

## AGENDA

**Port Freeport  
Port Commission  
Regular Meeting  
Thursday, October 28, 2021, 1:05 pm - 5:00 pm  
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

This meeting may be attended virtually or in person.

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." This statute provides public officials, employees and members of the public may participate remotely in a public meeting by videoconference call. The Port Commission is utilizing this existing statute to ensure the greatest amount of access to the public and ensure the ability of all Commissioners to participate in meetings.

The quorum of the Port Commission will be located at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas ("Meeting Location"). The Port Commission intends to have a quorum at the Meeting Location. The presiding Commissioner of this meeting will be physically present at the Meeting Location. The public will be permitted to physically attend the meeting at the Meeting Location.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated virtually and in person, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. Following public comment, the public will not be permitted to communicate with the Port Commission.

This meeting agenda and agenda packet is posted online at [www.portfreeport.com](http://www.portfreeport.com)

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/87870667575?pwd=NUtCbUY2d1FiZnFJOGFRS2lGY1JhZz09>

Meeting ID: 878 7066 7575

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Meeting ID: 878 7066 7575

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1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation.
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call.

5. Public Comment. (Public comment will be limited to 5 minutes per participant and can be completed in person or virtually)
6. Approval of minutes from the Regular Meeting held October 14, 2021.
7. Adoption of a Resolution approving the application for tax abatement between Port Freeport and Shintech Incorporated and K-Bin Incorporated regarding a \$30 million expansion of their PVC Compounding facility for property located in Brazoria County Reinvestment Zone 21-03, approving Tax Abatement Agreement on the same terms and conditions as granted to Shintech Incorporated and K-Bin Incorporated by Brazoria County and authorizing Chairman and Secretary to execute said agreement.
8. Approval of an Award of Contract for Port Freeport Broker of Record for business insurance.
9. Receive reports from Executive Staff on activities and matters related to COVID-19 health safety matters, administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.
  - A. Executive Director/CEO
  - B. Chief Financial Officer
  - C. Director of Engineering
  - D. Director of Operations
  - E. Director of Business & Economic Development
10. Receive report from Commissioners on matters related to:
  - A. October 14 Finance Advisory Committee
  - B. Meetings and conferences attended, Port presentations and other related Port Commission matters.
11. Discuss and consider Commissioner medical, dental and vision insurance.
12. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:
  - A. Under authority of Section 551.071 (Consultation with Attorney):
    1. Consultation with attorney to discuss pending litigation.
    2. Consultation with attorney to discuss potential litigation.
  - B. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:
    1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
    2. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
    3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14.
13. RECONVENE OPEN SESSION:
14. Adjourn.

***The Port Commission does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Port Commission may go into a closed session as permitted by law regarding any item on the agenda.***

With this posted notice, Port Commissioners have been provided certain background information on the above listed agenda items. Copies of this information can be obtained by the public at the Port Administrative offices at 1100 Cherry Street, Freeport, TX.



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Phyllis Saathoff, Executive Director/CEO  
**PORT FREEPORT**

# Minutes of Port Commission Regular Meeting

## October 14, 2021

### In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held October 14, 2021, beginning at 1:17 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioner Hoss noted the following information that was included on the posted agenda.

This meeting may be attended virtually or in person.

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." This statute provides public officials, employees and members of the public may participate remotely in a public meeting by videoconference call. The Port Commission is utilizing this existing statute to ensure the greatest amount of access to the public and ensure the ability of all Commissioners to participate in meetings during the COVID-19 pandemic.

The quorum of the Port Commission will be located at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas ("Meeting Location"). The Port Commission intends to have a quorum at the Meeting Location. The presiding Commissioner of this meeting will be physically present at the Meeting Location. The public will be permitted to physically attend the meeting at the Meeting Location.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated virtually and in person, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. Following public comment, the public will not be permitted to communicate with the Port Commission.

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Meeting ID: 848 4274 0580

Find your local number: <https://us02web.zoom.us/u/keyM6Glsbj>

Commissioners present in person:

- Mr. John Hoss, Chairman
- Mr. Rudy Santos, Vice Chairman
- Mr. Dan Croft, Secretary
- Mr. Rob Giesecke, Asst. Secretary
- Mr. Ravi Singhania, Commissioner
- Mr. Shane Pirtle, Commissioner

Staff Members Present:

Mr. Matt Allen, Legal Counsel  
Ms. Phyllis Saathoff, Executive Director/CEO  
Mr. Rob Lowe, Director of Administration/CFO  
Mr. Al Durel, Director of Operations  
Mr. Mike Wilson, Director of Economic Development & Freight Mobility  
Mr. Jason Hull, Director of Engineering  
Mr. Chris Hogan, Director of Protective Services  
Mr. Jason Miura, Director of Business & Economic Development  
Mr. Brandon Robertson, Network Systems Manager  
Ms. Missy Bevers, Executive Assistant  
Ms. Mary Campus, Controller  
Ms. Tricia Vela, Public Affairs Assistant  
Mr. Nick Malambri, Engineering Specialist

Also, present:

Mr. Bobby Fuller, Texas Port Ministry  
Mr. Ryan Wilhelm, McCarthy Building Companies  
Ms. Barbara Fratila  
Mr. Henry Chambliss

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Hoss noted that all Commissioners were present in the board room.
5. Public Comment – There were no public comments
6. Approval of minutes from a Regular Meeting held September 23, 2021.

A motion was made by Commissioner Croft to approve the minutes as presented. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

7. Receive reports from Executive Director/CEO and/or Port staff on activities and matters related to COVID-19 health safety matters, administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.

Ms. Saathoff gave an update on the Port Freeport Golf Tournament benefitting Texas Port Ministry which will be held October 18 stating that a total of \$76,650 has been committed in sponsorships and 43 golf teams have been secured for the two-flight format. Ms. Saathoff mentioned the FOX Business News interview with Ms. Margaret Kidd, who is the Program Director/Supply Chain & Logistics Technology Instructional Assistant Professor at the

University of Houston, and a good partner to Port Freeport. Ms. Kidd had the opportunity to highlight the region's ports and mentioned Port Freeport in her interview. Mr. Miura reported on the Breakbulk Americas Conference recently held in Houston where Port Freeport participated and also hosted a Customer Appreciation Reception that was well attended. Ms. Saathoff reported attending the AAPA Annual Convention in Austin along with Commissioners Singhanian and Giesecke. She also reported attending the Automotive Logistics & Supply Chain Conference in Detroit with Mr. Miura where they had the opportunity to interface with a number of OEM's. Mr. Montgomery with ILA recently shared statistics for the contract year October 20 – September 21 stating the ILA manhours worked at Port Freeport during this timeframe were 316,000 hours generating a payroll of \$10.2 million payroll which is up \$1.5 million from prior year. Compared to 2016, it is a 69% increase from 187,000 hours and a payroll of \$6.188 million. Mr. Durel gave an update on the recent incident where a catamaran capsized in the channel. Commissioner Hoss asked if procedures will be created for use in future incidents similar to this. Ms. Saathoff stated that staff will meet with the OSS Advisory Committee to address this matter.

8. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Giesecke reported attending the AAPA Annual Convention in Austin as well as a Pearland Chamber Elected Officials event.

Commissioner Singhanian also reported attending the AAPA Annual Convention as well as the Breakbulk Conference, Friends of River (FOR) Breakfast and Glenn Hegar Luncheon.

Commissioner Santos reported attending the Breakbulk Conference.

Commissioner Croft reported attending the JA Business Hall of Fame event, FOR Breakfast, and BC Economic Development Alliance Board Meeting. He also noted he will participate in a virtual public meeting regarding Texas Gulf Link this evening.

Commissioner Pirtle reported attending the Roughneck Blowout Banquet, 36A Executive Committee Meeting, Alliance Quarterly Luncheon, JA Hall of Fame, Boys & Girls Club Golf Tournament, FOR Breakfast and FOR Fundraiser.

9. Approval to ratify purchase orders to Diver Overhead Door in the amount of \$43,100 and Strategic Roofing Solutions in the amount of \$443,716 for the emergency repairs related to damages from Hurricane Nicholas.

As previously discussed at the last meeting, Mr. Hull notified the Port Commission of the damages on various buildings due to Hurricane Nicholas and this item is to ratify the emergency purchase orders issued for repairs. Staff recommends approval.

A motion was made by Commissioner Santos to ratify the purchase orders for both Diver Overhead Door and Strategic Roofing Solutions. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

10. Discussion regarding appointment of an Ad-Hoc Committee to review extension of legal services contract with Cordoba Law Firm.

Commissioner Hoss stated that he and Ms. Saathoff received a letter from Cordoba Law Firm stating their rates would be increasing. Since the law firm also represents the Port Commission, Commissioner Hoss suggested an Ad-Hoc Committee be set up to discuss the rate increase/changes. Commissioner Hoss asked for an additional Commissioner to serve on the committee along with himself and Ms. Saathoff. Commissioner Singhanian suggested Commissioner Santos or Commissioner Croft to serve on the committee. After further discussion between Commissioners regarding their concerns, Commissioner Santos accepted the nomination to serve on the committee.

11. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

- A. Under authority of Section 551.071 (Consultation with Attorney) for discussion regarding:
  - 1. Consultation with attorney to discuss pending litigation.
  - 2. Consultation with attorney to discuss potential litigation.
- B. Under authority of Section 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:
  - 1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; East 2<sup>nd</sup> Street; Terminal Street and East 8<sup>th</sup> Street in Freeport, Texas.
  - 2. The potential purchase, exchange, lease, or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
  - 3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14.
- C. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:
  - 1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO, Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development and Director of Business & Economic Development.

12. RECONVENE OPEN SESSION to review and consider the following:

13. Discuss and consider action resulting from Executive Session for Executive Director/CEO.

Commissioner Hoss stated the Port Commission discussed the performance of the CEO during executive session and asked the chairman of the Personnel Advisory Committee for the recommendation. Commissioner Singhanian stated they are all very pleased with the last year's overall performance.

A motion was made by Commissioner Singhanian to recommend a 5% raise at \$11,950 to be effective the first paycheck in October. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

14. Discuss and consider Commissioner compensation.

Commissioner Singhanian stated that a salary increase is in the budget for this year and as port employees, this includes the Port Commissioners; however, Commissioner Singhanian's personal recommendation is to give no raises to the Commissioners. Commissioner Giesecke stated that he would like to see their compensation brought in line with other Texas ports as well as other governing bodies within Brazoria County/Navigation District. After some discussion, it was suggested that staff pull together commissioner compensation packages for other Texas ports to present and discuss at the next meeting.

A motion was made by Commissioner Singhanian for Commissioners to not take a raise. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

Commissioner Giesecke then made a motion that the Commissioners' pay go to \$0/month, delete the \$75/month cell phone allowance and instead of a mileage expense or automobile allowance, have a general category of expenses to compensate Commissioners for other out of pocket expenses in the amount of \$175/month. The motion died for lack of a second.

15. Adjourn.

With no further business before the Commission, the meeting adjourned at 5:41 PM.

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John Hoss, Chairman

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Rudy Santos, Vice Chairman

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Dan Croft, Secretary

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Rob Giesecke, Asst. Secretary

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Ravi K. Singhanian, Commissioner

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Shane Pirtle, Commissioner



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## MEMORANDUM

**TO:** Phyllis Saathoff, Executive Director/CEO  
**FROM:** Darlene Winkler, Communications Specialist  
**DATE:** October 28, 2021  
**SUBJECT:** Public Affairs – October 2021

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### PUBLIC AFFAIRS

#### Communications and Media

Staff continues to post on social media port facts, press releases, safety awareness, hurricane preparedness, and other information pertinent to our community.

***Hurricane Season*** – The website and social media are being maintained as a resource to the public for information on tropical weather events and effects on Port operations.

***COVID-19*** – The website and various social media channels are being maintained as a resource to the public for information on COVID-19 as it relates to Port Freeport and the community.

***Freeport Harbor Channel Marine Traffic*** – The website is being maintained as a resource to the Freeport Harbor Channel community for information on marine traffic related to FHCIP dredging that began in April 2021.

***Freeport Harbor Channel Improvement Project*** – Staff continues to respond to inquiries from the public regarding Port Freeport and the Freeport Harbor Channel Improvement Project, as well as maintain updated information on both [www.portfreeport.com](http://www.portfreeport.com) and [www.portfreeportbondelection.com](http://www.portfreeportbondelection.com).

***Print and Social Media Monitoring*** – Staff continues to monitor publications, newspapers and social media for matters pertaining to Port Freeport.

***Consultants*** – Staff has engaged with McGuireWoods Consulting, LLC to provide strategic communications, awareness, and social messaging. Staff has engaged with Legend Labs to commence brand repositioning and communications strategy. These efforts are ongoing. Legend Labs workshops were held with Port staff and commissioners on October 11, 2021.



***Press Releases and News Postings*** – No press releases or news postings have been distributed in October.

## **Community Events and Meetings**

### **Port Events**

***Port Freeport Annual Golf Tournament*** – The 10<sup>th</sup> Annual Port Freeport Golf Tournament was held on Monday, October 18, 2021, at The Wilderness Golf Course in Lake Jackson, Texas with a two-flight foursome scramble format. The weather was perfect with 135 golfers and over 20 volunteers enjoying the outing throughout the day. Fourteen students from Texas A&M Galveston volunteered this year. Seventy-eight sponsors and 43 teams have committed to over \$77,000 in monetary donations, discounts for services and over 35 raffles items. Sponsors will be showcased on Port Freeport's website throughout the year until the 11<sup>th</sup> annual golf tournament. A tentative soft date will be reserved with The Wilderness for Monday, October 17, 2022.

***Community Advisory Panel (C.A.P.)*** – The next C.A.P. meeting will be held on December 2, 2021, at the Clute Event Center. The guest speaker will be announced at a later date.

### **Port Presentations, Tours, and Meetings**

The Port didn't host any presentation, tours, or meetings in the month October.

## **Community Events and Meetings**

October 1, 2021 - Brazosport College Foundation Annual Soiree

October 2, 2021 – West Columbia Heritage Foundation Roughneck Blowout

October 6, 2021 – The Alliance Quarterly Meeting

October 8, 2021 – The Boys and Girls Club Annual Golf Tournament

October 7, 2021 – Junior Achievement Hall of Fame

October 11, 2021 - ABC Gulf Coast Golf Classic (*Original 9/20/21*)

October 14, 2021 - Brazoria Chamber of Commerce - Annual Banquet

October 15, 2021 – Freeport Police Department Golf Tournament

October 21, 2021 – TCC/ACIT Golf Tournament

## **Upcoming Community Events and Meetings**

Weekly – Business Roundtable Virtual Meetings (speakers vary)

November 5, 2021 - Brazoria County Transportation & Infrastructure Summit (Saathoff speaking)  
(*original date 9/15/21*)

November 18, 2021 – Highway 36A Coalition Luncheon

*Rescheduled to April 2022* - 100 Club of Brazoria County - Law Enforcement Appreciation Banquet (*original 9/23/21*)



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**TO:** Port Commissioners  
Executive Director/CEO

**FROM:** Rob Lowe

**DATE:** October 25, 2021

**SUBJECT:** CFO Update

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Consistent with prior years, the September full year financial statements are not yet finalized as additional processes and steps are taken to close out the fiscal year.

PORT COMMISSION

JOHN HOSS, CHAIRMAN; RUDY SANTOS, VICE CHAIRMAN; DAN CROFT, SECRETARY; ROB GIESECKE, ASST. SECRETARY;  
RAVI K. SINGHANIA, COMMISSIONER; SHANE PIRTLE, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

## MEMORANDUM

**TO:** Commissioners  
Directors  
Legal Counsel

**FROM:** Jason Hull, P.E.   
Director of Engineering

**DATE:** October 21, 2021

**SUBJECT:** Departmental Report

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### PROJECTS

- 1. Velasco Terminal, Berth 8** – This project entails construction of Berth 8, which will extend the wharf another 928 feet north of Berth 7. Installation of piling continues, and all of the container wharf pile have been delivered. The channel dredging will be a separate construction project that began on April 8, 2021. Work on the concrete wharf pile caps has begun and will follow behind pile driving moving south to north. Now that the dredging is finished, pile driving and pile cap installation is moving at a faster pace than previously.



PORT COMMISSION

2. **FHCIP Reach 2** - This project consists of deepening and improving the Freeport Channel. This is a Civil Works project that was authorized in WRRDA 2014. A contract with Orion Marine Group is anticipated to be signed on or before October 27<sup>th</sup>. A notice to proceed will be issued approximately 30 days later. Mobilization of pipe can begin after Thanksgiving.
3. **Levee Stabilization and Wave Barrier Relocation** – This project involves relocation of the north wave barrier to allow for a bend easing and stabilization of a levee on the Dow thumb that has a lower than satisfactory factor of safety for global stability. The final wall pile was driven on May 28<sup>th</sup> and the project is now stabilizing the levee as intended. Work to be completed includes, installing bedding stone, scour protection system, and replacing the fencing. Completion is anticipated around Thanksgiving.
4. **Operations and Shop Building Improvements** – This project is to make repairs to exterior walls and upgrade the operational effectiveness and efficiencies outside the buildings. The project was awarded to Bartlett-Cocke. Work began May 10<sup>th</sup> and continues despite delays in materials. This project is nearing completion.
5. **Berth 2 and 3 Floodwall Modifications** – The modifications include demolition of two sections of concrete wall, approximately 100-ft long each, and replacing them with sections of a removable and deployable system. The design is moving forward using conservative wave modeling. The permit application was submitted to VDD on June 5, 2020. The VDD and the Corps are reviewing the submittal package at this time. Our engineering consultant has asked for direction on how to proceed as the Corps is telling the VDD that the wall should be a different height than what the VDD is telling us.
6. **East End Properties Demolition 2021** - This project involves removing asbestos from structures in the East End and then demolition of the structures. All sampling is now complete and we are waiting on the test results at this time.

**PORT FREEPORT  
OPERATIONS ACTIVITY SUMMARY  
SEPTEMBER 2021**

**A. MONTHLY ACTIVITY EXPLANATION**

- \* Total import/export activity for the month of September were better than expected.
- \* LNG experienced (**14**) vessels.
- \* Riviana did not schedule any vessels this month.
- \* Vulcan Material did not experience any vessels this month.
- \* Total ( **14** ) RoRo vessels handled.
- \* Tenaris experienced ( **2** ) vessels and ( **6** ) barges this month.
- \* Total of ( **10** ) Container vessel calls.
- \* CEMEX transferred product from truck to ( **11** ) rail cars.
- \* Vulcan Materials handled ( **191** ) rail cars this month.
- \* Average vessel activity in 2020 was 34 per month. This month, we handled 40 vessels (14 LNG & 26 Inner Harbor).
- \* *Enterprise/Seaway received (8) vessels.*
- \* *There were (98) Total Vessel arrivals Port wide.*

**B. FISCAL YEAR ACTIVITY EXPLANATION**

- \* Total Tons for this year are better than expected. This is due to the addition of vessel calls by LNG, RoRo vessels.
- \* LNG has handled ( **195** ) vessels for export.
- \* Tenaris has handled ( **24** ) vessel and ( **28** ) barges.
- \* Total ( **139** ) RoRo vessels handled.
- \* YTD ( **137** ) Container vessel calls.
- \* CEMEX handled ( **226** ) railcars with 18,070 Tons of Co2.
- \* Vulcan handled ( **1,426** ) railcars with 277,590 Tons of Limestone.
- \* Total vessels handled this fiscal year is 531 compared to 412 last year (195 LNG & 336 Inner Harbor).

**C. INSIGHT TO ACTIVITY FOR OCTOBER 2021**

- \* LNG has scheduled ( 17 ) vessels.
- \* Riviana Foods has not scheduled a vessel.
- \* Vulcan Material has scheduled ( 1 ) vessel for October.
- \* Expecting to handle ( 12 ) RoRo vessels.
- \* Tenaris has ( 2 ) vessels and ( 5 ) barges planned.
- \* Expecting ( 8 ) Container vessels.

#### **D. OPERATIONAL MEETINGS AND AGENDAS**

- \* OPTS, Safety, Security –Hurricane Nicholas-All departments worked closely to prepare, monitor and recover from hurricane.
- \* Safety – Mike Quilty - Met with Gulf Stream Marine to review river barge discharging.
- \* Safety – Mike Quilty - Met with ILA and Stevedores to enhance safety at port.
- \* Safety – Mike Quilty – Purchased additional signage/banners to be strategically placed thru-out port.
- \* Safety – Mike Quilty – Added electronic safety message at the Gate 8 entrance.
  
- \* Security – Chris Hogan – Communicated with staff and tenants on status and updates regarding Hurricane Nicholas.
- \* Security – Chris Hogan – Worked on the K-9 contract.
- \* Security – Chris Hogan – Continued monitoring information related to Covid and the Delta Variant.
  
- \* Al Durel & Holly Soria attended the Breakbulk Conference in Houston.
- \* OPTS Team – Installed new ice machine near the location of the RoRo vessels ramp area.
- \* OPTS Team – completed the budget process.
- \* Al – Jesse – Austin – Communicated with Tenants and Stevedores regarding the hurricane event and the re-opening of the Port.
- \* OPTS, Safety, Security – Worked to energize critical areas of the Port to maintain it's function during the Post Hurricane phase.



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**TO:** Port Commissioners  
Executive Director/CEO

**FROM:** Rob Lowe

**DATE:** September 24, 2021

**SUBJECT:** Application for Tax Abatement in Port Freeport by Shintech, Incorporated and K-Bin, Incorporated for a proposed expansion of their PVC compounding process.

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Shintech Incorporated and its subsidiary K-Bin, Inc is evaluating the expansion of their PVC compounding process. The proposed site is within Brazoria County's Reinvestment Zone 21-03, at 5618 Hwy 332 East in Freeport.

Shintech/K-Bin tax abatement considerations:

- \$30,000,000 investment
- Seven-year term of tax abatement (2022 through 2028)
  - Application requested a variance of 8 years
- Estimated value of \$23,700,000 after abatement expires
- Permanent jobs created - 10
- Construction jobs created – 20 at start, 40 at peak, 20 at finish

Brazoria County Commissioners' Court approved the application and agreement on August 24, 2021.

Staff recommends approval of a seven year term after conducting its assessment and confirming the following:

- The application is complete and the fee has been paid
- The application satisfies the criteria and the abatement is permitted under the Port's *Guidelines and Criteria For Granting Tax Abatements*
- Shintech/K-Bin has complied fully with its obligations to date
- Shintech/K-Bin is not liable to the Port for outstanding taxes or other obligations
- The agreement conforms to and is consistent with the agreement approved by the County

PORT COMMISSION

JOHN HOSS, CHAIRMAN; RUDY SANTOS, VICE CHAIRMAN; DAN CROFT, SECRETARY; ROB GIESECKE, ASST. SECRETARY;  
RAVI K. SINGHANIA, COMMISSIONER; SHANE PIRTLE, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

**RESOLUTION APPROVING THE APPLICATION AND TAX ABATEMENT  
AGREEMENT FOR SHINTECH INCORPORATED AND K-BIN INCORPORATED FOR  
PROPERTY LOCATED IN BRAZORIA COUNTY REINVESTMENT ZONE NO. 21-03**

At a regular meeting of the Port Commission of Port Freeport of Brazoria County, Texas (the "Port") held at the office of the Port at 1100 Cherry Street, Freeport, Texas, on the 28<sup>th</sup> day of October, 2021, among other business, on motion duly made and seconded, the following resolution was passed and adopted:

**F I N D I N G S**

1. Due and proper notice of the date, time, place and purpose of this meeting has been duly given in accordance with the provisions of the Texas Open Meetings Act, and such meeting has been conducted in accordance with said Open Meetings Act.

2. Port Freeport ("Port") has heretofore adopted guidelines and criteria for granting tax abatement in a reinvestment zone in Brazoria County, Texas.

3. A Tax Abatement Agreement for property located in the Brazoria County Reinvestment Zone No. 21-03 was entered into by and between Brazoria County and Shintech Incorporated and K-Bin Incorporated on August 24, 2021.

4. Section 312.206(a) of Subchapter B of the Texas Property Redevelopment and Tax Abatement Act, V.A.T.S. Tax Code, Chapter 312 and other applicable sections of said statute, provide that if property taxes are abated within the taxing jurisdiction of a municipality, the governing body of any other taxing unit in which the property is located may execute a written agreement with such owner of the property.

5. The Port Commission herenow finds and determines that the property subject to the following proposed agreement meets the applicable guidelines and criteria adopted by the governing body of the Port: TAX ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN BRAZORIA COUNTY REINVESTMENT ZONE NO. 21-03.

6. The Port Commission finds and determines that the granting of this tax abatement to Shintech Incorporated and K-Bin Incorporated will promote the development of industry within the Port boundaries, provides additional employment and strengthen the economy of the area, and is therefore in the best interest of the Port:

**R E S O L U T I O N**

NOW THEREFORE, BE IT RESOLVED by the Port Commission of Port Freeport, that the Port enter into the following agreement, and that the Chairman and Secretary of the Commission be, and they are hereby authorized to execute said agreement on behalf of the Port: TAX ABATEMENT AGREEMENT FOR PROPERTY LOCATED IN BRAZORIA COUNTY REINVESTMENT ZONE NO. 21-03.



THE STATE OF TEXAS                   §  
  §  
COUNTY OF BRAZORIA               §

**TAX ABATEMENT AGREEMENT WITH SHINTECH, INCORPORATED AND K-BIN, INC.  
FOR PROPERTY LOCATED IN  
BRAZORIA COUNTY REINVESTMENT ZONE NO. 21-03**

This Tax Abatement Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between Port Freeport ("Port") and **SHINTECH, INCORPORATED AND K-BIN CORPORATION**, corporations authorized to do business in Texas, hereinafter collectively referred to as "Owner" of taxable real property in Brazoria County, Texas, located in the **BRAZORIA COUNTY REINVESTMENT ZONE NO. 21-03** ("Reinvestment Zone").

**I. AUTHORIZATION**

**1.01** This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, V.A.T.S. Tax Code, Chapter 312, as amended, and by resolution of the Port Commission of Port Freeport approving this Abatement.

**II. DEFINITIONS**

**2.01** As used in this Agreement, the following terms shall have the meanings set forth below:

- a. "Certified Appraised Value" means the January 1st appraised value of the property within the Reinvestment Zone as certified by the Brazoria County Appraisal District as of the January 1st valuation date.
- b. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated for economic development purposes.
- c. "Eligible Property" means the buildings, structures, tangible personal property as defined in the Texas Tax Code including fixed machinery and equipment, process units, site improvements, and related fixed improvements necessary to the operation and administration of the facility.
- d. "New Eligible Property" means Eligible Property construction of which commences subsequent to the date of the Port approving the Tax Abatement. During the construction phase of the New Eligible Property, Owner may make such change orders to the New Eligible Property as are reasonably necessary to accomplish its intended use.
- e. "Ineligible Property" means land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory and supplies, tools, furnishings and other forms of movable personal property, vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations,

retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of this Agreement, property that is already subject to real or personal property tax moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by State law.

- f. “Actual Productive Life” means the actual period of time the improvements were in active service and operation as part of a facility operating in a producing capacity, and this definition supersedes any other definition stated elsewhere.

**2.02** The *Guidelines And Criteria For Granting Tax Abatement In A Reinvestment Zone Created In Port Freeport In Brazoria County, Texas* (“Port Guidelines And Criteria”), adopted by the Port Commission of Port Freeport, are attached hereto as Exhibit “B” and made a part hereof. All definitions set forth therein are applicable to this Agreement.

### III. SUBJECT PROPERTY

**3.01** The Reinvestment Zone is an area generally described as approximately 78.7152 acres of land in Brazoria County, Texas. The legal description of the Reinvestment Zone is attached hereto as Exhibit C.

**3.02** The Brazoria County Appraisal District has established the following values for land, personal property and improvements of Owner in the subject property or of certain tracts of land from which the subject tract of land is derived as of January 1, 2020:

<u>Land</u>	<u>Appraised Value</u>
2113-0046-000	\$353,060
<u>Personal Property</u>	
8900-0633-000*	\$1,156,570
8900-0633-010*	\$54,292,980
<u>Improvements</u>	
8800-4900-000**	\$88,986,520
ABAT-SHIN-010**	\$12,500,000
POLL-SHIN-000**	\$8,145,620
*\$20,177,758-Personal Property	
**\$55,164,820-Improvements	

#### **IV. VALUE AND TERM OF ABATEMENT**

**4.01** This Tax Abatement shall be effective January 1, 2022 and shall continue for a period of seven (7) years, or one-half ( $\frac{1}{2}$ ) the productive life of the improvements, whichever is less. One hundred percent (100%) of the value of New Eligible Properties shall be abated subject to Section 4.03 herein below.

**4.02** Pursuant to the above-provisions and subject to Section 4.03 herein below, the term of abatement under this Agreement shall commence January 1, 2022 and continue through December 31, 2028. The benefits of abatement shall continue throughout the last year in which abatement is applied as long as the property and property owner continue to qualify for abatement throughout the last year.

**4.03** If pursuant to the above Section 4.01, it is determined upon completion of improvements, or at any time thereafter (including after the term of abatement otherwise granted under this Agreement) that one-half ( $\frac{1}{2}$ ) the productive life of improvements is less than the term of years of abatement under this Agreement, the term of abatement shall be reduced to one-half ( $\frac{1}{2}$ ) the productive life of the improvements and Owner shall pay to the Port the full amount of taxes otherwise abated in each year in which the term of abatement exceeded one-half ( $\frac{1}{2}$ ) of the actual productive life of the improvements. The amount of taxes for part of a year, if applicable, shall be determined by proration (by multiplying the amount of abated taxes for the entire year by a fraction, the denominator of which is 365 and the numerator of which is the number of days in excess of the term of abatement represented by one-half ( $\frac{1}{2}$ ) of the actual productive life of the improvements). Any recapture hereunder shall be payable within sixty (60) days of written notice. Owner shall certify by statement to the Port and the Brazoria County Appraisal District the estimated productive life of improvements upon completion of the construction; provided, however Owner's estimate of productive life shall not control the operation of this subsection.

**4.04** The payment obligation under Section 4.03 is a continuing obligation. Owner understands and agrees that this Agreement mandates that Owner's abated improvements be in active service and operation as part of a facility operating in a producing capacity for a period of fourteen (14) years from the effective commencement date of this agreement (to December 31, 2035) in order for Owner to receive seven (7) full years of abatement that are not subject to the term reduction and recapture/payment obligation provisions of Section 4.03 of this Agreement.

#### **V. TAXABILITY**

**5.01** During the period that this Tax Abatement is effective, taxes shall be payable as follows:

- (a) The value of Ineligible Property shall be fully taxable;
- (b) the Certified Appraised Value of existing Eligible Property as determined each year shall be fully taxable; and

- (c) the value of New Eligible Property shall be abated as set forth in Section IV herein.

## **VI. PLANNED IMPROVEMENTS AND EMPLOYMENT**

**6.01** As set forth in the Application attached as Exhibit A, Owner represents that it will construct a facility for compounding of PVC (polyvinylchloride). The estimated value of eligible improvements to be owned by Owner at the end of this Agreement indicated in the application is \$23,700,000.

**6.02** The Owner represents and warrants that this project will create 10 full-time jobs for employees to be employed at Owner. In addition, Owner represents and warrants that the level of employment stated in the abatement application (including the projected creation or retention of employment) will be maintained for the duration of the abatement period. It is further represented that this project will provide an estimated 20 construction jobs at the beginning of construction, with a peak load of 40 construction jobs during the course of construction and 20 such jobs upon completion.

**6.03** All improvements shall be completed in accordance with all applicable law.

**6.04** The Owner shall not make any use of the property that is inconsistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the period that the property tax exemptions are in effect.

**6.05** The Owner estimated in its application that construction of the improvements will begin in October 2021 with completion estimated in October 2022.

## **VII. EVENT OF DEFAULT**

**7.01** During the abatement period covered by this Agreement, the Port may declare a default hereunder by the Owner if:

- (a) the Owner fails to commence construction of the new facility described in Section VI above, and the Application attached hereto as Exhibit A within two (2) years from the date this Agreement is executed;
- (b) the Owner fails to construct the new facility described in Section VI above;
- (c) the Owner refuses or neglects to comply with any of the terms of this Agreement;
- (d) any representation made by the Owner in this Agreement is false or misleading in any material respect; or
- (e) the constructed facility fails to meet the economic qualifications of Section 2(h) of the Port Guidelines And Criteria. The economic qualifications of Section 2(h) therein expressly include the requirement that the level of employment stated in the Application for the property that is the subject of the Tax Abatement Agreement be maintained for the duration of the abatement period.

**7.02** Should the Port determine the Owner to be in default of this Agreement, the Port shall notify the Owner in writing prior to the end of the abatement period, and if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then this Agreement may be terminated; provided, however, that in the case of a default for causes beyond Owner's reasonable control cannot with due diligence be cured within such sixty-day period, the Cure Period shall be deemed extended if Owner (i) shall immediately, upon the receipt of such notice, advise the Port of Owner's intention to institute all steps necessary to cure such default and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

**7.03** In the event the Owner allows its ad valorem taxes owed the Port to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or if the Owner defaults and/or violates any of the terms and conditions of this Agreement and fails to cure during the Cure Period, this Agreement may then be terminated and all taxes previously abated by virtue of this Agreement will be recaptured and paid within sixty (60) days of termination.

**7.04** In the event the facility contemplated herein is completed and begins producing product or service, but the Owner fails to maintain the level of employment (including the projected creation or retention of employment) set forth in Section 6.02, the Port may elect to: (a) Declare a default and terminate this Agreement without recapturing prior years' abated taxes; (b) Declare a default, terminate this Agreement and order a recapture of all or part of the previous years' abated taxes; (c) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of this Agreement under its present terms or alter the amount of the abatement for the remaining term of this Agreement; or (d) Order recapture pursuant to the provisions of Section 4.03 of this Agreement, if applicable.

## **VIII. ADMINISTRATION**

**8.01** This Agreement shall be administered on behalf of the Port by its Chief Financial Officer. The Owner shall allow authorized employees and/or representatives of the Port who have been designated and approved by the Port to have access to this Reinvestment Zone during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made at a mutually agreeable time after the giving of forty-eight (48) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the Owner and in accordance with the Owner's safety standards.

**8.02** Upon completion of the contemplated construction, the Chief Financial Officer and/or other persons appointed by the Port shall annually evaluate the facility to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Port Commission of Port Freeport.

**8.03** The Chief Appraiser of the Brazoria County Appraisal District annually shall determine (a) the taxable value pursuant to the terms of this abatement of the real and personal property comprising this Reinvestment Zone and (b) the full taxable value without abatement of the real and personal property comprising this Reinvestment Zone. The Chief Appraiser shall record both the abated taxable value and the full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be captured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year Owner shall furnish the Chief Appraiser with such information outlined in Chapter 22, V.A.T.S. Tax Code, as may be necessary for the administration of the abatement specified herein.

**8.04** If the Port terminates this Agreement, it shall provide Owner written notice of such termination. If Owner believes that such termination was improper, Owner may file suit in the Brazoria County District Courts appealing such termination within ninety (90) days after receipt from the Port of written notice of the termination. If an appeal suit is filed, Owner shall remit to the Port, within sixty (60) days after receipt of the notice of termination, any additional and/or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of Section 42.08 V.A.T.S. Tax Code. If the final determination of the appeal increases Owner's tax liability above the amount of tax paid, Owner shall remit the additional tax to the Port pursuant to Section 42.42 V.A.T.S. Tax Code. If the final determination of the appeal decreases the Owner's tax liability, the Port shall refund to the Owner the difference between the amount of tax paid and the amount of tax for which the Owner is liable pursuant to Section 42.43, V.A.T.S. Tax Code.

## **IX. INFORMATION PROVIDED BY OWNER**

**9.01** Pursuant to Section 5(a)(7) of the Port Guidelines And Criteria, Owner shall annually furnish information necessary for Port's evaluation of Owner's compliance with the terms and conditions of this Agreement and the Port Guidelines And Criteria (in the form of an annual report/statement of compliance to be mailed to the Chief Financial Officer of the Port on or before January 31<sup>st</sup> of each year of the tax abatement contract term).

**9.02** Additionally, Owner shall furnish the following information or written statements to the Port upon request during the term of this Agreement:

- (a) Statement by Owner certifying the commencement and/or completion date of the contemplated improvements described in Section VI herein and in the abatement application;
- (b) Statement by Owner of the number of permanent employees, contract employees and construction employees actually employed at the facility location;
- (c) Statement by Owner describing the status of construction of the contemplated improvements, percentage of construction completed, construction schedule, and an

estimate of taxable value of constructed improvements on the date of the statement; or

- (d) In lieu of the above statements, Owner may furnish documents and records verifying the above requested information.
- (e) Any information, documents or records of any kind reasonably necessary for the Port's evaluation of Owner's compliance with the terms and conditions of this agreement and the Port Guidelines And Criteria, provided that Owner shall not be required to furnish any information, documents or records which a reasonably prudent Owner or company under the same or similar circumstances would consider to be harmful to its business operations.

**9.03** Owner's statements described above shall be verified by the project manager or other appropriate official. Failure to provide any requested statement or information without just cause within sixty (60) days of the request or presentation of any false or misleading statement may at the Port's option, be construed as a default by Owner under this Agreement and cause for immediate termination of this Agreement and recapture of all previously abated taxes, if after written notice of default, Owner has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of Section VII are not applicable to a default and termination under this paragraph.

**9.04** Owner has a continuing obligation for a period of fourteen (14) years from the effective commencement date of this Agreement (to December 31, 2035) to report to the Port any plant closure or permanent cessation of production at the abated facility and to furnish to the Port upon request a written confirmation as to whether or not the abated improvements are in service as part of a producing facility or, if applicable, a statement of the beginning and ending dates of production from and/or the beginning and ending dates of operation of the abated facility improvements; or to provide other similar information necessary to determine the actual or estimated productive life of the abated improvements.

**9.05** Pursuant to Section 5(a)(8) and Section 7(e) of the Port Guidelines And Criteria, Owner shall, upon expiration of this Agreement, begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period and in the form of a "Productive Life Report" to be mailed to the Chief Financial Officer of the Port on or before January 31<sup>st</sup> of each year for seven (7) years following the expiration of the tax abatement contract.

## **X. INDEMNIFICATION**

**10.01** Owner agrees to indemnify and hold harmless the Port, its Port Commission, officers and employees from and against all obligations, claims, demands and causes of action of every kind and character (including the amounts of judgments, penalties, interest, court costs and legal fees incurred in defense of same) arising in favor of other governmental entities and agencies or third parties (including employees of Owner) as a result of or arising out of, the covenants to be performed by Owner under this

Agreement, or any rights and provisions granted in this Agreement.

## **XI. ASSIGNMENT**

**11.01** Owner may assign this Agreement to a new owner or lessee of the same facility upon the approval by resolution of the Port Commission of Port Freeport subject to the financial capacity of the assignee and provided that all conditions and obligations in this Agreement are guaranteed by the execution of a new contractual agreement with the Port. No assignment or transfer shall be approved if the parties to the existing agreement or the new owner or new lessees are liable to the Port or any affected jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

## **XII. ANNUAL PAYMENT TO ECONOMIC DEVELOPMENT FUND**

**12.01** Intentionally left blank.

## **XIII. MODIFICATION OR TERMINATION**

**13.01** At any time before the expiration of this Agreement the parties may, upon mutual consent, modify or terminate the original agreement. Such modification or termination shall be done in accordance with Property Redevelopment and Tax Abatement Act, V.A.T.S., Chapter 312, Section 312.208 of Subchapter B.

## **XIV. AUTHORITY OF AGENT**

**14.01** By acceptance of this Agreement and/or any benefits conferred hereunder, Owner represents that its undersigned agents have complete and unrestricted authority to enter into this Agreement and to obligate and bind Owner to all of the terms, covenants and conditions contained in this Agreement.



## **XV. NOTICE**

**15.01** Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the Port or Owner at the following addresses. If mailed, any notice or communications shall be deemed to be received three days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Owner:

**Shintech, Incorporated and K-BIN, INC.**  
Attn: Paul Spinks  
5616 East Highway 332  
Freeport, Texas 77541

To the Port:

**PORT FREEPORT**  
Attn: Chief Financial Officer  
1100 Cherry Street  
Freeport, Texas 77541

Either party may designate a different address by giving the other party ten days written notice.

## **XVI. DATE**

**16.01** The Port executes this Agreement by and through the Chairman of the Port Commission acting pursuant to a resolution approved by the Port Commission of Port Freeport, so authorizing, and the effective execution date of this Agreement is the date of the countersignature of the Chairman of the Port Commission.

This Agreement has been executed by the parties in multiple originals, each having full force and effect.

**PORT FREEPORT**

**SHINTECH INCORPORATED**

By: \_\_\_\_\_  
JOHN HOSS  
CHAIRMAN  
PORT FREEPORT

By: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

Date signed: \_\_\_\_\_

Date signed: \_\_\_\_\_

**ATTEST:**

**K-BIN, INC.**

\_\_\_\_\_  
DAN CROFT, SECRETARY

By: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

Date signed: \_\_\_\_\_

Date signed: \_\_\_\_\_

# EXHIBIT

# A



AN EXTENSION OF YOUR TAX DEPARTMENT

July 23, 2021

Mr. Rob Lowe  
CFO, Port Freeport  
1100 Cherry Street  
Freeport, TX 77541

Dear Mr. Lowe:

On behalf of Shintech Incorporated and its' subsidiary K-Bin, Incorporated, please accept the enclosed Property Tax Abatement Application for a proposed expansion of their PVC compounding process. The current Brazoria County location at 5618 Highway 332 East is of primary consideration for this expansion, although Shintech owns property adjacent to its Addis and Plaquemines, LA facilities that could also support a capacity expansion for K-Bin. Tax incentives that may be available will affect the financial analysis and will support the viability of the project. All applicable details are addressed in the attached application.

K-Bin Inc. is a subsidiary of Shintech Inc. and operates two facilities in southern Brazoria County near Freeport. K-Bin is a PVC compounding company. K-Bin receives PVC from Shintech and produces PVC based compounds with properties and characteristics that make the compound suitable for specific end uses. Some of these end uses are PVC pipe, window frame profiles, fence components and other consumer and construction related products. The current K-Bin operations in Brazoria County can produce approximately 400 million pounds per year of PVC compounds. Demand for K-Bin's products has steadily increased such that K-Bin is considering expansion of its operations to continue to satisfy customer needs.

K-Bin is considering an additional expansion of its "B Plant" facility. This expansion will include a warehouse addition and a new production line that will increase production capacity by about 80 million pounds. The equipment and processes to be built will be of the same type and will supplement those that are currently operating. When complete, the expansion will require approximately 10 permanent operations personnel. These will be newly created positions and will be additions to K-Bin's current workforce. This expansion will not affect current operations or workforce.

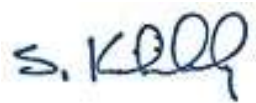
Although final design work is not complete, K-Bin estimates that the investment for this project will be approximately \$30 million. Construction could begin in the third quarter of 2021 and will take about 12 months. Actual construction and installation labor will average about 15 people and may range from 8-10 to about 25 throughout the project.

Mr. Rob Lowe, CFO  
Port Freeport  
Page 2  
July 23, 2021

Erection and installation is expected to be completed with locally hired contract labor. Neither construction nor ongoing operations will have a noticeable impact on surrounding property or roadways. The sites current utilities are sufficient for construction and ongoing operations. Environmental controls account for about \$500,000 of the equipment investment.

We look forward to your consideration and scheduling of all necessary discussions and hearings.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. K. Q. Q.", is positioned below the "Sincerely," text.

Kirk Glasby  
Director, Property Tax  
DuCharme McMillen and Associates, Inc.

Enclosures

cc: Mr. Rick A. Przeworski  
Director of Manufacturing  
K-Bin Inc



## **REQUIRED ATTACHMENTS**

- EXHIBIT “A” – Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan**
- EXHIBIT “B” – Certification of Appraised Value of Properties as of January 1, 20\_\_**
- EXHIBIT “C” – Proposed Facility Address and Legal Description**
- EXHIBIT “D” – Map Showing Site**
- EXHIBIT “E” – Project Description including Time Schedule for Undertaking and Completing Project**
- EXHIBIT “F” – Planned Water and Sewer Treatment Methods and Disposal of Effluent**
- EXHIBIT “G” – Letter/Statement regarding Variance Requests**
- EXHIBIT “H” – Statement on Planned Use of Brazoria County Vendors**
- EXHIBIT “I” – Detailed Itemized List of Tangible Personal Property requesting to be abated**
- EXHIBIT “J” – Application for Abatement with Other Taxing Jurisdictions**

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'A'**

**Company/Applicant Information**

**APPLICATION FOR TAX ABATEMENT IN  
PORT FREEPORT IN  
BRAZORIA COUNTY, TEXAS**

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**FILING INSTRUCTION:**

This application should be filed at least NINETY (90) DAYS prior to the beginning of construction or the installation of equipment. This filing acknowledges familiarity and assumed conformance with “GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE IN BRAZORIA COUNTY” (Copy attached). This application will become part of any later agreement or contract and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

**ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE  
SUBMITTED TO:**

**CHIEF FINANCIAL OFFICER  
PORT FREEPORT  
1100 CHERRY STREET  
FREEPORT, TX 77541**

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**PART I - APPLICANT INFORMATION**

Company Name: Uj lpyej lMDk. lpe "Uubmittal Date: lwnl '45.'4243  
Address/City: 783: 'J y { '554.'H ggr qtv.'VZ  
Phone: ; 9; /455/9: 83  
Name/Address/Phone of Company Contact on this Project: \_\_\_\_\_  
Tlej ctf 'C0Rt| gy qtunk'F k ge wt'qh'O cpwlc ewlpi . "MDk lpe0"; 9; /927/64: 7"  
Type of Structure:      Corporation ( ☒ )      Partnership ( ☐ )      Proprietorship ( ☐ )  
Total number employed: 354 "Eorporate Annual Sales per year: 8572o o l{t  
Annual Report submitted:      Yes ( ☒ )      No ( ☐ ) (see instructions)

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**PART II - PROJECT INFORMATION**

Check Type of Facility to be abated:

Manufacturing	( <input checked="" type="checkbox"/> )	Regional Distribution	( <input type="checkbox"/> )
Regional Service	( <input type="checkbox"/> )	Regional Entertainment Center	( <input type="checkbox"/> )
Research	( <input type="checkbox"/> )	Other Basic Industry	( <input type="checkbox"/> )

Proposed Facility Address and Legal Description: **Attach as Exhibit “C”.**

Attach a map showing site. **Attach as Exhibit “D”.**

**Abatement Term Requested:** 8-yr      **Percentage Requested:** 100%



School District:	Dtc  qur qt v'KUF
College District:	Dtc  qur qt v'E qmgi g
Drainage District:	Xgrueq'F tckpci g'F kntlev
Hospital District:	
City:	
Other Taxing Jurisdictions:	Rqt v'H ggr qtv
Describe product or service to be provided: RXE"eqo r qwpf kpi	

## PART III - PROJECT DESCRIPTION

If applicable, please describe any additional property located outside of the proposed reinvestment zone that would add to the overall value of the project.

A. Estimated cost of proposed improvements: \$2,222,222

B. Permanent employment estimates:	
If existing facility, the current plant employment:	354
Estimated number of plant jobs retained: ( 88 )	Jobs created: ( 32)
Number of employees anticipated at start-up: 32	within one year: 32

C. Construction employment estimates:

Construction to start:	Month:	<u>Qev'</u>	<u>ear:4243</u>
Construction to be completed:	Month:	<u>Qev'</u>	<u>ear: 4244</u>

Number construction jobs anticipated:

At start:	42	Peak:	62	Finish:	42
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D. School District impact estimates:	
Number of families transferred to area:	2
Number of children added to ISDs:	2

E.	City Impact estimates	
	Volume of treated water required from City:	<u>2</u>
	Volume of effluent to be treated by City:	<u>2</u>

**Please provide statement by Addendum relative to planned water and sewer treatment methods and disposal of effluent if the facility is to be located outside city systems. If effluent is not treated by municipal facilities, by Addendum, include an explanation of the manner of treatment and by whom. Attach as Exhibit "F".**

Has permitting been started:                      Yes ( ☒ )                      No ( ☐ )

F.      Estimated appraised value on site:

	<b>LAND</b>	<b>PERSONAL PROPERTY</b>	<b>IMPROVEMENTS</b>
Valuation of existing property as of January 1, preceding this abatement application:	<u>\$75,282</u>	<u>\$7,667.772</u>	<u>\$2,764.362</u>
Estimated value of Personal Property and Improvements, <b>not subject to abatement, excluding exempt Pollution Control Equipment</b> , upon completion of the project subject to this application:		<u>2</u>	<u>2</u>
Estimated value of abated improvements at the completion of construction:			<u>\$4,222.222</u>
Estimated value of Tangible Personal Property, <b>subject to abatement</b> :		<u>2</u>	
Estimated value of abated improvements after abatement agreement expires:			<u>\$45,922.222</u>
Estimated value of abated Tangible Personal Property, after abatement agreement expires:		<u>2</u>	
Estimated value, upon completion of the project, of exempt pollution control equipment:			<u>2</u>

G.      Minimum Production Life of Equipment: 42/36 months

H.      Variance: Is a variance being sought under any provision of the "Guidelines"? Yes ( ☒ ) No ( ☐ )  
If "Yes", attach any supplementary information required. **Attach as Exhibit "G".**

I.      Statement on planned efforts to use Brazoria County Vendors and Services: Please attach a statement describing willingness and planned efforts to use qualified Brazoria County Vendors and services where applicable in the construction and operation of the facility. (See Section 2 (h) (6) of the Guidelines and Criteria for Granting Tax Abatement). **Attach as Exhibit "H".**

J.      Tangible Personal Property Abatement Request: Attach a detailed list describing all tangible personal property sought to be abated. Said list must include projected life, cost, and value after abatement agreement expires. **Attach as Exhibit "I".**

## PART V - OTHER AGREEMENT APPLICATIONS

Has the company made application for abatement of this project to other taxing jurisdictions or counties: Yes (x) No ( )

If "Yes", provide (1) dates of application; (2) hearing dates; (3) name of jurisdiction(s) and contact(s); and (4) any letters of intent to abate. **Attach as Exhibit "J".**

---

## PARTS VI - DECLARATION

To the Best of my knowledge, the above information is an accurate description of project details.

  
Company Official Signature

Richard Pzenorski, Director of Manhattan  
Printed Name & Title of Company Official

## K-Bin



### Welcome to K-Bin

For over 30 years, K-Bin has been a premier producer of high quality, high performance rigid compounds and pellets for the most demanding of blow molding, injection molding, extrusion applications and rigid processing applications. K-Bin employees strive for continued production excellence and continue working on sustainability and corporate social responsibility.

**Why the name K-Bin?**

K-Bin's name is derived from founder Dr. Kanagawa. The K stands for Kanagawa and Bin means Box.

His dream, vision and goals came to fruition, as K-Bin now has two independent operating facilities and is a major part of Freeport operations.

**We follow our parent company's lead on CSR**

[www.shinetsu.co](http://www.shinetsu.co)

([http://www.shinetsu.co.jp/en/csr/csr\\_bn.html](http://www.shinetsu.co.jp/en/csr/csr_bn.html))

- A unique team of knowledgeable people committed to customer service
- K-Bin uses Shintech PVC resin for high quality consistent compound
- Two independent plant sites for continuity of service
- Able to export anywhere in the world
- No customer too small or too large
- Backed by Shintech and Shin-Etsu
- Sustainability and Corporate Social Responsibility are significant characteristics of our culture
- Continual growth supports our customers' growing needs
- K-Bin is familiar with NSF, ASTM, FDA, UL, Canadian Standards, PPI, Reach and RoHs requirements to name a few of the more frequently asked for standards.

**Compound**

- High Quality
- High Performance
- Rigid Vinyl Compounds
- Pellets
- Dryblended Powders

**Products and Application**

K-Bin manufactures a broad range of sophisticated Rigid Vinyl Compounds in the form of pellets and/or dry-blended powders including :

- Clear compounds for bottles, extruded rigid films or pipe
- Pigmented compounds for use in the manufacture of building products such as pipe, siding and window lineals, fence
- Pigmented and clear compounds for use in the manufacture of custom extruded profiles
- Superior foam compounds
- Injection molded compounds

K-Bin can ship in railcar, super-sacks or boxes.

Each compound can be adjusted for the customers tooling and equipment as well as market needs such as physical properties, color and gloss/ texture of the surface.

### **Compound Development**

K-Bin maintains a state-of-the-art compound development and testing facility which includes:

1. Physical property testing
2. On-going outdoor weathering program
3. Accelerated weathering testing
4. Color analysis and development
5. Analytical testing
6. Production-size extruders, single and twin screw, utilizing commercial dies contributing to compound development and customer support

*Specific compounds conform to many code and regulatory requirements, such as UL, NSF, AAMA, VSI, ASTM, NFRCA, ICC, etc.*

### **Sales and Service**

**K-Bin's Regional Sales Managers** are well-trained professionals with direct access to and input in decision making.

**Customer Order Service Network** that is highly responsive and provides constant access to production and shipping schedules.

**Experienced Technical Team** provides support in the form of Field Engineering Service and/or Compound Development, as required.

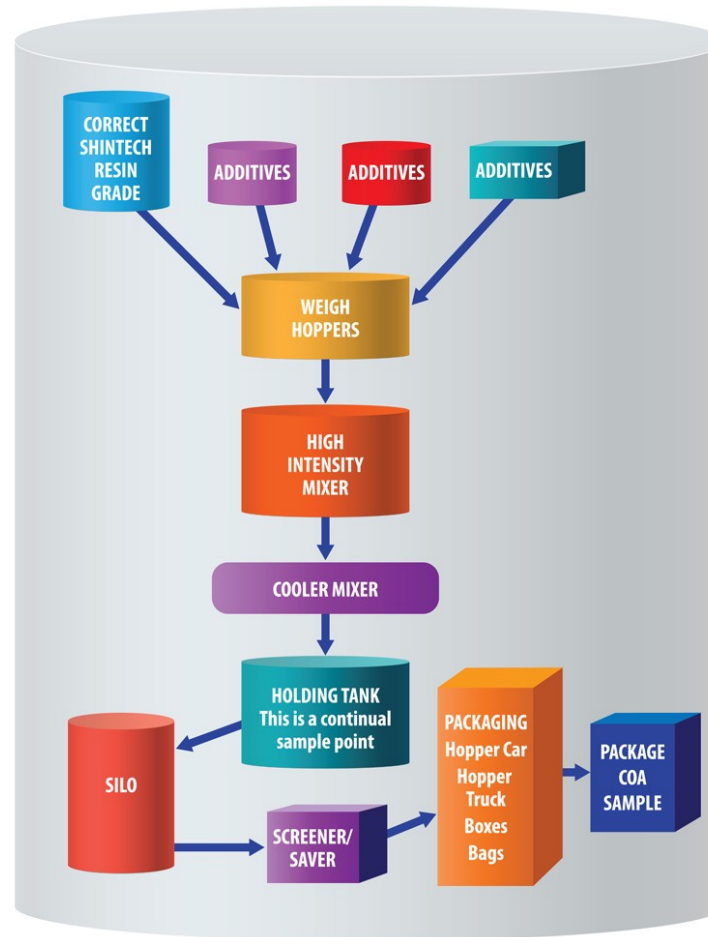
### **Manufacturing**

- K-Bin's manufacturing processes are highly automated providing the utmost in control and consistency from batch to batch



- Permanent record of every batch
- Programmed mixing cycles optimize efficiency and quality
- Automated sequence hold and batch diversion minimizes production of out-of-specification material and assures isolation
- Separate holding bins for each raw material minimizes the need for clean down and possibility of contamination

## PVC Compound Schematic



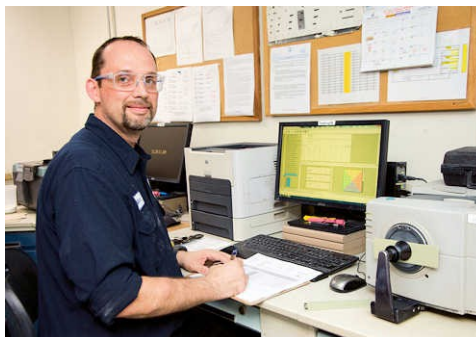
### Quality Control

Effective lot traceability is provided through a number of procedures

- Raw material lots used on any individual batch can be identified



- Actual weights used in each batch are recorded
- Mixing conditions for each batch are recorded
- All "alarms" that occur in the mixing system are recorded



**Quality Control Procedures** include constant on-line inspection of product by plant operators and inspection of finished product for conformance to tight specifications.

**The K-Bin Compounding Team** is ready to help you with your compounding needs.

We want to help you grow and meet your market needs with the latest compounds and technology.

Call - (979) 705-4368, (979) 705-4308 or send e-mail via the Contact Us page.



K-Bin conducts its operations in an environmentally responsible manner that is protective of the community.

**K-Bin is committed to:**

- Compliance with applicable legal regulations and with other requirements we subscribe to which relate to our environmental aspects.
- Prevention of pollution
- Minimization of waste
- Continual improvement of our environmental management systems.
- Setting and periodically reviewing environmental objectives and targets promotes excellence in environmental leadership.



K-Bin conducts regular safety and environmental inspections and audits to test site programs.  
Employees can also report any safety or environmental opportunity to their department supervision.



Houston Office:  
Shintech, Inc.  
3 Greenway Plaza,  
Houston, Texas 77046

Freeport Facility:  
Shintech, Inc.  
5618 E Hwy. 332  
Freeport, Texas 77541

K-Bin Facility:  
K-Bin  
5616 E Hwy. 332  
Freeport, Texas 77541

Addis Facility:  
Shintech Louisiana,  
L.L.C.  
58300 LA Hwy. 1148

Plaquemine  
Facility:  
Shintech Louisiana,  
L.L.C.

Mail: Same	Mail: Same	Mail: Same	Addis, LA 70710	28245 Hwy 1,
Phone: 713-965-0713	Phone: 979-233-7861	Phone: 979-705-4368	Mail: PO Box 358,	Plaquemine, LA 70764
		Phone: 979-705-4308	Addis, LA 70710	Mail: PO Box 358,
			Phone: 225-685-1199	Addis, LA 70710
				Phone: 225-687-2105

Home	About Shintech	K-Bin	Stewardship	Sustainability	Contact Us	News	Links	Careers
(index.html)	(about.html)	(kbin.html)	(stewardship.html)	(sustain.html)	(contact.html)	(news.html)	(links.html)	(careers.html)
Employees								
(employees.html)								

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Powered by **INET RealTime** (<http://www.inetimage.com>)

Sitemap (<cgi-bin/rtdin/sitemap.cgi>)

# About Us > Plaquemine



Shin-Etsu chose to grow and expand in the United States because of the stable government, stable dollar and ample natural gas. Louisiana was chosen because of ease of access to export finished resin and caustic, as well as an abundance of land, salt and water in the area. Louisiana has a reliable workforce available.



In December 2004, Shintech announced plans for an integrated polyvinyl chloride facility in the United States, in order to supply the upstream raw materials needed to support a major PVC production expansion. The manufacturing complex integrated and coordinated production of PVC, from raw materials to chlor-alkali and VCM.

Shintech acquired 7,000 acres of land in Plaquemine, LA, on which to construct the manufacturing site, because of its proximity to Addis PVC production, access to a well-developed railway network, as well as nautical shipping access to the Mississippi River. The geographical location allowed needed raw

materials, such as ethylene and salt, to be transported by pipeline from nearby production facilities. The Shintech Plaquemine Plant 1 (SPP1) started operations in 2008.



The second Plaquemine integrated polyvinyl chloride facility construction began in fall of 2008 and was completed mid-year 2011. SPP2 was planned in similar fashion and layout as SPP1, which would effectively double the production capacity of the manufacturing complex. Both SPP1 and SPP2 have since completed two additional expansions to their current production capacity.



1100 CHERRY ST. • FREEPORT, TX 77541  
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023  
[WWW.PORTFREEPORT.COM](http://WWW.PORTFREEPORT.COM)

A complete copy of the SHIN-ETSU Annual Report is on file with Port Freeport. If you would like a copy, please contact Port Freeport CFO, Rob Lowe via email at [lowe@portfreeport.com](mailto:lowe@portfreeport.com) or by calling 979-233-2667 ext.4366.

PORT COMMISSION

**JOHN HOSS**, CHAIRMAN; **RUDY SANTOS**, VICE CHAIRMAN; **DAN CROFT**, SECRETARY; **ROB GIESECKE**, ASST. SECRETARY;  
**RAVI K. SINGHANIA**, COMMISSIONER; **SHANE PIRTLE**, COMMISSIONER; **PHYLLIS SAATHOFF**, EXECUTIVE DIRECTOR/CEO

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'B'**

**Certification of Base-Year Values**

**BRAZORIA COUNTY APPRAISAL DISTRICT  
CERTIFICATION OF APPRAISED VALUE OF PROPERTIES  
AS OF JANUARY 1, 2020**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: July 14, 2021

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2020, for property of "SHINTECH INC" described in Exhibit "A" attached hereto are listed in the records of the Brazoria County Appraisal District and indicated by the following account numbers:

<u>PERSONAL PROPERTY ACCOUNT(S)</u>	<u>MARKET VALUE</u>	<u>APPRAISED VALUE</u>
8900-0633-000*	\$1,156,570	\$1,156,570
8900-0633-010*	\$54,292,980	\$54,292,980

LAND ACCOUNT(S)

2113-0046-000	\$353,060	\$353,060
---------------	-----------	-----------

IMPROVEMENT ACCOUNT(S)

8800-4900-000**	\$88,986,520	\$88,986,520
ABAT-SHIN-010**	\$12,500,000	\$12,500,000
POLL-SHIN-000**	\$8,145,620	\$8,145,620

\*\$20,177,758 – Personal Property

\*\*\$55,164,820 - Improvements

Certified this 14<sup>th</sup> day of July 2021.

BRAZORIA COUNTY APPRAISAL DISTRICT

  
\_\_\_\_\_  
Al Baird, Chief Appraiser

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'C'**

**Proposed facility Legal Description**



EXHIBIT "A"

Attached to and made a part of that One Certain General Warranty Deed between The Dow Chemical Company and Shintech Incorporated, dated the 4<sup>th</sup> day of February, 1988.

ALL that certain 78.7152 acres of land in the A. Calvit League, Abstract No. 49, Brazoria County, Texas, being part of Lots 67, 68, 69, 70, 71, 111, 117, 118, 135, 136, 141, 170, 171, 172, 173, 174, and 175, and all of Lots 112, 113, 114, 115, 116, 137, 138, 139, and 140, and those certain 30-foot wide platted roadways within the limits of the following metes and bounds, all being in the Brazos Coast Investment Company Subdivision No. 13, a plat recorded in Volume 2, Page 141 of the Plat Records of Brazoria County, Texas, all coordinates and bearing being referenced to the Texas Coordinate System, South Central Zone, all distances are horizontal surface level lengths ( $f=0.99988075$ ):

BEGINNING at a concrete monument with brass disk found at the most northerly corner of that certain Tract No. 2, described as 8.92997 acres in deed to Shintech, Incorporated recorded in Volume 85225, Page 957 of the Official Records of Brazoria County, Texas, said monument being at position  $X=3,163,441.93$  and  $Y=442,284.83$ ;

THENCE South  $02^{\circ}46'48''$  East, 1,416.43 feet coincident with the west line of said Shintech 8.92997 acres tract to a one-inch iron pipe set at the northeast corner of that certain Tract No. 3, described as 0.22727 acres in deed to Shintech, Incorporated recorded in Volume 85225, Page 957 of the Official Records of Brazoria County, Texas, from which a concrete monument with brass disk bears South  $02^{\circ}46'48''$  East, 30.00 feet;

THENCE South  $87^{\circ}13'43''$  West, 360.00 feet coincident with the north line of said Shintech 0.22727 acres tract to a one-inch iron pipe set for corner in the west line of that certain 30-foot platted road which lies between Lot 67 and 115 of said Brazos Coast Investment Company Subdivision No. 13;

THENCE South  $02^{\circ}46'48''$  East, 653.03 feet coincident with the east line of said Lots 116 and 117 to the northeast corner of that certain tract of land described as 1.232 acres in deed to Anderson Realty Company recorded in Volume 1547, Page 152 of the Deed Records of Brazoria County, Texas, from which a concrete monument with a brass disk bears North  $68^{\circ}24'56''$  West, 0.20 feet;

THENCE South  $87^{\circ}12'58''$  West, 258.30 feet coincident with the north line of said Anderson Realty Company 1.232 acres tract to a 3/4-inch iron pipe found at the northwest corner of said 1.232 acres tract, being also the northeast corner of that certain tract of land described as 0.667 acres in deed to A & G Offshore Services, Inc., recorded in Volume 1642, Page 868 of the Deed Records of Brazoria County, Texas;

THENCE South  $87^{\circ}14'56''$  West, 156.04 feet coincident with the north line of said A & G Offshore Services, Inc. 0.667 acres tract to a disk set in concrete found at the northwest corner of said 0.667 acres tract;

THENCE South  $02^{\circ}35'04''$  East, 37.11 feet coincident with the west line of said 0.667 acres tract to a disk set in concrete found at the common line of said Lots 117 and 118;

EXHIBIT "A"

PAGE 2

THENCE South 06° 52' 29" East, 112.10 feet coincident with the west line of said 0.667 acres tract to a one-inch iron pipe set in the northeast right-of-way line of State Highway 332, a 150-foot wide right-of-way;

THENCE North 62° 50' 49" West, 1,259.72 feet coincident with the northeast right-of-way line of State Highway 332 to a one-inch iron pipe set for corner, from which a concrete monument with a brass disk found at the south corner of that certain tract described as 9.09962 acres in deed to Hoffmann - LaRoche, Inc. recorded in Volume 1247, Page 873 of the Deed Records of Brazoria County, Texas bears North 62° 50' 49" West, 230.78 feet;

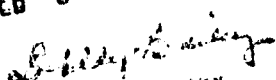
THENCE North 02° 46' 48" West, 1,589.68 feet parallel with and 200.00 feet easterly of the east line of said Hoffmann - LaRoche, Inc. 9.09962 acres tract to a one-inch pipe set for corner, from which a concrete monument found at the northeast corner of said 9.09962 acres tract bears North 47° 16' 09" West, 285.40 feet;

THENCE North 87° 13' 12" East, 1,858.15 feet parallel with and 203.60 feet southerly of the south line of that certain tract described as 228.75 acres in deed to Hoffmann - LaRoche, Inc. recorded in Volume 1247, Page 873 of the Deed Record of Brazoria County, Texas to the PLACE OF BEGINNING, containing 78.7152 acres of land, more or less.

doc#8.10

FILED FOR RECORD

FEB 9 8 03 AM '88

  
 COUNTY CLERK  
 BRAZORIA COUNTY, TEXAS
THE STATE OF TEXAS  
COUNTY OF BRAZORIA

I, DOLLY BAILEY, Clerk of the County Court in and for Brazoria County, Texas, do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the Volume and page of the OFFICIAL RECORD at the time and place stamped hereon by me.

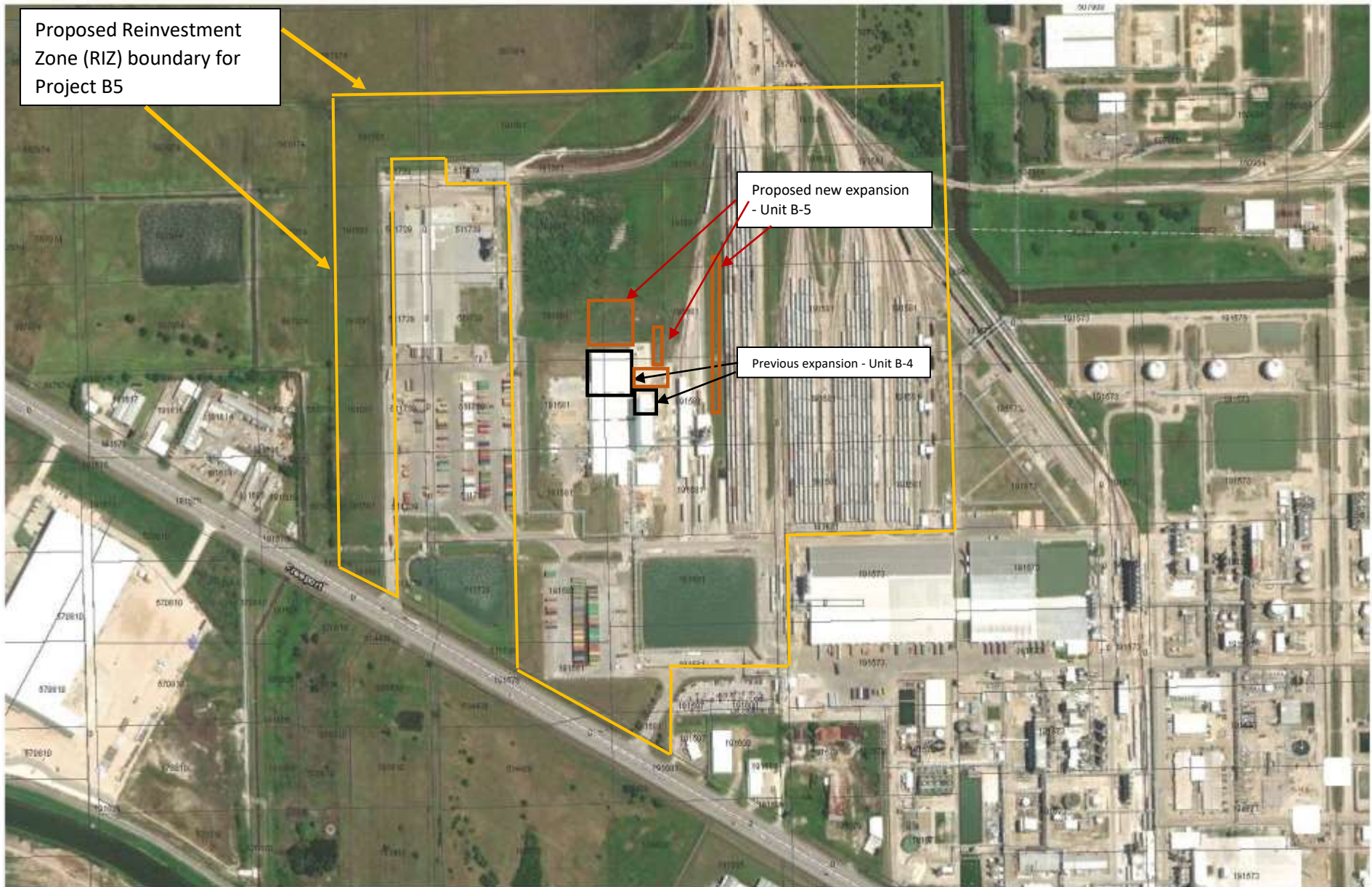

  
 County Clerk of Brazoria Co., TX

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'D'**

**Site Aerial**

Brazoria CAD Map  
Acct # 191581 - Shintech Land  
Proposed Reinvestment Zone



**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'E'**

**Project Description**

## K-Bin “B5” Project Description

The expansion of the K-Bin facility located on the premises of Shintech’s Freeport site will allow a production increase of about 20% or 80 million lbs./year. The project consists of two main parts. Part one is a warehouse expansion that will add about 22,500 square feet of material storage. This will be adjacent to the existing K-Bin B warehouse. The second part is a PVC compounding line. The compounding line will be housed in a new structure that is adjacent to the existing production building. It will be roughly the same dimensions as each of the three existing compounding lines at the facility, (about 2000 square feet by 90 feet in height).

The compounding process is a mixing process of the same type that is currently done at the existing K-Bin facilities that were first started up in 1985. There is no chemical reaction. Pure PVC from Shintech is mixed with other additives that make the compound product suitable for specific customer applications such as pipe, window frame components, and other consumer goods. The process consists of a number of conveying systems that move raw materials to the top of the compounding line. The materials are weighed according to a predetermined recipe and added to an intensive mixer where the components are blended together in a batch. Material is conveyed to the top of the line and allowed to flow by gravity to the weighing, mixing, and cooling steps. Friction in the mixer causes the material to heat up (as high as 250°F in some cases). The batch is discharged into a cooling mixer where the batch is cooled to about 120°F before it is transferred to a silo from which it will be loaded into hopper cars for shipment.

The major components of the compounding line are the mixer and cooler combination. Other parts of the process are for raw material handling such as conveying, intermediate storage, and weighing. They are arranged vertically so that material from each stage can fall through connections to the next step.

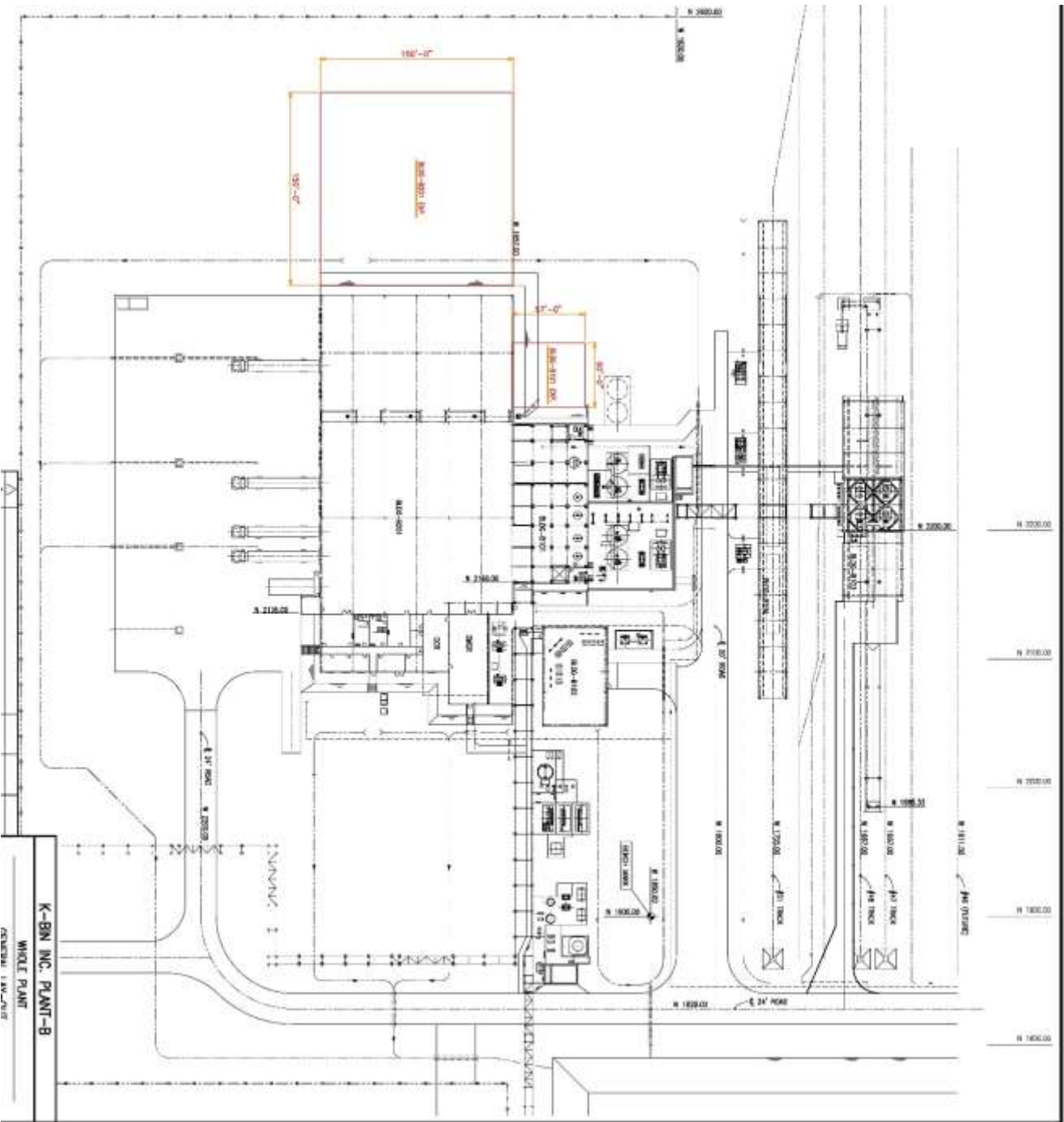
### Investment Estimates:

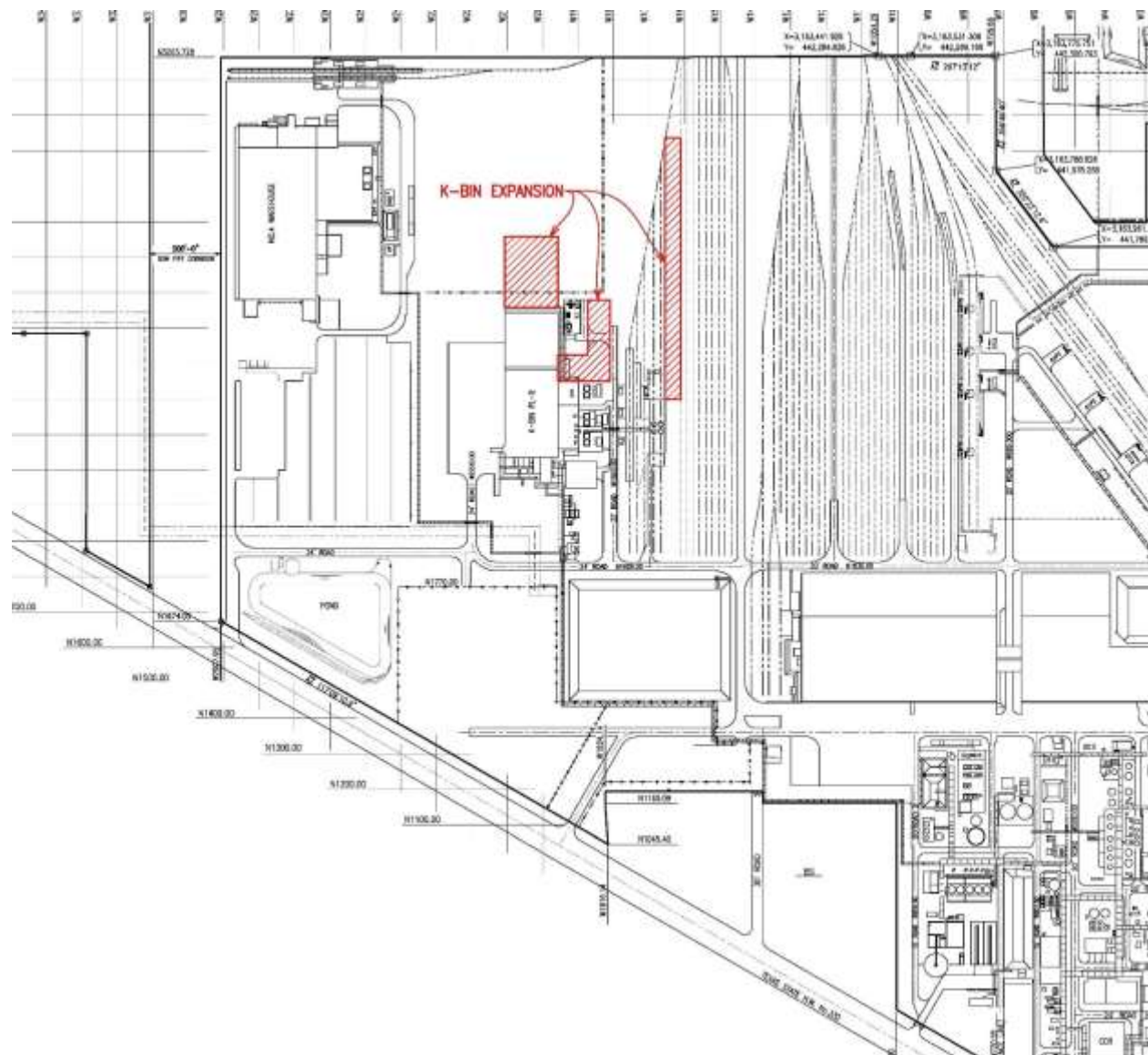
Process equipment	\$8.0 million
Installation	\$5.0 million
Building	\$8.0 million
Erection and piping	\$3.0 million
Power distribution/Utilities	\$3.0 million
New rail siding	\$2.0 million

K-Bin and Shintech have longstanding relationships with many local suppliers and contractors. These vendors and contractors are familiar with Shintech/KBin processes and work rules. Shintech/KB uses a rigorous process to qualify contractors who will be performing work on the site. It is most efficient for KBin to use well established contractors and suppliers for as much of this project as possible.

Water and electrical power will be supplied directly to KBin from Shintech. Shintech’s capacity to provide additional utilities is more than adequate.









**K-Bin “B5” Project**  
**Water and Sewer Treatment Methods Statement**  
**Exhibit – “7”**

Water, sewer and electrical power will be supplied directly to K-Bin from Shintech utilizing current and existing supply and treatment methods. Shintech will supply K-Bin with water from its’ existing well and no waste water is produced by K-Bin. K-Bin will continue to treat sanitary waste and storm water according to existing permits, which will be unaffected by the expansion.

Shintech’s capacity to provide additional utilities is more than adequate.

# **K-Bin Abatement Application Port Freeport**

## **Exhibit 'G'**

### **Variance Request**

Variance Request

K-Bin would request either an Abatement Agreement start date of 1/1/2023 or an 8-year abatement period as year-1 will present \$0 appraised value.

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'H'**

**Brazoria County Vendor and Services Statement**

**K-Bin “B5” Project Expansion  
Brazoria County Vendors and Services Statement  
Exhibit ‘H’**

K-Bin and Shintech have longstanding relationships with many local suppliers and contractors. These vendors and contractors are familiar with Shintech/K-Bin processes and work rules. Shintech/K-Bin uses a rigorous process to qualify contractors who will be performing work on the site. It is most efficient for K-Bin to use well established contractors and suppliers for as much of this project as possible. K-Bin provides the following summary of prior project spending results as example.

## **Brazoria County Vendors and Services**

### **Project "B4" Local Spending Recap**

#### **2018**

SABRE SYSTEMS	ROSHARON	\$38,000
TEX-CON SERVICES	ANGLETON	\$91,450
KELLY'S CONTRACTING	CLUTE	\$345,500
SUMMIT ELECTRIC	CLUTE	\$437,455
TEAM LEIJA CONSTRUCTION, LLC	FREEPORT	\$1,155,795
BOMAC	LAKE JACKSON	\$1,163,450
WOOD GROUP USA,INC-CMO	CLUTE	\$1,241,388
WOLFENSON ELECTRIC, INC.	CLUTE	\$1,276,290
R.R.RAMSOWER,INC.	ANGLETON	\$1,320,133
TRI-CONSTRUCTION CO.	FREEPORT	\$2,119,550
HOME CRAFTS	FREEPORT	\$2,421,056

**\$11,610,067**

#### **2019**

BOMAC	LAKE JACKSON	\$92,918
BRAZORIA VALVE & FITTING	RICHWOOD	\$780
FLOWSTREAM INDUSTRIAL SERVICES,LLC	RICHWOOD	\$4,258
HOME CRAFTS	FREEPORT	\$345,305
KELLY'S CONTRACTING	CLUTE	\$334,868
MARQUIS CONSTRUCTION SERVICES, LLC	CLUTE	\$11,023
MEJIA INDUSTRIAL SUPPLY	OYSTER CREEK	\$3,116
MOTION INDUSTRIES	FREEPORT	\$8,505
NORRELL CONSTRUCTION,INC	CLUTE	\$52,326
R.R.RAMSOWER,INC.	ANGLETON	\$425,874
SABER POWER SERVICES, LLC	ROSHARON	\$5,201
SENTRY SYSTEMS INC. BRAZORIA COUNTY SEPTIC	FREEPORT	\$7,104
SPARKLING CLEAR IND.	CLUTE	\$12,395
TAP INDUSTRIAL SERVICES	CLUTE	\$17,000
TEAM LEIJA CONSTRUCTION, LLC	FREEPORT	\$1,307,964
TESLA TESTING LLC	CLUTE	\$3,504
TRI-CONSTRUCTION CO.	FREEPORT	\$4,138,516
UNITED RENTALS (NORTH AMERICA), INC.	FREEPORT	\$1,634
WOLFENSON ELECTRIC	CLUTE	\$740,000

**\$7,512,289**

#### **2020**

MEJIA INDUSTRIAL SUPPLY	\$8,977
TEAM LEIJA CONSTRUCTION, LLC	\$328,666
TRI-CONSTRUCTION CO.	\$1,694
WOLFENSON ELECTRIC, INC.	\$349,077

**\$688,414**

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'I'**

**Tangible Personal Property Abatement Request**

**Not applicable**

**K-Bin Abatement Application  
Port Freeport**

**Exhibit 'J'**

**Application for Abatement – Other Jurisdictions**

- **Brazoria County**
  - Submitted June 22, 2021
  - Hearing Date – Aug 24, 2021
  - Attn – Judge Matt Sebesta, c/o Alexandra Golden, Asst. District Attorney
- **Brazosport College - TBD**
- **Velasco Drainage District**
  - Submitted July 22, 2021
  - Attn: Laurence E. Boyd, Attorney at Law
- **Port Freeport**
  - Submitted July 23, 2021
  - Attn: Rob Lowe, CFO

Prepared By: Econ. Dev. Alliance for Brazoria County

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by Econ. Dev. Alliance for Brazoria County using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact DashBoard utilizes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in a custom user guide prepared for Econ. Dev. Alliance for Brazoria County.

This report, generated by the Impact DashBoard application, has been prepared by Econ. Dev. Alliance for Brazoria County to assist economic development stakeholders in making an evaluation of the economic and fiscal impact of business activity in the community. This report does not purport to contain all of the information that may be needed to conclude such an evaluation. This report is based on a variety of assumptions and contains forward-looking statements concerning the results of operations of the subject firm. Econ. Dev. Alliance for Brazoria County made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity. Estimates of future activity involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in this report.

Econ. Dev. Alliance for Brazoria County and Impact DataSource make no representation or warranty as to the accuracy or completeness of the information contained herein, and expressly disclaim any and all liability based on or relating to any information contained in, or errors or omissions from, this information or based on or relating to the use of this information.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

This project will add a complete production train to K-Bin's existing Freeport facility and will increase production capacity. The plant itself is a blending line that mixes additives with PVC produced at the site by Shintech, K-Bin's parent company. The project is needed to satisfy increased customer demand for PVC products.

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN BRAZORIA COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	10.0	13.2	23.2
Annual Salaries/Wages	\$420,000	\$412,398	\$832,398
Salaries/Wages over 10 Years	\$4,598,883	\$4,515,643	\$9,114,526
Taxable Sales/Purchases in Brazoria County	\$14,167,305	\$508,010	\$14,675,314

Totals may not sum due to rounding

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN BRAZORIA COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to Brazoria County	1.1	1.5	2.6
New residents in Brazoria County	2.9	3.9	6.8
New residential properties constructed in Brazoria County	0.2	0.2	0.4
New students to attend local school district	0.6	0.7	1.3

Totals may not sum due to rounding



The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

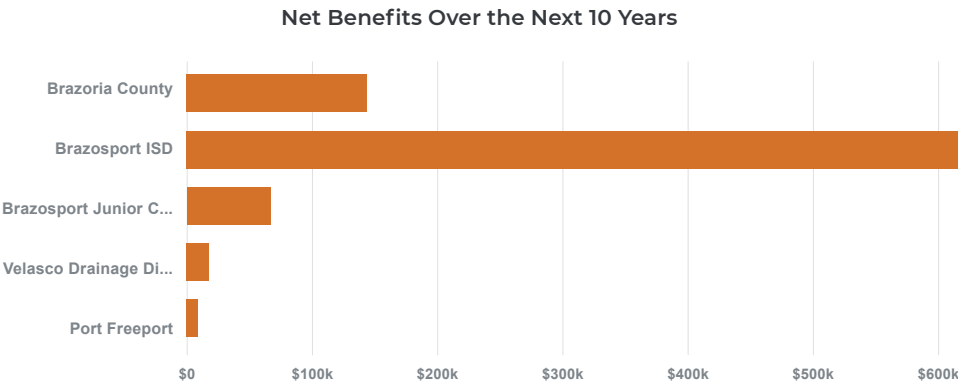
SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN BRAZORIA COUNTY							
YR.	NEW RESIDENTIAL PROPERTY	LAND	BUILDINGS...	FF&E	INVENTORIES	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
1	\$77,162	\$0	\$18,000,000	\$12,000,000	\$2,000,000	\$32,000,000	\$32,077,162
2	\$78,705	\$0	\$18,360,000	\$10,800,000	\$2,040,000	\$31,200,000	\$31,278,705
3	\$80,279	\$0	\$18,727,200	\$9,600,000	\$2,080,800	\$30,408,000	\$30,488,279
4	\$81,885	\$0	\$19,101,744	\$8,400,000	\$2,122,416	\$29,624,160	\$29,706,045
5	\$83,522	\$0	\$19,483,779	\$7,200,000	\$2,164,864	\$28,848,643	\$28,932,166
6	\$85,193	\$0	\$19,873,454	\$6,000,000	\$2,208,162	\$28,081,616	\$28,166,809
7	\$86,897	\$0	\$20,270,924	\$4,800,000	\$2,252,325	\$27,323,248	\$27,410,145
8	\$88,635	\$0	\$20,676,342	\$3,600,000	\$2,297,371	\$26,573,713	\$26,662,348
9	\$90,407	\$0	\$21,089,869	\$2,400,000	\$2,343,319	\$25,833,188	\$25,923,595
10	\$92,216	\$0	\$21,511,666	\$2,400,000	\$2,390,185	\$26,301,851	\$26,394,067

Fiscal Impact Overview

The Project will generate additional benefits and costs, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

FISCAL NET BENEFITS OVER THE NEXT 10 YEARS				
	BENEFITS	COSTS	NET BENEFITS	PRESENT VALUE*
Brazoria County	\$158,461	(\$14,395)	\$144,066	\$120,529
Brazosport ISD	\$3,392,814	(\$2,774,595)	\$618,218	\$482,056
Brazosport Junior College	\$66,998	\$0	\$66,998	\$51,324
Velasco Drainage Dist.	\$17,578	\$0	\$17,578	\$13,466
Port Freeport	\$9,020	\$0	\$9,020	\$6,910
Total	\$3,644,871	(\$2,788,990)	\$855,880	\$674,284

\*The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5.0% to make the dollars comparable.



Public Support Overview

A summary of the total Public Support modeled in this analysis is shown below.

VALUE OF PUBLIC SUPPORT UNDER CONSIDERATION		
	PROPERTY TAX INCENTIVE	TOTAL
Brazoria County	\$903,934	\$903,934
Brazosport ISD	\$0	\$0
Brazosport Junior College	\$787,245	\$787,245
Velasco Drainage Dist.	\$206,547	\$206,547
Port Freeport	\$105,982	\$105,982
Total	\$2,003,707	\$2,003,707

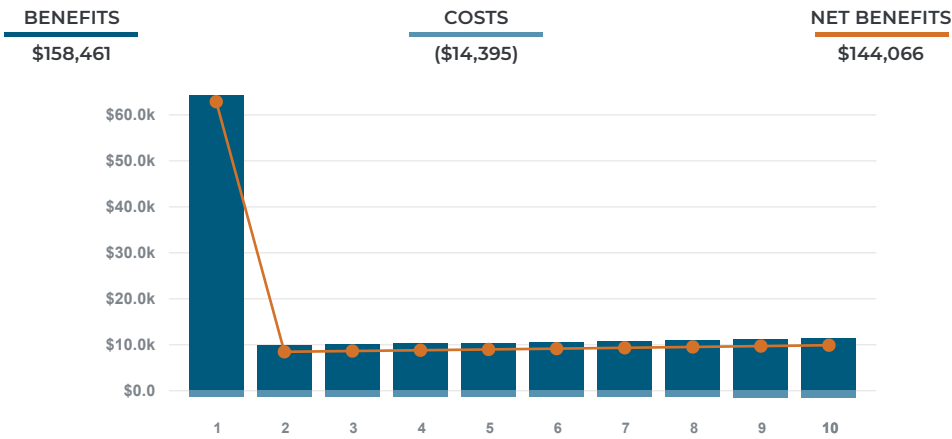
Brazoria County Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Brazoria County over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: BRAZORIA COUNTY			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$68,250	\$5,127	\$73,377
Real Property Taxes*	\$0	\$0	\$0
FF&E Property Taxes*	\$0	\$0	\$0
Inventory Property Taxes	\$74,900	\$0	\$74,900
New Residential Property Taxes	\$0	\$2,890	\$2,890
Building Permits and Fees	\$0	\$0	\$0
Miscellaneous Taxes and User Fees	\$4,161	\$3,134	\$7,295
Benefits Subtotal	\$147,310	\$11,151	\$158,461
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$8,212)	(\$6,183)	(\$14,395)
Costs Subtotal	(\$8,212)	(\$6,183)	(\$14,395)
Net Benefits	\$139,098	\$4,968	\$144,066

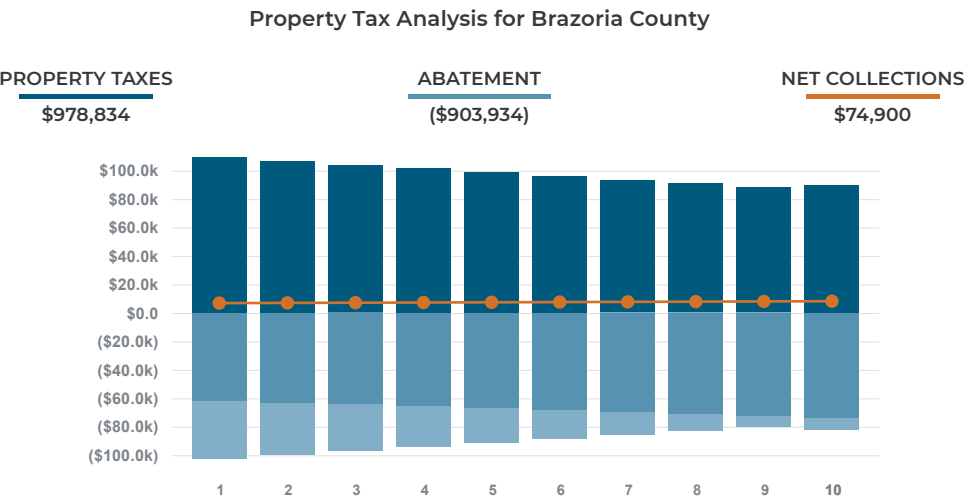
\*Excludes Property Tax Abatement valued at \$903,934

Annual Fiscal Net Benefits for Brazoria County



Tax Incentives

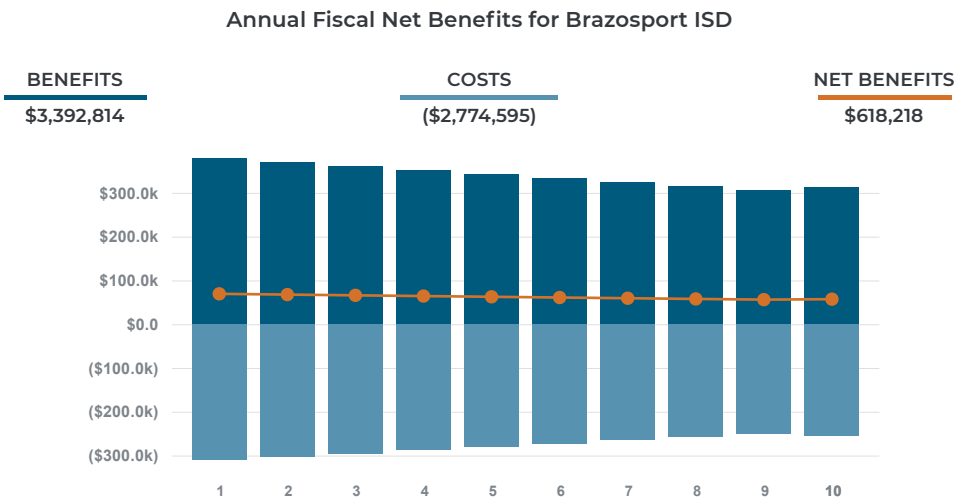
The following property tax incentive is modeled for Brazoria County in this analysis.



Brazosport ISD Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Brazosport ISD over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: BRAZOSPORT ISD			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$2,329,071	\$0	\$2,329,071
FF&E Property Taxes	\$794,102	\$0	\$794,102
Inventory Property Taxes	\$258,786	\$0	\$258,786
New Residential Property Taxes	\$0	\$3,814	\$3,814
Addtl. State & Federal School Funding	\$0	\$7,041	\$7,041
Benefits Subtotal	\$3,381,959	\$10,854	\$3,392,814
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost to Educate New Students	\$0	(\$5,033)	(\$5,033)
Reduction in State School Funding	(\$2,766,443)	(\$3,119)	(\$2,769,562)
Costs Subtotal	(\$2,766,443)	(\$8,153)	(\$2,774,595)
Net Benefits	\$615,517	\$2,702	\$618,218



## Brazosport Junior College Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Brazosport Junior College over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: BRAZOSPORT JUNIOR COLLEGE			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes*	\$0	\$0	\$0
FF&E Property Taxes*	\$0	\$0	\$0
Inventory Property Taxes	\$65,231	\$0	\$65,231
New Residential Property Taxes	\$0	\$1,767	\$1,767
Benefits Subtotal	\$65,231	\$1,767	\$66,998
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$65,231	\$1,767	\$66,998

\*Excludes Property Tax Abatement valued at \$787,245

Annual Fiscal Net Benefits for Brazosport Junior College

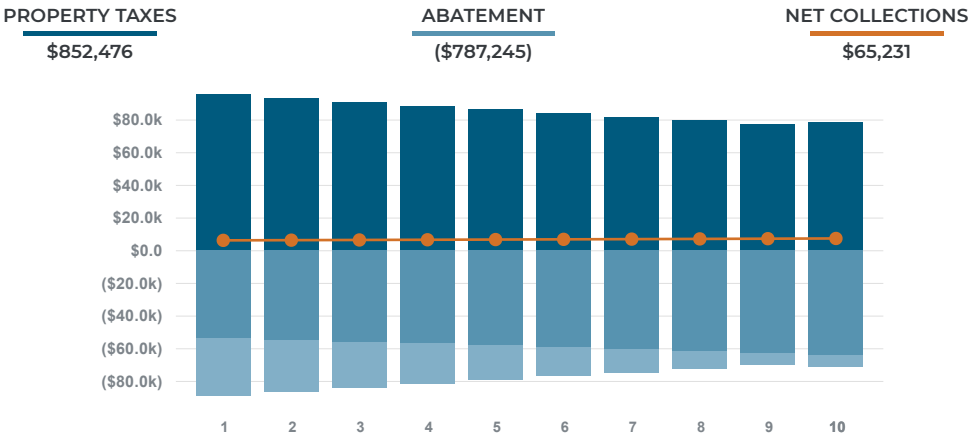


## Brazosport Junior College Public Support

### Tax Incentives

The following property tax incentive is modeled for Brazosport Junior College in this analysis.

Property Tax Analysis for Brazosport Junior College



Velasco Drainage Dist. Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Velasco Drainage Dist. over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: VELASCO DRAINAGE DIST.			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes*	\$0	\$0	\$0
FF&E Property Taxes*	\$0	\$0	\$0
Inventory Property Taxes	\$17,114	\$0	\$17,114
New Residential Property Taxes	\$0	\$464	\$464
Benefits Subtotal	\$17,114	\$464	\$17,578
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$17,114	\$464	\$17,578

\*Excludes Property Tax Abatement valued at \$206,547

Annual Fiscal Net Benefits for Velasco Drainage Dist.

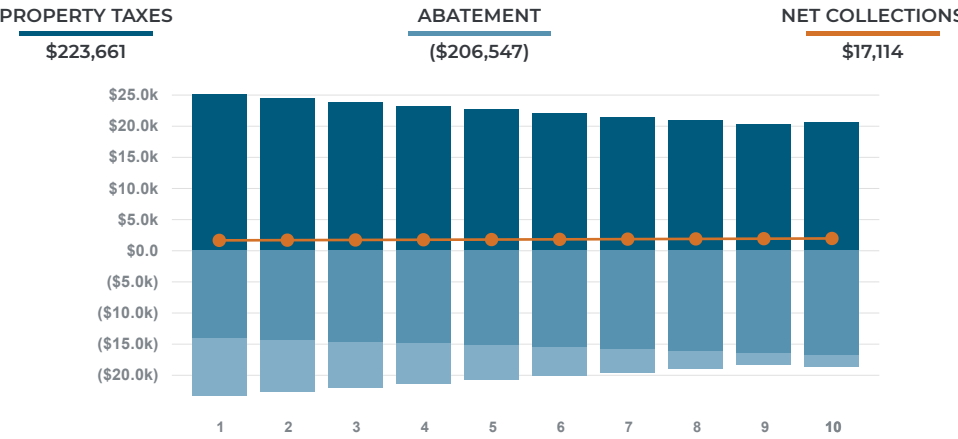


Velasco Drainage Dist. Public Support

Tax Incentives

The following property tax incentive is modeled for Velasco Drainage Dist. in this analysis.

Property Tax Analysis for Velasco Drainage Dist.



## Port Freeport Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Port Freeport over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: PORT FREEPORT			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes*	\$0	\$0	\$0
FF&E Property Taxes*	\$0	\$0	\$0
Inventory Property Taxes	\$8,782	\$0	\$8,782
New Residential Property Taxes	\$0	\$238	\$238
Benefits Subtotal	\$8,782	\$238	\$9,020
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$8,782	\$238	\$9,020

\*Excludes Property Tax Abatement valued at \$105,982

Annual Fiscal Net Benefits for Port Freeport

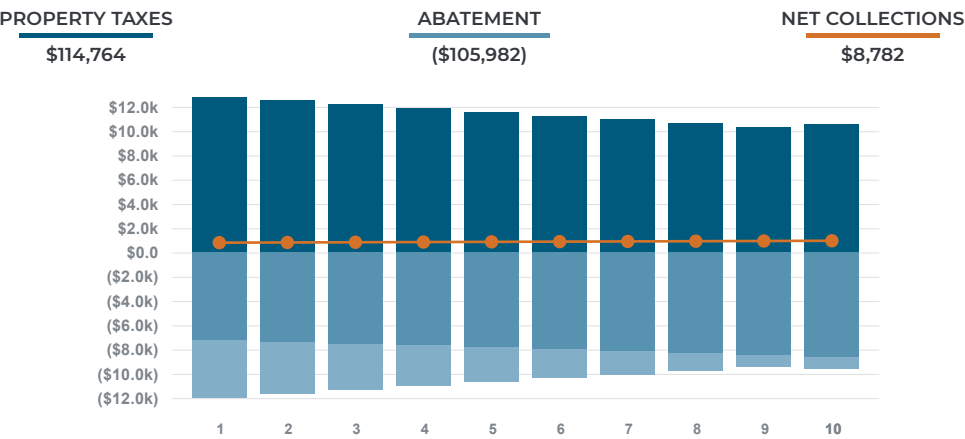


## Port Freeport Public Support

### Tax Incentives

The following property tax incentive is modeled for Port Freeport in this analysis.

Property Tax Analysis for Port Freeport



Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

325991 CUSTOM COMPOUNDING OF PURCHASED RESINS		BRAZORIA COUNTY
Employment Multiplier	(Type II Direct Effect)	2.3232
Earnings Multiplier	(Type II Direct Effect)	1.9819

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

About Impact DataSource

Established in 1993, Impact DataSource is an Austin, Texas-based economic consulting firm. Impact DataSource provides high-quality economic research, specializing in economic and fiscal impact analyses. The company is highly focused on supporting economic development professionals and organizations through its consulting services and software. Impact DataSource has conducted thousands of economic impact analyses of new businesses, retention and expansion projects, developments, and activities in all industry groups throughout the U.S.

For more information on Impact DataSource, LLC and our product Impact DashBoard, please visit our website [www.impactdatasource.com](http://www.impactdatasource.com)

BRAZORIA COUNTY PROPERTY TAX ABATEMENT					
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES	TOTAL
1	\$0	\$61,563	\$41,042	\$0	\$102,605
2	\$0	\$62,794	\$36,938	\$0	\$99,732
3	\$0	\$64,050	\$32,834	\$0	\$96,884
4	\$0	\$65,331	\$28,729	\$0	\$94,061
5	\$0	\$66,638	\$24,625	\$0	\$91,263
6	\$0	\$67,971	\$20,521	\$0	\$88,492
7	\$0	\$69,330	\$16,417	\$0	\$85,747
8	\$0	\$70,717	\$12,313	\$0	\$83,029
9	\$0	\$72,131	\$8,208	\$0	\$80,339
10	\$0	\$73,574	\$8,208	\$0	\$81,782
Total	\$0	\$674,098	\$229,835	\$0	\$903,934

BRAZORIA COUNTY PROPERTY TAX ABATEMENT SCHEDULE				
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES
1	0.0%	100.0%	100.0%	0.0%
2	0.0%	100.0%	100.0%	0.0%
3	0.0%	100.0%	100.0%	0.0%
4	0.0%	100.0%	100.0%	0.0%
5	0.0%	100.0%	100.0%	0.0%
6	0.0%	100.0%	100.0%	0.0%
7	0.0%	100.0%	100.0%	0.0%
8	0.0%	100.0%	100.0%	0.0%
9	0.0%	100.0%	100.0%	0.0%
10	0.0%	100.0%	100.0%	0.0%

BRAZOSPORT JUNIOR COLLEGE PROPERTY TAX ABATEMENT					
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES	TOTAL
1	\$0	\$53,616	\$35,744	\$0	\$89,360
2	\$0	\$54,688	\$32,170	\$0	\$86,858
3	\$0	\$55,782	\$28,595	\$0	\$84,377
4	\$0	\$56,898	\$25,021	\$0	\$81,918
5	\$0	\$58,036	\$21,446	\$0	\$79,482
6	\$0	\$59,196	\$17,872	\$0	\$77,068
7	\$0	\$60,380	\$14,298	\$0	\$74,678
8	\$0	\$61,588	\$10,723	\$0	\$72,311
9	\$0	\$62,820	\$7,149	\$0	\$69,968
10	\$0	\$64,076	\$7,149	\$0	\$71,225
Total	\$0	\$587,079	\$200,166	\$0	\$787,245



BRAZOSPORT JUNIOR COLLEGE PROPERTY TAX ABATEMENT SCHEDULE				
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES
1	0.0%	100.0%	100.0%	0.0%
2	0.0%	100.0%	100.0%	0.0%
3	0.0%	100.0%	100.0%	0.0%
4	0.0%	100.0%	100.0%	0.0%
5	0.0%	100.0%	100.0%	0.0%
6	0.0%	100.0%	100.0%	0.0%
7	0.0%	100.0%	100.0%	0.0%
8	0.0%	100.0%	100.0%	0.0%
9	0.0%	100.0%	100.0%	0.0%
10	0.0%	100.0%	100.0%	0.0%

VELASCO DRAINAGE DIST. PROPERTY TAX ABATEMENT					
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES	TOTAL
1	\$0	\$14,067	\$9,378	\$0	<b>\$23,445</b>
2	\$0	\$14,348	\$8,440	\$0	<b>\$22,789</b>
3	\$0	\$14,635	\$7,502	\$0	<b>\$22,138</b>
4	\$0	\$14,928	\$6,565	\$0	<b>\$21,493</b>
5	\$0	\$15,227	\$5,627	\$0	<b>\$20,853</b>
6	\$0	\$15,531	\$4,689	\$0	<b>\$20,220</b>
7	\$0	\$15,842	\$3,751	\$0	<b>\$19,593</b>
8	\$0	\$16,159	\$2,813	\$0	<b>\$18,972</b>
9	\$0	\$16,482	\$1,876	\$0	<b>\$18,357</b>
10	\$0	\$16,811	\$1,876	\$0	<b>\$18,687</b>
Total	\$0	\$154,030	\$52,517	\$0	<b>\$206,547</b>

VELASCO DRAINAGE DIST. PROPERTY TAX ABATEMENT SCHEDULE				
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES
1	0.0%	100.0%	100.0%	0.0%
2	0.0%	100.0%	100.0%	0.0%
3	0.0%	100.0%	100.0%	0.0%
4	0.0%	100.0%	100.0%	0.0%
5	0.0%	100.0%	100.0%	0.0%
6	0.0%	100.0%	100.0%	0.0%
7	0.0%	100.0%	100.0%	0.0%
8	0.0%	100.0%	100.0%	0.0%
9	0.0%	100.0%	100.0%	0.0%
10	0.0%	100.0%	100.0%	0.0%

PORT FREEPORT PROPERTY TAX ABATEMENT					
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES	TOTAL
1	\$0	\$7,218	\$4,812	\$0	<b>\$12,030</b>
2	\$0	\$7,362	\$4,331	\$0	<b>\$11,693</b>
3	\$0	\$7,510	\$3,850	\$0	<b>\$11,359</b>
4	\$0	\$7,660	\$3,368	\$0	<b>\$11,028</b>
5	\$0	\$7,813	\$2,887	\$0	<b>\$10,700</b>
6	\$0	\$7,969	\$2,406	\$0	<b>\$10,375</b>
7	\$0	\$8,129	\$1,925	\$0	<b>\$10,053</b>
8	\$0	\$8,291	\$1,444	\$0	<b>\$9,735</b>
9	\$0	\$8,457	\$962	\$0	<b>\$9,419</b>
10	\$0	\$8,626	\$962	\$0	<b>\$9,589</b>
<b>Total</b>	<b>\$0</b>	<b>\$79,035</b>	<b>\$26,947</b>	<b>\$0</b>	<b>\$105,982</b>

PORT FREEPORT PROPERTY TAX ABATEMENT SCHEDULE				
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES
1	0.0%	100.0%	100.0%	0.0%
2	0.0%	100.0%	100.0%	0.0%
3	0.0%	100.0%	100.0%	0.0%
4	0.0%	100.0%	100.0%	0.0%
5	0.0%	100.0%	100.0%	0.0%
6	0.0%	100.0%	100.0%	0.0%
7	0.0%	100.0%	100.0%	0.0%
8	0.0%	100.0%	100.0%	0.0%
9	0.0%	100.0%	100.0%	0.0%
10	0.0%	100.0%	100.0%	0.0%

# EXHIBIT

## B

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT  
IN A REINVESTMENT ZONE CREATED IN  
PORT FREEPORT  
IN BRAZORIA COUNTY, TEXAS**

*(Effective August 1, 2020 to July 31, 2022)*

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**WHEREAS**, the creation, retention and diversification of job opportunities that bring new wealth are among the highest civic priority; and

**WHEREAS**, the purpose of tax abatement is to provide an incentive offered by the taxpayers, i.e. citizens within Port Freeport's district, to attract investments, that lead to better quality of life and better services. The wealth created by these enterprises leads to more service and retail businesses, which in addition to improving quality of life, increases the tax base. In summary, by giving incentive in terms of tax abatement, the citizens agree to give up short term tax benefits, for long-term benefits; and

**WHEREAS**, new jobs, investment and industrial diversification will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

**WHEREAS**, the communities within Port Freeport ("the Port") must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects; and

**WHEREAS**, any tax incentives offered in the Port's district would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

**WHEREAS**, the abatement of property taxes, when offered to attract capital investment and primary jobs in industries which bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area of economy, and

**WHEREAS**, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting of any future tax abatement, and said Guidelines and Criteria to be unchanged for a two-year period unless amended by a three-quarters vote;

**WHEREAS**, Texas law requires a public hearing regarding the proposed adoption, amendment, repeal, or reauthorization of tax abatement and criteria;

**WHEREAS**, a public hearing was held and the Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone in the Port Freeport district was approved by Resolution and dated July 23, 2020.

Now, therefore, be it resolved that Port Freeport does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in the Port's district.

## **DEFINITIONS - Section 1**

- (a) “Abatement” means the full or partial exemption from ad valorem taxes on certain real property in a reinvestment zone designated by the Port for economic development purposes.
- (b) “Abatement Period” means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- (c) “Abated Facility Site” (or “proposed abated facility site”) means the tract(s) or area of land underlying the proposed improvements to be abated.
- (d) “Agreement” means a contractual agreement between a property owner and/or lessee and the Port for the purpose of tax abatement.
- (e) “Base Year Value” means the assessed value of eligible property January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the agreement.
- (f) “Brazoria County Vendor and Services” means a company that employs Brazoria County residents and pays Brazoria County taxes.
- (g) “Deferred Maintenance” means the improvements necessary for continued operations, which do not improve productivity or alter the process technology.
- (h) “Distribution Center Facility” means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service, or distribute goods or materials owned by the facility operator where seventy percent (70%) of the goods or services are distributed outside the Port’s district.
- (i) “Economic Development” means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in the Port’s district, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Brazoria County.
- (j) “Eligible Jurisdiction” means the Port and any municipality or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in the Port’s district that levies ad valorem taxes upon and provides services to reinvestment zones designated by the Port.
- (k) “Employee” for the purposes of the economic qualifications of Section 2(h) (2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.
- (l) “Existing facility” is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately

comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (h) (2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized “existing facility” in order for the facility improvements to qualify for abatement.

- (m) “Expansion” means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (n) “Facility” means property improvements completed or in the process of construction which together comprise an integral whole.
- (o) “Manufacturing Facility” means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (p) “Modernization” means the replacement and upgrading of existing facilities, which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing.
- (q) “New Facility” means a property previously undeveloped, which is placed into service, by means other than or in conjunction with expansion or modernization.
- (r) “Other Basic Industry” means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the Port’s district.
- (s) “Productive Life” means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at the Port’s election, on the date of cessation of production either upon (1) a determination by the Port that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the “productive life” will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.
- (t) “Qualified Vendors and Services” means those vendors and services that meet the company’s individual state requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.
- (u) “Regional Entertainment Facility” means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the public where seventy percent (70%) of users reside outside the Port’s district.

- (v) “Research Facility” means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (w) “Regional Service Facility” means buildings and structures, including machinery and equipment, used or to be used to service goods where seventy percent (70%) of the goods being serviced originate outside the Port’s district.
- (x) “Tangible Personal Property” means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the investment zone at any time before the period covered by the agreement with the Port.

## **ABATEMENT AUTHORIZED - Section 2**

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Distribution Center or Regional Service Facility, Regional Entertainment Facility, Other Basic Industry, or a facility that the Port determines would enhance job creation and the economic future of Brazoria County.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the Port and the real property owner, Tangible Personal Property owner, leasehold interest, and/or lessee, subject to such limitations as the Port may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

**Tangible Personal Property:** Abatement may be granted to the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the real property, (2) all or a portion of the value of the tangible personal property located on the real property, or (3) all or a portion of the value of both.

An abatement may be granted to the owner of tangible personal property or an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

- (e) **Ineligible Property.** The following type of property shall be fully taxable and ineligible for abatement: land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property, vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations, retail facilities, deferred

maintenance investments, property to be rented or leased except as provided in Section 2 (f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, property already subject to real or personal property tax(es) moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by state law.

- (f) **Leased Facilities. Leasehold Interest:** 1) Abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property ; or 2) Abatement may be granted with the owner of improvements even if said owner does not own fee simple title to the real property upon which the improvements are built.

**Lessee Interest:** Abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease, (2) all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

Leasehold Interest/Lessee shall be required to submit with its application a copy of the executed lease agreement between lessor/lessee demonstrating a minimum lease term double the abatement term granted.

- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. One hundred percent of the value (or such percentage of value that shall be set by the Port's order) of new eligible properties shall be abated for up to seven (7) years; or up to ten (10) years if the facility is anticipated to increase the property by more than \$1 billion; or one-half (1/2) the productive life of the improvement whichever is less. The "productive life" will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the Port and the Applicant by deferring the commencement date beyond the January 1<sup>st</sup> following the date of execution of granting the abatement and approving the abatement application, the Port may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond the authorized number of years. However, in no event shall the abatement begin later than January 1 following the commencement of construction.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

New eligible properties must be in active service and operation as part of a facility operating in a producing capacity for a period equal to double the abatement period (*i.e.*



ten-year abatement, then in producing capacity for 20 years) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions.

- (h) Economic Qualification. In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:
- (1) Must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
  - (2) Must create employment for at least 10 people on a full-time (40 hours per week equivalent) basis in the Port district for the duration of the Abatement Period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of 10 employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the Abatement Period. The following is applicable to the employment retention/preventing loss of employment requirement:
    - a. “Existing facility” is the facility described in Section 2(a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall consider the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized “existing facility” in order for the facility improvements to qualify for abatement.
    - b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered “created” employment for purposes of this sub-section.

The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/applicant seeking to qualify on the basis of retention or

preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of the Port Commission in accordance with the variance section of these Guidelines and Criteria.

- (3) Must not be expected to solely or primarily have the effect of transferring employment from one part of the Port's district to another part of the Port's district. A variance may be requested relative to this provision which approval shall be at the sole discretion of the Port.
- (4) Must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

- (5) Must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of \$1,000.
  - (6) Must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County vendors and service providers where applicable in the construction and operations of the facility. Brazoria County vendors and service providers must be competitive with non-county vendors and service providers regarding price, quality, safety, availability and ability to perform. It is preferred that applicant seek qualified workers who are United States citizens and veterans and also legal residents prior to seeking workers from other countries.
  - (7) Must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements value as integral fixtures of a producing manufacturing facility. An owner's legal protest to the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.
  - (8) Must not be defendant in any litigation by the Port seeking recovery or recapture of previously abated taxes.
- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section 2(e) shall be fully taxable;

- (2) The base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) The additional value of new eligible property shall be taxable in the manner described in Section 2(g).

### **APPLICATION - Section 3**

- (a) The Application for tax abatement may be obtained from the Port Administration Office or on the Port Freeport website at [www.portfreeport.com](http://www.portfreeport.com). Applicant may contact the Chief Financial Officer at (979) 233-2667, ext. 4366.
- (b) Any present or potential owner of taxable property in the Port's district may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with the Port. The application shall be filed with the Chief Financial Officer, or in the absence of a Chief Financial Officer the Chief Executive Officer, by providing an electronic version and two (2) copies. After filing the application, the owner/applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report to the Chief Financial Officer prior to the Port Commission meeting on the applicant's tax abatement application.
- (c) The application shall consist of a completed application form accompanied by:
  - a general description of the proposed use and the general nature and extent of the modernization;
  - expansion or new improvements which will be a part of the facility;
  - a map and property description;
  - CAD data or a shapefile with the boundaries of the reinvestment zone;
  - a time schedule for undertaking and completing the planned improvements

In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as the Port deems appropriate for evaluating the financial capacity and other factors of the applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".

- (d) The application must include a copy of the Court Order from Brazoria County Commissioners' Court granting the Abatement. Before acting upon the application, the Port Commission shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Port Freeport notice to be posted at least 30 days prior to the hearing.
- (e) Provided that any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an

application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Port at its sole discretion.

- (f) The Port may not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed with Brazoria County after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- (g) Variance. Requests for variance from the provisions of Subsections (a) (b) (e) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the Chief Financial Officer, or in the absence of a Chief Financial Officer the Chief Executive Officer. Such requests shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request requires a three-fourths (3/4) vote of the members of the governing body.

#### **PUBLIC HEARING - Section 4**

If Brazoria County holds a public hearing and determines a reinvestment zone or an abatement should not be authorized due to (1) a substantial adverse effect on the provision of government service or tax base, (2) the applicant has insufficient financial capacity, (3) planned or potential use of the property would constitute hazard to public safety, health or morals, (4) violation of other codes or laws and (5) any other permissible reason, then the Port will follow the County's determination from the hearing to not approve the zone or abatement. However, approval by Brazoria County does not obligate the Port to likewise approve the reinvestment zone or abatement; rather, the Port's Commission retains full discretion and authority to grant any reinvestment zone or abatement on behalf of the Port.

#### **AGREEMENT - Section 5**

- (a) After approval, the Port Commissioners shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:
  - (1) Estimated value to be abated and the base year value;
  - (2) Percent of value to be abated each year as provided in Section 2 (g);
  - (3) The commencement date and the termination date of abatement;
  - (4) The proposed use of the facility: nature of construction, time schedule, map, property description and improvement list as provided in Application, Section II and III;
  - (5) Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 2(a), 2(f), 2(g), 2(h), 6, 7, and 8
  - (6) Size of investment and average number of jobs involved for the period of abatement; and

- (7) Provision that Applicant shall annually furnish information necessary for the Port's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria (in the form of an annual report/statement of compliance), together with an additional provision that the Port may, at its election, request and obtain information from Applicant as is necessary for the Port's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria. See Attachment A.
- (8) Provision that, upon expiration of the tax abatement agreement, Applicant shall begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period (*i.e.* ten-year abatement, then follow-up reporting for ten more years). See Attachment B.
- (b) Such agreement shall be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the Port and a public hearing has been held by the Port Commission.

#### **RECAPTURE - Section 6**

- (a) In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the Port may elect to:
  - (1) Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes; (2) Declare a default, terminate the agreement and order a recapture of all or part of previous years' abated taxes; or (3) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- (b) Should the Port determine that the company or individual is in default according to the terms and conditions of its agreement, the Port shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.
- (c) In the event that the company or individual (1) allows its ad valorem taxes owed the Port to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the "Cure Period", the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- (d) Failure to provide any requested statement or information pursuant to the provisions described in Section 5(a)(7) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the Port's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default

prior to the expiration of thirty (30) days from such written notice. The cure period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

#### **ADMINISTRATION - Section 7**

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions, which levies taxes on the amount of the assessment.
- (b) The agreement shall stipulate Port Representatives will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.
- (c) Tax Abatement Review: The Port Commission may appoint a standing Tax Abatement Review Committee (TARC) for purposes of (i) reviewing the tax abatement application and preparing a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement ; (ii) conducting annual inspections and/or evaluations of the abated facilities to insure compliance with the terms/conditions of the tax abatement agreement. The Tax Abatement Review Committee shall be comprised of such members as the Commission may from time to time designate.
- (d) Upon completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually to the Chief Financial Officer, or in the absence of a Chief Financial Officer the Chief Executive Officer, during the life of the abatement to the Port clearly detailing the status of the facility and how it is complying with the abatement guidelines. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.
- (e) Upon expiration of the Tax abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the Chief Financial Officer. The Port or Committee, if formed shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Port Commission. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.

## **ASSIGNMENT - Section 8**

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Port subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with the Port. Assignee shall submit a tax abatement application, including financial information to the Port prior to consideration of assignment. Full assignment of the abatement requires approval through a public hearing of the Port Commission. No assignment or transfer shall be approved if the new parties to the existing agreement, the new owner or new lessee are liable to the Port of any eligible jurisdiction for delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

Abatement may be modified or amended. A modification or amendment, except those that change the commencement date, correct clerical errors, or make administrative changes (including changes to the notification section or the company name) requires approval through a public hearing of the Port Commission.

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

- (a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by applicants who have previously entered into a tax abatement agreement with a city regarding that property.
- (b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.
- (c) An applicant shall file a tax abatement application on the Port's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.
- (d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a) correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the applicant.
- (e) Before the Port acts upon the application, an application for tax abatement must be filed with Brazoria County and a public hearing must be held by Brazoria County at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted.
- (f) The Port will not consider or approve an abatement application under this section unless the application has been reviewed by Brazoria County and a valid Court Order issued by Brazoria County Commissioners' Court granting the abatement is included.

- (g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specified by the Port.

#### **SUNSET PROVISION – Section 10**

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the Port to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.
- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective August 1, 2020 and shall remain in force until July 31, 2022 unless amended or superseded, modified, renewed, or eliminated by the Port prior to that date.



(TO THE PORT FREEPORT GUIDELINES &  
CRITERIA FOR GRANTING TAX ABATEMENT)

ANNUAL REPORT FORM

**ANNUAL REPORT**  
PURSUANT TO SECTION 5(a)(7) AND 7(e) OF  
THE PORT FREEPORT  
GUIDELINES & CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

\_\_\_\_\_ (Company/Owner Name)

REINVESTMENT ZONE (RZ) NO. \_\_\_\_\_ (Number of RZ, if applicable)

1. Commencement and/or completion date of the contemplated improvements described in the tax abatement agreement.

Date of commencement of construction: \_\_\_\_\_

Date of completion all contemplated improvements: \_\_\_\_\_

2. Number of permanent employees, contract employees and temporary contract employees currently employed by you at the tax abated facility location or construction site as of the date of this Report. (See definitions below).

Permanent Employees: \_\_\_\_\_

\* Permanent Contract Employees \_\_\_\_\_

(\* List contract employees employed on a full-time, 40 hours per week equivalency basis and who are expected to be employed on a full-time basis for the duration of the abatement period. Do not include temporary contract employees.)

\*\*Temporary Contract Employees \_\_\_\_\_

(\*\*List temporary contract employees who are employed for a temporary period ending prior to expiration of the tax abatement term)

3. Status of construction of the contemplated improvements, percentage of construction completed and Owner's estimate of taxable value of constructed improvements on the date of the Report.

Percentage of construction completed: \_\_\_\_\_

Estimated value of Improvements: \_\_\_\_\_

As of \_\_\_\_\_

4. Status of production of the completed facility and the productive service capacity of the improvements. *(only applicable to a completed facility that has previously commenced production)*

Is the abated facility currently producing the product or similar product described in the tax abatement agreement?

**Check One**  
( ) Yes or ( ) No

If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment B.

\_\_\_\_\_

If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space.

\_\_\_\_\_

State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total any previous years of production prior to the date of this report.)

\_\_\_\_\_

5. Include a list of Brazoria County vendors and services That you have used and attach the same as Attachment A to this Report.

Is the list of Brazoria County vendors and Services attached?

**Check One**  
( ) Yes or ( ) No

To the best of my knowledge, the above information and estimates are true and correct.

Owner: \_\_\_\_\_

By: \_\_\_\_\_

Printed

Name:

\_\_\_\_\_  
Title/Position \_\_\_\_\_

Date: \_\_\_\_\_

(TO THE PORT FREEPORT GUIDELINES & CRITERIA  
FOR GRANTING TAX ABATEMENT)

REPORT FORM  
After the initial term of the  
Tax Abatement Agreement

**PRODUCTIVE LIFE REPORT**  
**TAX ABATEMENT TERM COMPLETED**  
PURSUANT TO SECTION 5(a)(8) AND 7(f) OF  
THE PORT FREEPORT GUIDELINES &  
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

\_\_\_\_\_ (Company/Owner Name)

REINVESTMENT ZONE (RZ) NO. \_\_\_\_\_ (Number of RZ, if applicable)

Effective Date of Tax Abatement: \_\_\_\_\_

1. Status of production of the completed facility and the productive service capacity of the improvements.

Is the abated facility currently producing the product or similar product described in the tax abatement agreement? **Check One**  
( ) Yes or ( ) No

If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment A.

\_\_\_\_\_

If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space.

\_\_\_\_\_

State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total, any previous years of production prior to the date of this report.)

\_\_\_\_\_

To the best of my knowledge, the above information and estimates are true and correct.

Owner: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title/Position: \_\_\_\_\_

Date: \_\_\_\_\_



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**TO:** Port Commissioners  
Executive Director/CEO

**FROM:** Rob Lowe  
Mary Campus

**DATE:** October 25, 2021

**SUBJECT:** Broker of Record

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The current Broker of Record for insurance services with Arthur J Gallagher Risk Management Services will expire on November 30, 2021. The Port received three proposals in response to our request for proposals. A summary of the proposals was reviewed with the Finance Advisory Committee on October 14, 2021 and is attached for your reference/review.

Arthur J. Gallagher Risk Management Services has met all of the bid requirements, works with the preferred market, offer all of the additional services request at no additional cost, has a strong background in marine/maritime industry and offers the lowest cost. Therefore, management recommends awarding the Broker of Record services to Arthur J. Gallagher Risk Management Services for a term of three years with up to two one-year renewal options effective December 1, 2021. This agreement does have the right to terminate after twelve months with a sixty-day notice.

[PORT COMMISSION](#)

JOHN HOSS, CHAIRMAN; RUDY SANTOS, VICE CHAIRMAN; DAN CROFT, SECRETARY; ROB GIESECKE, ASST. SECRETARY;  
RAVI K. SINGHANIA, COMMISSIONER; SHANE PIRTLE, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

Port Freeport  
Broker of Record Evaluations 2021

ITEM	<i>Arthur J. Gallagher Risk Management Services</i>	<i>McGriff</i>	<i>CAC Specialties - DID NOT REQUEST RFP DOCUMENT OR USE PORT PREQUALIFICATI ON AND SUBMITTAL FORM- DISQUALIFIED DUE TO LACK OF INFORMATION</i>
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FEES AND SERVICES

Basic services shall include marketing the insurance program, issuing certificates of insurance, reviewing contracts and leases for insurance requirements, evaluating insurers, issuing policies and endorsements, presenting information to the Port.

Annual fee	\$29,500	\$37,500	\$19,000+ savings Commission 15%
Hours of services included	no limit	no limit	
Rate for other consulting	no limit	Various by Account	
London Broker Commission Included?	Excluded, normally a 6.98% commission	Excluded- normally a 5% commission	
Location of Office that we will be working with	Houston, TX	San Antonio, TX	Houston, TX
Annual average receipts over past three calendar years	\$ 6,792,666,667	\$11 billion	
Fee Includes:			
Acting as Broker or Agent or Other	Broker	Broker	
Actuarial Services	Yes	Yes	
Loss Prevention/Risk Management	Yes	Yes	Yes
Property Valuations Services	Yes	Yes	
Claims Management	Yes	Yes	Yes
Contract Review Services	Yes	Yes	Yes
Disaster Planning Services	Yes	CAT Modeling	
Benchmark Rates	Yes	Yes	Yes
Construction Services - placement of builders risk insurance and construction insurance if needed	Yes	Yes	

EXPERIENCE OF BROKERAGE FIRM

Number of Port Accounts *	85	20+	
Number of years Handling Port Accounts	20	15+	
Business Insurance 100 Largest Brokers List dated July 2016	4	Parent BB& T =6	not listed
3 Year average:			
Marine Liability Premium	\$ 108,654,467	\$100 M +	



Port Freeport  
Broker of Record Evaluations 2021

ITEM	<i>Arthur J. Gallagher Risk Management Services</i>	<i>McGriff</i>	<i>CAC Specialties - DID NOT REQUEST RFP DOCUMENT OR USE PORT PREQUALIFICATI ON AND SUBMITTAL FORM- DISQUALIFIED DUE TO LACK OF INFORMATION</i>
Excess Liability Premium	\$ 383,978,258	\$200 M +	
Property Premium	\$ 1,695,231,881	\$500 M +	

MARKETS

Direct Main Property Markets

Primary Market Name	Lloyd's of London	Lloyds Syndicate	
Primary Market Rating	A XV	A XV	
Primary Market Volume	\$ 248,450,483	\$50 M ++	
Secondary Market Name	Travelers Group	Westchester	
Secondary Market Rating	A++ XV	A+ XV	
Secondary Market Volume	\$ 153,820,544	\$50 M ++	

Direct Primary/Excess Liability Markets

Primary Market Name	Lloyd's of London	Lloyd's of London	
Primary Market Rating	A XV	A XV	
Primary Market Volume	\$29,718,140/\$27,638,948	\$25 MM +/\$25MM+	
Secondary Market Name	CAN/Chubb	Travelers	
Secondary Market Rating	AXV/A++XV	A+ XV	
Secondary Market Volume	\$7,750,527/\$26,915,942	\$25 MM +/\$25MM+	

Errors & Omissions Coverage- Aggregate	\$25 million	\$15 million	
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Pending Litigation	Yes	No	
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Reports to SEC related

# **PORT FREEPORT POLICY MANUAL**

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## **PORT COMMISSION OF PORT FREEPORT BENEFITS FOR COMMISSIONERS**

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## **SECTION 2.9**

### **BENEFIT SUMMARY**

#### Commissioners

Pursuant to Chapter 172 of the Texas Local Government Code and Chapter 60 of the Texas Water Code, all current Port Commissioners (“Commissioners”), in recognition of their service to Port Freeport, are eligible for benefits as provided by Texas law, including but not limited to “health and accident, group dental, accidental death and dismemberment, and hospital, surgical and medical expense” (see Tex. Loc. Gov’t Code §172.004(b); coverage for dependents (see Tex. Loc. Gov’t Code §172.004(c); “hospitalization and medical benefits” (Tex. Water Code §60.014(a)); “retirement, disability, and death compensation fund for district officers and employees” (Tex. Water Code §60.011(a)).

#### New Commissioners

For new Commissioners, benefits permitted by this policy and authorized by Chapter 172 of the Texas Local Government Code and Chapter 60 of the Texas Water Code go into effect on the first of the month following 30 days of continuous service after the date of taking sworn oath of assuming office.

#### Benefits Afforded Commissioners

While Texas law provides Commissioners, as public officials, are entitled to several forms of benefits, Commissioners may participate in Port Freeport’s dental, vision and health insurance plan.

#### Spouses

Spouses of Commissioners who have access to dental, vision and/or health insurance benefits through their employers are required to participate in such benefit programs provided by their employers.

#### Dependents

Dependents of Commissioners are eligible for dental, vision and health insurance benefits.

All benefits may be limited by plan or future policy amendments.