

**RESOLUTION**  
**DETERMINING ELIGIBILITY OF**  
**FREEPORT LNG DEVELOPMENT, L.P.**  
**FOR TAX CREDIT PURSUANT TO**  
**TEXAS TAX CODE §313.104**

*STATE OF TEXAS*                   §

*COUNTY OF BRAZORIA*       §

**WHEREAS**, on August 31, 2012, the Superintendent of Schools of the Brazosport Independent School District, acting as agent of the Board of Trustees of the District (the “Board of Trustees”), received from FREEPORT LNG DEVELOPMENT, L.P. (“Applicant”) an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

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

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

**WHEREAS**, the Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code § 313.025(d), and on September 21, 2012, the Texas Comptroller’s Office issued a letter of approval of the Application; and,

**WHEREAS**, the Superintendent, acting as the agent of the Board of Trustees, requested that the Texas Comptroller’s Office provide an economic impact evaluation of the Application to the Brazosport Independent School District, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, the Board of Trustees reviewed the economic impact evaluation pursuant to Texas Tax Code §313.026 and has carefully considered such evaluation; and,

**WHEREAS**, the Application was reviewed by the Brazoria County Appraisal District, established in Brazoria County, Texas (the “Brazoria County Appraisal District”) pursuant to Texas Property Tax Code §6.01; and,

**WHEREAS**, on February 19, 2013, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

**WHEREAS**, on February 19, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application was true and correct; (ii) the Agreement was in the best interest of the District and the State of Texas; (iii) Freeport LNG Development, L.P. is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iv) each criterion referenced in Texas Tax Code §313.025(e) had been met; and (v) the jobs creation requirement in Texas Tax Code § 313.025(f-1) exceeded the industry standard for the number of employees reasonably necessary for the operation of the Qualified Investment; and,

**WHEREAS**, on February 19, 2013, the Board of Trustees determined that the Brazosport Independent School District was, as of the date of the Board's Finding, classified as a rural school district under Chapter 313 of the Texas Tax Code, and that the Tax Limitation Amount requested by Freeport LNG Development, L.P. is consistent with the minimum values set out by Texas Tax Code § 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

**WHEREAS**, on February 19, 2013, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to Applicant on or after the receipt of a letter of recommendation from the Texas Comptroller in accordance with Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, pursuant to the specific definitions of the February 19, 2013 Agreement, the term "Applicant" shall also include the Applicant's Affiliated Group, assigns and successors-in-interest, and their direct and indirect subsidiaries, and specifically includes FLNG LAND II, LLC, (*Texas Taxpayer ID # 32017307565*), FLNG LIQUEFACTION, LLC, (*Texas Taxpayer ID # 32043147043*), FLIQ COMMON FACILITIES, LLC (*Texas Taxpayer ID # 32048786746*), and ANGLER PIPELINE, LLC (*Texas Taxpayer ID # 32041445050*), Delaware corporations that are all part of the same Affiliated Group as Applicant Freeport LNG Development, L.P.; and,

**WHEREAS**, after examining the tax rolls of the Brazoria County Appraisal District; the most recent Annual Eligibility Report (Comptroller's Form #50-772); and the most recent Biennial Progress Report (Comptroller's Form #50-773) filed by Freeport LNG Development, LP, Inc., the Board has determined that during the Qualifying Time Period, running from January 2, 2016 through December 31, 2018, Freeport LNG Development, LP, Inc. made the Qualifying Investment, defined by Texas Tax Code §313.021 and the Agreement, in excess of the required Thirty Million Dollars. Such Qualifying Investment was made for the purposes of constructing and/or placing in service the manufacturing facility contemplated by the Agreement, in accordance with the provisions of Texas Tax Code §313.024(b)(5); and,

**WHEREAS**, after examining the December 9, 2014 Amended Agreement; the most recent Annual Eligibility Report (Comptroller's Form #50-772); and the most recent Biennial Progress Report (Comptroller's Form #50-773) filed by Freeport LNG Development, LP, Inc.,

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the Board has determined that Freeport LNG Development, LP, Inc. is, in all other respects, in compliance with the terms of the aforesaid Agreement; and,

**WHEREAS**, after examining Comptroller's State Franchise Tax records, the Board has determined that, at the time of the adoption of this Resolution, Freeport LNG Development, LP, Inc., is an active franchise tax paying entity; and,

**WHEREAS**, the total amount of maintenance and operations ad valorem taxes that were imposed on the portion of the appraised value of the Qualified Property that exceeded the amount of the limitation to which the governing body of the school district agreed under Texas Tax Code Section 313.027(a)(2) in the applicable Qualifying Time Period that Freeport LNG Development, LP, Inc. has paid to the District has been ONE MILLION THREE HUNDRED TWENTY-TWO THOUSAND EIGHT HUNDRED TWENTY DOLLARS AND FIFTY-ONE CENTS (\$1,322,820.51); and,

**WHEREAS**, as of the date of the approval of this Resolution, Freeport LNG Development, LP, Inc. has not relocated its business outside of the District; and,

**WHEREAS**, Freeport LNG Development, LP, Inc. has duly filed an application on Comptroller Form 50-300, together with all required documents, for a tax credit in accordance with the provisions of Texas Tax Code §313.103; and,

**WHEREAS**, the application for tax credit filed by Freeport LNG Development, LP, Inc. was: (1) made on the form prescribed for that purpose by the Texas Comptroller; (2) was verified by Freeport LNG Development, LP, Inc.; and, (3) was accompanied by tax receipts from the collector of taxes for the District showing full payment of all District ad valorem taxes on the Qualified Property for the applicable Qualifying Time Period.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the Brazosport Independent School District as follows:

1. The application made by Freeport LNG Development, LP, Inc., for a tax credit pursuant to Texas Tax Code §313.103 in the total amount of FIFTEEN MILLION NINE HUNDRED THIRTY-EIGHT THOUSAND EIGHT HUNDRED SIXTY DOLLARS AND THIRTY CENTS (\$15,938,816.30) is approved by the adoption of this Resolution.
2. Beginning with the Tax Year 2020, and continuing thereafter for each of the subsequent six (6) tax years (ending in Tax Year 2027), as may be required from time to time by the Texas Education Agency and/or the Texas Comptroller, the Superintendent is authorized and directed to either: issue a property tax refund from the property taxes paid for the Qualified Property by the District; or, issue a directive or certificate to the District's collector of taxes for a tax credit against the *ad valorem* school taxes imposed on the Qualified Property by the District the lesser amount of either:

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- 1.) TWO MILLION TWO HUNDRED SEVENTY-SIX THOUSAND NINE HUNDRED SEVENTY-THREE DOLLARS AND SEVENTY-SIX CENTS (\$2,276,973.76) (An amount equal to one-seventh of the total amount of tax credit to which FREEPORT LNG DEVELOPMENT, L.P. is entitled under Section 313.102); or,
- 2.) Fifty Percent (50%) of the total amount of *ad valorem* school taxes, including debt services taxes, imposed on the Qualified Property by the school district in that tax year.
3. In addition to the foregoing, in the Tax Years 2027 through 2029, (The first three tax years after FREEPORT LNG DEVELOPMENT, L.P. eligibility for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, expires), as may be required from time to time by the Texas Education Agency and/or the Texas Comptroller, the Superintendent is authorized and directed to: issue a property tax refund from the property taxes paid for the Qualified Property by the District; issue a directive or certificate to the District's collector of taxes for a tax credit against the *ad valorem* school taxes imposed on the Qualified Property by the District the lesser amount of either:
  - 1.) any remainder of the FIFTEEN MILLION NINE HUNDRED THIRTY-EIGHT THOUSAND EIGHT HUNDRED SIXTY DOLLARS AND THIRTY CENTS (\$15,938,816.30) tax credit balance which was not paid under paragraph 2, above: or,
  - 2.) the total amount of *ad valorem* school taxes imposed on the Qualified Property by the school district in that tax year.
4. Prior to issuing each tax credit payment, certificate or directive under Sections (2) or (3), above, the District's Superintendent is directed to determine whether FREEPORT LNG DEVELOPMENT, L.P. has relocated outside the District, and has otherwise met their obligations under the Agreement, under State law, and under applicable regulations promulgated either by the Texas Comptroller's Office, or by the Texas Commissioner of Education. In the event that Freeport LNG Development, LP, Inc. has not met its obligations or has relocated outside the District, no tax credit will be paid for such tax year or the tax years thereafter, and the Superintendent shall notify FREEPORT LNG DEVELOPMENT, L.P. in writing of the basis for such determination.
5. If the Texas Comptroller or the District's tax collector, after providing notice and the opportunity for a response, determine that FREEPORT LNG DEVELOPMENT, L.P. were either not eligible for the credit or received more credit than it was entitled, then the District shall impose an additional tax on the Qualified Property that is equal to the amount of tax credit that was erroneously taken, plus interest at an annual rate of 6.0% calculated from the date on which the credit was issued. A tax lien attaches to the Qualified Property in favor of the school district to secure payment by the person of the additional tax and interest that are imposed and any penalties incurred. A taxpayer which

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is delinquent in the payment of an additional tax may not submit a subsequent application or receive a tax credit under this subsection in a subsequent year.

**APPROVED, ADOPTED, AND ORDERED** on the 21<sup>st</sup> day of September, 2020.

**BRAZOSPORT INDEPENDENT SCHOOL DISTRICT**

By: \_\_\_\_\_  
President,  
Board of Trustees

**ATTEST:**

By: \_\_\_\_\_  
Secretary,  
Board of Trustees