,620	3,089,697,315

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

Attachment G

Participation Agreement

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

by and between

PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT

and

HUNTSMAN PETROCHEMICAL LLC

(Texas Taxpayer ID # 14216485855)

TEXAS COMPTROLLER APPLICATION NUMBER 267

Dated

September 16, 2013

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

STATE OF TEXAS §

COUNTY OF JEFFERSON §

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 **PORT NECHES-GROVES 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 **HUNTSMAN PETROCHEMICAL LLC**, a Delaware limited liability company (Texas Taxpayer Identification Number 14216485855), 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 October 8, 2012, the Superintendent of Schools of the Port Neches-Groves Independent School District (the "Superintendent"), 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, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on October 8, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Huntsman Petrochemical LLC, and on February 11, 2013, the Superintendent acknowledged receipt of the completed Application, and the requisite application fee on behalf of the Superintendent, pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local), and determined the Application to be complete; and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as "Comptroller") for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, the Comptroller established February 20, 2012 as the completed Application date; and,

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

WHEREAS, the Comptroller, pursuant to Texas Tax Code § 313.025(d), reviewed and on May 14, 2013, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at the September 16, 2013 public hearing held in connection with the Board of Trustees' consideration of the Application; and,

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

WHEREAS, on September 16, 2013, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on September 16, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, the Port Neches-Groves Independent School District qualifies as a rural school district under the provisions of Texas Tax Code § 313.051(a)(2); and,

WHEREAS, on September 16, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code, §313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, on September 5, 2013, the District received written notification, pursuant to 34 Texas Administrative Code § 9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on May 14, 2013 that the Application be approved; and,

WHEREAS, on September 16, 2013, the Board of Trustees approved the form of this Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

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

Section 1.2. TERM OF THE AGREEMENT

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

The period beginning with the Commencement Date of September 16, 2013 and ending on December 31, 2015 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). The Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate, in full, on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

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

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing September 16, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning on September 16, 2013 Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.

Agreement for Limitation on Appraised Value

Between Port Neches-Groves Independent School District and Huntsman Petrochemicals LLC

TEXAS COMPTROLLER APPLICATION NUMBER 267

September 16, 2013

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

Section 1.3. DEFINITIONS

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

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

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

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

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

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

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District’s Average Daily Attendance for the applicable school year, as calculated pursuant to Texas Education Code § 42.005 times the greater of \$100, or any larger amount in Texas Tax Code § 313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for tax year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Huntsman Petrochemical LLC, (Texas Taxpayer ID #14216485855), the company listed in the Preamble of this Agreement who, on October 22, 2012, filed with the District the Original Application for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicants’ assigns and successors-in-interest and their direct and indirect subsidiaries.

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

“Application” means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on October 22, 2012, which has been certified by the Comptroller to collectively constitute a complete final Application as of the date of February 20, 2012. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

"Appraisal District" means the Jefferson County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Port Neches-Groves Independent School District.

"Commencement Date" means September 16, 2013, the date upon which this Agreement was approved by the District's Board of Trustees.

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

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

"Final Termination Date" means December 31, 2026. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts

of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

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

"Maintain Viable Presence" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and 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 maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

"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, Texas Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

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

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

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

"Qualifying Time Period" means the period that begins on the Commencement Date of September 16, 2011 and ends on December 31, 2015.

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

"State" means the State of Texas.

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

evaluation made in connection with an application, any agreement between the Applicant and the District and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Texas Tax Code, § 313.103.

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

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

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

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

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

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

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

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED 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 311 or 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 the Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by the Applicant; 2) was first placed in service after February 20, 2012, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

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

- (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the Applicant requests that the limitation apply;

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

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

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

Section 2.5. QUALIFYING USE

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

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

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

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

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. 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 the Applicant to the District in addition to any and all payments due under Article IV.

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

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the 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 at the tax rate actually adopted by the District for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to 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. The 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 the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.

- (c) any other loss of District revenues which are, or may be attributable to the payment by the Applicant to or on behalf of any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

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

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the 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 Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

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

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In 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 Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the 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 Appraisal District.

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

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

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

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

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

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

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

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

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

- (a) the 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 2016), the Stipulated Supplemental Payment amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

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

Multiplied by,

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

Plus,

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

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.4;

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

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

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

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article, including but not limited to: (i) the calculation of the Stipulated Supplemental Payment amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and, (iv) the carry forward and

accumulation of any Stipulated Supplemental Payment amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.

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

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

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

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

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

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

amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

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

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

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

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

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

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

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the 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 Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

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

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Texas 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. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including 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, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of 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

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

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of Qualifying Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by the Applicant on the project as Qualifying Jobs.
- (g) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, in excess of

the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of 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 the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

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

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

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

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

of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any 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 receipt of notice of the Board of Trustee's determination of breach under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Jefferson County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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

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

Section 7.10. LIMITATION OF OTHER DAMAGES

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

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

Section 7.11. BINDING ON SUCCESSORS

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

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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

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

Dr. Rodney Cavness, Superintendent
PORT NECHES-GROVES INDEPENDENT SCHOOL DISTRICT
620 Avenue C
Port Neches, Texas 77651
Fax: (409)724-7684

With a copy to:

Kevin O'Hanlon
O'Hanlon, McCollom & Demerath
808 West Avenue
Austin, Texas 78701

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:

Daniel Kemp
Director of Manufacturing - Performance Products
HUNTSMAN PETROCHEMICAL LLC
2701 Spur 136
Port Neches, Texas 77651
Fax: (409) 723-3388

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 the Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

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

This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

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

Section 8.5. MERGER

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

Section 8.6. MAINTENANCE OF 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 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 Jefferson County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

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

Section 8.9. SEVERABILITY

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

Section 8.10. PAYMENT OF EXPENSES

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

Section 8.11. INTERPRETATION

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

Section 8.12. EXECUTION OF COUNTERPARTS

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

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

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

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

Section 8.14. PUBLICATION OF DOCUMENTS

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

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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 24 day of September, 2013.

HUNTSMAN PETROCHEMICAL LLC
a Delaware limited liability company

**PORT NECHES-GROVES INDEPENDENT
SCHOOL DISTRICT**

By: 
Authorized Representative

By: 
RODNEY BALSAMO
President
Board of Trustees

Name: DANIEL J. KEMP

Title: DIRECTOR OF MANUFACTURING

Attest:
By: 
MELANIE MILLER
Secretary
Board of Trustees

Attest:

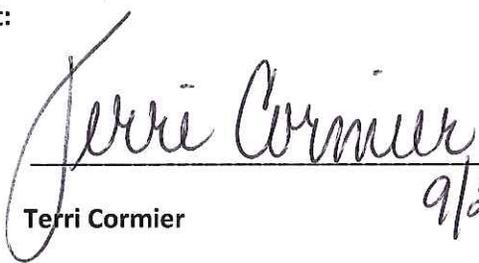
By: 
Terri Cormier 9/24/13

EXHIBIT 1

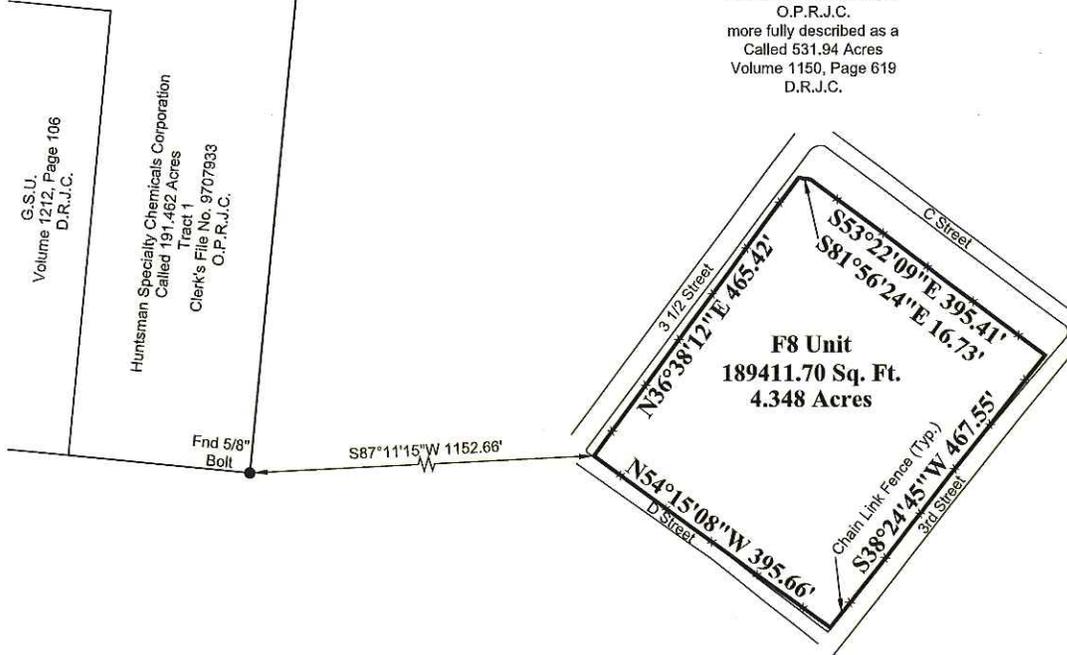
DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

A Reinvestment Zone was originally created May 6, 2013 by action of the City Council of the Jefferson County Commissioner's Court (the "County"). A map of the Reinvestment Zone is attached, below to this **EXHIBIT 1**.

As a result of the action of the County, the Reinvestment Zone includes real property within the boundaries of the Port Neches-Groves Independent School District and Jefferson County, Texas, more specifically described by the legal description also attached to this **EXHIBIT 1**.

**Thomas F. McKinney League
Abstract No. 41**

Huntsman Corporation
Clerk's File No. 9603043
O.P.R.J.C.
more fully described as a
Called 531.94 Acres
Volume 1150, Page 619
D.R.J.C.



Abbreviations

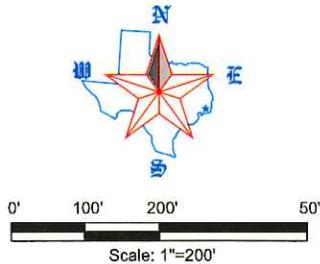
Fnd Found
Typ. Typical
D.R.J.C. Deed Records
of Jefferson County
O.P.R.J.C. Official Public Records
of Jefferson County

Notes

1. All bearings are based upon the Texas Coordinate System of 1983, South Central Zone '4204' (US Survey Foot). All distances and acreage's are surface with a combined adjustment factor of 1.00007 applied.
2. Nothing in this survey is intended to express an opinion regarding ownership or title of any property.

Surveyed For

Huntsman International LLC
10003 Woodloch Forest Drive
Spring, Texas 77380



NOTICE:

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Field Book:	733/77 & 78
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Date:	4/8/2013
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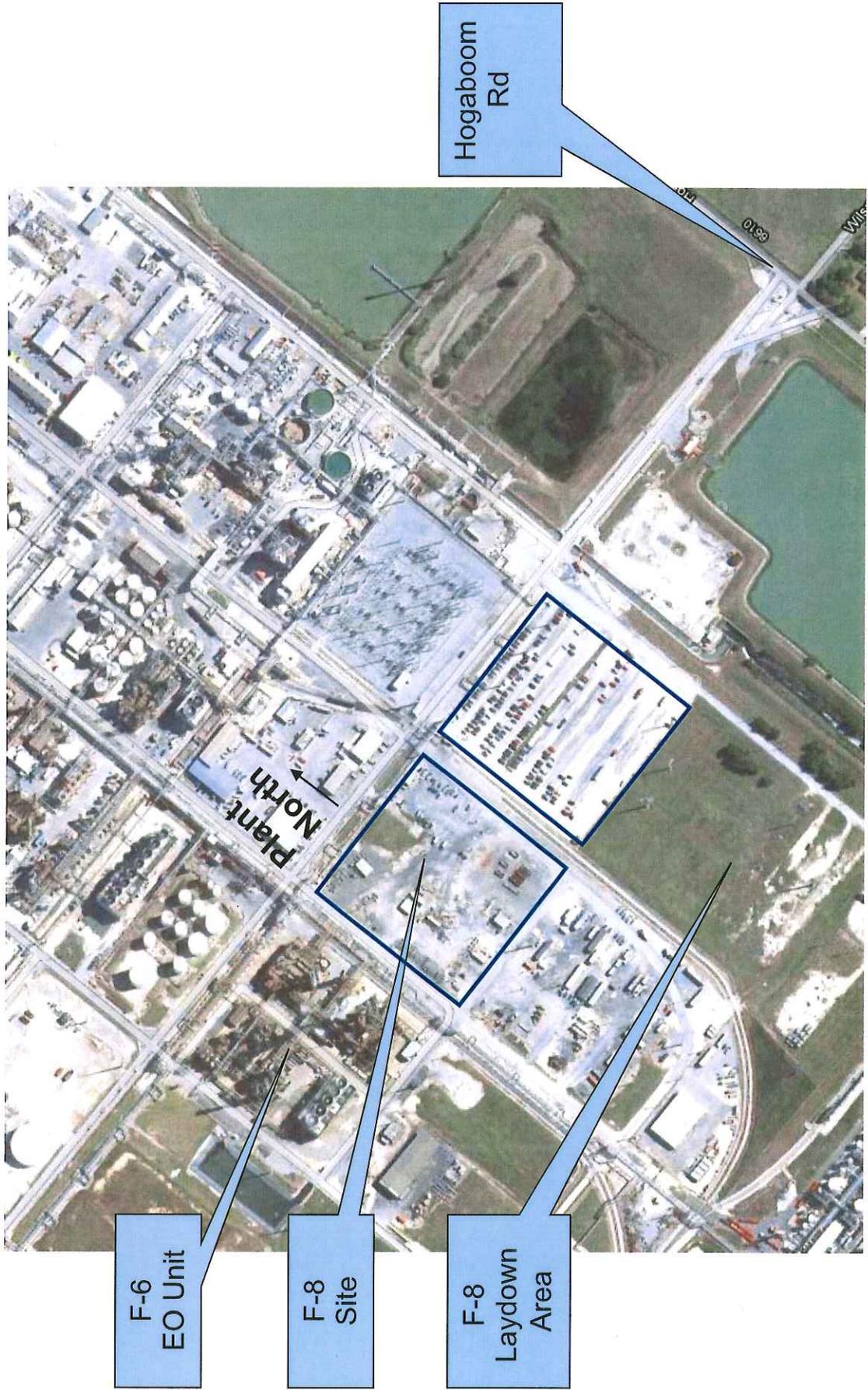


This document not valid without original seal and signature of person certifying

Surveyor's Certification

The undersigned does hereby certify that this survey plat accurately represents an on the ground survey made under my direct supervision on April 2, 2013, and is being submitted along with the Surveyor's field note description of the property shown hereon, which lies in Jefferson County, Texas.

J. L. Sims, Jr.
Registered Professional Land Surveyor



April 8, 2013

Surveyor's Field Note Description: **Huntsman - F8 Unit**

BEING a 4.348 acre (189,411.70 square feet) tract of land out of and a part of that certain tract of land owned by the Huntsman Corporation by that certain merger deed, recorded in Clerk's File No. 9603043 of the Official Public Records of Jefferson County, Texas and said tract being more fully described as a called 531.94 acre tract, recorded in Volume 1150, Page 619 of the Deed Records of said Jefferson County. Said 4.348 acre (189,411.70 square feet) tract of land being situated in the Thomas F. McKinney League, Abstract No. 41, Jefferson County, Texas and being more particularly described as follows:

BEGINNING at a chain link fence corner at the West corner of the herein described tract, from which a 5/8 inch bolt found at the Southeast corner of that certain Huntsman Specialty Chemicals Corporation called 191.462 acre tract of land, more fully described as Tract 1 recorded in Clerk's File No. 9707933 of said Official Public Records, same being an ell corner of said 531.94 acre tract, bears South 87 deg. 11 min. 15 sec. West, a distance of 1152.66 feet;

THENCE North 36 deg. 38 min. 12 sec. East along and with said chain link fence, a distance of 465.42 feet to a chain link fence corner;

THENCE South 81 deg. 56 min. 24 sec. East continuing along and with said chain link fence, a distance of 16.73 feet to a chain link fence corner;

THENCE South 53 deg. 22 min. 09 sec. East continuing along and with said chain link fence, a distance of 395.41 feet to a chain link fence corner;

THENCE South 38 deg. 24 min. 45 sec. West continuing along and with said chain link fence, a distance of 467.55 feet to a chain link fence corner;

THENCE North 54 deg. 15 min. 08 sec. West continuing along and with said chain link fence, a distance of 395.66 feet to the **PLACE OF BEGINNING**, containing 4.348 acres (189,411.70 square feet) of land, more or less.

(This description is based upon a survey made on the ground under my direct supervision on April 2, 2013 and is being submitted along with a survey plat showing the property and facts found as described herein. All bearings are based upon the Texas Coordinate System of 1983, South Central Zone '4204' (U.S. Survey Foot). All distances and acreages are surface with a combined adjustment factor of 1.00007 applied.)


Registered Professional Land Surveyor



EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Port Neches-Groves Independent School District and the Reinvestment Zone originally created on May 6, 2013 by action of the Commissioner's Court of Jefferson County (the "County") is intended to be included in this Agreement.

A map of the Reinvestment Zone created by the City is attached to **EXHIBIT 1**. Specifically, all Qualified Property of the Applicant located within the boundaries on the map first placed in service after February 20, 2013 used in connection with the manufacturing of Ethylene Oxide.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will expand the Applicant's Ethylene oxide Unit, which will produce approximately 265MM lbs of ethylene oxide per annum.

The plant Components consist of:

- Boiling Water Reactor
- Exchanger/Vessels
- HP Recycle Compressor
- Pumps
- Piping/Steel
- Miscellaneous Process Equipment

The facility will also require a relatively small amount of personal property. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement.