
FINDINGS
OF THE
BARBERS HILL INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

FULCRUM TRINITY FUELS, LLC
TEXAS TAXPAYER ID #32083198344
APPLICATION #1767

November 14, 2022

Board Findings of the Barbers Hill Independent School District

FINDINGS OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY FULCRUM TRINITY FUELS, LLC

STATE OF TEXAS §
 §
COUNTY OF CHAMBERS §

On the 14th day of November, 2022, a public meeting of the Board of Trustees of the Barbers Hill Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of Fulcrum Trinity Fuels, LLC (Application #1767) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District’s administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Barbers Hill Independent School District makes the following findings with respect to the Application of Fulcrum Trinity Fuels, LLC #1767, and the economic impact of that Application:

On March 28, 2022, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Fulcrum Trinity Fuels, LLC #1767 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is posted on the Texas Comptroller’s website at:

<https://comptroller.texas.gov/economy/local/cb313/agreement-docs-details.php?id=1767>.

The Applicant, Fulcrum Trinity Fuels, LLC (Taxpayer ID 32083198344) (“Applicant”), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. The Board of Trustees acknowledges receipt of the Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Chambers County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054. The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on June 16, 2022.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on September 2, 2022 pursuant to Texas Tax Code § 313.026, and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Exhibit A**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Barbers Hill Independent School District. A copy of a report prepared by Region 12 Education Service Center is attached to these

findings as **Exhibit B**. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Barbers Hill Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2021 ISD Summary Worksheet posted on the Texas Comptroller's website at:

<https://comptroller.texas.gov/anto-data/PT2/PVS/2021F/0360369021D.php>.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Exhibit C**.

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

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Texas Tax Code § 313.024 in the eligibility category of Manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Barbers Hill Independent School District is \$600,000,000 — all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$68,500 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$24,000,000 on the basis of the 25 new qualifying positions committed to by the Applicant for this project. The project's total investment is \$600,000,000, resulting in a relative level of investment per qualifying job of \$24,000,000.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Texas Tax Code § 313.25(f-1), and the Board finds that the project meets state job creating requirements.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding 6, the economic impact evaluation states:

Table 2 depicts this project’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller’s office calculated the economic impact based on 15 years of annual investment and employment levels.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	400	680	1,080	\$50,000,000	\$60,000,000	\$110,000,000
2024	800	1,380	2180	\$100,000,000	\$134,000,000	\$234,000,000
2025	300	616	916	\$37,500,000	\$75,500,000	\$113,000,000
2026	25	144	169	\$1,712,500	\$30,287,500	\$32,000,000
2027	25	53	78	\$1,712,500	\$18,287,500	\$20,000,000
2028	25	0	25	\$1,712,500	\$11,287,500	\$13,000,000
2029	25	(16)	9	\$1,712,500	\$7,287,500	\$9,000,000
2030	25	(11)	14	\$1,712,500	\$6,287,500	\$8,000,000
2031	25	5	30	\$1,712,500	\$6,287,500	\$8,000,000
2032	25	23	48	\$1,712,500	\$8,287,500	\$10,000,000
2033	25	41	66	\$1,712,500	\$9,287,500	\$11,000,000
2034	25	55	80	\$1,712,500	\$11,287,500	\$13,000,000
2035	25	66	91	\$1,712,500	\$13,287,500	\$15,000,000
2036	25	46	71	\$1,712,500	\$11,287,500	\$13,000,000
2037	25	40	65	\$1,712,500	\$11,287,500	\$13,000,000
2038	25	36	61	\$1,712,500	\$10,287,500	\$12,000,000

Board Findings of the Barbers Hill Independent School District

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, and Chambers County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and city. The difference noted in the last line is the difference between Table 3 and Table 4:

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	0.8847		0.5395	0.7850	
2026	\$549,500,000	\$80,000,000		\$1,482,551	\$707,760	\$2,190,311	\$1,334,024	\$2,717,552	\$6,241,887
2027	\$530,737,500	\$80,000,000		\$1,431,930	\$707,760	\$2,139,690	\$1,288,474	\$2,624,762	\$6,052,926
2028	\$512,913,125	\$80,000,000		\$1,383,840	\$707,760	\$2,091,600	\$1,245,202	\$2,536,612	\$5,873,413
2029	\$495,979,969	\$80,000,000		\$1,338,154	\$707,760	\$2,045,914	\$1,204,093	\$2,452,869	\$5,702,876
2030	\$479,893,470	\$80,000,000		\$1,294,753	\$707,760	\$2,002,513	\$1,165,040	\$2,373,313	\$5,540,866
2031	\$464,611,297	\$80,000,000		\$1,253,521	\$707,760	\$1,961,281	\$1,127,939	\$2,297,735	\$5,386,956
2032	\$450,093,232	\$80,000,000		\$1,214,352	\$707,760	\$1,922,112	\$1,092,694	\$3,533,232	\$6,548,037
2033	\$436,301,070	\$80,000,000		\$1,177,140	\$707,760	\$1,884,900	\$1,059,210	\$3,424,963	\$6,369,074
2034	\$423,198,517	\$80,000,000		\$1,141,790	\$707,760	\$1,849,550	\$1,027,401	\$3,322,108	\$6,199,059
2035	\$410,751,091	\$80,000,000		\$1,108,206	\$707,760	\$1,815,966	\$2,215,961	\$3,224,396	\$7,256,324
2036	\$398,926,036	\$398,926,036		\$1,076,302	\$3,529,299	\$4,605,601	\$2,152,166	\$3,131,569	\$9,889,337
2037	\$387,692,235	\$387,692,235		\$1,045,994	\$3,429,913	\$4,475,907	\$2,091,561	\$3,043,384	\$9,610,852
2038	\$377,020,123	\$377,020,123		\$1,017,200	\$3,335,497	\$4,352,697	\$2,033,986	\$2,959,608	\$9,346,291
2039	\$366,881,617	\$366,881,617		\$989,847	\$3,245,802	\$4,235,648	\$1,979,290	\$2,880,021	\$9,094,959
2040	\$357,250,036	\$357,250,036		\$963,861	\$3,160,591	\$4,124,452	\$1,927,328	\$2,804,413	\$8,856,193
			Total	\$17,919,440	\$23,778,702	\$41,698,141	\$22,944,368	\$43,326,538	\$107,969,048
			Diff	\$0	\$34,980,855	\$34,980,855	\$12,887,205	\$8,811,194	\$56,679,253

¹Tax Rate per \$100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant’s project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	0.8847		0.5395	0.7850	
2026	\$549,500,000	\$549,500,000		\$1,482,551	\$4,861,427	\$6,343,978	\$2,964,498	\$4,313,575	\$13,622,050
2027	\$530,737,500	\$530,737,500		\$1,431,930	\$4,695,435	\$6,127,364	\$2,863,276	\$4,166,289	\$13,156,930
2028	\$512,913,125	\$512,913,125		\$1,383,840	\$4,537,742	\$5,921,582	\$2,767,115	\$4,026,368	\$12,715,065
2029	\$495,979,969	\$495,979,969		\$1,338,154	\$4,387,935	\$5,726,089	\$2,675,762	\$3,893,443	\$12,295,294
2030	\$479,893,470	\$479,893,470		\$1,294,753	\$4,245,618	\$5,540,370	\$2,588,977	\$3,767,164	\$11,896,511
2031	\$464,611,297	\$464,611,297		\$1,253,521	\$4,110,416	\$5,363,937	\$2,506,531	\$3,647,199	\$11,517,668
2032	\$450,093,232	\$450,093,232		\$1,214,352	\$3,981,975	\$5,196,326	\$2,428,208	\$3,533,232	\$11,157,766
2033	\$436,301,070	\$436,301,070		\$1,177,140	\$3,859,956	\$5,037,096	\$2,353,801	\$3,424,963	\$10,815,860
2034	\$423,198,517	\$423,198,517		\$1,141,790	\$3,744,037	\$4,885,827	\$2,283,114	\$3,322,108	\$10,491,049
2035	\$410,751,091	\$410,751,091		\$1,108,206	\$3,633,915	\$4,742,121	\$2,215,961	\$3,224,396	\$10,182,478
2036	\$398,926,036	\$398,926,036		\$1,076,302	\$3,529,299	\$4,605,601	\$2,152,166	\$3,131,569	\$9,889,337
2037	\$387,692,235	\$387,692,235		\$1,045,994	\$3,429,913	\$4,475,907	\$2,091,561	\$3,043,384	\$9,610,852
2038	\$377,020,123	\$377,020,123		\$1,017,200	\$3,335,497	\$4,352,697	\$2,033,986	\$2,959,608	\$9,346,291
2039	\$366,881,617	\$366,881,617		\$989,847	\$3,245,802	\$4,235,648	\$1,979,290	\$2,880,021	\$9,094,959
2040	\$357,250,036	\$357,250,036		\$963,861	\$3,160,591	\$4,124,452	\$1,927,328	\$2,804,413	\$8,856,193
			Total	\$17,919,440	\$58,759,556	\$76,678,996	\$35,831,573	\$52,137,732	\$164,648,301

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

Board Finding Number 8.

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

Board Finding Number 9.

The Applicant’s project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2023	\$0	\$0	\$0	\$0
	2024	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2026	\$707,760	\$707,760	\$4,153,667	\$4,153,667
	2027	\$707,760	\$1,415,520	\$3,987,675	\$8,141,341
	2028	\$707,760	\$2,123,280	\$3,829,982	\$11,971,324
	2029	\$707,760	\$2,831,040	\$3,680,175	\$15,651,498
	2030	\$707,760	\$3,538,800	\$3,537,858	\$19,189,356
	2031	\$707,760	\$4,246,560	\$3,402,656	\$22,592,012
	2032	\$707,760	\$4,954,320	\$3,274,215	\$25,866,227
	2033	\$707,760	\$5,662,080	\$3,152,196	\$29,018,422
	2034	\$707,760	\$6,369,840	\$3,036,277	\$32,054,700
	2035	\$707,760	\$7,077,600	\$2,926,155	\$34,980,855
Maintain Viable Presence (5 Years)	2036	\$3,529,299	\$10,606,899	\$0	\$34,980,855
	2037	\$3,429,913	\$14,036,812	\$0	\$34,980,855
	2038	\$3,335,497	\$17,372,309	\$0	\$34,980,855
	2039	\$3,245,802	\$20,618,111	\$0	\$34,980,855
	2040	\$3,160,591	\$23,778,702	\$0	\$34,980,855
Additional Years as Required by § 313.026(c)(1) (10 Years)	2041	\$3,079,641	\$26,858,343	\$0	\$34,980,855
	2042	\$3,002,738	\$29,861,081	\$0	\$34,980,855
	2043	\$2,929,681	\$32,790,762	\$0	\$34,980,855
	2044	\$2,860,276	\$35,651,038	\$0	\$34,980,855
	2045	\$2,794,342	\$38,445,381	\$0	\$34,980,855
	2046	\$2,731,704	\$41,177,085	\$0	\$34,980,855
	2047	\$2,672,199	\$43,849,284	\$0	\$34,980,855
	2048	\$2,615,668	\$46,464,952	\$0	\$34,980,855
	2049	\$2,561,964	\$49,026,917	\$0	\$34,980,855
	2050	\$2,510,946	\$51,537,862	\$0	\$34,980,855
		\$51,537,862	is greater than	\$34,980,855	

Analysis Summary Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes
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Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant’s decision to invest capital and construct the project in this state.

Board Finding Number 11.

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

In support of Findings 10 and 11, **Attachment C** of the economic impact study states:

The Comptroller has determined that the limitation on appraised value is a determining factor in Fulcrum Trinity Fuels, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Fulcrum Trinity Fuels, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Fulcrum Trinity Fuels, LLC (the “Company”) has received an incentives overview of the potential benefit available. The document reviews incentives available at the state and local level. The local benefit includes the offer of a Chambers County Ch. 381 Tax Abatement and the City of Baytown Industrial District Agreement PILOT. The Company is also assessing 2 sites in Louisiana that could support the Gulf Coast initiative.”
 - B. “Fulcrum is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation. Fulcrum’s management is interested in the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements under Chapter 381 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease. Fulcrum has limited capital resources and its investors may allocate those resources to a location with more favorable economics if the Company is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.”
- Per Fulcrum Trinity Fuels, LLC in Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “The Company, as established, would develop, construct, install, equip, commission, own and operate 3 facilities to convert prepared Municipal Solid Waste (“MSW”) into renewable jet fuel. The overall project (collectively, “Trinity”) would include a Biorefinery and 2 separate facilities to sort and process MSW into MSW feedstock (the “FPFs”). The site under consideration in the Barbers Hill ISD would be utilized for the biorefinery facility (the “Biorefinery” or the “Project”).”
 - B. “Trinity is being designed to convert 530,000 tons per year of processed MSW into approximately 31 million gallons per year of low-cost, low-carbon renewable jet fuel.

Trinity will utilize the same gasification and Fischer-Tropsch technologies as at Fulcrum BioEnergy, Inc.'s ("Fulcrum") Sierra plant in Northern Nevada."

- C. "The ability of the Company to construct the Biorefinery, is heavily dependent upon the overall return on investment of the project and whether the company can secure property tax benefits at an optimal location. Upon approval of such economic incentives, the Company would move forward in acquiring land in the Q3/Q4 of 2022. The construction of the facility and hiring of employees is estimated to occur in 2023 through 2025, with a goal of beginning operations in 2026."
- Per the Trinity Fuels Plant webpage:
 - A. "Fulcrum is actively developing the Trinity Fuels Plant on the U.S. Gulf Coast. Fulcrum's proprietary process is spread across three separate facilities. Two Feedstock Processing Facilities that prepare the household garbage and one biorefinery that will convert the prepared feedstock into jet fuel."
 - B. "The Trinity Fuels Plant is expected to initiate commercial production in 2026, producing approximately 31 million gallons of net-zero carbon jet fuel each year."
- Per a July 6, 2021 *Fulcrum BioEnergy* News Release:
 - A. "The Company is also finalizing site selection for its third project, to be located in the Houston/Gulf Coast area, with planned capacity to also produce 35 million gallons of certified, zero-carbon, drop-in fuel annually. In addition, Fulcrum is working with its partners to develop waste-to-fuels projects in select international markets."
- Response provided by Applicant
 - A. "the company is considering a third project in the Gulf Coast area."

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Board Finding Number 12.

The Board of Trustees of the Barbers Hill Independent School District hired consultants to review and verify the information in Application #1767. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently \$80,000,000, which is consistent with the minimum values currently set out by Texas Tax Code § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer ID 32083198344) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 15.

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

Board Finding Number 16.

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

Board Finding Number 17.

The Applicant is simultaneously applying for a tax abatement pursuant to Chapter 312 of the Property Tax Code from Chambers County, Texas. The proposed County abatement is material to the successful development of the Project. In the event an abatement is not granted by Chambers County, the District will accept an Amendment to the Application for Value Limitation to modify the terms of the Agreement for an Appraised Value Limitation on Qualified Property.

It is therefore ORDERED that the Agreement attached hereto as **Exhibit C** is approved and hereby authorized to be executed and delivered by and on behalf of the Barbers Hill Independent School District. It is further ORDERED that these Findings and the Attachments referred to herein be attached to the official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Barbers Hill Independent School District.

Dated the 14th day of November, 2022.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: 
Eric Davis, President, Board of Trustees

ATTEST:

By: 
Benny May, Secretary, Board of Trustees

Findings and Order of the Barbers Hill Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Fulcrum Trinity Fuels, LLC (Tax ID 32083198344) (Application #1767)

EXHIBIT A

Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 2, 2022

Dr. Greg Poole
Superintendent
Barbers Hill Independent School District
P.O. Box 1108
Mont Belvieu, TX 77580

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Barbers Hill Independent School
District and Fulcrum Trinity Fuels, LLC, Application 1767

Dear Superintendent Poole:

On June 16, 2022, the Comptroller issued written notice that Fulcrum Trinity Fuels, LLC (applicant) submitted a completed application (Application 1767) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 28, 2022, to the Barbers Hill Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

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

- Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2) Not applicable to Application 1767.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by **December 31, 2022**.

Note that any building or improvement existing as of the application review start date of June 16, 2022, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:

11EA6DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Fulcrum Trinity Fuels, LLC (project) applying to Barbers Hill Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Fulcrum Trinity Fuels, LLC.

Applicant	Fulcrum Trinity Fuels, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2020-2021 Average Daily Attendance	6,350
County	Chambers
Proposed Total Investment in District	\$600,000,000
Proposed Qualified Investment	\$600,000,000
Limitation Amount	\$80,000,000
Qualifying Time Period (Full Years)	2023-2024
Number of new qualifying jobs committed to by applicant	25
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,317
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,313
Minimum annual wage committed to by applicant for qualified jobs	\$68,500
Minimum weekly wage required for non-qualifying jobs	\$1,192.25
Minimum annual wage required for non-qualifying jobs	\$61,997
Investment per Qualifying Job	\$24,000,000
Estimated M&O levy without any limit (15 years)	\$58,759,556
Estimated M&O levy with Limitation (15 years)	\$23,778,702
Estimated gross M&O tax benefit (15 years)	\$34,980,855

Table 2 is the estimated statewide economic impact of Fulcrum Trinity Fuels, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	400	680	1,080	\$50,000,000	\$60,000,000	\$110,000,000
2024	800	1,380	2180	\$100,000,000	\$134,000,000	\$234,000,000
2025	300	616	916	\$37,500,000	\$75,500,000	\$113,000,000
2026	25	144	169	\$1,712,500	\$30,287,500	\$32,000,000
2027	25	53	78	\$1,712,500	\$18,287,500	\$20,000,000
2028	25	0	25	\$1,712,500	\$11,287,500	\$13,000,000
2029	25	(16)	9	\$1,712,500	\$7,287,500	\$9,000,000
2030	25	(11)	14	\$1,712,500	\$6,287,500	\$8,000,000
2031	25	5	30	\$1,712,500	\$6,287,500	\$8,000,000
2032	25	23	48	\$1,712,500	\$8,287,500	\$10,000,000
2033	25	41	66	\$1,712,500	\$9,287,500	\$11,000,000
2034	25	55	80	\$1,712,500	\$11,287,500	\$13,000,000
2035	25	66	91	\$1,712,500	\$13,287,500	\$15,000,000
2036	25	46	71	\$1,712,500	\$11,287,500	\$13,000,000
2037	25	40	65	\$1,712,500	\$11,287,500	\$13,000,000
2038	25	36	61	\$1,712,500	\$10,287,500	\$12,000,000

Source: CPA REMI, Fulcrum Trinity Fuels, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	0.8847		0.5395	0.7850	
2026	\$549,500,000	\$549,500,000		\$1,482,551	\$4,861,427	\$6,343,978	\$2,964,498	\$4,313,575	\$13,622,050
2027	\$530,737,500	\$530,737,500		\$1,431,930	\$4,695,435	\$6,127,364	\$2,863,276	\$4,166,289	\$13,156,930
2028	\$512,913,125	\$512,913,125		\$1,383,840	\$4,537,742	\$5,921,582	\$2,767,115	\$4,026,368	\$12,715,065
2029	\$495,979,969	\$495,979,969		\$1,338,154	\$4,387,935	\$5,726,089	\$2,675,762	\$3,893,443	\$12,295,294
2030	\$479,893,470	\$479,893,470		\$1,294,753	\$4,245,618	\$5,540,370	\$2,588,977	\$3,767,164	\$11,896,511
2031	\$464,611,297	\$464,611,297		\$1,253,521	\$4,110,416	\$5,363,937	\$2,506,531	\$3,647,199	\$11,517,668
2032	\$450,093,232	\$450,093,232		\$1,214,352	\$3,981,975	\$5,196,326	\$2,428,208	\$3,533,232	\$11,157,766
2033	\$436,301,070	\$436,301,070		\$1,177,140	\$3,859,956	\$5,037,096	\$2,353,801	\$3,424,963	\$10,815,860
2034	\$423,198,517	\$423,198,517		\$1,141,790	\$3,744,037	\$4,885,827	\$2,283,114	\$3,322,108	\$10,491,049
2035	\$410,751,091	\$410,751,091		\$1,108,206	\$3,633,915	\$4,742,121	\$2,215,961	\$3,224,396	\$10,182,478
2036	\$398,926,036	\$398,926,036		\$1,076,302	\$3,529,299	\$4,605,601	\$2,152,166	\$3,131,569	\$9,889,337
2037	\$387,692,235	\$387,692,235		\$1,045,994	\$3,429,913	\$4,475,907	\$2,091,561	\$3,043,384	\$9,610,852
2038	\$377,020,123	\$377,020,123		\$1,017,200	\$3,335,497	\$4,352,697	\$2,033,986	\$2,959,608	\$9,346,291
2039	\$366,881,617	\$366,881,617		\$989,847	\$3,245,802	\$4,235,648	\$1,979,290	\$2,880,021	\$9,094,959
2040	\$357,250,036	\$357,250,036		\$963,861	\$3,160,591	\$4,124,452	\$1,927,328	\$2,804,413	\$8,856,193
			Total	\$17,919,440	\$58,759,556	\$76,678,996	\$35,831,573	\$52,137,732	\$164,648,301

Source: CPA, Fulcrum Trinity Fuels, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Chambers County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and city.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	0.8847		0.5395	0.7850	
2026	\$549,500,000	\$80,000,000		\$1,482,551	\$707,760	\$2,190,311	\$1,334,024	\$2,717,552	\$6,241,887
2027	\$530,737,500	\$80,000,000		\$1,431,930	\$707,760	\$2,139,690	\$1,288,474	\$2,624,762	\$6,052,926
2028	\$512,913,125	\$80,000,000		\$1,383,840	\$707,760	\$2,091,600	\$1,245,202	\$2,536,612	\$5,873,413
2029	\$495,979,969	\$80,000,000		\$1,338,154	\$707,760	\$2,045,914	\$1,204,093	\$2,452,869	\$5,702,876
2030	\$479,893,470	\$80,000,000		\$1,294,753	\$707,760	\$2,002,513	\$1,165,040	\$2,373,313	\$5,540,866
2031	\$464,611,297	\$80,000,000		\$1,253,521	\$707,760	\$1,961,281	\$1,127,939	\$2,297,735	\$5,386,956
2032	\$450,093,232	\$80,000,000		\$1,214,352	\$707,760	\$1,922,112	\$1,092,694	\$3,533,232	\$6,548,037
2033	\$436,301,070	\$80,000,000		\$1,177,140	\$707,760	\$1,884,900	\$1,059,210	\$3,424,963	\$6,369,074
2034	\$423,198,517	\$80,000,000		\$1,141,790	\$707,760	\$1,849,550	\$1,027,401	\$3,322,108	\$6,199,059
2035	\$410,751,091	\$80,000,000		\$1,108,206	\$707,760	\$1,815,966	\$2,215,961	\$3,224,396	\$7,256,324
2036	\$398,926,036	\$398,926,036		\$1,076,302	\$3,529,299	\$4,605,601	\$2,152,166	\$3,131,569	\$9,889,337
2037	\$387,692,235	\$387,692,235		\$1,045,994	\$3,429,913	\$4,475,907	\$2,091,561	\$3,043,384	\$9,610,852
2038	\$377,020,123	\$377,020,123		\$1,017,200	\$3,335,497	\$4,352,697	\$2,033,986	\$2,959,608	\$9,346,291
2039	\$366,881,617	\$366,881,617		\$989,847	\$3,245,802	\$4,235,648	\$1,979,290	\$2,880,021	\$9,094,959
2040	\$357,250,036	\$357,250,036		\$963,861	\$3,160,591	\$4,124,452	\$1,927,328	\$2,804,413	\$8,856,193
			Total	\$17,919,440	\$23,778,702	\$41,698,141	\$22,944,368	\$43,326,538	\$107,969,048
			Diff	\$0	\$34,980,855	\$34,980,855	\$12,887,205	\$8,811,194	\$56,679,253

Assumes School Value Limitation and Tax Abatements with the County and City.

Source: CPA, Fulcrum Trinity Fuels, LLC

*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Fulcrum Trinity Fuels, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2023	\$0	\$0	\$0	\$0
	2024	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2026	\$707,760	\$707,760	\$4,153,667	\$4,153,667
	2027	\$707,760	\$1,415,520	\$3,987,675	\$8,141,341
	2028	\$707,760	\$2,123,280	\$3,829,982	\$11,971,324
	2029	\$707,760	\$2,831,040	\$3,680,175	\$15,651,498
	2030	\$707,760	\$3,538,800	\$3,537,858	\$19,189,356
	2031	\$707,760	\$4,246,560	\$3,402,656	\$22,592,012
	2032	\$707,760	\$4,954,320	\$3,274,215	\$25,866,227
	2033	\$707,760	\$5,662,080	\$3,152,196	\$29,018,422
	2034	\$707,760	\$6,369,840	\$3,036,277	\$32,054,700
	2035	\$707,760	\$7,077,600	\$2,926,155	\$34,980,855
Maintain Viable Presence (5 Years)	2036	\$3,529,299	\$10,606,899	\$0	\$34,980,855
	2037	\$3,429,913	\$14,036,812	\$0	\$34,980,855
	2038	\$3,335,497	\$17,372,309	\$0	\$34,980,855
	2039	\$3,245,802	\$20,618,111	\$0	\$34,980,855
	2040	\$3,160,591	\$23,778,702	\$0	\$34,980,855
Additional Years as Required by 313.026(c)(1) (10 Years)	2041	\$3,079,641	\$26,858,343	\$0	\$34,980,855
	2042	\$3,002,738	\$29,861,081	\$0	\$34,980,855
	2043	\$2,929,681	\$32,790,762	\$0	\$34,980,855
	2044	\$2,860,276	\$35,651,038	\$0	\$34,980,855
	2045	\$2,794,342	\$38,445,381	\$0	\$34,980,855
	2046	\$2,731,704	\$41,177,085	\$0	\$34,980,855
	2047	\$2,672,199	\$43,849,284	\$0	\$34,980,855
	2048	\$2,615,668	\$46,464,952	\$0	\$34,980,855
	2049	\$2,561,964	\$49,026,917	\$0	\$34,980,855
	2050	\$2,510,946	\$51,537,862	\$0	\$34,980,855
		\$51,537,862	is greater than	\$34,980,855	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, Fulcrum Trinity Fuels, LLC

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Fulcrum Trinity Fuels, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Fulcrum Trinity Fuels, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Fulcrum Trinity Fuels, LLC (the “Company”) has received an incentives overview of the potential benefit available. The document reviews incentives available at the state and local level. The local benefit includes the offer of a Chambers County Ch. 381 Tax Abatement and the City of Baytown Industrial District Agreement PILOT. The Company is also assessing 2 sites in Louisiana that could support the Gulf Coast initiative.”
 - B. “Fulcrum is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation. Fulcrum’s management is interested in the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements under Chapter 381 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease. Fulcrum has limited capital resources and its investors may allocate those resources to a location with more favorable economics if the Company is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.”
- Per Fulcrum Trinity Fuels, LLC in Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “The Company, as established, would develop, construct, install, equip, commission, own and operate 3 facilities to convert prepared Municipal Solid Waste (“MSW”) into renewable jet fuel. The overall project (collectively, “Trinity”) would include a Biorefinery and 2 separate facilities to sort and process MSW into MSW feedstock (the “FPFs”). The site under consideration in the Barbers Hill ISD would be utilized for the biorefinery facility (the “Biorefinery” or the “Project”).”
 - B. “Trinity is being designed to convert 530,000 tons per year of processed MSW into approximately 31 million gallons per year of low-cost, low-carbon renewable jet fuel. Trinity will utilize the

same gasification and Fischer-Tropsch technologies as at Fulcrum BioEnergy, Inc.'s ("Fulcrum") Sierra plant in Northern Nevada."

- C. "The ability of the Company to construct the Biorefinery, is heavily dependent upon the overall return on investment of the project and whether the company can secure property tax benefits at an optimal location. Upon approval of such economic incentives, the Company would move forward in acquiring land in the Q3/Q4 of 2022. The construction of the facility and hiring of employees is estimated to occur in 2023 through 2025, with a goal of beginning operations in 2026."
- Per the Trinity Fuels Plant webpage:
 - A. "Fulcrum is actively developing the Trinity Fuels Plant on the U.S. Gulf Coast. Fulcrum's proprietary process is spread across three separate facilities. Two Feedstock Processing Facilities that prepare the household garbage and one biorefinery that will convert the prepared feedstock into jet fuel."
 - B. "The Trinity Fuels Plant is expected to initiate commercial production in 2026, producing approximately 31 million gallons of net-zero carbon jet fuel each year."
- Per a July 6, 2021 *Fulcrum BioEnergy* News Release:
 - A. "The Company is also finalizing site selection for its third project, to be located in the Houston/Gulf Coast area, with planned capacity to also produce 35 million gallons of certified, zero-carbon, drop-in fuel annually. In addition, Fulcrum is working with its partners to develop waste-to-fuels projects in select international markets."
- Response provided by Applicant
 - A. "the company is considering a third project in the Gulf Coast area."

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 4 of the Application for a Limitation on Appraised Value
- c) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- d) Additional information provided by the Applicant or located by the Comptroller

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

Supporting Information

Section 8 of the Application for
a Limitation on Appraised Value

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement Q3 2022
2. Estimated commencement of construction Q3 2023
3. Beginning of qualifying time period (MM/DD/YYYY) 01/01/2023
4. First year of limitation (YYYY) 2026

4a. For the beginning of the limitation period, notate which one of the following will apply according to provision of 313.027(a-1)(2):

- A. January 1 following the application date B. January 1 following the end of QTP
 C. January 1 following the commencement of commercial operations

5. Commencement of commercial operations 2026

SECTION 10: The Property

1. County or counties in which the proposed project will be located Chambers County
2. Central Appraisal District (CAD) that will be responsible for appraising the property Barbers Hill
3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

M&O (ISD): <u>Barbers Hill ISD .8847</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Barbers Hill ISD .2698</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Chambers County .53949</u> <small>(Name, tax rate and percent of project)</small>	City: <u>City of Baytown; .785</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: _____ <small>(Name, tax rate and percent of project)</small>	Water District: _____ <small>(Name, tax rate and percent of project)</small>
Other (describe): _____ <small>(Name, tax rate and percent of project)</small>	Other (describe): _____ <small>(Name, tax rate and percent of project)</small>

Supporting Information

Attachments provided in Tab 4
of the Application for a
Limitation on Appraised Value

Tab 4

Project Description

Fulcrum Trinity Fuels, LLC (the “Company”) is a single-purpose Delaware limited liability company formed on February 7, 2022. The Company, as established, would develop, construct, install, equip, commission, own and operate 3 facilities to convert prepared Municipal Solid Waste (“MSW”) into renewable jet fuel. The overall project (collectively, “Trinity”) would include a Biorefinery and 2 separate facilities to sort and process MSW into MSW feedstock (the “FPFs”). The site under consideration in the Barbers Hill ISD would be utilized for the biorefinery facility (the “Biorefinery” or the “Project”).

Trinity is being designed to convert 530,000 tons per year of processed MSW into approximately 31 million gallons per year of low-cost, low-carbon renewable jet fuel. Trinity will utilize the same gasification and Fischer-Tropsch technologies as at Fulcrum BioEnergy, Inc.’s (“Fulcrum”) Sierra plant in Northern Nevada. Trinity’s FPFs will use commercially proven processing equipment to shred and sort MSW with sequential steps recovering valuable recyclable materials, removing unwanted components of the waste stream, and improving the physical and compositional attributes of the feedstock for renewable fuel production. The Project will receive the processed MSW-derived feedstock from the FPFs, gasify and convert it into a crude oil substitute using Fischer-Tropsch conversion technology, and process it into low-carbon transportation fuels. Both the gasification and Fischer-Tropsch technologies are commercially proven and have been licensed by Fulcrum.

Fulcrum will provide construction management services to the Company with respect to the construction of the Project. In addition, Fulcrum will provide operation and maintenance services for both the FPFs and Biorefinery for a period of 20 years following the EPC Substantial Completion Date of the Biorefinery. The activities of Fulcrum may include, but are not limited to, entering into project agreements such as engineering, procurement and construction contracts, MSW feedstock supply agreements, product offtake agreements, financing agreements and other relevant agreements and documents necessary for the construction and operations of the Project.

This project would be a significant investment for the Company with an estimated investment of approximately \$500 million dollars for the Biorefinery. The Biorefinery and ancillary infrastructure is anticipated to contain the following capital investment:

- Land Acquisition
- New Building Construction
- Material Handling Equipment
- Gasification Equipment
- Fischer-Tropsch Equipment
- Upgrading Equipment
- Carbon Capture Equipment
- Infrastructure Improvements
- Utility Interconnections
- Lab Supplies
- Office Supplies

- Spare Parts
- Architectural Services
- Engineering Services
- Legal Services
- Financing Costs

The ability of the Company to construct the Biorefinery, is heavily dependent upon the overall return on investment of the project and whether the company can secure property tax benefits at an optimal location. Upon approval of such economic incentives, the Company would move forward in acquiring land in the Q3/Q4 of 2022. The construction of the facility and hiring of employees is estimated to occur in 2023 through 2025, with a goal of beginning operations in 2026.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

Tab 5

Documentation to assist in determining if limitation is a determining factor

Section 8, #4: Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

In the July 2021, Fulcrum published a press release regarding the Sierra BioFuels Plant stating, the World's First Garbage to Zero-Carbon Transportation Fuels Plant Has Begun Start-up and Commissioning.

There is one sentence in the attached article announcing the company is considering a third project in the Gulf Coast area.

The Company is also finalizing site selection for its third project, to be located in the Houston/Gulf Coast area, with planned capacity to also produce 35 million gallons of certified, zero-carbon, drop-in fuel annually.

Section 8, #6 and #7: Has the applicant received commitments for state or local incentives for activities at the proposed project sites? Is the applicant evaluating other locations not in Texas for the proposed project?

Fulcrum Trinity Fuels, LLC (the "Company") has received an incentives overview of the potential benefit available. The document reviews incentives available at the state and local level. The local benefit includes the offer of a Chambers County Ch. 381 Tax Abatement and the City of Baytown Industrial District Agreement PILOT. The Company is also assessing 2 sites in Louisiana that could support the Gulf Coast initiative.

Section 8, #10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

Fulcrum is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation. Fulcrum's management is interested in the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements under Chapter 381 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease. Fulcrum has limited capital resources and its investors may allocate those resources to a location with more favorable economics if the Company is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



NEWS RELEASE

Fulcrum BioEnergy Completes Construction of the Sierra BioFuels Plant

*World's First Garbage to Zero-Carbon Transportation Fuels Plant
Has Begun Start-up and Commissioning*

PLEASANTON, Calif., July 6, 2021 – [Fulcrum BioEnergy, Inc.](https://www.fulcrumbioenergy.com), a pioneer in the production of low-carbon fuels, announced today that it has completed construction on the world's first commercial-scale plant converting household garbage into low-cost, zero-carbon transportation fuels. Through Fulcrum's revolutionary process, the Sierra BioFuels Plant located east of Reno, Nevada, will convert 175,000 tons of prepared municipal solid waste (MSW) into approximately 11 million gallons of zero-carbon syncrude annually, which will then be upgraded to transportation fuels such as sustainable aviation fuel, renewable diesel and renewable gasoline – Fulcrum Fuel™. With construction complete, start-up and commissioning on the plant has commenced and fuel production is expected to begin during the fourth quarter of 2021.

Fulcrum Fuel has been patented and fully certified as a drop-in fuel for use in planes, cars and trucks, with improved performance over conventional petroleum-based fuels. Fulcrum's ongoing growth program will be particularly focused on de-carbonizing air travel by supplying the airline industry with the Company's zero-carbon sustainable aviation fuel (SAF).

"Completing construction is a monumental milestone not only for Fulcrum and our dedicated team who have worked tirelessly to make Sierra a reality, but also for our shared commitment to the environment and our local communities," said Eric Pryor, President and CEO of Fulcrum. "Fulcrum Fuel produced at Sierra will divert hundreds of thousands of tons of waste from a local landfill every year, while also helping our customers achieve their net zero-carbon emissions goals. We couldn't be more proud to bring the world's first waste-to-fuels plant online in the coming months."

As the world's first and only provider of fuel made from garbage, Fulcrum's proprietary waste-to-transportation fuels process diverts large volumes of MSW from local landfills and reduces greenhouse gas emissions by more than 100 percent on a lifecycle basis. In addition to providing solutions for the ever-increasing challenges of waste disposal, Fulcrum Fuel is an environmentally friendly, cost effective, and certified alternative to petroleum-based fuel for industries such as aviation which are seeking solutions to climate change. Fulcrum has patented the processes and systems for converting the organic materials found in municipal solid waste into Fischer-Tropsch liquids and upgraded transportation fuel products.

Beyond Sierra, Fulcrum's large commercial growth program has identified eight future plant locations in the U.S. with the capacity to produce more than 400 million gallons of drop-in transportation fuel each year. Fulcrum has secured feedstock for Sierra and for future plants from its waste services partners and has entered into fuel offtake agreements with its strategic partners including BP, United Airlines, Cathay Pacific, Japan Airlines, World Fuel Services and Marubeni.

-more-

The Company's next project – the Centerpoint BioFuels Plant – will be located in Gary, Indiana with MSW sourced from the greater Chicago and northern Indiana areas. Fulcrum has secured the biorefinery site, completed initial engineering and has submitted permits for Centerpoint, which will have three times the capacity of Sierra, producing approximately 35 million gallons of drop-in transportation fuel annually. The Company is also finalizing site selection for its third project, to be located in the Houston/Gulf Coast area, with planned capacity to also produce 35 million gallons of certified, zero-carbon, drop-in fuel annually. In addition, Fulcrum is working with its partners to develop waste-to-fuels projects in select international markets.

About Fulcrum

Based in Pleasanton, California, Fulcrum is leading the development of a reliable and efficient process for transforming household garbage into zero-carbon transportation fuels including sustainable aviation fuel and diesel. The Company's innovative process utilizing garbage as a feedstock will reduce greenhouse gases by more than 100% on a lifecycle basis, contributing to the aviation and transportation sectors goals of reducing carbon emissions. Beginning with the Sierra BioFuels Plant opening in 2021, Fulcrum's plants will provide customers with low-carbon drop-in fuel that is competitively priced with traditional petroleum fuel. Fulcrum, a privately held company, has aligned itself with strategic feedstock, technology and fuel offtake partners to further strengthen and accelerate the Company's patented and proprietary approach to commercially producing large volumes of renewable fuel from municipal solid waste. For more information, please visit www.fulcrum-bioenergy.com.

Contact

Rick Barraza

Vice President

(925) 224-8244

rbarraza@fulcrum-bioenergy.com

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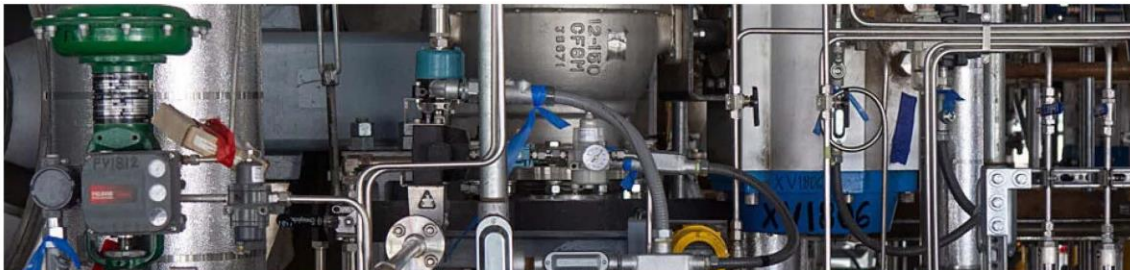


NET-ZERO CARBON PLANTS

Trinity Fuels Plant



Fulcrum is actively developing the Trinity Fuels Plant on the U.S. Gulf Coast. Fulcrum's proprietary process is spread across three separate facilities: Two Feedstock Processing Facilities that prepare the household garbage and one biorefinery that will convert the prepared feedstock into jet fuel.



INSIDE THE PLANT

<https://www.fulcrum-bioenergy.com/trinity-fuels-plant>



The Trinity Fuels Plant is expected to initiate commercial production in 2026, producing approximately 31 million gallons of net-zero carbon jet fuel each year.

WASTE DIVERTED PER YEAR

700,000 tons

EST. COMPLETION DATE

2025

EST. SAF PRODUCTION

31 million gallons per year

EST. TOTAL ECONOMIC INVESTMENT

\$800 Million

COMMUNITY

Creating Jobs & Investing in the Local Community

Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Fulcrum Trinity Fuels, LLC (Tax ID 32083198344) (Application #1767)

EXHIBIT B

**Summary of Financial Impact on
Barbers Hill Independent School District Prepared by
Region 12 Education Service Center**

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

by and between

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

and

FULCRUM TRINITY FUELS, LLC,

(Texas Taxpayer ID #32083198344)

Comptroller Application #1767

Dated

November 14, 2022

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

STATE OF TEXAS §

COUNTY OF CHAMBERS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **BARBERS HILL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **FULCRUM TRINITY FUELS, LLC**, Texas Taxpayer Identification Number *32083198344* hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on March 28, 2022, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on March 28, 2022, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and June 16, 2022, is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Chambers County Appraisal District established in Chambers County, Texas (the “Chambers County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on September 2, 2022 issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the District’s Board of Trustees, acting through its Superintendent of Schools, by letter

dated October 28, 2022, extended the statutory deadline by which the District must consider the Application until December 31, 2022, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on November 14, 2022, 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;

WHEREAS, on November 14, 2022, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on November 14, 2022, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in 313.021(2)(A)(iv)(b) of the TEXAS TAX CODE;

WHEREAS, on November 14, 2022, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on November 14, 2022, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means Fulcrum Trinity Fuels, LLC, (*Texas Taxpayer ID #32083198344*), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on March 28, 2022. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Chambers County Appraisal District.

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

“Commercial Operation” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of converting municipal waste into renewable fuel.

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

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Chambers County, Texas.

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

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means acts of God, war, fires, explosions, hurricanes, floods, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within 60 business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and

as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

"Qualifying Time Period" means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller's Rules, and this Agreement.

"State" means the State of Texas.

"Supplemental Payment" means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on the Applicant's Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.027 of the TEXAS TAX CODE.

"Tax Limitation Period" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

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

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"Aggregate Limit" means, for any Tax Year during this Agreement, an amount equal to Fifty Percent (50%) of the Net Tax Benefit to the Applicant.

"Applicable School Finance Law" means the State constitution and laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools and school districts generally and the District specifically that are in effect at the time of the Agreement's execution.

"Cumulative Payments" means for each year of this Agreement the total of all payments calculated and owed under Articles IV, V and VI of this Agreement for the current Tax Year.

"Lost McO Revenue" means the reduction in Maintenance and Operations Tax Collections and any

state aid to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Approval Date and ending on the Final Termination Date of this Agreement as calculated in accordance with Section 4.2.

“Maintenance and Operations Tax Revenue” means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION and any state aid the District is or may be entitled to receive under Chapter 48 of the TEXAS EDUCATION CODE or its successor statute.

“Net Tax Benefit” means, for any Tax Year during the term of this Agreement, an amount equal to: (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) the amount of maintenance and operations ad valorem school taxes actually paid to the District for such Tax Year.

“New Me&O Revenue” means the local Maintenance and Operations Tax Collections and any state aid that the District actually received for the property that is the subject of this Agreement for the current Tax Year pursuant to the limitation on appraised value as set forth in this Agreement.

“Option to Terminate” means, Applicant’s written notice to the District that (i) Applicant has determined that it will not commence or complete construction of the Applicant’s Qualified Investment prior to the beginning of the Tax Limitation Period, and (ii) Applicant has elected to unilaterally terminate this Agreement.

“Original Me&O Revenue” means the local Maintenance and Operations Tax Collections and any state aid that the District would have received for the property that is the subject of this Agreement for the current Tax Year had this Agreement not been entered into by the Parties.

“Third Party” shall have the meaning set forth in Section 4.3.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraisal District for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is June 16, 2022, which will be used to

determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is November 14, 2022.

C. The Qualifying Time Period for this Agreement:

i. Starts on January 1, 2023, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE; and

ii. Ends on December 31, 2024, the last day of the second complete Tax Year following the Qualifying Time Period start date

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2026, first complete Tax Year that begins after the date of the commencement of Commercial Operation; and

ii. Ends on December 31, 2035.

E. The Final Termination Date for this Agreement is December 31, 2040.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

A. the Market Value of the Applicant's Qualified Property; or

B. \$80,000,000.

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.022(b) of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

A. have completed the Applicant's Qualified Investment in the amount of \$80,000,000 during the Qualifying Time Period;

B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. pay an average weekly wage of at least \$1,192.25 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;

C. provide such Supplemental Payments as more fully specified in Article VI;

D. create and Maintain Viable Presence on or with the Qualified Property and perform additional

obligations as more fully specified in Article VIII of this Agreement; and

E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as manufacturing facility.

ARTICLE IV **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

Section 4.1. INTENT OF THE PARTIES.

It is the intent of the Parties in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE and Section 48.256 (d) of the TEXAS EDUCATION CODE as that statute exists at the time of the execution of this Agreement that the District shall be compensated by the Applicant as provided in this Article IV for any Lost M&O Revenue as a direct result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI of this Agreement. **It is the intent of the Parties that the risk of any and all Lost M&O Revenue will be borne by the Applicant and not by the District.**

Subject to the limitations contained in this Agreement, the calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time in the first complete Tax Year following the Application Approval Date and every year thereafter during the term of this Agreement.

The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement;
- ii. Are based upon the Applicable School Finance Law; and,

May change in future years based upon changes in student enrollment, tax rate changes and project value as determined by the Appraisal District.

Section 4.2 CALCULATING LOST M&O REVENUE.

The amount to be paid by the Applicant to compensate the District for the Lost M&O Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Approval Date and ending on Final Termination Date shall be determined in compliance with the Applicable School Finance Law and according to the following formulas:

- A. For the first year of the Tax Limitation Period, the Lost M&O Revenue owed by the Applicant to the District shall be an amount equal to Applicant's tax savings for such year under this Agreement, calculated as (i) the amount of maintenance and operations ad valorem taxes that the applicant would have paid to the District for the first year of the Tax Limitation Period if this Agreement had not been entered into by the Parties; *minus* (ii) the amount of maintenance and operations ad valorem school taxes actually paid by the Applicant for such year.
- B. For each of the nine (9) remaining years of the Tax Limitation Period, Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue, using prior year appraised values as set forth in Section 48.256 (d) of the TEXAS EDUCATION CODE as that statute exists at the time of the execution of this Agreement.

In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined by the Appraisal District.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under this Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates only the full Maintenance and Operation Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY.

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected and appointed each year by the District, subject to approval by Applicant in writing, which approval shall not unreasonably be withheld.

Section 4.4. DATA USED FOR CALCULATIONS.

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

Section 4.5. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

If the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District. The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below.

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

Section 4.6. DELIVERY OF CALCULATIONS.

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and Article VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.8, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until four (4) years after the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.7. STATUTORY CHANGES AFFECTING MAINTENANCE & OPERATION REVENUE.

Notwithstanding any other provision in this Agreement, in the event that, by virtue of statutory changes to state law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, solely because of its participation in this Agreement, the Applicant shall make payments to the District, up to the Aggregate Limitation, that are necessary to fully reimburse and hold the District harmless from any actual negative impact on the District's Maintenance and Operation Revenue as a direct result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Article IV, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 4.9.

Section 4.8. PAYMENT BY APPLICANT.

Subject to Section 4.9 below, the Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective, provided, however, that any payment calculated as due and owing in the first year of the Tax Limitation Period (2026) shall be divided into three equal payments, such payments being due and owing on January 31 following the end of Tax Years 2026, 2027 and 2028, respectively. The Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.4, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms of, or because of, the execution of this Agreement. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not to exceed Fifteen Thousand Dollars (\$15,000.00).

Section 4.9. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to this Article IV of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.4 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees within thirty (30) days after receipt of the final determination of the calculations. Any appeal by the Applicant of the final determination of calculations shall in no way limit Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. PAYMENT LIMITATION; AGGREGATE LIMIT.

In the event that the Cumulative Payments for any Tax Year during the Limitation Period of this Agreement shall exceed the Aggregate Limit for that Tax Year, the Cumulative Payments owed for that year shall be limited to the Aggregate Limit for that Tax Year. Amounts otherwise due and owing by the Applicant to the District which, by virtue of this payment limitation, are not paid in that Tax Year shall be carried forward from year to year into subsequent Tax Years until paid in full. The Aggregate Limit shall not apply to the three year period following the end of the Tax Limitation Period (Tax Years 2036-2038).

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES.

In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses directly and solely related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary

increase in student enrollment caused directly by such project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 above. The District and the Applicant agree that this Agreement does not cause the District to incur extraordinary education-related expenses.

ARTICLE VI **SUPPLEMENTAL PAYMENTS**

Section 6.1. SUPPLEMENTAL PAYMENTS.

In interpreting the provisions of this Article VI, the Parties agree that, in addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V, and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3. Each Supplemental Payment shall be due and payable on January 31st of the year following that in which such Supplemental Payment accrued.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 48.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 48.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT.

A. For each Tax Year beginning with the period starting the first full or partial year of the Qualifying Time Period (2023) and ending December 31 of the third year following the end

of the Tax Limitation Period (2038), Supplemental Payments shall be owed. The amount of each Supplemental Payment shall be equal to the limitation amount calculated in accordance with Section 6.2 above. For any Tax Year during this Agreement in which the Cumulative Payments calculated under Sections IV, V and VI of this Agreement exceed the Aggregate Limit for such Tax Year, the Applicant's Cumulative Payment amount for each Tax Year shall be reduced by the difference between the Cumulative Payments and the Aggregate Limit for such Tax Year, with such difference being carried forward from year-to-year until paid to the District. The Aggregate Limit shall not apply nor limit Supplemental Payment amounts due to the District during the three-year period following the Tax Limitation Period (2036-2038).

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Cumulative Payments; (ii) the determination of the Supplemental Payment amount and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Cumulative Payments and Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Supplemental Payment amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 6.1.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.9, above.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate, this Agreement shall terminate and be of no further force or effect; provided, however, that:

- A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive

such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than ninety-six (96) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information

that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the

Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a “Material Breach”):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably

necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Chambers County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Chambers County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the ninety (90) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.1 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the ninety (90) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement

prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$80,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be

in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

**ARTICLE X.
MISCELLANEOUS PROVISIONS**

Section 10.1. INFORMATION AND NOTICES.

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

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

To the District

Name: Barbers Hill Independent School District
Attn: Superintendent Dr. Greg Poole

With Copy to

Leon | Alcala, PLLC
Sara Hardner Leon

	or his successor	
Address:	9600 Eagle Drive P.O. Box 1108	2901 Via Fortuna, Suite 475
City/Zip:	Mont Belvieu, Texas 77580	Austin, Texas 78746
Phone :	(281) 576-2221	(512) 637-4244
Fax :	(281) 576-3410	(512) 637-4245
Email:	gpooles@bhisd.net	sleon@leonalcala.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

To the Applicant

Name:	Fulcrum BioEnergy, Inc.
Attn:	Mujinga Mwamufiya, Director of Business Development
Address:	4900 Hopyard Road, Suite 220
City/Zip:	Pleasanton, CA 94588
Phone :	(925) 224-8254
Fax:	(925) 730-0157
Email:	mmwamufiya@fulcrum-bioenergy.com

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

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District’s Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller; and
 - c. and any additional information requested by the District or the Comptroller

necessary to evaluate the amendment or modification.

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied.

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE; and

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement.

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

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

governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Chambers County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words “include,” “includes,” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase, “but not limited to”. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

- A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller’s Internet website;
- B. The District shall provide on its website a link to the location of those documents posted on the Comptroller’s website; and
- C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District and Comptroller’s office in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant’s duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District

represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

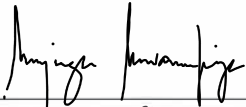
A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

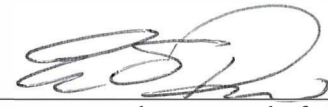
B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 14th day of November, 2022.

FULCRUM TRINITY FUELS, LLC, BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: 
Mujinga Mwamufiya,
Authorized Representative

By: 
Eric Davis, President, Board of Trustees

ATTEST:


Benny May, Secretary, Board of Trustees

EXHIBIT 1
DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Agreement for Limitation on Appraised Value
Between Barbers Hill ISD and Fulcrum Trinity Fuels, LLC, #1767
November 14, 2022
Exhibit 1

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Oct 2020)

EXHIBIT 1

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE
BARBERS HILL INDEPENDENT SCHOOL DISTRICT REGARDING THE
FULCRUM REINVESTMENT ZONE**

A Resolution designating a certain area as a reinvestment zone in connection with an economic development Agreement under Chapter 313 of the Texas Tax Code, such reinvestment zone located within the geographic boundaries of the Barbers Hill Independent School District, in Chambers County, Texas, to be known as the “Fulcrum Reinvestment Zone”; establishing the boundaries thereof in connection with an application for value limitation agreement for school district maintenance and operations taxes under Chapter 313 of the Texas Tax Code submitted by Fulcrum Trinity Fuels, LLC (Taxpayer ID 32083198344); and

WHEREAS, the Property Redevelopment and Tax Abatement Act, as amended (TEXAS TAX CODE § 312.0025) permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of the state in which the school district is located; and

WHEREAS, the Barbers Hill Independent School District (the “District”) desires to promote the development of primary employment and to attract major investment in the District, and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, on November 14, 2022, the District’s Board of Trustees held a public hearing regarding the property proposed to be designated as the reinvestment zone, described in the attached Exhibits A and B; and,

WHEREAS, at such public hearing all interested members of the public were given an opportunity to appear and speak for or against the designation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone, and approval of an Agreement for Value Limitation on Appraised Value of Qualified Property for School District Maintenance and Operations Taxes, as authorized by Chapter 313 of the TEXAS TAX CODE with Fulcrum Trinity Fuels, LLC (Texas Taxpayer I.D. No. 32083198344); and,

WHEREAS, the District wishes to designate a reinvestment zone within the boundaries of the school district in Chambers County, Texas to be known as the “Fulcrum Reinvestment Zone” as shown in the attached Exhibit B.

NOW THEREFORE, BE IT RESOLVED BY THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct and are incorporated into this Resolution as findings of fact.

SECTION 2. That the Board of Trustees of the District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of the “Fulcrum Reinvestment Zone” has been properly called, held, and conducted;

- (b) That the boundaries of the “Fulcrum Reinvestment Zone” be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the legal description attached hereto as Exhibit A;

- (c) That creation of the boundaries as described in Exhibit A will result in economic benefits to the District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (d) That the “Fulcrum Reinvestment Zone” described in Exhibit A meets the criteria set forth in TEXAS TAX CODE §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of the District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the District hereby designates a reinvestment zone under the provisions of TEXAS TAX CODE §312.0025, encompassing the area described by the descriptions in Exhibit A, and such reinvestment zone is hereby designated and shall hereafter be referred to as the “Fulcrum Reinvestment Zone.”

SECTION 4. That the “Fulcrum Reinvestment Zone” shall take effect upon adoption of this Resolution by the District Board of Trustees and shall remain designated as a commercial- industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the District’s Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, TEXAS GOVERNMENT CODE, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone.

PASSED, APPROVED, AND ADOPTED on this 14th day of November 2022.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

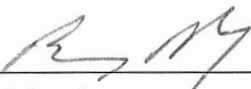
By:



Eric Davis, President
Board of Trustees

ATTEST:

By:



Benny May, Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF THE “FULCRUM REINVESTMENT ZONE”

Tract	Acres	Property ID	Owner	Legal Description	Book and Volume
A	570.210 (Seq 1 570.21)	37421	TGS Cedar Port Partners LP 3444 Katy Freeway, Ste 200 Houston, TX 77007	23 TR 0-8-2 WD SMITH SUR	Vol: 1535 Page: 85 File No. 98883 Deed date: 12/2/14
B	540.76 (Seq 1 400) (Seq 2 140.76)	17164	TGS Cedar Port Partners LP 3444 Katy Freeway, Ste 200 Houston, TX 77007	44 TR 1-0 A BEARD	Vol: 1535 Page 85 File No. 98883 Deed Dated 12/2/14
C	1,122.35 (Seq 1 621.14) (Seq 2 481.22) (Sea 3 20)	17165	TGS Cedar Port Partners LP 3444 Katy Freeway, Ste 200 Houston, TX 77007	23 TR 0-8 WD SMITH SUR	Vol: 1535 Page 85 File No. 98883 Deed Dated 12/2/14

EXHIBIT B

SURVEY MAP OF THE “FULCRUM REINVESTMENT ZONE”

1767-subcomp311-filcumminityaetl-amendedapplication001-5-12-2022

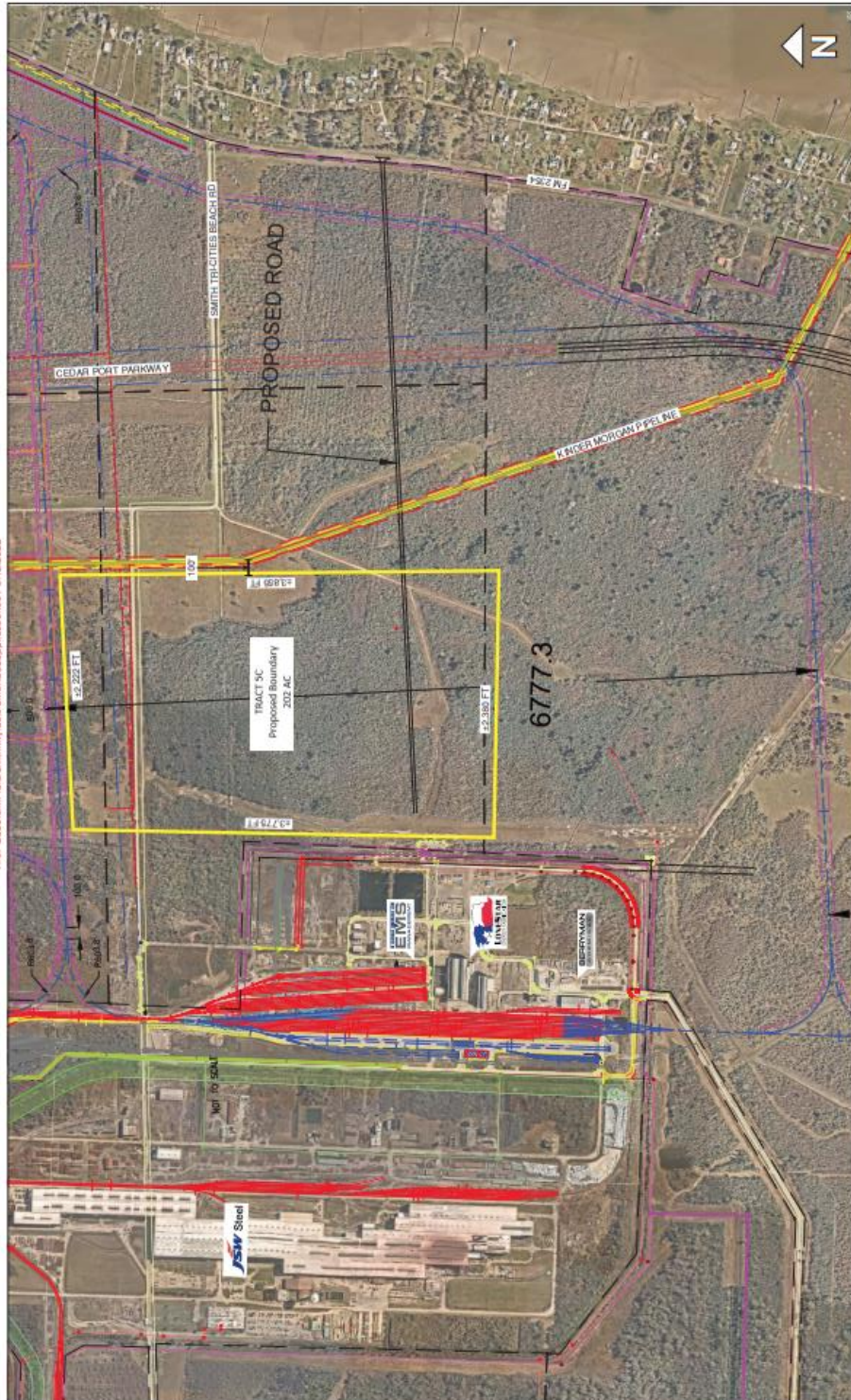
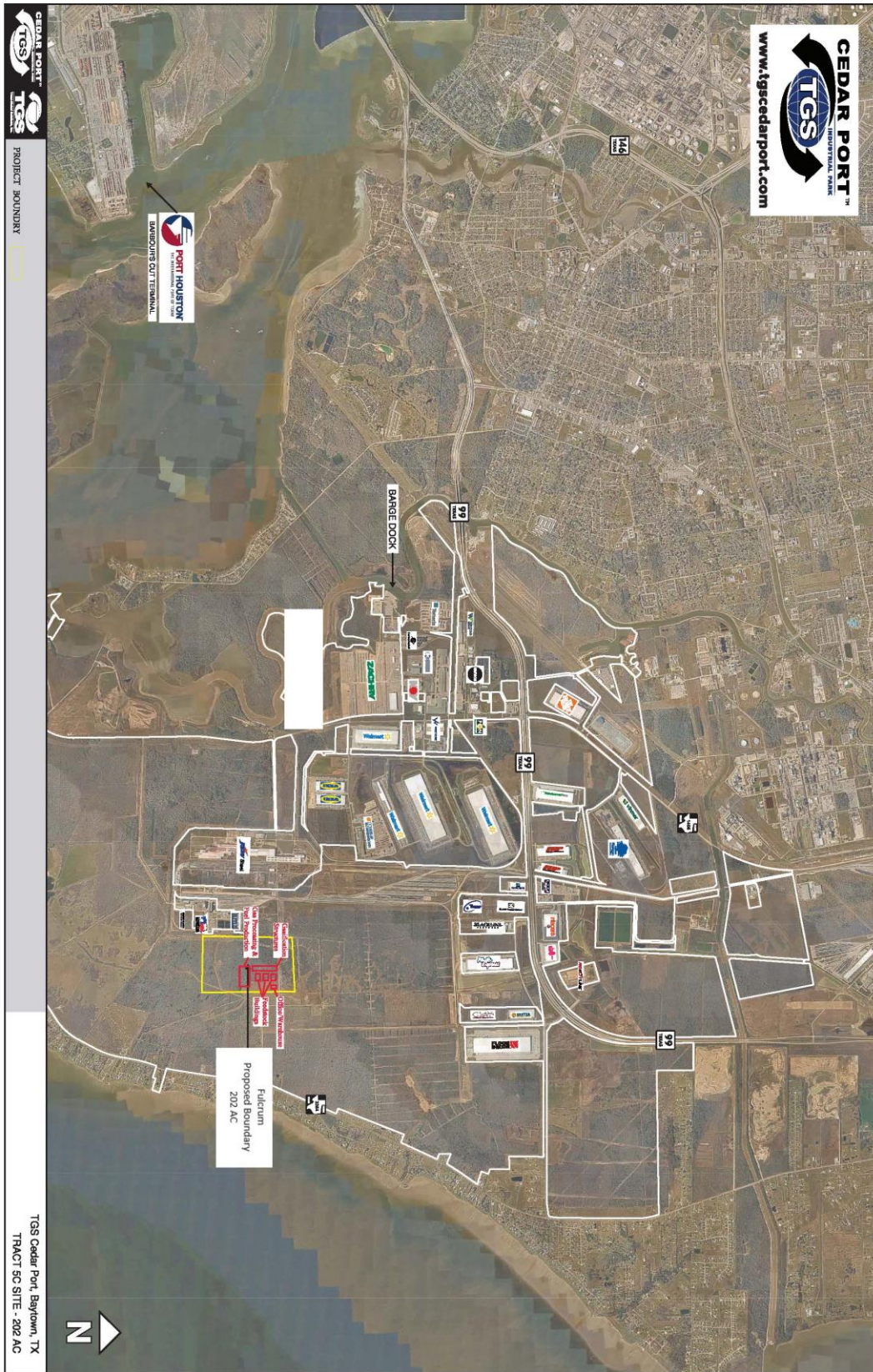


EXHIBIT 2
DESCRIPTION AND LOCATION OF LAND

Agreement for Limitation on Appraised Value
Between Barbers Hill ISD and Fulcrum Trinity Fuels, LLC, #1767
November 14, 2022
Exhibit 2

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Oct 2020)

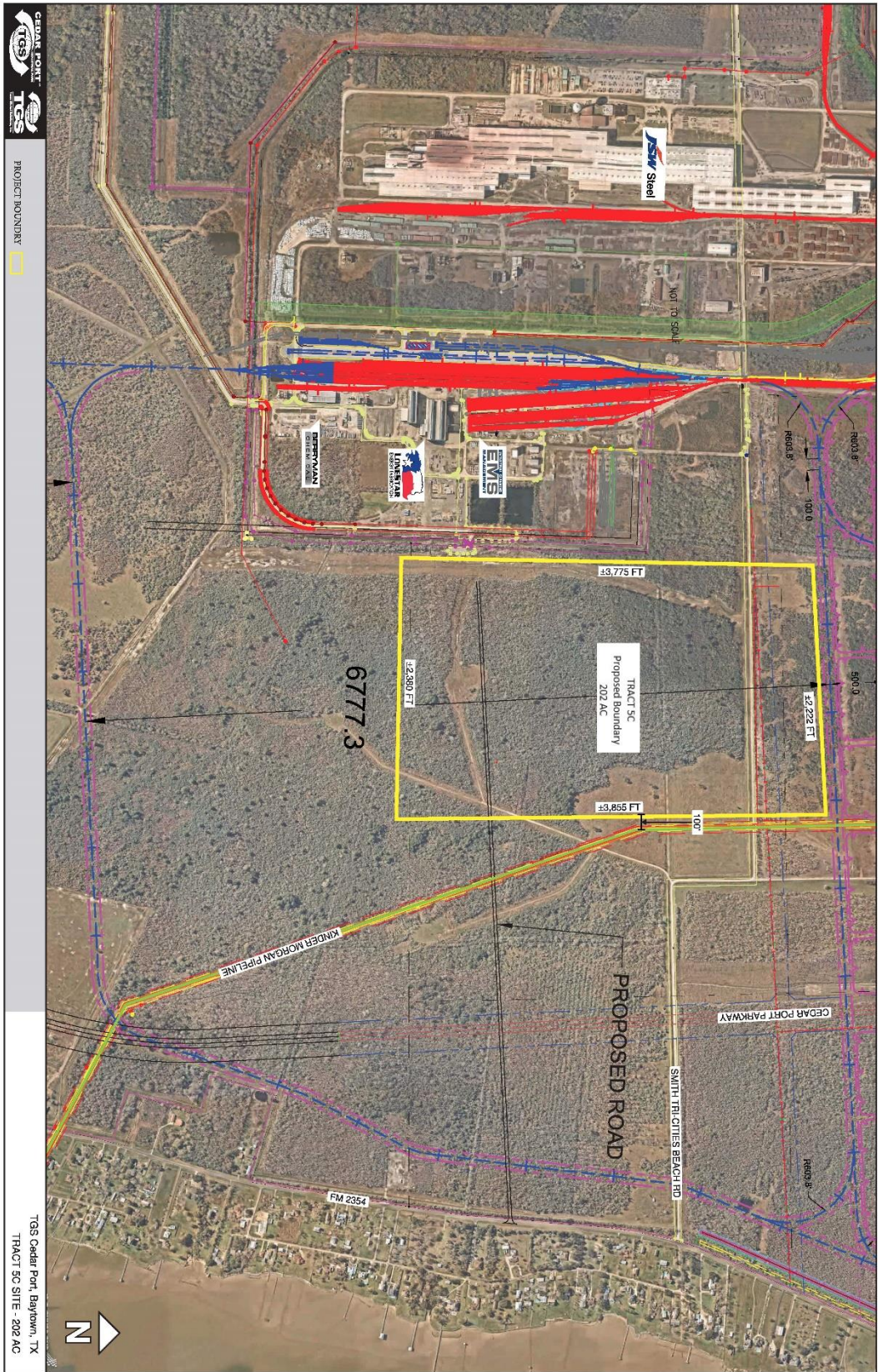
EXHIBIT 2



1767-1abershill-fulcrumtrinityfuels-amendedapplication001-5-12-2022

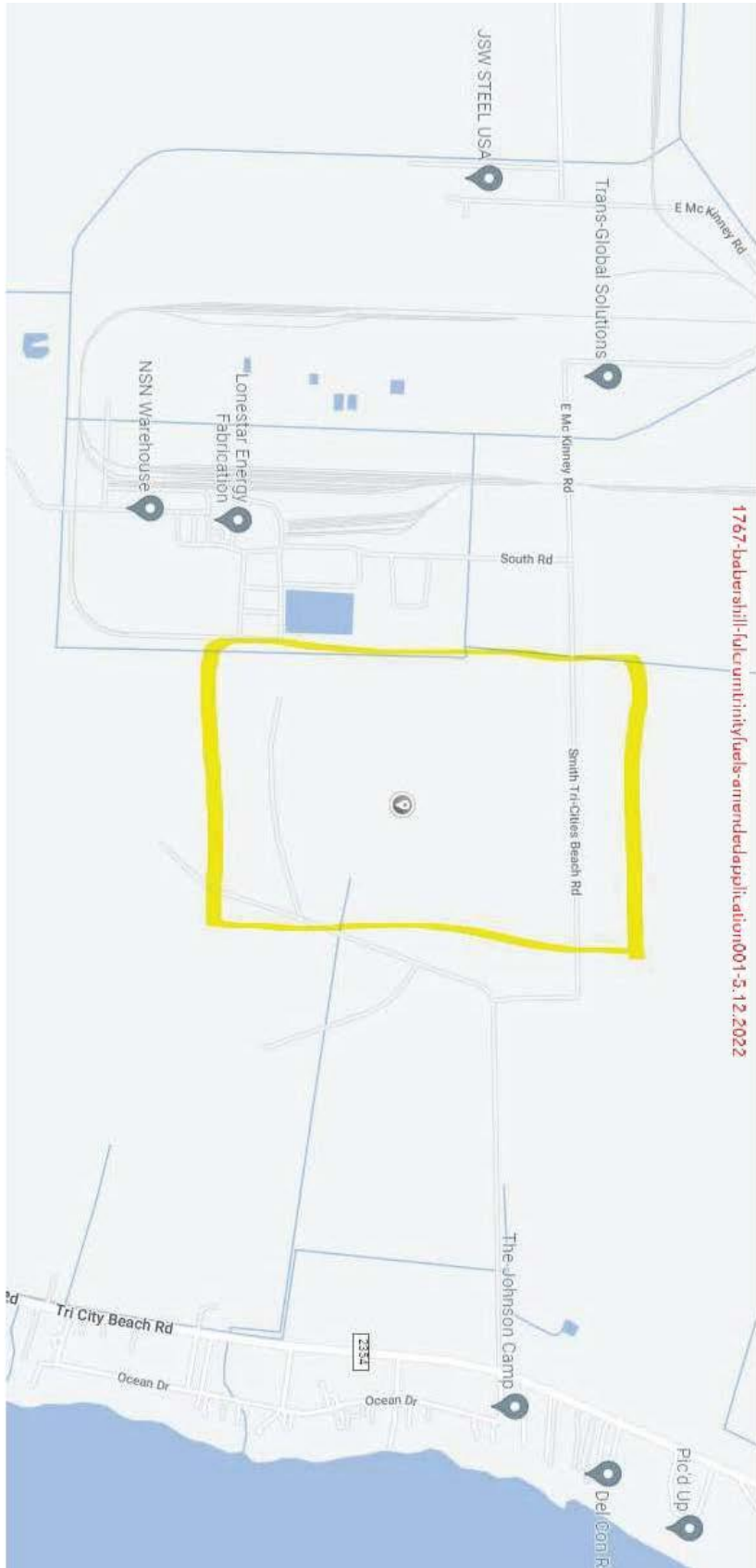
Agreement for Limitation on Appraised Value
 Between Barbers Hill ISD and Fulcrum Trinity Fuels, LLC, #1767
 November 14, 2022
 Exhibit 2

Texas Economic Development Act Agreement
 Comptroller Form 50-826 (Oct 2020)



Agreement for Limitation on Appraised Value
 Between Barbers Hill ISD and Fulcrum Trinity Fuels, LLC, #1767
 November 14, 2022
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Comptroller Form 50-826 (Oct 2020)



Agreement for Limitation on Appraised Value
Between Barbers Hill ISD and Fulcrum Trinity Fuels, LLC, #1767
November 14, 2022
Exhibit 2

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Oct 2020)

EXHIBIT 3
APPLICANT'S QUALIFIED INVESTMENT

The qualified investment for the biorefinery may contain the following systems:

- New Building Construction
 - Feedstock storage buildings (3)
 - Administration Building / Maintenance Shop
 - Control Building
 - MCC Buildings
 - Security Building / Guard House
- Material Handling Equipment
 - Conveyors
 - Surge Hoppers
 - Dust Collectors
- Gasification Equipment
 - Feed bins and conveyors
 - Vessels
 - Cyclones
 - Heat exchangers
 - Pumps
 - Fans
 - Conveying and material handling systems
- Fischer-Tropsch Equipment
 - Reactor
 - Vessels
 - Pumps
 - Heat exchangers
- Syngas Cooling, Cleaning and Compression Equipment
 - Scrubber
 - Heat exchangers
 - Pumps
 - Compressor and steam turbine
- Upgrading Equipment
 - Vessels
 - Pumps
 - Heat exchangers
- Product Storage and Loading Equipment
 - Tanks
 - Pumps
 - Heat Exchangers
- Fire Detection, Protection and Suppression Systems
- Plant Utility Systems
 - Boiler and steam system
 - Raw water system

- Fire water system
- Cooling tower and cooling water system
- Various chemical systems
- Natural gas system
- Plant compressed air and instrument air systems
- Water treatment system
- Emergency generator system
- Flare system
- Carbon Capture Equipment
- Plant wide control system
- External Utility Interconnections
- Catalyst and Chemicals
- Lab:
 - Ambient gas detection system (for the safety of people inside the lab)
 - Reagents

EXHIBIT 4
DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

The qualified property for the biorefinery may contain the following systems:

- New Building Construction
 - Feedstock storage buildings (3)
 - Administration Building / Maintenance Shop
 - Control Building
 - MCC Buildings
 - Security Building / Guard House
- Material Handling Equipment
 - Conveyors
 - Surge Hoppers
 - Dust Collectors
- Gasification Equipment
 - Feed bins and conveyors
 - Vessels
 - Cyclones
 - Heat exchangers
 - Pumps
 - Fans
 - Conveying and material handling systems
- Fischer-Tropsch Equipment
 - Reactor
 - Vessels
 - Pumps
 - Heat exchangers
- Syngas Cooling, Cleaning and Compression Equipment
 - Scrubber
 - Heat exchangers
 - Pumps
 - Compressor and steam turbine
- Upgrading Equipment
 - Vessels
 - Pumps
 - Heat exchangers
- Product Storage and Loading Equipment
 - Tanks
 - Pumps
 - Heat Exchangers
- Fire Detection, Protection and Suppression Systems
- Plant Utility Systems
 - Boiler and steam system

- Raw water system
- Fire water system
- Cooling tower and cooling water system
- Various chemical systems
- Natural gas system
- Plant compressed air and instrument air systems
- Water treatment system
- Emergency generator system
- Flare system
- Carbon Capture Equipment
- Plant wide control system
- External Utility Interconnections
- Catalyst and Chemicals
- Lab:
 - Ambient gas detection system (for the safety of people inside the lab)
 - Reagents

Findings and Order of the Barbers Hill Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Fulcrum Trinity Fuels, LLC (Tax ID 32083198344) (Application #1767)

EXHIBIT C

**Proposed Agreement between
Barbers Hill Independent School District
and Fulcrum Trinity Fuels, LLC**