THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

MODIFICATION TO TAX ABATEMENT AGREEMENT WITH ASCEND PERFORMANCE MATERIALS TEXAS, INC. FOR PROPERTY LOCATED IN BRAZORIA COUNTY REINVESTMENT ZONE NO. 22-01

This **Modification to Tax Abatement Agreement** (hereinafter referred to as the “Modification”) is made and entered into by and between Brazoria County ("County") and **ASCEND PERFORMANCE MATERIALS TEXAS, INC.,** a corporation authorized to do business in Texas ("Owner"), the owner of taxable real property in Brazoria County, Texas, located in **BRAZORIA COUNTY REINVESTMENT ZONE NO. 22-01** ("Reinvestment Zone").

AUTHORIZATION

This Modification is authorized under Section 312.208 of the Texas Tax Code because (i) the provisions of this modification could have been included in the original Agreement and (ii) this modification has been entered into following the same procedure in which the application was approved and executed.

RECITALS

The County and Owner hereby agree that the following statements are true and correct and constitute the basis upon which the County and Owner have entered into this Modification.

1. The County and Owner previously entered into a Tax Abatement Agreement (attached hereto as Exhibit “A”) on file in the County Clerk’s Office under Commissioners Court Order No. 7.N.3 and approved on September 27, 2022 (the “**Agreement”**). Under the Agreement, Owner agreed to construct certain real property improvements on property in the County and located within The Brazoria County Reinvestment Zone No. 22-01 in return for certain real property tax abatements granted to Owner by the County.

2. The term of the abatement was to be effective on January 1, 2024.

3. Owner began construction on the project on or before December 2022.

4. In accordance with the Brazoria County Guidelines and Criteria for Granting Tax Abatement, abatement shall begin the January 1 following the commencement of construction.

5. Because Owner has commenced the construction of the project prior to the anticipated 2023 date, the effective date of the Agreement is January 1, 2023.

NOW THEREFORE, the County and Owner, for and in consideration of the terms and conditions set forth herein, do hereby contract, covenant and agree as follows:

A. Section IV. VALUE AND TERM OF ABATEMENT is hereby modified to read as follows:

4.01 This Tax Abatement shall be effective January 1, 2023 and shall continue for a period of seven (7) years, or one-half (½) the productive life of the improvements, whichever is less. One hundred percent (100%) of the value of New Eligible Properties shall be abated subject to Section 4.03 herein below.

4.02 Pursuant to the above-provisions and subject to Section 4.03 herein below, the term of abatement under this Agreement shall commence January 1, 2023 and continue through December 31, 2029. The benefits of abatement shall continue throughout the last year in which abatement is applied as long as the property and property owner continue to qualify for abatement throughout the last year.

4.03 If pursuant to the above Section 4.01, it is determined upon completion of improvements, or at any time thereafter (including after the term of abatement otherwise granted under this Agreement) that one-half (½) the productive life of improvements is less than the term of years of abatement under this Agreement, the term of abatement shall be reduced to one-half (½) the productive life of the improvements and Owner shall pay to County the full amount of taxes otherwise abated in each year in which the term of abatement exceeded one-half (½) of the actual productive life of the improvements. The amount of taxes for part of a year, if applicable, shall be determined by proration (by multiplying the amount of abated taxes for the entire year by a fraction, the denominator of which is 365 and the numerator of which is the number of days in excess of the term of abatement represented by one-half (½) of the actual productive life of the improvements). Any recapture hereunder shall be payable within sixty (60) days of written notice. Owner shall certify by statement to County and the Brazoria County Appraisal District the estimated productive life of improvements upon completion of the construction; provided, however Owner's estimate of productive life shall not control the operation of this subsection.

4.04 Owners payment obligation under Section 4.03 is a continuing obligation. Owner understands and agrees that this Agreement mandates that Owner's abated improvements be in active service and operation as part of a facility operating in a producing capacity for a period of fourteen (14) years from the effective commencement date of this agreement (to December 31, 2036) in order for Owner to receive seven (7) full years of abatement that are not subject to the term reduction and recapture/payment obligation provisions of Section 4.03 of this Agreement.

B. Section 9.04 is modified to read as follows:

9.04 Owner has a continuing obligation for a period of fourteen (14) years from the effective commencement date of this Agreement (to December 31, 2036) to report to the County any plant closure or permanent cessation of production at the abated facility and to furnish to County upon request a written confirmation as to whether or not the abated improvements are in service as part of a producing facility or, if applicable, a statement of the beginning and ending dates of production from and/or the beginning and ending dates of operation of the abated facility improvements; or to provide other similar information necessary to determine the actual or estimated productive life of the abated improvements.

C. Except as otherwise specifically amended in this Modification, the Agreement shall remain in full force and effect.

D. This Modification contains the entire understanding and agreement between the County and Owner, their assigns and successors in interest, as to the matters contained herein.

This Modification is executed by the parties in multiple originals, each having full force and effect, and the effective date of this agreement is the date of the countersignature of the County Judge.

BRAZORIA COUNTY

By:__________________________
L.M. "MATT" SEBESTA, JR.
COUNTY JUDGE
BRAZORIA COUNTY, TEXAS

Date signed:________________________

ASCEND PERFORMANCE MATERIALS TEXAS, INC.

By: Mark Parker
Name: Mark Parker
Title: Tax Director

Date signed: 2/29/24

EXHIBIT A

THE STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

TAX ABATEMENT AGREEMENT WITH
ASCEND PERFORMANCE MATERIALS TEXAS, INC.
FOR PROPERTY LOCATED IN
BRAZORIA COUNTY REINVESTMENT ZONE NO. 22-01

This Tax Abatement Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between Brazoria County ("County"), and Ascend Performance Materials Texas, Inc., a corporation authorized to do business in Texas, hereinafter referred to as "Owner" of taxable real property in Brazoria County, Texas, located in the **BRAZORIA COUNTY REINVESTMENT ZONE NO. 22-01** ("Reinvestment Zone").

I. AUTHORIZATION

1.01 This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, V.A.T.S. Tax Code, Chapter 312, as amended, and by Order of the Brazoria County Commissioners Court approving this Abatement.

II. DEFINITIONS

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

a. "Certified Appraised Value" means the January 1st appraised value of the property within the Reinvestment Zone as certified by the Brazoria County Appraisal District as of the January 1st valuation date.

b. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated for economic development purposes.

c. "Eligible Property" means the buildings, structures, tangible personal property as defined in the Texas Tax Code including fixed machinery and equipment, process units, site improvements, and related fixed improvements necessary to the operation and administration of the facility.

d. "New Eligible Property" means Eligible Property construction of which commences subsequent to the date of Commissioners Court Action approving the Tax Abatement. During the construction phase of the New Eligible Property, the Owner may make such change orders to the New Eligible Property as are reasonably necessary to accomplish its intended use.

e. "Ineligible Property" means land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory and supplies, tools, furnishings and other forms of movable personal property, vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of this Agreement, property that is already subject to real or personal property tax moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by State law.

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

2.02 The Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone created in Brazoria County, adopted by the Brazoria County Commissioners Court, are attached hereto as Exhibit B and made a part hereof. All definitions set forth therein are applicable to this Agreement.

III. SUBJECT PROPERTY

3.01 The Reinvestment Zone is an area generally described as approximately 15.429 acres of land in Brazoria County, Texas. The legal description of the Reinvestment Zone is attached hereto as Exhibit C.

3.02 The Brazoria County Appraisal District has established values for the land, personal property, and improvements of Owner in the subject property or of certain tracts of land from which the subject tract of land is derived as of January 1, 2022. Such values are attached hereto as Exhibit D.

IV. VALUE AND TERM OF ABATEMENT

4.01 This Tax Abatement shall be effective January 1, 2024 and shall continue for a period of seven (7) years, or one-half (½) the productive life of the improvements, whichever is less. One hundred percent (100%) of the value of New Eligible Properties shall be abated subject to Section 4.03 herein below.

4.02 Pursuant to the above-provisions and subject to Section 4.03 herein below, the term of abatement under this Agreement shall commence January 1, 2024 and continue through December 31, 2030. The benefits of abatement shall continue throughout the last year in which abatement is applied as long as the property and property owner continue to qualify for abatement throughout the last year.

4.03 If pursuant to the above Section 4.01, it is determined upon completion of improvements, or at any time thereafter (including after the term of abatement otherwise granted under this Agreement) that one-half (½) the productive life of improvements is less than the term of years of abatement under this Agreement, the term of abatement shall be reduced to one-half (½) the productive life of the improvements and Owner shall pay to County the full amount of taxes otherwise abated in each year in which the term of abatement exceeded one-half (½) of the actual productive life of the improvements. The amount of taxes for part of a year, if applicable, shall be determined by proration (by multiplying the amount of abated taxes for the entire year by a fraction, the denominator of which is 365 and the numerator of which is the number of days in excess of the term of abatement represented by one-half (½) of the actual productive life of the improvements). Any recapture hereunder shall be payable within sixty (60) days of written notice. Owner shall certify by statement to County and the Brazoria County Appraisal District the estimated productive life of improvements upon completion of the construction; provided, however Owner's estimate of productive life shall not control the operation of this subsection.

4.04 Owners payment obligation under Section 4.03 is a continuing obligation. Owner understands and agrees that this Agreement mandates that Owner's abated improvements be in active service and operation as part of a facility operating in a producing capacity for a period of fourteen (14) years from the effective commencement date of this agreement (to December 31, 2037) in order for Owner to receive seven (7) full years of abatement that are not subject to the term reduction and recapture/payment obligation provisions of Section 4.03 of this Agreement.

V. TAXABILITY

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

(a) The value of Ineligible Property shall be fully taxable;

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

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

VI. PLANNED IMPROVEMENTS AND EMPLOYMENT

6.01 As set forth in the Application attached as Exhibit A, the Owner represents that it will modernize the current acrylonitrile facility and construct a recovery, purification, and production facility for acetonitrile. The estimated value of eligible improvements at the end of this Agreement indicated in the application is $76,000,000.00.

6.02 The Owner represents and warrants that this project will retain at least 250 full-time jobs. In addition, the Owner represents and warrants that the level of employment stated in the abatement application (including the projected creation or retention of employment) will be maintained for the duration of the abatement period. It is further represented that this project will provide an estimated 100 construction jobs at the beginning of construction, with a peak load of 400 construction jobs during the course of construction and 100 such jobs upon completion.

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

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

6.05 The Owner estimated in its application that construction of the improvements will begin in the first quarter of 2023 with completion estimated by December of 2024.

VII. EVENT OF DEFAULT

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

(a) the Owner fails to commence construction of the new facility described in Section VI above, and the Application attached hereto as Exhibit A within two (2) years of the Effective Date;

(b) the Owner fails to construct the new facility described in Section VI above;

(c) the Owner refuses or neglects to comply with any of the terms of this Agreement;

(d) any representation made by the Owner in this Agreement is false or misleading in any material respect; or

(e) the constructed facility fails to meet the economic qualifications of Section 2(h) of the Brazoria County Guidelines & Criteria for Granting Tax Abatement. The economic qualifications of Section 2(h) of the Brazoria County Guidelines and Criteria for Granting Tax Abatement expressly include the requirement that the level of employment stated in the Application for the property that is the subject of the Tax Abatement Agreement be maintained for the duration of the abatement period.

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

Owner's intention to institute all steps necessary to cure such default and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

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

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

VIII. ADMINISTRATION

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

8.02 Upon completion of the contemplated construction, the Tax Abatement Review Committee and/or other persons appointed by Commissioners Court shall annually evaluate the facility to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Commissioners Court.

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

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

IX. INFORMATION PROVIDED BY OWNER

9.01 Pursuant to Section 5(a)(7) of the Brazoria County Guidelines and Criteria for Granting Tax Abatement, Owner shall annually furnish information necessary for County's evaluation of Owner's compliance with the terms and conditions of this Agreement and the Brazoria County Guidelines and Criteria (in the form of an annual report/statement of compliance to be mailed to the Office of the County Judge on or before January 31st of each year of the tax abatement contract term).

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

(a) Statement by Owner certifying the commencement and/or completion date of the contemplated improvements described in Section VI herein and in the abatement application;

(b) Statement by Owner of the number of permanent employees, contract employees and construction employees actually employed at the facility location;

(c) Statement by Owner describing the status of construction of the contemplated improvements, percentage of construction completed, construction schedule, and an estimate of taxable value of constructed improvements on the date of the statement; or

(d) In lieu of the above statements, Owner may furnish documents and records verifying the above requested information.

(e) Any information, documents or records of any kind reasonably necessary for County's evaluation of Owner's compliance with the terms and conditions of this agreement and Brazoria County Guidelines and Criteria for Granting Tax Abatement, provided that Owner shall not be required to furnish any information, documents or records which a reasonably prudent Owner under the same or similar circumstances would consider to be harmful to its business operations.

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

9.04 Owner has a continuing obligation for a period of fourteen (14) years from the effective commencement date of this Agreement (to December 31, 2037) to report to the County any plant closure or permanent cessation of production at the abated facility and to furnish to County upon request a written confirmation as to whether or not the abated improvements are in service as part of a producing facility or, if applicable, a statement of the beginning and ending dates of production from and/or the beginning and ending dates of operation of the abated facility improvements; or to provide other similar information necessary to determine the actual or estimated productive life of the abated improvements.

9.05 Pursuant to Section 5(a)(8) and Section 7(f) of the Brazoria County Guidelines and Criteria for Granting Tax Abatement, Owner shall, upon expiration of this Agreement, begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period and in the form of a "Productive Life Report" to be mailed to the Office of the County Judge on or before January 31st of each year for seven (7) years following the expiration of the tax abatement contract.

X. INDEMNIFICATION

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

XI. ASSIGNMENT

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

XII. ANNUAL PAYMENT TO ECONOMIC DEVELOPMENT FUND

12.01 In accordance with Section 2(h)(7) of the Brazoria County Guidelines and Criteria for Granting Tax Abatement, Owner agrees to pay to County the annual contributions described in that provision.

XIII. MODIFICATION OR TERMINATION

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

XIV. AUTHORITY OF AGENT

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

XV. NOTICE

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

To the Owner:

Ascend Performance Materials Texas, Inc.
6220 FM 2917 RD
Alvin, Texas 77511

Attn: Greg Blanchard

To the County:

Commissioners Court, Brazoria County
Brazoria County Courthouse
111 East Locust Street
Angleton, Texas 77515
Attn: County Judge

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

XVI. DATE

16.01 The County executes this Agreement by and through the County Judge acting pursuant to Order of the Commissioners Court of Brazoria County, Texas, so authorizing, and the effective execution date of this Agreement is the date of the countersignature of the County Judge.

[*Signature Page Follows*]

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

BRAZORIA COUNTY

By: [signature]
L.M. "MATT" SEBESTA, JR.
COUNTY JUDGE
BRAZORIA COUNTY, TEXAS

Date signed: 01/20/2023

ASCEND PERFORMANCE MATERIALS TEXAS, INC.

By: [signature]
Kevin Bartol
CFO

Date signed: 1-11-23

EXHIBIT

A

APPLICATION FOR TAX ABATEMENT IN BRAZORIA COUNTY, TEXAS

FILING INSTRUCTIONS:

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

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

COUNTY JUDGE L.M. "MATT" SEBESTA, JR.
BRAZORIA COUNTY COURTHOUSE
111 E. LOCUST SUITE 102A
ANGLETON, TEXAS 77515

PART I - APPLICANT INFORMATION

Company Name: Ascend Performance Materials Texas, Inc. Submittal Date: 7/28/22
Address/City: 6220 FM 2917 Alvin, Texas 77511
Phone: (713) 315-5909
Name/Address/Phone of Company Contact on this Project : PRIMARY: Eric Geisler, Economic Incentive Services, LLC
4320 Lafayette Street, Bellaire, Texas 77401, (713) 665-7200
COMPANY: Traci Carroll, 1010 Travis Street, Suite 900 Houston Texas 77002 (713) 315-5909
E-mail address of Company Contact: geisler@edincentives.com
Type of Structure: Corporation ☑ Partnership ☐ Proprietorship ☐
Total number employed: 501 Corporate Annual Sales Per Year: ~$1.8b (2020) $3b (2021)
Annual Report Submitted: Yes ☑ No ☐ (see instructions)

PART II – PROJECT INFORMATION

Check type of facility to be abated:

Manufacturing	☑	Regional Distribution	☐
Regional Service	☐	Regional Entertainment Center	☐
Research	☐	Other Basic Industry	☐

Proposed Facility Address and Legal Description: **Attach Exhibit "C".**

Attach a map showing site. **Attach Exhibit "D".**

Abatement Term Requested: 7 years **Percentage Requested:** 100

Proposed facility located in the following taxing jurisdictions:

School District:	Angleton ISD
College District:	Alvin Community College
Drainage District:	Brazoria County Conservation & Reclamation District#3 (C&RD#3)
Hospital District:	Brazoria County Emergency Services District #3
City:	(Liverpool ETJ and Industrial district)
Other Taxing Jurisdictions:	Special Road and Bridge Fund
Describe Product or service to be provided:	Current production of acrylonitrile, and future recovery, purification and production of acetonitrile (ACN)

This application is for a: New Plant ☐ Expansion ☐ Modernization ☑

PART III – OTHER POSSIBLE LOCATIONS FOR PROJECT

If Company is considering another county in Texas to build/construct this project, identify all possible counties:

The project(s) would be built at the Brazoria County plant in order to preserve the long-term viability of this plant. This is a job retention project.

If Company is considering another state to build/construct this project, identify the city, county and state:

If any documentation has been provided to other potential Counties or States, provide copies attached as **Exhibit "J"**.

PART IV – PROJECT DESCRIPTION

Please attach a statement (1) fully explaining the project; (2) describing the site and existing improvements; (3) describing all proposed improvements; and (4) providing a list of improvements and fixed equipment for which abatement is requested. **Attach Exhibit "E".**

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

PART V – ECONOMIC IMPACT INFORMATION

A. Estimated cost of improvements: $130-140 million

B. Permanent employment estimates:
If existing facility, the current plant employment: 501
Estimated number of plant jobs retained: (*) Jobs created: (0) * per guidelines, will retain at least 50% of jobs
Number of employees anticipated at start-up: (500) within one year (500)

C. Construction employment estimates:
Construction to start: Month: Q3-4/Q1 Year: 2022/23
Construction to be completed: Month: Q3/Q4 Year: 2024
Number of construction jobs anticipated:
At start: ~100 Peak: ~400 Finish: ~100

D. School District impact estimates: 0

Number of families transferred to area: 0

Number or children added to ISDs : 0

E. City Impact estimates:

Volume of treated water required from city: none

Volume of effluent water to be treated by city: none

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

Has permitting been started Yes (☑) No (☐)

F. Estimated appraised value on site:	LAND	PERSONAL PROPERTY	IMPROVEMENTS
Valuation of existing property as of January 1, preceding this abatement application:	$ 14,700	$ 68,250	$ 26,159,570
Estimated value of Personal Property and improvements, **not subject to abatement, excluding exempt Pollution Control Equipment**, upon completion of the project subject to this application:		$ 0	$ 0
Estimated value of abated improvements at the completion of construction:			$ 93,000,000
Estimated value of Tangible Personal Property, **subject to abatement:**		$ 7,000,000	
Estimated value of abated improvements after abatement agreement expires:			$ ~76,000,000
Estimated value of abated Tangible Personal Property, after abatement agreement expires:		$ ~5,100,000	
Estimated value, upon completion of project, of exempt pollution control equipment:			$ ~32,000,000 *not included in improvements above

G. Minimum Production Life of Equipment: 25-43 years

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

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

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

PART VI – DECLARATION

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

Mark Parker

Company Official Signature

Mark Parker Tax Director

Printed Name & Title of Company Official

EXHIBIT A

APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY

ASCEND PERFORMANCE MATERIALS TEXAS, INC.

ASCEND PERFORMANCE MATERIALS HOLDINGS INC.

Consolidated Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

ASCEND PERFORMANCE MATERIALS HOLDINGS INC.

Table of Contents

KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Board of Directors and Shareholders
Ascend Peformance Materials Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Ascend Peformance Materials Holdings Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Houston, Texas
April 26, 2022

ASCEND PERFORMANCE MATERIALS HOLDINGS INC.

Consolidated Statements of Financial Position

December 31, 2021 and 2020

(All currency in thousands)

Assets		2021	2020
Current assets:			
Cash and cash equivalents	$	42,918	51,255
Trade receivables, net of allowances of $581 and $846 respectively		463,206	239,957
Other receivables		69,548	24,366
Inventories, net		449,753	366,909
Other assets		35,997	32,432
Total current assets		1,061,422	714,919
Property, plant, and equipment, net of accumulated depreciation of $279,010 and $212,594, respectively		769,414	645,159
Operating lease right-of-use assets, net of accumulated amortization of $66,481 and $36,771, respectively		98,058	100,759
Other assets		129,386	147,085
Total assets	$	2,058,280	1,607,922
Liabilities and Shareholders' Deficit			
Current liabilities:			
Long-term debt, current maturities	$	17,283	11,062
Debt-related party		43,887	41,504
Trade accounts payable		453,216	317,168
Commissions payable – related party		123,507	61,487
Operating lease liabilities		29,386	25,165
Accrued liabilities		131,686	75,816
Contract liabilities		1,177	4,082
Total current liabilities		800,142	536,284
Accrued pension benefits		9,031	15,475
Contract liabilities		2,485	3,473
Deferred taxes		102,165	83,814
Term Loan B, net		1,037,992	1,044,496
Credit facility		34,995	—
Cogeneration financing liability		149,287	90,744
Operating lease liabilities		71,001	78,974
Other long-term liabilities		32,303	62,868
Total liabilities		2,239,401	1,916,128
Shareholders' deficit:			
Common stock		98	98
Paid-in capital		42,323	42,323
Retained earnings		996,384	875,182
Dividends declared and paid		(1,174,385)	(1,174,385)
Restricted stock		2,856	2,856
Accumulated other comprehensive loss		(18,025)	(23,908)
Treasury stock		(30,372)	(30,372)
Total shareholders' deficit		(181,121)	(308,206)
Total liabilities and shareholders' deficit	$	2,058,280	1,607,922

See accompanying notes to consolidated financial statements.

ASCEND PERFORMANCE MATERIALS HOLDINGS INC.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Years ended December 31, 2021 and 2020

(All currency in thousands)

		2021	2020
Net sales	$	3,152,302	1,811,693
Cost of goods sold		2,518,898	1,435,620
Gross profit		633,404	376,073
Depreciation and amortization		113,291	110,683
Selling, general, and administrative expense		185,005	117,511
Other operating expense		22,484	46,531
Operating income		312,624	101,348
Interest expense		51,987	126,654
Commissions expense – related party		122,199	82,579
Restructuring expense		4,034	6,408
Other income		(15,666)	(14,651)
Income (loss) from operations before income tax expense (benefit)		150,070	(99,642)
Income tax expense (benefit)		28,868	(14,073)
Net income (loss)		121,202	(85,569)
Other comprehensive income (loss):			
Pension liability, net of tax of $1,235 and $790, respectively		5,883	(3,714)
Change in cash flow hedge		—	369
Total other comprehensive income (loss)		5,883	(3,345)
Total comprehensive income (loss)	$	127,085	(88,914)

See accompanying notes to consolidated financial statements.

ASCEND PERFORMANCE MATERIALS HOLDINGS INC.

Consolidated Statements of Changes in Shareholders' Deficit

Years ended December 31, 2021 and 2020

(All currency in thousands)

	Common stock	Paid-in capital	Retained earnings	Dividends declared and paid	Restricted stock	Accumulated other comprehensive loss	Treasury stock	Total shareholders' deficit
Balance as of December 31, 2019	$ 98	42,323	960,751	(1,174,385)	2,856	(27,253)	(30,372)	(225,982)
Net loss	—	—	(85,569)	—	—	—	—	(85,569)
Other comprehensive income	—	—	—	—	—	3,345	—	3,345
Dividends paid	—	—	—	—	—	—	—	—
Balance as of December 31, 2020	98	42,323	875,182	(1,174,385)	2,856	(23,908)	(30,372)	(308,206)
Net income	—	—	121,202	—	—	—	—	121,202
Other comprehensive income	—	—	—	—	—	5,883	—	5,883
Balance as of December 31, 2021	$ 98	42,323	996,384	(1,174,385)	2,856	(18,025)	(30,372)	(181,121)

See accompanying notes to consolidated financial statements.

ASCEND PERFORMANCE MATERIALS HOLDINGS INC.

Unaudited Condensed Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

(All currency in thousands)

		2021	2020
Cash flows from operating activities:			
Net income (loss)	$	121,202	(85,569)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization		113,291	110,683
Amortization of deferred financing costs		4,540	5,857
(Gain) loss on sales and retirement of assets, net		21	(501)
Deferred income tax expense (benefit)		19,734	(7,810)
Interest rate swap – fair value of swap		(29,564)	40,993
Other noncash items		(923)	1,013
Decrease (increase) in:			
Trade and other receivables		(293,766)	35,337
Inventories		(78,262)	(7,246)
Other assets, excluding catalyst and deferred major maintenance		(2,247)	8,318
Catalyst and deferred major maintenance		(42,802)	(71,480)
Right-of-use assets and operating lease liabilities		(1,058)	(6,321)
Insurance proceeds		19,500	—
Increase (decrease) in:			
Accounts payable – trade, other payables, and accruals		180,086	32,870
Commissions payable		62,020	41,072
Long-term liabilities		(4,406)	10,316
Pension liability		(6,161)	(4,408)
Contract liabilities		(3,893)	(4,082)
Net cash provided by operating activities		57,312	99,042
Cash flows from investing activities:			
Purchase of property, plant, and equipment		(100,577)	(108,885)
Purchase of software		(1,298)	(1,226)
Proceeds from insurance claims		10,000	—
PoliBlend & Esseti Plast acquisition, net of cash received		—	(64,760)
Eurostar acquisition, net of cash received		(9,876)	—
Net cash used in investing activities		(101,751)	(174,871)
Cash flows from financing activities:			
Proceeds from Suzhou debt		7,225	8,612
Proceeds from credit facility		192,500	27,000
Proceeds from debt-related party		60,176	41,504
Proceeds from Poliblend notes		12,041	—
Payments on term loan		(10,863)	(11,000)
Payments on Suzhou debt		(199)	—
Payments on credit facility		(157,505)	(27,000)
Payments of debt-related party		(57,797)	—
Payments on Poliblend notes		(7,876)	—
Debt issuance costs		—	(1,000)
Payment of finance lease liability		(1,600)	(435)
Net cash flows provided by financing activities		36,102	37,681
Net increase (decrease) in cash and cash equivalents		(8,337)	(38,148)
Cash and cash equivalents, beginning of year		51,255	89,403
Cash and cash equivalents, end of year	$	42,918	51,255
Supplemental schedule of noncash investing and financing activities:			
Cash paid (refunds) during the period for income taxes	$	4,596	(26,210)
Cash paid during the period for interest		63,381	73,702
Purchases of PP&E in accounts payable		8,210	—
Assets under construction		58,543	98,477
Cogeneration financing liability		57,580	90,744
Cogeneration retainage		963	7,733
Right-of-use assets		24,904	137,730
Operating lease liabilities		(24,904)	137,730

See accompanying notes to consolidated financial statements.

(1) Description of Business

Ascend Performance Materials Holdings Inc. and its wholly owned subsidiaries (collectively, the Company) was formed on June 1, 2009, in connection with the purchase agreement executed by SK Titan Holdings LLC (SK) to purchase 98% of the integrated nylon business segment from Solutia, Inc. (Solutia). The remaining 2% of equity interest in the Company was retained by Solutia. On July 26, 2011, the Company purchased the 2% minority interest and related outstanding shares from Solutia for approximately $30,372. The acquired shares were retained by the Company to be reissued in future periods and classified as treasury stock.

The Company operates ten plants in the United States and foreign locations engaged in the manufacturing of chemicals and nylon 6,6 fibers and plastics. The Company serves global markets and is one of the few fully integrated nylon 6,6 producers. The Company's products are used in thousands of commercial and industrial products including automotive applications, cable ties, carpet, tires, apparel, agricultural products, and personal care products. The Company's raw materials are readily available, and the Company is not dependent on a single supplier or only a few suppliers.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation and useful lives of fixed assets, allowances for doubtful accounts and sales returns, deferred tax assets and liabilities, allowance for excess and obsolete inventory, the valuation of and accrual for employee benefit obligations, income tax uncertainties, commission expense–related party, and other contingencies.

(b) Principles of Consolidation

The accompanying consolidated financial statements as of December 31, 2021 and 2020 include the accounts of Ascend Performance Materials Holdings Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation.

(c) Cash

Cash consists of balances held in the Company's bank accounts less outstanding payments. The Company had no restricted cash as of December 31, 2021 or 2020.

(d) *Trade Accounts Receivable*

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains a customer-specific allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers customers' financial condition, the number of receivables in dispute, the current receivables aging, and current payment patterns. The Company reviews its allowance for doubtful accounts on a quarterly basis.

(e) *Other Receivables*

Other receivables are recorded at the invoiced amount and do not bear interest. These consist primarily of amounts due from customers with respect to their operations on the Company's facilities, amounts due with respect to federal and state income taxes, and value-added taxes.

(f) *Inventories*

The costs of all inventories, both domestic and foreign, including supplies, are determined using the moving average-cost method. All domestic inventories, excluding supplies, fuels, and precious metal catalysts, are revalued to last-in, first-out (LIFO) cost for financial reporting using a dollar-value LIFO method.

LIFO inventories are stated at the lower of cost or market. Inventories not carried at LIFO are stated at the lower of cost or net realizable value.

Approximately 73% and 76% of all inventories are in the United States as of December 31, 2021 and 2020, respectively and, as noted above, are recorded using a dollar-value LIFO method.

The Company records abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) as current period charges.

(g) *Revenue Recognition*

The Company measures revenue based on the consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. Generally, this occurs at a point in time when the transfer of risk and title transfers to the customer. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.

Shipping and handling cost associated with outbound freight before and after control over a product has transferred to a customer is accounted for as a fulfillment cost and is in included in cost of revenue.

Revenue is recognized net of sales taxes, value-added taxes, and other taxes.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at original cost. Plant and equipment under capital leases are stated at the present value of minimum lease payments. Depreciation on plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful life of buildings is 35 years, while the estimated useful lives of machinery and equipment range from 10 to 20 years. Plant and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

(i) Capitalized Software

Software are recorded in other assets and amortized on the straight-line method over estimated useful lives ranging from three to five years. As of December 31, 2021, and 2020, software net of accumulated amortization amounted to $4,637 and $5,274, respectively. Amortization expense for software was $1,934 and $1,697 for the years ended December 31, 2021 and 2020, respectively.

(j) Goodwill

On July 31, 2018, the Company acquired all issued and outstanding shares of Britannia Techno Polymer B.V. (BTP), an engineering plastics compounder based in the Netherlands, for €8,500 ($9,927) in cash. On September 1, 2020, the Company purchased all of the issued and outstanding shares of Poliblend Spa (including its subsidiary Polyblend Deutschland and noncontrolling interest) and Asset Plats GD Syl for €52,000 ($64,760) in cash. The Company identified and recorded assets acquired, and liabilities assumed at their estimated fair values. Goodwill resulting from a business combination is not subject to amortization. The Company tests such goodwill for impairment annually at December 31 or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount. No impairment indicators occurred during the year ended December 31, 2021. As of December 31, 2021, and 2020, goodwill amounted to $18,768 and $18,749, respectively.

(k) Turnaround Costs

The Company accounts for turnaround costs under the deferral method. Turnarounds are the scheduled and required shutdowns of specific operating units in order to perform planned major maintenance activities. The costs related to the significant overhaul and refurbishment activities include maintenance materials, parts, and direct labor costs. The costs of the turnaround are deferred when incurred at the time of the planned turnaround and amortized on a straight-line basis over the estimated useful life of the turnaround, which ranges from 3 to 15 years. Deferred turnaround costs are presented as a component of other assets. The cash outflows related to these costs are included in operating activities in the consolidated statements of cash flows. During the years ended December 31, 2021 and 2020, turnaround costs were approximately $19,981 and $54,100, respectively.

Unplanned turnaround costs are expensed as incurred.

(l) Income Taxes

Income taxes are accounted for under the asset-and-liability method. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance to reduce its deferred tax assets to the amounts that are more likely than not to be realized. The Company has considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in assessing the need for the valuation allowance.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Company records interest and penalties related to uncertain tax benefits as a component of income tax expense.

(m) Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and software assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value.

There were no 2021 impairment indicators identified.

(n) Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs not within the scope of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 450, *Contingencies Obligations*, arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

Legal costs incurred in connection with loss contingencies are expensed as incurred.

Recoveries of environmental remediation costs from third parties that are probable of realization are separately recorded as assets and are not offset against the related environmental liability.

Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of expected future expenditures for environmental remediation obligations are not discounted to their present value.

(o) *Self-Insurance and Insurance Recoveries*

The Company maintains self-insurance reserves to reflect its estimate of uninsured losses. Self-insured losses are accrued based upon estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry, the Company's historical experience, and certain case specific reserves as required, including estimated legal costs. The maximum extent of the self-insurance provided by the Company is dependent upon a number of factors, including the facts and circumstances of the individual cases and the terms and conditions of the commercial policies. The Company has purchased insurance policies in order to reduce its exposure to workers' compensation, product, general, automobile, and property liability claims. This insurance has varying policy limits and deductibles.

Insurance recoveries are estimated in consideration of expected losses, coverage limits, and policy deductibles. When recovery from an insurance policy is considered probable, a receivable is recorded to the extent of the recognized loss.

In November 2020, while undergoing maintenance, plants located at the Company's Pensacola site suffered a power outage due to the power provider's equipment failure. As a result, the Company incurred third party repair costs. As of December 31, 2021, the Company has filed a $24,500 claim against our insurance policy to recover the losses incurred (including a $5,000 out of pocket deductible). This represents the final settlement amount approved by the insurance company, of which $19,500 has been received during the year ended December 31, 2021.

In February 2021, the Company's Chocolate Bayou site in Alvin, Texas experienced damages due to severe winter conditions. This resulted in significant downtime for the site. As of December 31, 2021, the Company has filed a $50,000 claim against our insurance policy to recover the losses incurred (including a $5,000 out of pocket deductible). Proceeds of $10,000 have been received from the insurance company as of December 31, 2021. An additional $20,000 in proceeds have been agreed with the insurance carriers as of December 31, 2021, but not collected as of year-end.

(p) *Foreign Currency Translation*

The U.S. dollar has been used as the functional currency for all worldwide locations. All foreign currency translations and translation adjustments are included in the operating results of the Company.

(q) *Derivative Financial Instruments*

Derivative financial instruments are used principally in the management of interest rate exposures and are recorded on the consolidated balance sheets at fair value. If a derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the financial instrument is designated as a cash flow hedge or net investment hedge, the effective portions of changes in the fair value of the derivative are included in other comprehensive income or loss in the consolidated statements of income and comprehensive income, and the cumulative effect is included in the shareholders' deficit section of the consolidated balance sheets. The cumulative changes in fair value are reclassified to the same line as the hedged item in the consolidated statements of income and comprehensive income when the hedged item affects earnings. The Company evaluate hedge effectiveness at inception and on an ongoing basis, and ineffective portions of changes in the fair value of cash flow hedges and net investment hedges are recognized in earnings following the date when ineffectiveness was identified. Derivative instruments not designated as hedges are marked-to-market at the end of each accounting period with the change included in earnings.

(r) Comprehensive Income

Comprehensive income consists of two components, net income and other comprehensive income. Other comprehensive income refers to revenue, expenses, and gains and losses that, under GAAP, are recorded as an element of shareholders' deficit but are excluded from earnings. Other comprehensive income primarily consists of unrealized losses on retirement-related benefit plans, including the income tax impact of those gains or losses, as well as the unrealized loss on a cash flow hedge.

(s) Pension and Other Postretirement Plans

The Company has a noncontributory defined-benefit pension plan, which was frozen in 2004. The benefits are based on age, years of service, and the level of compensation before the plan was frozen. The Company records annual amounts relating to the pension plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return on assets, and turnover rates. The Company reviews the assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in accumulated other comprehensive income and amortized to net periodic cost over future periods. The Company believes that the assumptions utilized in recording its obligations under its plan are reasonable based on its experience and market conditions.

The FASB guidance on disclosure for pension plans requires disclosure of fair value measurements of plan assets. To increase consistency and comparability in fair value measurements, the FASB guidance on fair value measurements established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – Observable inputs that reflect quoted market prices for identical assets and liabilities in active markets
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly; the fair value of these investments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences
- Level 3 – Unobservable inputs using data that is not corroborated by market data.

(t) Research and Development and Advertising

Research and development and advertising costs are expensed as incurred.

(u) Recently Issued Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*, which will change the impairment model for most financial assets and require additional disclosures. The amended guidance requires financial assets that are measured at amortized cost be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of financial assets. The amended guidance also requires us to consider historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount in estimating credit losses. The amended guidance becomes effective for us commencing in the first quarter of 2023 and will be applied through a cumulative-effect adjustment to the beginning retained earnings in the year of adoption. Early adoption is permitted.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*, eliminating certain exceptions to the guidance in ASC Topic 740, *Income Tax*, related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The new guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The guidance also clarifies that single-member limited liability companies and similar disregarded entities that are not subject to income tax are not required to recognize an allocation of consolidated income tax expense in their separate financial statements, but they could elect to do so. For privately owned entities, the standard is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted in interim or annual periods. Entities that elect to early adopt must adopt all the amendments in the same period and apply the guidance prospectively, except for certain amendments. The Company adopted this standard as of January 1, 2022. It is not anticipated to have a material impact to the consolidated financial statement.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform — Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (Topic 848). This update provides an optional expedient and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates ("IBORs") and, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR"), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. In January 2021, the FASB issued ASU No. 2021-01, which clarifies that certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. The amendments in these ASUs are effective for all entities as of March 12, 2020 through December 31, 2022. We are still evaluating the new standard, but it is not anticipated to have a material impact to the consolidated financial statement.

All other new accounting standards and updates of existing standards issued through the date of this filing were considered by management and did not relate to accounting policies and procedures pertinent or material to the Company at this time.

(v) Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases 842*, as amended. The new guidance establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the timing and classification of expense recognition.

The standard is effective from January 1, 2021 for privately owned entities. We early adopted the new standard on January 1, 2020 using a modified retrospective transition approach applying to all leases existing at the date of initial application. We elected the practical transition expedients that permitted us not to reassess our prior conclusions about lease identification, lease classification, initial direct costs and whether existing land easements that were not previously accounted for as leases under current accounting standards are or contain a lease under the new standard. We did not elect the hindsight practical transition expedient in determining the lease term of existing leases and in assessing impairment of our ROU assets.

Upon adoption, we recorded ROU assets and lease liabilities of approximately $82,659 each, as of January 1, 2020. The new standard does not have a material impact on our Consolidated Statements of Income and Comprehensive Income, Consolidated Statements of Cash Flows and Consolidated Statements of Changes in Shareholders' Deficit.

The new standard also provides practical expedients for the Company's ongoing accounting. We have elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, we have not recognized ROU assets or lease liabilities. We have also elected the practical expedient to not separate lease and non-lease components for all of our leases other than leases of real estate.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in* a *Cloud Computing Arrangement That Is* a *Service Contract* (Topic 350-40-Intangibles—Goodwill and Other—Internal-Use Software), which we early adopted on January 1, 2020 using a prospective transition approach. Only implementation costs incurred after the adoption date are impacted. The standard if effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021.

The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this ASU.

The amendments in this update also require the Company to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. The implementation costs incurred were not material.

In January 2017, the FASB issues ASU No. 2017-04, *Intangibles-Goodwill and Other* (Topic 250), which allow private companies an alternative accounting treatment for subsequently measuring

(Continued)

(All currency in thousands)

goodwill. The Update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Entities will now record an impairment charge based on the excess of a reporting unit's carrying amount (including goodwill) over its fair value derived from step 1 of the goodwill impairment test; limited to the total amount of goodwill allocated to that reporting unit. In November 2019, the FASB issued ASU No. 2019-10 to amend the effective date of adoption. This update will be effective for the Company in the first quarter of 2023.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans*, which requires entities to disclose the weighted average interest crediting rates for cash balance plans and other plans with promised interest crediting rates, and an explanation of reasons for significant gains and losses related to changes in the benefit obligation for the period. The amended guidance also requires entities to remove disclosures on the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit costs over the next fiscal year. This update was effective for the Company in the first quarter of 2021.

(3) Inventory

		2021	2020
Raw materials and supplies	$	123,518	89,573
Goods in process		227,502	145,510
Finished goods		247,505	150,162
Inventories at cost		598,525	385,245
LIFO reserve		(148,772)	(18,336)
Total inventories, net of allowances	$	449,753	366,909

(4) Property, Plant, and Equipment

		2021	2020
Land	$	49,272	49,272
Buildings		55,609	40,588
Plant and equipment		853,398	625,381
Construction in progress		89,621	141,988
Asset retirement obligations		524	524
Total property, plant, and equipment		1,048,424	857,753
Less accumulated depreciation		(279,010)	(212,594)
Total property, plant, and equipment, net of accumulated depreciation	$	769,414	645,159

(Continued)

(All currency in thousands)

		Depreciation and amortization	
		2021	2020
Property, plant, and equipment	$	50,900	39,766
Software		1,934	1,697
Catalysts		20,615	18,639
Turnaround costs		38,444	50,127
Intangible costs		1,398	454
	$	113,291	110,683

Catalysts are primarily precious metals that are used during the Company's manufacturing process and are classified as other current assets. Catalysts are amortized based on actual usage during the manufacturing process.

(5) Other Noncurrent Assets

		2021	2020
Catalyst and deferred major maintenance	$	81,151	99,968
Goodwill		18,768	18,749
Software		4,637	5,273
Other intangible assets		23,414	22,600
Deposits		1,416	495
Total noncurrent assets	$	129,386	147,085

(6) Acquisitions

(a) Eurostar Acquisition

On December 23, 2020, the Company signed a securities purchase agreement with Olympiade and Union Clinique Participation to acquire 100% of Eurostar Engineering Plastics, a French-based compounder with a broad portfolio of flame-retardant engineered plastics and expertise in halogen-free formulations, (the Acquisition) for a cash consideration of €11,000 of which €10,000 has been paid as of December 31, 2021 and €1,000 to be paid by December 31, 2022.

This strategic Acquisition feeds into the Company's long-term growth strategy to grow its global manufacturing and distribution footprint and to provide our customers with a broader portfolio of high performance, sustainable products to meet increasing demand.

The Acquisition was fully executed and closed on January 4, 2021 and has been accounted for as a business combination, using the acquisition method. The following table represents the final allocation of total purchase price to the identifiable assets acquired and the liabilities assumed based on the fair values as of the acquisition date.

(All currency in thousands)

At January 4, 2021

		Fair value at acquisition date
Current assets	$	9,158
Property, plant and equipment		2,946
Intangibles assets (1):		
Technology		1,100
Trade name		900
Deferred tax assets		1,665
ROU assets		4,024
Other long-term assets		174
Total assets acquired		19,967
Current liabilities		2,245
Operating lease liabilities		4,024
Noncurrent liabilities		579
Total liabilities assumed		6,848
Total purchase price		13,119
Less cash acquired		(356)
Total purchase price, net of cash acquired	$	12,763

(1) All acquired intangible assets are subject to amortization with weighted average useful life of approximately 18 years. The estimated useful lives of the definite lived assets range between 15 and 20 years. No goodwill was identified and recorded from the acquisition.

Transaction costs spent in fiscal year 2020 related to the acquisition are recorded in selling, general, and administrative expenses. These costs are not material. The acquisition of Eurostar Engineering Plastics was not material to the results of our operations.

(b) Polyblend Acquisition

On February 12, 2020, the Company signed a stock purchase agreement with Dotation Group to acquire 100% polyblend Spa (including its subsidiary polyblend Deutschland which is 80% owned) and Asset Plats GD Syl for a cash consideration of € 52,000 ($64,760) to be paid between April 1, 2021 and April 1, 2024. The 20% of non-controlling interest in polyblend Deutschland was acquired from a third-party for € 250 ($313). The acquisition consists of a manufacturing facility in Mozzetta, Italy, including the masterbatch portfolio of Asset Plats GD, the engineering plastics portfolio of polyblend; as well as inventory (mostly finished goods and raw materials) and other net working capital.

(All currency in thousands)

This strategic acquisition follows the Company's long-term growth strategy to grow its European manufacturing and distribution footprint and to provide our customers with a broader portfolio of high-performance, sustainable products to meet increasing demand.

The acquisition closed on September 1, 2020.

The acquisition has been accounted for using the acquisition method, the following table represents the final allocation of total purchase price to the identifiable assets acquired and the liabilities assumed based on the fair values as of the acquisition date. The excess of the purchase price over the estimated fair value of net assets acquired was recorded as goodwill.

At September 1, 2020

		Fair value at acquisition date
Current assets	$	40,033
Property, plant and equipment		8,361
Intangibles assets (1):		
Customer relationships		12,000
Technology		9,000
Non-complete		125
Goodwill		14,052
Other long-term assets		1,219
Total assets acquired		84,790
Current liabilities		14,663
Accrued pension liabilities		1,106
Other long-term liabilities		799
Total liabilities assumed		16,568
Total purchase price		68,222
Less cash acquired		(3,462)
Total purchase price, net of cash acquired	$	64,760

(1) All acquired intangibles assets, other than goodwill, are subject to amortization. The estimated useful lives are 17 years on customer relationships, 19 years on technology, and 3 years for non-compete agreements.

Goodwill is expected to be deductible for income tax purposes over an amortization period of 15 years.

Transaction costs spent in fiscal year 2020 related to the acquisition are recorded in selling, general, and administrative expenses. These costs are not material. The acquisition of polyblend Spa and Asset Plats GD Syl was not material to the results of our operations.

(c) *Suzhou Asset Acquisition*

In June 2020, the Company entered into two asset purchase agreements to purchase a land use right, production facility and related machinery and equipment located in Changshu, China for approximately $11,000. This acquisition expanded the Company's manufacturing capabilities and shortened the supply chains with respect to our customers' needs in Asia.

The acquisition closed in September 2020.

(7) Leases

The majority of the Companies leases are operating leases. Our leases include real estate, vehicles, marine vessels/barges, railcars, chassis, forklifts, shop equipment and tools, factory machinery, office equipment (including IT equipment), storage tanks, and nitrogen/hydrogen facilities. The Company elects the practical expedient, where applicable, to not separate lease from non-lease components for all classes of underlying assets excluding real estate, which is expected to simplify the identification and tracking of payment streams.

At inception of a contract, we determine if the contract contains a lease. When a lease is identified, we recognize a right-of-use asset and a corresponding lease liability based on the present value of the lease payments over the lease term discounted using our incremental borrowing rate, unless an implicit rate is readily determinable. Lease payments include fixed and variable lease components. Variable components generally represent a service that the lessee is paying for within the terms of the contract and that the lessor is providing in addition to the lease component (the use of identified property, plant or equipment). Options to extend or terminate the lease are reflected in the lease payments and lease term when it is reasonably certain that we will exercise those options. Ascend elects to implement an accounting policy for each of its underlying asset classes, with terms of 12 months or less, whereby these transactions will be recognized as "short term" and therefore not recognized on the balance sheet. Instead, these transactions will be expensed on a straight-line basis as incurred.

(All currency in thousands)

The components of lease cost for operating and finance leases are as follows:

Lease cost		Years ended December 31 2021	2020
Operating lease cost	$	37,622	38,856
Finance lease cost			
Amortization of right-of-use assets		1,590	1,528
Interest on lease liabilities		168	32
Total finance lease cost		1,758	1,560
Short-term lease cost		2,777	7,159
Variable lease cost		452	8
Sublease income		—	—
Total lease cost	$	42,609	47,583

The following table provides supplemental cash flow information related to leases:

Other lease information		Years ended December 31 2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	$	37,925	38,712
Operating cash flows for finance leases		164	77
Financing cash flows for finance leases		1,600	434

The following table summarizes the lease term and discount rate at December 31, 2021.

Lease term and discount rate	Year ended December 31, 2021
Weighted average remaining lease term:	
Operating leases (in years)	4.0
Finance leases (in years)	3.7
Weighted average discount rate:	
Operating leases	6.0 %
Finance leases	3.5

(Continued)

(All currency in thousands)

The following table provides the maturities of lease liabilities at December 31, 2021:

Maturities of lease liabilities		Operating leases	Finance leases
2022	$	34,641	1,622
2023		28,840	1,147
2024		20,657	895
2025		16,837	794
2026		6,277	206
Thereafter		5,951	89
Total future undiscounted lease payments		113,203	4,753
Less imputed interest		(12,816)	(299)
Total present value of lease liabilities	$	100,387	4,454

(8) Revenue Recognition

The Company earns and recognizes revenue from the manufacture, sale, and delivery of world-class plastics, fibers, and chemicals. Our customer base is mostly made up of entities that operate in the automotive, electrical, consumer, and industrial sectors and are located domestically as well as internationally in the Europe and Asia regions. Approximately 61% of our contract terms are based on a pricing formula that is typically tied to a market index of raw materials. The remaining is based on agreed-upon spot prices.

The nature of the Company's business gives rise to variable considerations, including early payment discounts, rebates and sales promotions, allowances, and bonuses, that generally decrease the transaction price, which reduces revenue. These variable amounts are credited to the customer based on achieving certain levels of sales activity, product returns, or price concessions. Variable consideration also includes surcharges to some of our customers for purchase short falls. These charges increase the transaction price, which increase revenue. The Company has determined that the annual impact of variable considerations is not significant to the statement of operations and financial position.

Our formula-based contracts are highly susceptible to factors outside the Company's influence, including pricing volatility in the raw material market. In addition, we do not have the history of predicting accurately the future pricing of the raw materials that go into the determination of the contract transaction price. As such, it is probable that a reversal of revenue will occur when the uncertainty is subsequently resolved. As such, variable consideration due to the fluctuations in market indices is constrained until such uncertainty is resolved, which is typically monthly.

For the year ended December 31, 2021 and 2020, the Company did not have any significant financing components as payments are received at or shortly after the point of sale. The Company also did not incur any costs to obtain a contract or to fulfill our performance obligations to our customers.

(All currency in thousands)

As of December 31, 2021, and 2020, the Company did not capitalize any contract assets as all revenue is billed and presented as trade receivables. Contract liabilities include billings in excess of revenue recognized.

(9) Related Parties

During 2021 and 2020, the Company had certain related-party transactions with SK, the Company's majority shareholder.

(a) Income Statement

Related-party transactions impacting the income statement during 2021 and 2020 were as follows (amounts included in selling, general, and administrative expenses):

	Years ended December 31	
	2021	2020
Management fees	$ 3,000	3,000

(b) APM DISC

On October 22, 2010, the Company's shareholders established a new subsidiary, APM DISC, Holdings, LLC (APM DISC Holdings), and APM DISC Holdings established a new subsidiary, APM DISC, Inc. (APM DISC), which made the election for APM DISC to be treated as an Interest Charge Domestic International Sales Corporation (IC-DISC) under the Internal Revenue Code and the regulations promulgated thereunder. The structure allows exporters (the Company) to minimize U.S. corporate taxation on a portion of income from export sales by allowing a deductible commission to be paid from the exporting corporation to the IC-DISC entity. The commission income received by the IC-DISC entity is not subject to U.S. corporate income tax, but the commission is taxable to the individual shareholders of the IC-DISC at the enacted qualified dividend rate. The exporter (the Company) is allowed to deduct the commission amount paid to the IC-DISC entity from its ordinary income. The Company had commissions payable to APM DISC of approximately $123,507 and $61,487 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Company had approximately $122,199 and $82,579, respectively, of commission expense.

(c) Debt

Related-party debt as of December 31, 2021 and 2020 consists of the following:

	2021	2020
APM DISC	$ 43,887	41,504
Total debt – related party	$ 43,887	41,504

In February 2021, the Company repaid $40,000 in commissions to APM DISC Holdings and APM DISC Holdings loaned back $40,000 in the form of a loan payable on demand with a maturity date of February 28, 2026 and an interest rate of 0.12%. In December 2021, the Company repaid $20,179 in commissions to APM DISC Holdings and loaned back $20,179 in the form of a loan payable on demand with a maturity date of December 8, 2026 and an interest rate of 0.33%. On December 11, 2020, the Company repaid $41,504 in commissions to APM DISC Holdings and loaned back $41,504 on the same date, in the form of a loan payable on demand with a maturity date of December 31, 2025 and an interest rate of 0.15%. The loan payables have an interest rate equal to the lesser of (a) the short term Applicable federal rate, compounded quarterly, as published by the United States Internal Revenue Service at date of issuance and (b) the maximum non-usurious rate of interest per annum permitted by applicable law. During the year ended December 31, 2021, The Company repaid $57,797 of the loan. Each of the promissory notes underlying these notes payable do not provide for additional borrowing capacity.

(10) Debt – External Parties

Long-term debt as of December 31, 2021 and 2020 consist of the following:

(a) Term Loan B

On August 27, 2019, the Company refinanced the 2016 Term Loan B from a principal amount of $500,000 to $1,100,000 (the 2019 Term Loan B). The transaction was treated as a modification of the terms of the original loan. The outstanding balance at the date of refinancing was $481,809. The maturity of the new loan is August 2026, payable in quarterly installments of $2,750 through June 30, 2026, with a final installment of $1,025,750 due August 2026 before any consideration of excess cash flow payments. When applicable, excess cash flow payments are due April 30 of each year effective 2021 through 2025. These payments will decrease the final installment due August 2026.

The Loan bears interest at a rate per annum equal to, at our option, either (a) a base rate or (b) a London Interbank Offered rate (LIBOR), with a minimum amount of 1.00%, plus a margin of 5.25% per annum, which is 0.25% lower than the Original 2016 Term Loan. The interest rate at the close of business on December 31, 2021 and 2020 were 5.5% and 6.25%, respectively. The December 31, 2021 and 2020 rates were based on the LIBOR.

The Loan is structured as a loan syndicated with various institutional lenders only.

As of December 31, 2021, the Company had $26,533 in debt discount and deferred debt issuance costs that are amortized over the life of the Loan using the effective interest method. Amortization of $5,721 and $5,537 was recognized in 2021 and 2020, respectively, and is presented as a part of interest expense in the consolidated statements of income and comprehensive income.

The loan has an interest rate cap in place subject to annual renewal and is presented as part of interest expense in the consolidated statements of income and comprehensive income.

Under the terms of the Loan, we are subject to certain financial covenants, which include the maintenance of a maximum consolidated net leverage ratio prior to and after declaring dividends and a restriction on the amount of capital expenditures. As of December 31, 2021, the Company was in compliance with the covenants.

(b) *Credit Facility*

On August 27, 2019, in conjunction with the Term Loan B refinance, the Company refinanced the credit facility to the third amended and restated credit agreement. The transaction was treated as a modification of the terms of the old credit facility. The line of credit was increased by $25,000 to $400,000, of which $30,000 may be used to support letters of credit issued on behalf of the Company. The refinancing also extended the maturity of the agreement from December 2021 to August 2024.

As of December 31, 2020, there was $0 outstanding on the credit facility and outstanding letters of credit totaling $6,942. As of December 31, 2021, there was $34,995 outstanding on the credit facility and outstanding letters of credit totaling $10,630. Average interest rates at the close of business on December 31, 2021 and 2020 were 3.5% and 3.75% for borrowing, average guarantee fees of 0%, and interest charges of 1.25% on letters of credit, respectively.

As of December 31, 2021, the Company has $1,851 in deferred debt issue costs that will be amortized over the life of the credit facility. Amortization of $319 was recognized in both 2021 and 2020 and is presented as a part of interest expense in the consolidated statements of income and comprehensive income. Under the terms of our credit facility, we are subject to certain financial covenants, which include the maintenance of a fixed coverage ratio in conjunction with minimum excess availability in the credit facility. As of December 31, 2021, the Company was in compliance with the covenants under the credit facility.

(c) *Suzhou Debt*

On September 4, 2020, the Company's foreign subsidiary located in Suzhou, China entered into a Chinese RMB 99,000 ($15,595) five-year Term Loan with a local financial institution. The purpose of the loan was to partially finance an RMB 210,000 ($32,185) project to manufacture modified plastics; including without limitation to finance expenditures on the procurement of fixed assets and repair/improve fixed assets. The loan is to be repaid from cash generated from the operations of the foreign subsidiary.

Interest on the loan is based on a one-year loan market quoted interest rate (the Loan Prime Rate) published by the National Interbank Funding Center on the previous working day of the interest commencement date; minus a 0.15% fixed rate. The Loan Prime Rate is to be adjusted every 12 months on the previous working day of the interest rate adjustment date. The average interest rate for borrowings at the close of business on December 31, 2021 and 2020 was 3.7%. The rate of default is at most 150% of the loan interest. Interest is paid on a monthly basis.

The term loan agreement allows a drawdown period between 9/4/2020 – 12/31/2022 in accordance to actual needs of the project. The loan is collaterized by a bank account balance equivalent to 40% of the loan balance.

As of December 31, 2021, there was RMB 85,659 ($13,495) drawn and outstanding on the RMB 99,000 ($15,595) credit facility. In September 2021, the Company made a repayment of RMB 500 ($79) to the credit facility. Repayment of the remaining facility is as follows:

	RMB ('000s)
Years:	
2022	6,200
2023	8,380
2024	21,770
2025	62,150
2026	—
Thereafter	—
Total	98,500

Under the terms of the loan, we are subject to certain obligations which the Company was in compliance with as of the date of financials statement issuance.

(11) Cogeneration Project Financing

Ascend entered into a Master Lease Agreement (the "Agreement") with Citizens Asset Finance ("CAF") effective March 13, 2020. The Agreement terms include a commitment for cogeneration facility financing in the amount of up to $165,000. Ascend is deemed to have control of the asset during the construction period. Approximately $149,287 and $90,744 in construction costs have been capitalized as property, plant, and equipment as of December 31, 2021 and 2020, respectively.

The lease term extends from the date of the Agreement through July 2028, with an option to renew for or purchase the asset at expiration of the lease. The lease is expected to commence July 2022. The interest rate on the financing is based on LIBOR (minimum floating rate of 0.25%), plus a fixed rate of 4% per annum. Repayment starts with the commencement at a rate of 2.9167% of the aggregate amount of all advances as of the commencement date, paid quarterly.

Upon expiration of the lease term, the Company can purchase the assets for a price equal to 30% of the aggregate amount of all advances plus all taxes and charges upon sale and all other amounts accrued and unpaid under the lease. Citizens Asset Finance (as Agent) shall convey to the Company (as Lessee) all right, title and interest in the project.

(All currency in thousands)

(12) Income Taxes

(a) Income Taxes

Income tax expense (benefit) attributable to income from continuing operations consists of the following:

		Years ended December 31	
		2021	2020
Current:			
Federal	$	34	(10,449)
State		458	(38)
Foreign		9,727	4,224
		10,219	(6,263)
Deferred:			
Federal		16,420	(9,448)
State		1,965	1,638
Foreign		264	—
		18,649	(7,810)
Total	$	28,868	(14,073)

(b) Tax Rate Reconciliation

Income tax expense (benefit) differed from the amounts computed by applying the U.S. federal statutory income tax rate of 21% to income before income taxes as a result of the following:

		Years ended December 31	
		2021	2020
Income tax at federal statutory rate	$	31,416	(20,607)
State income taxes, net of federal income tax benefits		2,326	2,073
Foreign taxes		(127)	(185)
Research and development credits		(7,357)	(1,642)
Remeasurement of deferred taxes		547	(511)
Non-deductible expenses		5,439	4,955
Other		(3,376)	1,844
Total	$	28,868	(14,073)

(All currency in thousands)

(c) Deferred Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2021 and 2020 are presented below:

		2021	2020
Deferred tax assets:			
Accrued liabilities	$	4,109	4,904
Allowance for doubtful accounts		54	120
Accrued pension benefits		1,001	2,668
Foreign tax credits		7,086	9,115
Research and development credits		4,680	2,557
Combined heat and power credit		5,208	—
Net operating loss carryforward		37,779	23,453
ROU lease assets		22,507	22,339
Other		16,654	15,784
Total gross deferred tax assets		99,078	80,940
Less valuation allowance		(10,440)	(11,481)
Net deferred tax assets		88,638	69,459
Deferred tax liabilities:			
Inventories		8,814	10,358
Property, plant, and equipment		149,790	114,072
Deferred catalyst		7,614	5,324
Operating lease liability		22,443	22,275
Other		2,142	1,244
Total gross deferred tax liabilities		190,803	153,273
Net deferred tax liability	$	102,165	83,814

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred taxes will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryforward periods), projected future taxable income, and tax planning strategies in making the assessment. Management does not believe we will be able to utilize our foreign tax credits due to limitations and have recorded a valuation allowance against the credits.

We estimate our income tax provision in each of the jurisdictions where we operate, including estimating exposures related to uncertain tax positions. We must also make judgments regarding the

(Continued)

ability to realize our deferred tax assets. We record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. Our valuation allowance as of December 31, 2021 of $10,440 is attributed to foreign tax credit carryforwards of $7,086 and state net operating losses of $3,354. Our valuation allowance as of December 31, 2020 of $11,481 is attributed entirely to foreign tax credit carryforwards of $9,115 and state net operating losses of $2,366.

Differences in our future operating results as compared to the estimates utilized in the determination of the valuation allowances could result in adjustments in valuation allowances in future periods. For example, implementation of tax strategies could increase the ability to utilize foreign tax credits.

As of December 31, 2021, the Company has net operating loss carryforwards for federal and state income tax purposes of $127,674 and $195,430, respectively. As of December 31, 2020, the Company has net operating loss carryforwards for federal and state income tax purposes of $83,000 and $167,000, respectively. The state net operating losses will expire between 2024 and 2040. Based upon projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the valuation allowance. The amount of the deferred tax asset considered realizable, however, could be reduced in the future if estimates of future taxable income during the carryforward period are reduced.

On May 11, 2019 Ascend implemented the Ascend EU restructuring, whereby APM European Ltd became the designated distributor for the Ascend EU region and APM Belgium became a support services company. The Company has an unrecognized tax benefit of $2,605 and $2,000 as of December 31, 2021 and 2020, respectively, related to this restructuring.

(13) Shareholders' Equity

No dividends were declared or paid by the Company for the years ended December 31, 2021 and 2020.

(14) Pension Benefits

The Company has a noncontributory defined-benefit pension plan, which was frozen in 2004.

The investment policy of the plan reflects the nature of the plan's funding obligations. The assets are invested to provide the opportunity for both income and growth of principal. This objective is pursued as a goal designed to provide required benefits for participants without undue risk.

(All currency in thousands)

The following table sets forth the plan's benefit obligations, the fair value of plan assets, and funded status at December 31, 2021 and 2020:

		Pension benefits	
		2021	2020
Change in benefit obligation:			
Benefit obligation, beginning of year	$	136,626	137,627
Service cost		395	679
Interest cost		3,319	3,806
Actuarial loss (gain)		(7,415)	5,186
Settlement loss		2,188	1,975
Gross benefits paid		(3,900)	(3,118)
Settlement payments		(13,024)	(9,087)
Administrative expenses		(315)	(442)
Benefit obligation, end of year	$	117,874	136,626
Weighted average assumption used to determine Benefit obligation at end of year:			
Discount rate		2.8 %	2.4 %
Change in plan assets:			
Fair value of plan assets, beginning of year	$	122,087	117,378
Actual return on plan assets		5,197	14,413
Employer contribution		—	2,943
Gross benefits paid		(3,900)	(3,118)
Settlement payments		(13,024)	(9,087)
Administrative expenses		(315)	(442)
Fair value of plan assets, end of year	$	110,045	122,087

(All currency in thousands)

(a) Pension Plan Assets

The asset allocation at the end of 2020 and the target allocation for 2021, by asset category, are as follows:

	Target allocation	
	2021	2020
Asset category:		
U.S. equity securities	18 %	18 %
Debt securities	70	69
International equities	12	13
Total	100 %	100 %

		Pension benefits	
		2021	2020
Components of net periodic benefit cost:			
Service cost	$	395	679
Interest cost		3,319	3,806
Expected return on plan assets		(6,290)	(6,328)
Amortization of actuarial loss		1,398	2,071
Settlement loss		2,188	1,975
Net periodic benefit cost	$	1,010	2,203
Weighted average assumptions used to determine net periodic cost:			
Discount rate (including settlement)		2.4 %	3.0 %
Expected long-term rate of return on plan assets		5.6	5.6
Rate of compensation increase		N/A	N/A

Each fiscal year, we consider several factors when determining the appropriate expected return on assets assumption. While the portfolio composition and economic forecast are reviewed, we additionally will consider the appropriate benchmarks, historical trends, and comparisons to peer companies.

(All currency in thousands)

(b) *Funded Status*

The funded status at the end of the year and the related amounts recognized in the consolidated statements of financial position are as follows:

		Pension benefits	
		2021	**2020**
Funded status, end of year:			
Fair value of plan assets	$	110,045	122,087
Benefit obligations		(117,874)	(136,626)
Funded status	$	(7,829)	(14,539)
Amounts recognized in the consolidated statements of financial position consist of:			
Noncurrent liability	$	7,829	14,539
	$	7,829	14,539
Amounts recognized in accumulated other comprehensive income consist of:			
Net actuarial loss	$	18,571	26,291
	$	18,571	26,291

The Company expects to contribute $0 to its pension plan in 2022.

The benefits expected to be paid from the pension plan in each year from 2022 to 2031 are as follows:

		Benefits payments
Year(s) ending December 31:		
2022	$	12,351
2023		10,552
2024		9,766
2025		9,528
2026		8,811
2027 and thereafter		32,180

(All currency in thousands)

	Pension plan assets fair value measurements at December 31, 2021			
	Total	Level 1	Level 2	Level 3
Equities and pooled equity funds	$ 33,185	1,299	31,886	—
Bonds and pooled bonds funds	76,293	—	76,293	—
Cash and cash equivalent funds	567	—	567	—
Group annuity contract	—	—	—	—
Pending settlements	—	—	—	—
Total	$ 110,045	1,299	108,746	—

	Pension plan assets fair value measurements at December 31, 2020			
	Total	Level 1	Level 2	Level 3
Equities and pooled equity funds	$ 37,448	1,508	35,940	—
Bonds and pooled bonds funds	83,316	—	83,316	—
Cash and cash equivalent funds	217	—	217	—
Group annuity contract	1,106	—	1,106	—
Pending settlements	—	—	—	—
Total	$ 122,087	1,508	120,579	—

(15) Employee Saving Plan

Substantially, all of U.S. employees are eligible to participate in the Ascend Performance Materials Savings and Investment Plans (SIP), a 401(k) plan with matching contributions being invested in the same manner as participants' personal SIP contributions, the Company matched employee contributions at 100% of the first 6%, and 50% of next 2% of a participant's qualified contributions for the year ended December 31, 2021 and 2020, respectively.

(16) Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

On January 11, 2018, the Company filed a lawsuit against Design Concepts regarding an expander wheel malfunction which caused damage to a NOx Turbocompressor. The Company received $5,925 as full and final settlement on the lawsuit in March 2020.

The Company's facilities could be subject to potential environmental liabilities primarily relating to contamination caused by former operations at those facilities. Some environmental laws could impose on the Company the entire costs of cleanup regardless of fault or legality of the original disposal. In some cases, the government entity with jurisdiction could seek an assessment of damage to the natural resources caused by contamination from those sites. The Company had no material operating expenditures or accruals for environmental fines, penalties, government-imposed remedial, or corrective actions during the year ended December 31, 2021 or 2020.

(17) Restructuring Charges

In 2020, the Company initiated a process to re-align business processes and personnel to achieve our long-term growth strategies. Amounts included in restructuring expense consist of third-party consulting and employee severance costs.

(18) Interest Rate Swap

The Company uses variable-rate London Interbank Offered Rate (LIBOR) debt to finance its operations. The debt obligations expose the Company to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, in December 2019 the Company entered a LIBOR-based interest rate swap agreement to manage fluctuations in cash flows resulting from changes in the benchmark interest rate of LIBOR. The swap changes the variable-rate cash flow exposure of debt obligations to fixed cash flows. Under the terms of the interest rate swap, the Company receives LIBOR-based variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt for the notional amount of its hedged debt. As of December 31, 2021, and 2020, the notional amount of debt subject to the interest rate swap agreement was $750,000.

Changes in the fair value of interest rate swaps designated as hedging instruments that effectively offset the variability of cash flows associated with variable-rate, long-term debt obligations (or changes in settlement value where the Company follows the simplified hedge accounting approach) are reported in accumulated other comprehensive income. The amounts are subsequently reclassified into interest expense as a yield adjustment of the hedged interest payments in the same period in which the related interest affects earnings.

As of December 31, 2019, the swap was designated as a hedge and an unrealized loss of $2,114 was recognized in AOCI. Effective January 1, 2020, the hedge was de-designated due to the hedge relationship no longer being considered effective. For the twelve months ended December 31, 2021, realized and unrealized (gains) and losses, recorded in earnings from the change in the fair value of swap were $11,913 and ($29,564), respectively. For the twelve months ended December 31, 2020, realized and unrealized losses, recorded in earnings from the change in the fair value of swap were $5,895 and 40,993, respectively.

Information regarding the fair value of the interest rate swap on a gross basis is as follows:

Balance sheet caption		December 31, 2021			December 31, 2020		
		Fair value of derivative		U.S. dollar	Fair value of derivative		U.S. dollar
(In thousands)		Asset	Liability	notional	Asset	Liability	notional
Accrued liabilities	$	—	9,355	750,000	—	14,745	750,000
Other long-term liabilities		—	4,557		—	28,730	
Total liability	$	—	13,912		—	43,475	

(19) COVID-19 Event

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. In light of the uncertainty as to the severity and duration of the pandemic, the future impact on the Company's revenues, profitability and financial position cannot be reasonably estimated at this time.

(20) Subsequent Events

(a) China Production Facility Investment

In January 2022, the Company signed an investment agreement of $145,000 to construct a new hexamethylene diamine and specialty chemicals plant in Lianyungang, China in the Xuwei New Area Park. The new plant will be the Company's first chemical production facility and the largest investment the company has made outside of the United States. Construction is scheduled to begin later in 2022 with a plant startup targeted for the second half of 2023.

(b) Suzhou Debt

On January 24, 2022, the company entered into a supplementary agreement related to its Term Loan to increase the total facility from RMB 99,000 to RMB 133,000.

(c) Formulated Polymers Acquisition

In March 2022, the Company signed an agreement to acquire the compounding division of Formulated Polymers Limited for INR 1,990,000. Formulated Polymers Limited is a leading engineered materials manufacturer in Chennai, India. The deal includes a world-scale manufacturing facility in Chennai as well as warehouses throughout India. The acquisition is anticipated to close in May 2022.

(d) DM Color Acquisition

On April 1, 2022, the Company completed the $7,000 purchase of a compounding facility in San Jose Iturbide, Mexico, that included the assets of DM Color Mexicana, a joint venture between Dainichiseika and Mitsubishi Corp.

The Company has evaluated significant events and transactions that have occurred from the consolidated statements of financial position date through April 26, 2022 and has determined that there were no other events or transactions other than those disclosed in this report that would require recognition or disclosure in the Company's consolidated financial statements as of and for the year ended December 31, 2021.

CERTIFICATION OF APPRAISED VALUE OF PROPERTIES AS OF JANUARY 1, 2022

TO: **BRAZORIA COUNTY**

FROM: **BRAZORIA COUNTY APPRAISAL**

DISTRICT DATE: 7/25/2022

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2022, for Ascend Performance Materials Texas, Inc., attached hereto are listed in the records of Brazoria County Appraisal District and indicated by the following account numbers:

See attached files

Certified this 25th day of July, 2022.

CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT

BY: [signature]

BRAZORIA COUNTY APPRAISAL DISTRICT

PROPERTY FIELD REVIEW CARD 2022

2022-0-704875-267901

PROPERTY ID AND LEGAL DESCRIPTION	OWNER ID, NAME AND ADDRESS	OWNER ID / %	EXEMPTIONS	ENTITIES	VALUE METHOD	C 2022 VALUES
PROP ID: 704875 TYPE: Real DBA: A0107 PERRY & AUSTIN BLOCK 7 TRACT 1A (PT) ACRES 14.708 GEO ID : 0107-0003-003 MAP ID: REF ID1: REF ID2 : 704875 MAPSCO: IND SITUS : TIF: N PROP USE: SUB MKT: GBA : 0 NRA: 0 UNITS : 0	ASCEND PERFORMANCE MATERIALS LLC 1010 TRAVIS ST STE 900 HOUSTON, TX 77002-5928-25 EFFECTIVE ACRES: 0.0000 APPR VAL METHOD: Cost	267901 100.00%		CAD 100% DR3 100% GBC 100% JAL 100% RDB 100% SAN 100%	IMPROVEMENT LAND MKT + MARKET = PROD LOSS - APPRAISED = HS CAP LOSS - ASSESSED =	0 14,710 14,710 0 14,710 0 14,710

GENERAL

UTILITIES: | LAST APPR YR: 2022 | LAST APPR: KIRK
TOPOGRAPHY: | CAP BASIS YR: | NBHD APPR:
ROAD ACCESS: | LAST INSP DATE: 01/08/2021 | SUBDV APPR:
ZONING: 9-20-18 AR | NEXT INSP DATE: | LAND APPR:
GROUP CODES: | BUILDER: | VALUE APPR: KIRK
NEXT REASON: | | RENT:

REMARKS / SKETCH COMMANDS

BUILDING PERMITS

B#	ISSUE DT	PERMIT #	TYPE	ST	EST VALUE	APPR	BUILDER	COMMENT

PICTURE

INCOME APPROACH DATA

GPI	VAC	EGR	OTHER INC	EGI	EXPENSE	TAXES	NOI	METHOD	INC VALUE

TAX AGENT: RYAN LLC-HOUSTON OFFICE PHONE: 713-629-0090
GROSS SQFT: NET SQFT:
LINKED ACCTS: RECONCILED VALUE:

INQUIRY / ARB PROTESTS

CASE ID	DATE	APPR	STATUS	OWNER COMMENTS	STAFF COMMENTS

SALES & DEED HISTORY

SALE DT	SALE PRICE	TYPE	RATIO CD	FIN CD	FIN TERM	LA SQFT	SP / SQFT	1ST IMPRV	2ND IMPRV	GRANTOR	CONSID	DEED	BOOK ID	DEED PAGE

IMPROVEMENT VALUATION LIVING AREA: 0 APPR/SQFT: 0.00 SALE/SQFT:

I#	TYPE	DESCRIPTION	MTHD	CLASS/SUBCL	AREA	UNIT PRICE	UNITS	STY	BUILT	EFF YR	COND.	VALUE	DEPR	PHYS	ECON	FUNC	COMP	ADJ	ADJ VALUE

IMPROVEMENT DETAIL ADJUSTMENTS

I#	ADJ TYPE	ADJ AMT	ADJ %

IMPROVEMENT FEATURES

DESCRIPTION	UNITS	CODE	VALUE

REGION: SUBD: A0107 (100%) NBHD: SUBSET:

LAND VALUATION IRR Wells: 0 Capacity: 0 IRR Acres: 0.0000 Oil Wells: 0

L#	DESCRIPTION	TYPE	SOIL	CLS	TABLE	SC	HS	METH	DIMENSIONS	UNIT PRICE	ADJ	MASS ADJ	VAL SRC	MKT VAL
1.	FRONT ACREAGE CR;INDUSTRIAL; 2019 EQUALIZE LAND TABLE	A1			INDUSTR	F2	N	A	14.7080 AC	1,000.00	1.00	1.00	A	14,710
														14,710

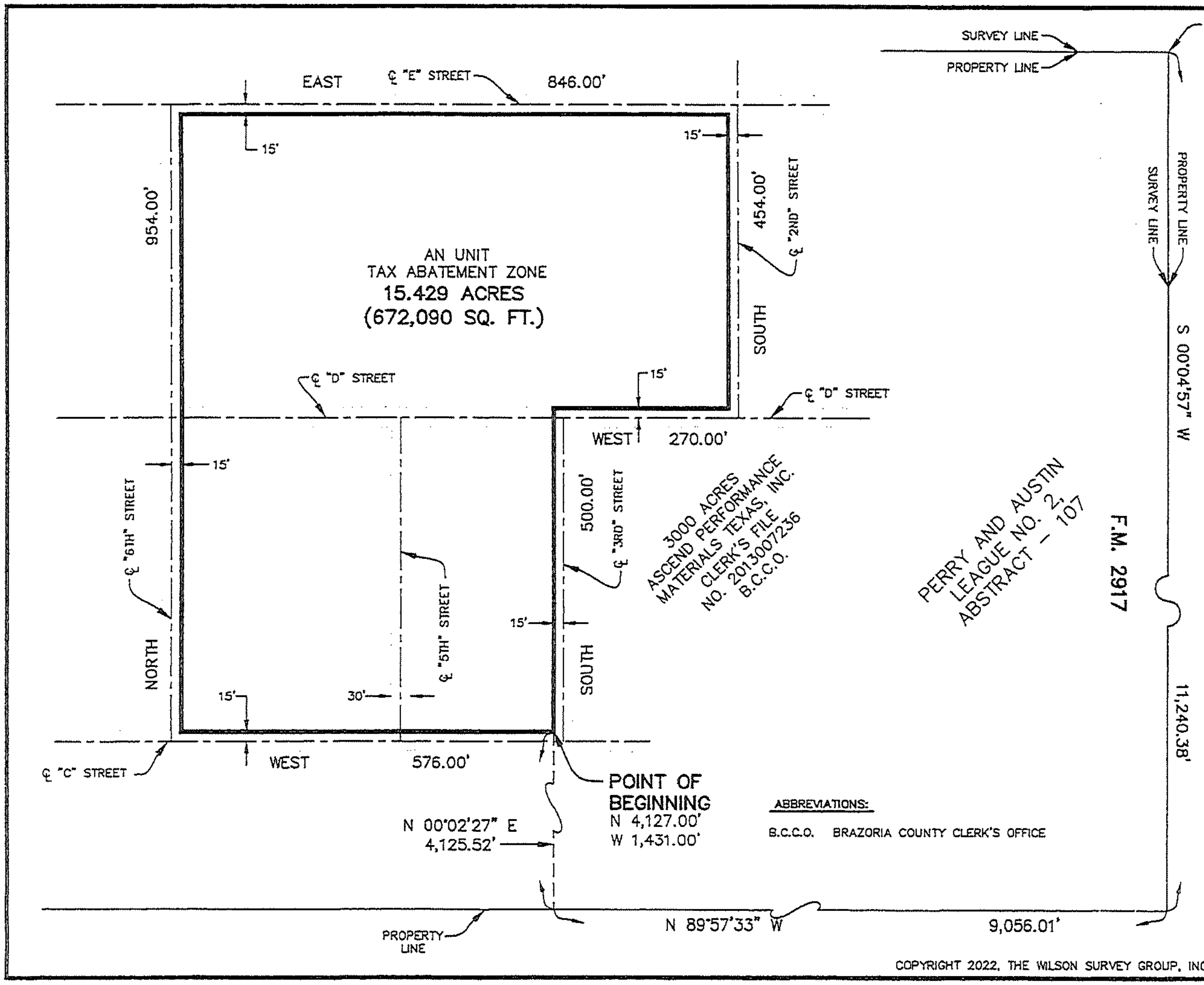
LAND ADJUSTMENTS

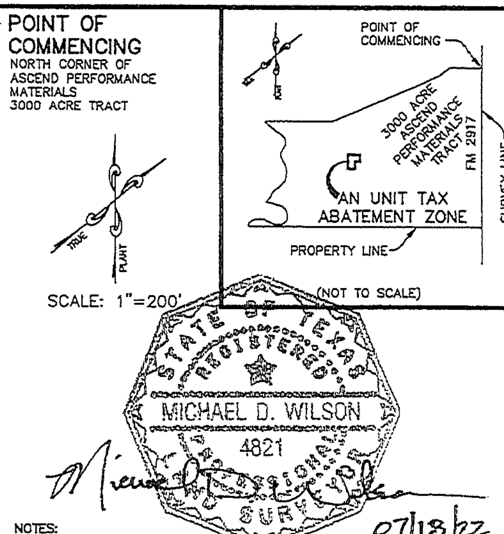
L#	ADJ TYPE	ADJ AMT	ADJ %

PRODUCTIVITY VALUATION

AG	AG USE	AG TABLE	AG UNIT PRC	AG VALUE
N			0.00	0
				0

 Effective Date of Appraisal: January 1 Date Printed: 07/06/2022 01:23:41PM by MP





NOTES:

1. BEARINGS AND COORDINATE SHOWN HEREON ARE BASED ON THE ASCEND PLANT CONTROL MONUMENTATION UTILIZING PLANT MONUMENT NO. 2 (N 3519.00, W 515.00) AND PLANT MONUMENT NO. 5 (N 5074.00, W 515.00).

2. THE CORNERS OF THIS TRACT HAVE NOT BEEN MONUMENTED AT THE REQUEST OF CLIENT.

3. A SEPARATE METES AND BOUNDS DESCRIPTION HAS BEEN PREPARED IN CONNECTION WITH THIS EXHIBIT.

4. THERE ARE IMPROVEMENTS WITHIN THIS TRACT THAT HAVE NOT BEEN SHOWN.

DATE: 07/18/22	22-133(AN-UNIT).dwg
SCALE: 1"=200'	DWN: C.L.H.

THE WILSON SURVEY GROUP
PROFESSIONAL LAND SURVEYORS
2006 E. BROADWAY PEARLAND, TEXAS
(281) 485-3991 FAX (281) 485-3998
T.B.P.E.L.S. FIRM NO. 10014900

EXHIBIT OF THE 15.429 ACRE AN UNIT TAX ABATEMENT ZONE AT ASCEND PERFORMANCE MATERIALS CHOCOLATE BAYOU, BRAZORIA COUNTY, TEXAS

Appraisal Summary

Appraisal Year: 2022

Chocolate Bayou Plant
FM Road 2917
Alvin, TX 77512

ASCEND PERFORMANCE MATERI
ASCEND PERFORMANCE MATERIALS LLC
ATTN: PROPERTY TAX DEPARTMENT
PO BOX 711
ALVIN, TX 775120711

Agent: Jeff Moore
Agent Phone: (512) 691-2474

Appraiser: Kirk Slaughter
Date Inspected: 4/5/2022

Process Units

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
AN 2 Unit	81,677,390	43	47.8772				81,347	3,087,230	0107-0003-000
AN 3 Unit	55,563,320	40	31.3833	43.72%	0.3000			6,048,780	0107-0003-000
AN 7 Unit	215,062,170	25	20.6720	29.06%	0.3000	2,409,369		11,107,440	0107-0003-000
Formalin Unit	12,343,920	40	40.2813		0.3000			864,900	0107-0003-000
IDA Unit	59,304,450	25	32.7407				1,500,000	5,034,330	0107-0003-000
NTA Unit	35,896,640	40	42.8590		0.3000			1,987,910	0107-0003-000
Total Process Units	**459,847,890**					**2,409,369**	**1,581,347**	**28,130,590**	
							Taxable Value:	**28,130,590**	

Utilities

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Air Systems	7,272,540	45	49.1305					229,420	0107-0003-000
AN-7 Water Treatment & Utilities (w/16.5% Eco)	59,290,040	25	18.8215	39.42%	0.3000			5,854,720	0107-0003-000
Cooling Towers (w/16.5% Eco)	9,289,250	45	15.5837	88.41%	0.3000			2,057,260	0107-0003-000
Electrical System (w/16.5% Eco)	17,418,010	50	42.2095	38.58%	0.3000			1,683,330	0107-0003-000
Fuel Gas System	640,550	50	56.1167					14,880	0107-0003-000
Steam Distribution	16,108,680	50	56.0922					374,490	0107-0003-000
Steam Generation (w/16.5% Eco)	22,317,320	50	36.2069	58.40%	0.3000			3,264,840	0107-0003-000
Water Systems (w/16.5% Eco)	9,220,750	45	40.7632	23.59%	0.3000			544,880	0107-0003-000
Total Utilities	**141,557,140**					**0**	**0**	**14,023,820**	
							Taxable Value:	**14,023,820**	

Appraisal Summary

Appraisal Year: 2022

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Receiving, Shipping & Storage

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
AN 7 Receiving Shipping & Storage (w/60% Eco)	16,597,870	33	21.7255	56.40%	0.3000			1,123,340	0107-0003-000
Docks	8,616,690	48	55.2645					207,040	0107-0003-000
Loading & Unloading Racks (w/60% Eco)	10,355,810	45	30.6657	61.06%	0.3000			758,790	0107-0003-000
Pumps & Piping (w/16.5% Eco)	7,733,160	45	26.2352	71.70%	0.5000			2,314,900	0107-0003-000
Rail Spurs	3,092,950	48	56.0226					72,060	0107-0003-000
Refrigerated tanks (w/60% Eco)	13,695,490	45	38.5504	33.78%	0.3000			555,160	0107-0003-000
Storage Tanks (w/16.5% Eco)	11,087,030	48	13.9460	91.86%	0.3000			2,551,230	0107-0003-000
Total Receiving, Shipping & Storage	**71,179,000**					**0**	**0**	**7,582,520**	
							Taxable Value:	**7,582,520**	

Service Facilities

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Fire Protection Equipment (w/16% Eco)	3,205,770	45	34.5332	49.24%	0.3000			397,790	0107-0003-000
Site Improvements (Paving, Fence, etc) (w/16% Eco)	14,493,150	45	38.7553	32.89%	0.3000			1,201,230	0107-0003-000
Total Service Facilities	**17,698,920**					**0**	**0**	**1,599,020**	
							Taxable Value:	**1,599,020**	

General Buildings

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
01. Engineering Building	3,496,400	45	51.3146					100,960	0107-0003-000
02. Administration Building	3,791,300	45	44.0000	6.10%	0.3000			187,600	0107-0003-000

Appraisal Summary

Appraisal Year: 2022

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Agent Phone: (512) 691-2474

Appraiser: Kirk Slaughter
Date Inspected: 4/5/2022

General Buildings

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
03. Operations Bldg. & Annexes	11,217,050	45	48.0000					414,030	0107-0003-000
06. Stores & I/E Shop	2,139,080	45	51.3330					61,700	0107-0003-000
07. PTOR Building	936,080	45	51.3331					27,000	0107-0003-000
08. AWO Warehouse	2,184,180	45	51.3331					63,000	0107-0003-000
11. Contractor Lunch & Restrooms	1,028,170	45	48.9861					32,400	0107-0003-000
12. Contractor Fab Shop	2,109,230	45	51.3328					60,840	0107-0003-000
13. Contractor HVAC / I&E Shop	1,039,360	45	47.0832					42,500	0107-0003-000
18. Chemical Warehouse	1,597,480	45	51.3323					46,080	0107-0003-000
20. Contractor Paint Shop	693,390	45	51.3331					20,000	0107-0003-000
23. Distribution Offices	938,590	45	43.2744	10.32%	0.3000			49,380	0107-0003-000
24. Contr. Office(Ex Phenol C.R.)	368,930	45	37.5641	37.92%	0.3000			41,970	0107-0003-000
26. Shop 5 & Tool Room	920,270	45	48.9861					29,000	0107-0003-000
27. Electrical Contractor's Office	189,360	45	33.7565	51.83%	0.3000			29,440	0107-0003-000
28. Chocolate Bayou Credit Union Building	727,240	45	47.0000					29,990	0107-0003-000
Miscellaneous Smaller Buildings (11)	3,829,300	45	43.2942	10.20%	0.3000			201,140	0107-0003-000
Total General Buildings	**37,205,410**					**0**	**0**	**1,437,030**	

Taxable Value: 1,437,030

Construction In Progress

	Cost		Age	% Good	Pct Compl	Amt Spent	Market Value	Component Account
AN 7 Unit	1,000,000	20		100.00%	0.5000		68,250	0107-0003-000

Appraisal Summary

Appraisal Year: 2022

Chocolate Bayou Plant
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Date Inspected: 4/5/2022

Construction In Progress

	Cost	Age	% Good	Pct Compl	Amt Spent		Market Value	Component Account
Total Construction In Progress	**1,000,000**				**0**		**68,250**	
						Taxable Value:	**68,250**	

TCEQ Pollution Control Equipment

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
1999 TCEQ Non-Exempt Value	17,441,265			93.67%				857,610	0107-0003-000
1995 TCEQ Exempt Value								562,650	POLL-MONS-000
1996 TCEQ Exempt Value								110,250	POLL-MONS-000
1999 TCEQ Exempt Value								8,412,120	POLL-MONS-000
2006 TCEQ Exempt Value								949,080	POLL-MONS-000
Total TCEQ Pollution Control Equipment	**17,441,265**					**0**	**0**	**10,891,710**	
							Taxable Value:	**857,610**	

Personal Property & Inventory

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Furniture & Fixtures				100.00%	1.0000			8,430	8900-0543-000
Lab/Test Equipment				100.00%	1.0000			1,192,960	8900-0543-000
Mobile Machinery & Equipment				100.00%	1.0000			53,170	8900-0543-000
Personal Computers				100.00%	1.0000			77,240	8900-0543-000
Vehicles				100.00%	1.0000			165,940	8900-0543-000
Inventory (FPT)				100.00%	1.0000			37,500,500	8900-0543-020
Personal Computers				100.00%	1.0000			9,670	8900-0543-050

Appraisal Summary

Appraisal Year: 2022

Chocolate Bayou Plant
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Agent Phone: (512) 691-2474

Appraiser: Kirk Slaughter
Date Inspected: 4/5/2022

Personal Property & Inventory

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Total Personal Property & Inventory	0					0	0	39,007,910	
							Taxable Value:	39,007,910	
Total Chocolate Bayou Plant	745,929,625					2,409,369	1,681,347	102,740,850	
						Taxable Value:	92,706,750		

Total value of existing improvements for RZ: AN2, AN3 and AN7: $26,159,570
Total value of existing personal property (CIP) for RZ: $68,250

EXHIBIT C – Address and Legal Description of Proposed Project
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS, INC.

The proposed investment for Modernization will be constructed at the existing Ascend complex in the City of Liverpool ETJ at 6220 FM 2917 Alvin, Texas 77511.

A survey of the defined property is attached behind this page.

AN Unit
Tax Abatement Zone

STATE OF TEXAS §

COUNTY OF BRAZORIA §

METES AND BOUNDS DESCRIPTION of a 15.429-acre tract in the Perry and Austin League No. 2, Abstract No. 107, Brazoria County, Texas. Said 15.429-acre tract is in a 3,000 acre tract described in a deed to Ascend Performance Materials Texas Inc. as recorded in Clerk's File No. 2013007236 in the Brazoria County Clerk's Office and is more particularly described by metes and bounds as follows:

COMMENCING at the most northerly corner of said Perry and Austin League No. 2, Abstract No. 107, same being the most northerly corner of said 3,000 acre tract and is also the most southerly west corner of the Perry and Austin League No. 7, Abstract No. 110 and is on the southeasterly line of the Perry and Austin 1-3/4 League, Abstract No. 37;

THENCE, South 00º04'57" West, along the northeasterly line of said 3,000 acre tract, same being the northeasterly line of said Perry and Austin League No. 2, Abstract No. 107, for a distance of 11,240.38 feet to the most easterly corner of said 3,000 acre tract;

THENCE, North 89º57'33" West, along the southeasterly line of said 3,000 acre tract for a distance of 9,056.01 feet to an angle point;

THENCE, North 00º02'27" East, for a distance of 4,125.52 feet to the POINT OF BEGINNING and southeast corner of the herein described 15.429-acre tract, said point is at the point of intersection of a line 15-feet west of the centerline of 3rd Street and a line 15-feet north of the centerline of "C" Street (Plant Coordinates: North 4,127.00', West 1,431.00').

THENCE, West, along a line 15-feet north of and parallel to the centerline of said "C" Street for a distance of 576.00 feet to the southwest corner of the herein described tract;

THENCE, North, along a line 15-feet east of and parallel to the centerline of 6th Street for a distance of 954.00 feet to the northwest corner of the herein described tract;

THENCE, East, along a line 15-feet south of and parallel to the centerline of "E" Street for a distance of 846.00 feet to the northeast corner of the herein described tract;

THENCE, South, along a line 15-feet west of and parallel to the centerline of 2nd Street for a distance of 454.00 feet to the most northerly southeast corner of the herein described tract;

THENCE, West, along a line 15-feet north of and parallel to the centerline of "D" Street for a distance of 270.00 feet to an interior corner of the herein described tract;

THENCE, South, along a line 15-feet west of and parallel to the centerline of the aforementioned 3rd Street for a distance of 500.00 feet to the POINT OF BEGINNING, containing a computed area of 15.429-acres (672,090 square feet).

NOTES:

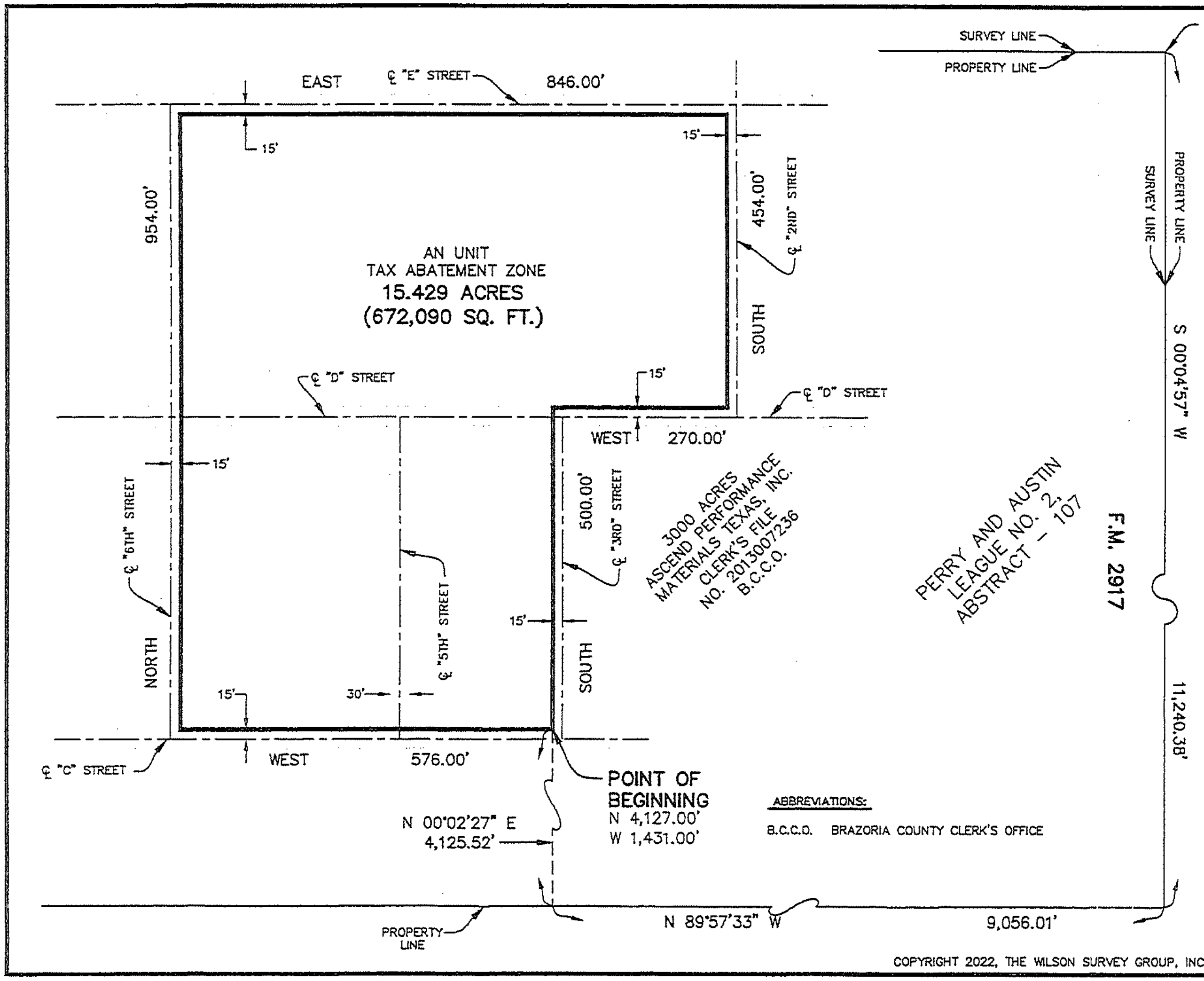
1. The bearings and coordinate shown hereon are based on the Ascend Plant Control Monumentation System utilizing Plant Monument No. 2 (N 3519.00, W 515.00) and Plant Monument No. 5 (N 5074.00, W 515.00).
2. The corners of this tract have not been monumented at the request of the client.
3. A separate exhibit map has been prepared in connection with this description.
4. This document was prepared under 22 TAC §663.21 and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

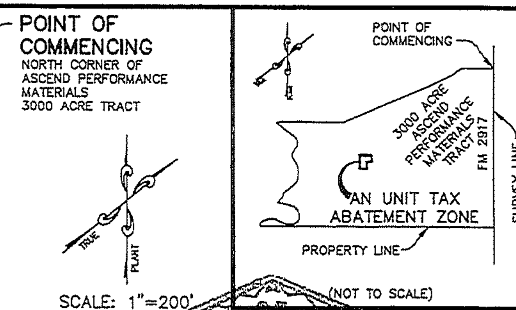
The Wilson Survey Group, Inc.
2006 East Broadway, Suite 103
Pearland, Texas 77588
(281) 485-3991
Job No. 22-133
TBPELS Firm No. 10014900

Michael D. Wilson, R.P.L.S.
Registration No. 4821

07/18/22

STATE OF TEXAS
REGISTERED
MICHAEL D. WILSON
4821
PROFESSIONAL
LAND SURVEYOR





STATE OF TEXAS
REGISTERED
MICHAEL D. WILSON
4821
PROFESSIONAL
LAND SURVEYOR

Michael D. Wilson 07/18/22

NOTES:

1. BEARINGS AND COORDINATE SHOWN HEREON ARE BASED ON THE ASCEND PLANT CONTROL MONUMENTATION UTILIZING PLANT MONUMENT NO. 2 (N 3519.00, W 515.00) AND PLANT MONUMENT NO. 5 (N 5074.00, W 515.00).

2. THE CORNERS OF THIS TRACT HAVE NOT BEEN MONUMENTED AT THE REQUEST OF CLIENT.

3. A SEPARATE METES AND BOUNDS DESCRIPTION HAS BEEN PREPARED IN CONNECTION WITH THIS EXHIBIT.

4. THERE ARE IMPROVEMENTS WITHIN THIS TRACT THAT HAVE NOT BEEN SHOWN.

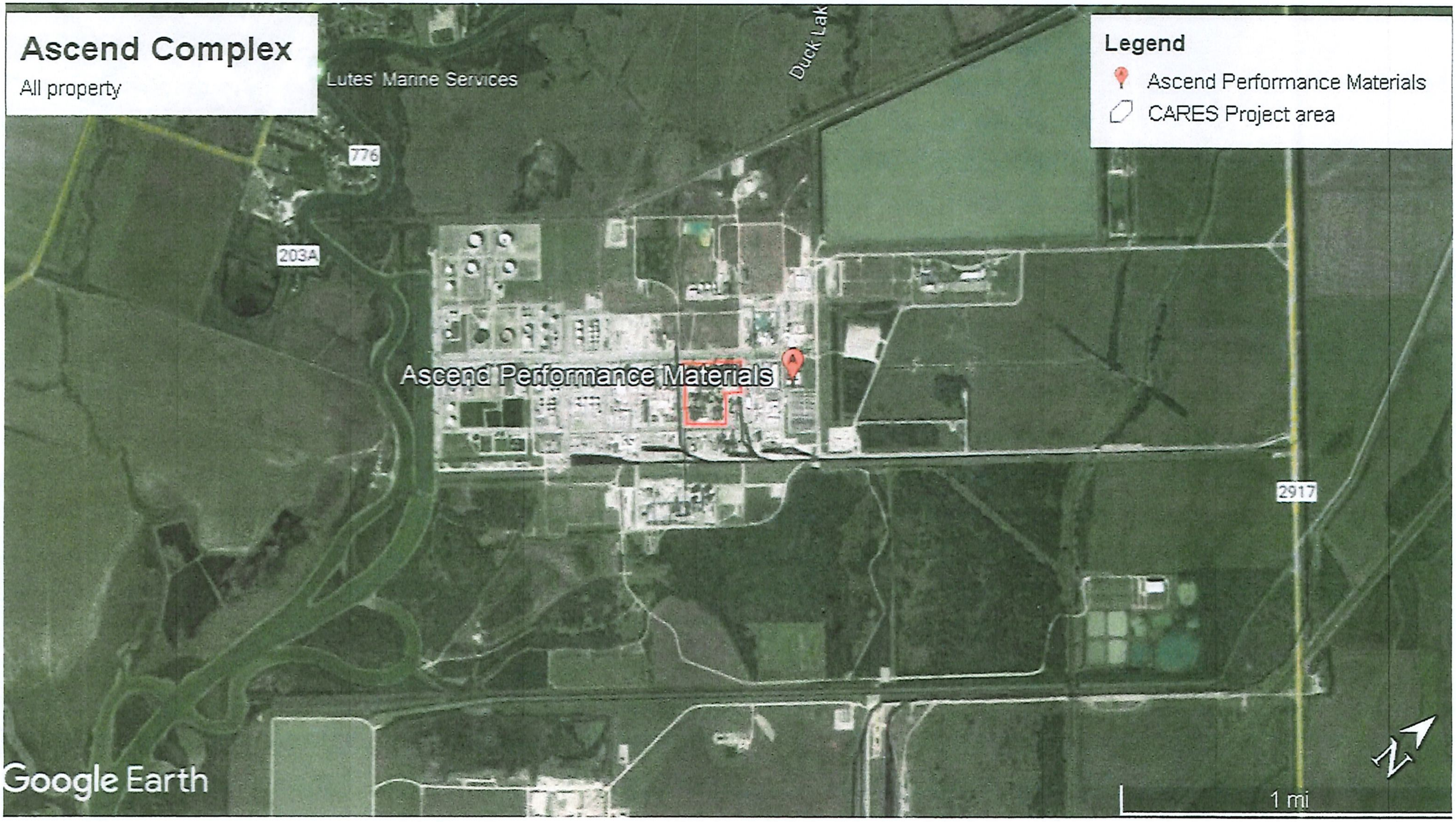
DATE: 07/18/22	22-133(AN-UNIT).dwg
SCALE: 1"=200'	DWN: C.L.H.

THE WILSON SURVEY GROUP
PROFESSIONAL LAND SURVEYORS
2006 E. BROADWAY PEARLAND, TEXAS
(281) 485-3991 FAX (281) 485-3998
T.B.P.E.L.S. FIRM NO. 10014900

EXHIBIT OF THE 15.429 ACRE AN UNIT TAX ABATEMENT ZONE AT ASCEND PERFORMANCE MATERIALS CHOCOLATE BAYOU, BRAZORIA COUNTY, TEXAS

EXHIBIT D
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS, INC.

Aerial map showing general location of the complex, existing property, and outline of property/area to be included in Reinvestment Zone are behind this page.


Ascend Complex
All property
Lutes' Marine Services
Duck Lak
Legend
Ascend Performance Materials
CARES Project area
776
203A
Ascend Performance Materials
2917
Google Earth
1 mi
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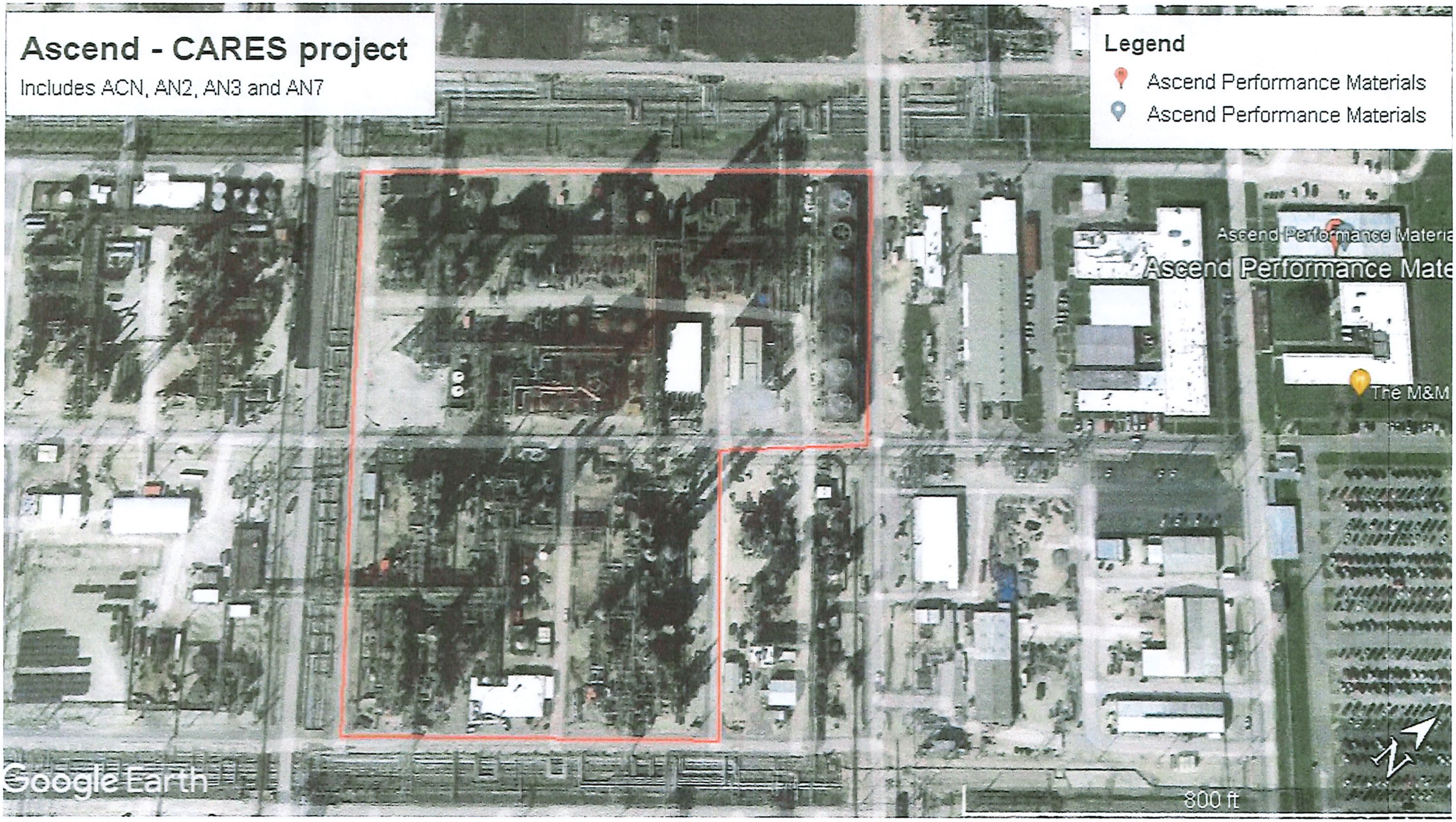
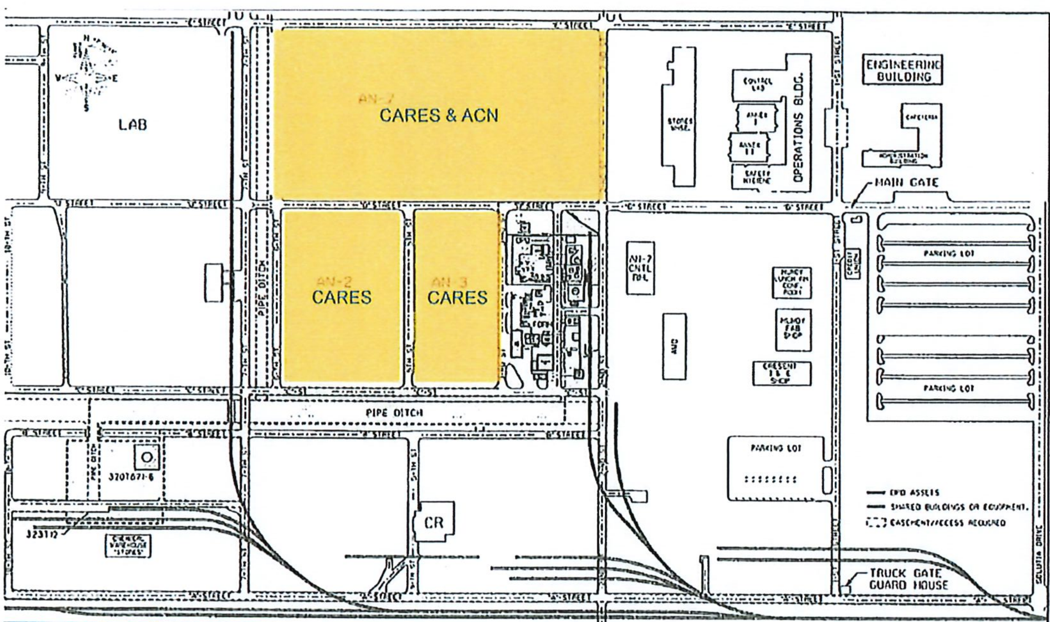
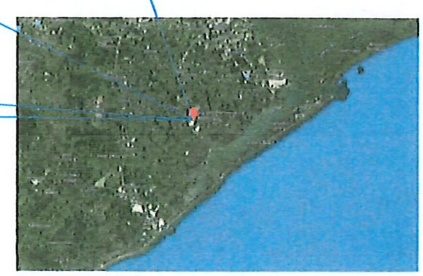

Ascend - CARES project
Includes ACN, AN2, AN3 and AN7
Legend
Ascend Performance Materials
Ascend Performance Materials
Ascend Performance Materia
Ascend Performance Mate
The M&M
Google Earth
800 ft





CONFIDENTIAL - NOT FOR DISTRIBUTION

EXHIBIT E
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS INC.

COMPANY HISTORY AND OVERVIEW:

Ascend is a global leader in proprietary technologies that are central to the production of nylon, plastics, industrial fibers and specialty chemicals that serve the apparel, automotive, industrial fiber, military, carpet fiber, chemicals, compounders, electrical and electronic and fasteners industries as well as agricultural products, animal feed and personal care products. The business has world scale integrated manufacturing facilities which enables it to develop new products from its core technologies and provides flexibility to respond to the expanding needs of its customers. Ascend has sales offices throughout the world, five manufacturing facilities in the United States, and one in Netherlands.

The company has a long history in the manufacture of Nylon 6,6. In the 1950's, Monsanto formed its Chemicals Division, which included the production of Nylon 6,6. In 1997, Monsanto spun off its Chemicals Division to form Solutia Inc. On June 1, 2009, SK Capital Partners, a private investment firm, purchased Solutia's Integrated Nylon business and established Ascend Performance Materials Holdings, Inc. (APMH), the parent company of Ascend Performance Materials LLC. SK Capital Partners assembled a strong executive team, now headquartered in Houston, Texas, with deep industry roots.

Our Brazoria County plant serves as the key supplier of raw products (Acrylonitrile) to Ascend downstream operations, as well as a host and supplier of raw product to other on-site, guest manufacturing operations including Novus International, Cyanco International, Indorama, Eastman. These companies and their more than 100 employees rely on Ascend's primary products and our unique plant management expertise for their operations.

The company's Chocolate Bayou plant currently employs approximately 500 employees at 6220 FM 2917 Alvin, Texas 77511, an unincorporated area of Brazoria County, and in the Liverpool Industrial District.

A number of in-house contract companies including Turner Industries and Hargrove Engineering support this site with their unique expertise and employs an estimated 312 additional full-time employees from this area. As such, we have an indirect impact on the success of several other Texas companies and the jobs they support.

PROJECT SUMMARY:

Ascend is requesting 100% tax abatement for 7 years under the Modernization provision of Brazoria County's tax abatement guidelines. And although some job growth may be possible, we are applying and planning for strictly Job Retention. Ascend expects to make a total capital investment between $120-140 Million. Excluding some pollution control qualifying property/equipment, the net new property value is expected to be more than $100 million. Work is planned to begin in Q3 or Q4 of 2022 and be completed in 2025. Ascend plans to make this investment to drive technology modernization that will align with best available technology in the industry, reduce air emissions, reduce solid waste generation, improve asset reliability and long-term viability, yield improvement, and provide capacity debottlenecking to better support guest companies plans for growth. These investments will not only support Ascend's operations, ensure job retention and ensure long-term viability of our business, but will help ensure the long-term viability of the companies and their employees co-located on our property such as Cyanco, Indorama, Novus, and Eastman.

Investment in capacity growth and job creation at the site has been difficult to justify in recent years for both Ascend and companies co-located on our property. This technology-based project intends to change the competitiveness profile of the site, thus being a key enabler to future growth plans for Ascend as well as for the companies co-located on our property.

EXHIBIT E
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS INC.

Alternatives to implementing this project:

- Aging, non-competitive plants such as ours (same products) have a history of being shut down unless they go through such technology transformations – one example as recent as 2019
- Ascend would then be forced to source raw materials for downstream operations from locations in China and Middle East where significant capacity is being added over the next 3-4 years
    - These raw materials will flow directly to our site in Decatur, Alabama, thus significantly reducing the overall viability of the Chocolate Bayou Plant

Examples of planned improvements:

- Environmental, Safety, Security, and Health Focused Improvements:
    - Significant reduction is air emissions, particularly NOx, through installation of Selective Catalytic Reduction (SCR) devices at the emission points from the Acrylonitrile process
    - Switching acrylonitrile catalysts to best in class, more environmentally friendly catalyst
    - The switch to this catalyst will also enable a ~10% reduction in solids disposal at the site as the process will use less of the new catalyst than our current catalyst
    - The Chocolate Bayou plant is currently permitted to add five additional landfill areas to store future spent catalyst on our land – through this project, we will not be needing to build these sites to store spent catalyst

Long-term Viability and Job Retention:

- This project enables a new unit for Acetonitrile recovery and sales (new product) which will reduce site carbon footprint by an additional 3% and help retain ~500 jobs
- It will also improve asset reliability in the Acrylonitrile process through investment in process and equipment changes to facilitate the implementation of a new catalyst system
- Also, by transitioning the new catalyst system, we will improve to best-in-class cost position in the Acrylonitrile units and improve material usages/yields, and thus improving site competitiveness
- The new catalyst and equipment changes will allow us to run lower pressures and temperatures, and thus extend useful life of our equipment and improve reliability
- While this project in itself will not increase capacity at the site, the equipment changes and new process conditions at which we will be able to operate will be key enablers for future expansion for both Ascend and other companies co-located on our site

EXHIBIT F
Brazoria County Tax Abatement application for
Ascend Performance Materials Texas, Inc.

Wastewater treatment capacity already exists on the Ascend site with the current Ascend wastewater facilities and with deep-well injection. So, there will be no impact on city utilities.

EXHIBIT G
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS, INC.

This Exhibit is not applicable and was intentionally left blank. We are not requesting a variance.

EXHIBIT H
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS INC.

During the construction and operations phases of the project, Ascend will consider utilizing Brazoria County vendors, subject to considerations of cost and availability and subject to certain requirements of quality that meet both industry and Ascend standards.

EXHIBIT I

APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY

ASCEND PERFORMANCE MATERIALS TEXAS INC.

List of Personal Property to be Installed

Property Description	Production Life	Estimated Cost (in millions)	Projected Value after Abatement (7 yrs)
Piping	20 years	$ 2.80	$ 2.1
Steel	20 years	$ 0.50	$ 0.4
Instruments	20 years	$ 1.90	$ 1.4
Electrical	20 years	$ 1.70	$ 1.2
TOTAL		$ 6.9	$ 5.1

EXHIBIT J
APPLICATION FOR TAX ABATEMENT FOR BRAZORIA COUNTY
ASCEND PERFORMANCE MATERIALS TEXAS, INC.

This Exhibit is not applicable and was intentionally left blank. We have not submitted any other abatement applications to taxing jurisdictions in Brazoria County at this time.

EXHIBIT

B

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

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

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

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

WHEREAS, the communities within Brazoria County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects; and

WHEREAS, any tax incentives offered in Brazoria County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

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

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

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

WHEREAS, a public hearing was held and these Guidelines and Criteria for Grating Tax Abatement in a Reinvestment Zone in Brazoria County was approved under Court Order 6.O.3 dated June 28, 2022.

Now, therefore, be it resolved that Brazoria County does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in Brazoria County.

DEFINITIONS Section 1

(a) "Abatement" means the full or partial exemption from ad valorem taxes on certain property in a reinvestment zone designated by Brazoria County for economic development purposes.

(b) "Abatement Period" means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.

(c) "Abated Facility Site" (or "proposed abated facility site") means the tract(s) or area of land underlying the proposed improvements to be abated.

(d) "Agreement" means a contractual agreement between a property owner and/or lessee and Brazoria County for the purpose of tax abatement.

(e) "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the agreement.

(f) "Brazoria County Vendor and Services" means a company that employs Brazoria County residents and pays Brazoria County taxes.

(g) "Deferred maintenance" means the improvements necessary for continued operations which do not improve productivity or alter the process technology.

(h) "Distribution Center Facility" means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service, or distribute goods or materials owned by the facility operator where seventy percent (70%) of the goods or services are distributed outside of Brazoria County.

(i) "Economic Development" means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Brazoria County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Brazoria County.

(j) "Eligible jurisdiction" means Brazoria County and any municipality or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in Brazoria County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Brazoria County.

(k) "Employee" for the purposes of the economic qualifications of Section 2(h)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.

(l) "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (h) (2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

(m) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.

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

(o) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

(p) "Modernization" means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing.

(q) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.

(r) "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside Brazoria County.

(s) "Productive Life" means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.

(t) "Qualified Vendors and Services" means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.

(u) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where seventy percent (70%) of users reside at least 50 miles from its location in Brazoria County.

(v) "Research Facility" means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

(w) "Regional Service Facility" means buildings and structures, including machinery and equipment, used or to be used to service goods where seventy percent (70%) of the goods being serviced originate outside of Brazoria County.

(x) "Tangible personal property" means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the reinvestment zone at any time before the period covered by the agreement with the County.

ABATEMENT AUTHORIZED Section 2

(a) Authorized Facility. A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Distribution Center or Regional Service Facility, Regional Entertainment Facility, Other Basic Industry, or a facility that Commissioners Court determines would enhance job creation and the economic future of Brazoria County.

(b) Creation of New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Brazoria County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Brazoria County may require.

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

(d) Eligible Property. Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

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

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

(e) Ineligible Property. The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, property already subject to real or personal property tax(es) moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by State law.

(f) Leased Facilities. Leasehold Interest: Abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

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

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

(g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. Commissioners Court shall determine the percent of value and the term of the abatement based upon the overall value of the project, the number and types of new jobs being created, the extent to which local labor or local subcontractors will be used in the construction phase, the types and values of public improvements to be made, and the extent to which local vendors and suppliers will be used during the productive life of the project. Commissioners Court may vary the length and abatement percentage on a case by case basis upon consideration of the factors above and any other relevant factors. The term of abatement may be up to 10 years or one-half (1/2) of the productive life of the improvement, whichever is less. The "productive life" will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone. *See Exhibit "A" attached hereto.*

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1 following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years. However, in no event shall the abatement begin later than the January 1 following the commencement of construction.

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

New eligible properties must be in active service and operation as part of a facility operating in a producing capacity for a period equal to double the abatement period (*i.e.* seven year abatement, then in producing capacity for 14 years) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions.

(h) Economic Qualification. In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:

(1) must be reasonably expected to increase and must actually increase the value of the property in the amount of $1 million or more;

(2) must create employment for at least 10 people on a full-time (40 hours per week equivalent) basis in Brazoria County for the duration of the abatement period at the abated facility site

described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of 10 employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:

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

b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered “created” employment for purposes of this sub-section.

The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.

(3) must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.

(4) must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

(5) must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of $1,000. A part of the application fee will be dedicated by Brazoria County to economic development programs authorized by Local Government Code, Section 381.004.

(6) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County union and/or nonunion vendors and services where applicable in the construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county union and/or nonunion vendors and services regarding price, quality, safety, availability and ability to perform. It is preferred that applicant seek qualified workers who are United States citizens and veterans and also legal residents prior to seeking workers from other countries.

(7) will annually, for the term of the abatement, contribute .000207 of the value reported in "Part IV Section F" of the abatement application (estimated value of abated improvements at the conclusion of the abatement period). Air carriers receiving abatement will contribute an amount equal to .000207 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than $25,000 for projects $500 million or less in capital investment and no more than $50,000 for project greater than $500 million in capital investment nor less than $2,000 annually to be used specifically to fund economic development in Brazoria County as authorized by Local Government Code, Section 381.004. The annual contribution shall be paid to Brazoria County through the County Auditor's Office on or before January 1 of each year of the tax abatement contract term.

(8) must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements' value as integral fixtures of a producing manufacturing facility. An owner's legal protest of the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal practice. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.

(9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.

(10) will be wholly responsible for all County roads and right-of-way (including bridges, culverts, ditches, etc.) and damages caused thereto as a result of the construction, on-going maintenance, and operations of the Abated Facility Site as well as associated facilities to the Abated Facility Site, including but not limited to, the following:

- Cost to maintain the roads utilized for construction of the Abated Facility Site in an effort to keep the road safe for the traveling public will be tracked by the County and invoiced on a regular basis to the Abatee.
- Cost to reconstruct the roadway, if needed, will be actual cost to reconstruct the County roads and right-of way incurred by the County and invoiced to the Abatee.

These costs will include all construction costs as well as all related professional services for the repair work.

- Abatee shall coordinate with the County Engineering Department regarding any and all use of County roads and right-of-way for construction, maintenance and operation of Abated Facility Site in accordance with County regulations in place for use of County facilities. In order to comply with County regulations, Abatee shall schedule and attend a pre-development meeting with the County Engineering Department prior to commencing construction. Abatee shall submit a road use plan to the County Engineering Department at least 3 days prior to attending the pre-development meeting. The road use plan should identify all County roads that may be affected by construction or use of the Abated Facility Site, as well as, the routes of any related pipelines.
- Abatee shall execute a Developer Agreement relating to the reconstruction and repair of affected County roads. Abatee shall not begin construction, of the Abated Facility until the Developer Agreement has been fully executed. Beginning construction prior to the execution of a Developer Agreement will result in the cancellation of the Abatement.

(11) will dedicate to the County, prior to the issuance of any permits, any right-of-way on Applicant's property considered necessary by the Brazoria County Engineer.

(12) will dedicate to the County or a drainage district with jurisdiction, any drainage easement(s) considered necessary by the Brazoria County Engineer or an engineer from the appropriate drainage district.

(i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:

(1) The value of ineligible property as provided in Section 2(e) shall be fully taxable;

(2) the base year value of existing eligible property as determined each year shall be fully taxable; and

(3) the additional value of new eligible property shall be taxable in the manner described in Section 2(g).

APPLICATION Section 3

(a) The Application for tax abatement may be obtained from the County Judge's Office or on the Brazoria County website at www.brazoria-county.com. Applicant may contact the Judge's Office at (979) 864-1200 or (281) 756-1200.

(b) Any present or potential owner of taxable property in Brazoria County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Brazoria County. The application shall be filed with the County Judge by providing two (2) hardcopies and an electronic version. The application provided will be furnished to each member of Commissioners Court and the Tax Abatement Review Committee (TARC). After filing the application, the Applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report, to the County Judge's Office prior to the TARC meeting on the Applicant's tax abatement application.

(c) The application shall consist of a completed application form accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; CAD data or a shapefile with the boundaries of the reinvestment zone; and a time schedule for undertaking and completing the planned improvements. In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as Brazoria County deems appropriate for evaluating the financial capacity and other factors of the Applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".

(d) Upon receipt of a completed application, the County Judge shall notify in writing the presiding officer of the governing body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.

(e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.

(f) If upon written request for a legal opinion or interpretation from the Commissioners Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners Court or any duly appointed review committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.

The Applicant shall file a supplement or addendum to its application to show cause why the application should be approved and shall present reasons at the public hearing on the same.

Provided that any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Commissioners Court at its sole discretion.

(g) Brazoria County shall not establish a reinvestment zone for the purpose of Abatement with the County if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.

(h) Brazoria County shall not establish a reinvestment zone for an Applicant that is not seeking an Abatement with the County under Chapter 312 of the Tax Code if construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility has begun prior to the creation of the reinvestment zone. In order for an Applicant that is not seeking an Abatement with the County to request the creation of a reinvestment zone, the Applicant shall submit the request in writing to the County Judge. The request must include a request for the creation of a reinvestment zone by both the Applicant and the taxing entity that would be entering into an Abatement, a brief description of the project, a map or survey depicting the proposed reinvestment zone, and metes and bounds of the proposed reinvestment zone. The Applicant shall post notice, provided by the County, as required by Chapter 312 of the Tax Code.

(i) Variance. Requests for variance from the provisions of Subsections (a) (b) (e) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the County Judge with a copy forwarded to the TARC. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.

(j) Special Variance: Air Carriers. A special variance from all applicable provisions of these guidelines and criteria, with the exception of Section 2 (h) (5) and (h) (7) may be granted allowing abatement or partial abatement of ad valorem taxes on the personal property of a certificated or non-certificated air carrier that owns or leases taxable real property in Brazoria County provided that the personal property has a value of at least $10,000,000. Approval of a request for this variance requires a three-fourth (3/4) vote of the Commissioners Court.

APPROVAL Section 4

(a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

(1) there would be a substantial adverse effect on the provision of government service or tax base;

(2) the Applicant has insufficient financial capacity;

(3) planned or potential use of the property would constitute hazard to public safety, health or morals; or,

(4) violation of other codes or laws.

AGREEMENT Section 5

(a) After approval, Brazoria County Commissioners Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:

(1) estimated value to be abated and the base year value;

(2) percent of value to be abated each year as provided in Section 2(g);

(3) the commencement date and the termination date of abatement;

(4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in Application, Sections II and III;

(5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 2(a), 2(f), 2(g), 2(h) 6, 7, and 8;

(6) size of investment and average number of jobs involved for the period of abatement; and

(7) provision that Applicant shall annually furnish information necessary for Brazoria County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria (in the form of an annual report/statement of compliance), together with an additional provision that Brazoria County may, at its election, request and obtain information from Applicant as is necessary for the County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria. See Attachment A.

(8) provision that, upon expiration of the tax abatement agreement, Applicant shall begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period (*e.g.* seven year abatement, then follow-up reporting for seven more years). See Attachment B.

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

RECAPTURE Section 6

(a) In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the County may elect to: (1) Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes; (2) Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or (3) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.

(b) Should Brazoria County determine that the company or individual is in default according to the terms and conditions of its agreement, Brazoria County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

(c) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

(d) Failure to provide any requested statement or information pursuant to the provisions described in Section 5(a)(7) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

ADMINISTRATION Section 7

(a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levy taxes on the amount of the assessment.

(b) The agreement shall stipulate that TARC of Brazoria County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.

(c) Tax Abatement Review Committee:

The Commissioners Court shall appoint a standing Tax Abatement Review Committee (TARC) for purposes of (i) reviewing the tax abatement application and preparing the feasibility study report required by Section 3(d) of these guidelines; (ii) conducting annual inspections and/or evaluations of the abated facilities to insure compliance with the terms/conditions of the tax abatement agreement.

(d) The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative appointed by each Commissioners Court member. The County Auditor, County Treasurer, District Attorney representative, and County Tax Assessor Collector shall serve as ex-officio members of the Committee to advise on abatement qualifications and procedures. The County Judge and the Commissioner of the Precinct in which a proposed abated facility will be located will serve on the Committee during the period when the Committee is preparing the feasibility study report and conducting the annual inspection and/or evaluation of the facility.

(e) Upon commencement of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners Court and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners Court. The form of annual report that shall be used by the owner is attached as Attachment A.

(f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (*e.g.* seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.

(g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

ASSIGNMENT AND MODIFICATION Section 8

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

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

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

(a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by Applicants who have previously entered into a tax abatement agreement with a city regarding that property.

(b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.

(c) An Applicant shall file a tax abatement application on the County's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.

(d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a) correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the Applicant.

(e) After review (and subject to approval of the matters in (d) above) and meeting of the TARC, the application will be placed on the next Commissioners Court meeting for consideration. If there are any compliance problems with the application (including any problems to be resolved or amendments to the application to be made), the County Judge and Precinct Commissioners shall be advised of these compliance problems/matters to be resolved in a memo from the Civil Division-District Attorney's Office. No Application shall be placed on the Agenda if the application fails to attach both the ordinance designating reinvestment zone and the copy of the fully executed tax abatement agreement between the city and the Applicant, or which is deficient as to application form or legal description. In such case the Applicant shall be informed of the necessity of attaching those documents or making necessary corrections, and there will be no further processing of the application until the same are received.

(f) The notice provisions of Section 3(d) are not applicable to an application under this section.

(g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specifically ordered in the Commissioners Court order granting abatement.

SUNSET PROVISION Section 10

(a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.

(b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.

(c) These guidelines and policies for Tax Abatement shall be effective June 28, 2022, and shall remain in force until June 28, 2024, unless amended or superseded, modified, renewed, or eliminated by Commissioners Court prior to that date.

EXHIBIT A

TAX ABATEMENT GRADUATED SCALE

Tier 1 $1,000,000 - $100,000,000		Tier 2 $100,000,001 - $300,000,000		Tier 3 $300,000,001 - $500,000,000	
Year	Abatement Amount	Year	Abatement Amount	Year	Abatement Amount
1	100%	1	100%	1	100%
2	100%	2	100%	2	100%
3	80%	3	90%	3	90%
4	80%	4	90%	4	90%
5	70%	5	80%	5	90%
6	70%	6	80%	6	80%
7	70%	7	70%	7	80%
				8	70%

Tier 4 $500,000,001 - $1,000,000,000		Tier 5 $1,000,000,001+	
Year	Abatement Amount	Year	Abatement Amount
1	100%	1	100%
2	100%	2	100%
3	100%	3	100%
4	90%	4	100%
5	90%	5	100%
6	80%	6	80%
7	80%	7	80%
8	70%	8	80%
		9	80%
		10	80%

NOTES:

Commissioners Court shall determine the percent of value and the term of the abatement based upon the overall value of the project, the number and types of new jobs being created, the extent to which local labor or local subcontractors will be used in the construction phase, the types and values of public improvements to be made, and the extent to which local vendors and suppliers will be used during the productive life of the project. Commissioners Court may vary the length and abatement percentage on a case by case basis upon consideration of the factors above and any other relevant factors. [*Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in Brazoria County, Page 5, Paragraph (g)*]

ATTACHMENT
A

(TO THE BRAZORIA COUNTY GUIDELINES & CRITERIA FOR GRANTING TAX ABATEMENT)
(*This form is located at* [***www.brazoria-county.com***](http://www.brazoria-county.com))

ANNUAL REPORT FORM

ANNUAL REPORT

PURSUANT TO SECTION 5(a)(7) AND 7(e) OF
THE BRAZORIA COUNTY GUIDELINES &
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

____ (Company/Owner Name)

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

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

   Date of commencement of construction: ____________________

   Date of completion all contemplated improvements: ____________________

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

   Permanent Employees: ________________

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

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

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

   Percentage of construction completed: ____________________

   Estimated value of Improvements: ____________________
   As of____________________

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

Is the abated facility currently producing the product or similar product described in the tax abatement agreement?	**Check One** ( ) Yes or ( ) No
If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment B.	________________
If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space.	________________
State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total any previous years of production prior to the date of this report.)	________________

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

Is the list of Brazoria County vendors and services attached?	**Check One** ( ) Yes or ( ) No

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

Owner: ____

By: ____

Printed Name: ______________________________

Title/Position ______________________________

Date: ____

ATTACHMENT
B

(TO THE BRAZORIA COUNTY GUIDELINES & CRITERIA FOR GRANTING TAX ABATEMENT)

(This form is located at www.brazoria-county.com)

REPORT FORM
After the initial term of the
Tax Abatement Agreement

PRODUCTIVE LIFE REPORT

TAX ABATEMENT TERM COMPLETED

PURSUANT TO SECTION 5(a)(8) AND 7(f) OF
THE BRAZORIA COUNTY GUIDELINES &
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

____ (Company/Owner Name)

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

Effective Date of Tax Abatement:________________________________

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

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

Check One
( ) Yes or ( ) No

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

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

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

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

Owner: ____

By: ____

Printed Name:______________________________

Title/Position______________________________

Date: ____

EXHIBIT

C

Ascend Performance Materials Texas, Inc.
15.429 Acres

Perry and Austin League No.2
Abstract No. 107

AN Unit
Tax Abatement Zone

STATE OF TEXAS §

COUNTY OF BRAZORIA §

METES AND BOUNDS DESCRIPTION of a 15.429-acre tract in the Perry and Austin League No. 2, Abstract No. 107, Brazoria County, Texas. Said 15.429-acre tract is in a 3,000 acre tract described in a deed to Ascend Performance Materials Texas Inc. as recorded in Clerk's File No. 2013007236 in the Brazoria County Clerk's Office and is more particularly described by metes and bounds as follows:

COMMENCING at the most northerly corner of said Perry and Austin League No. 2, Abstract No. 107, same being the most northerly corner of said 3,000 acre tract and is also the most southerly west corner of the Perry and Austin League No. 7, Abstract No. 110 and is on the southeasterly line of the Perry and Austin 1-3/4 League, Abstract No. 37;

THENCE, South 00°04'57" West, along the northeasterly line of said 3,000 acre tract, same being the northeasterly line of said Perry and Austin League No. 2, Abstract No. 107, for a distance of 11,240.38 feet to the most easterly corner of said 3,000 acre tract;

THENCE, North 89°57'33" West, along the southeasterly line of said 3,000 acre tract for a distance of 9,056.01 feet to an angle point;

THENCE, North 00°02'27" East, for a distance of 4,125.52 feet to the POINT OF BEGINNING and southeast corner of the herein described 15.429-acre tract, said point is at the point of intersection of a line 15-feet west of the centerline of 3rd Street and a line 15-feet north of the centerline of "C" Street (Plant Coordinates: North 4,127.00', West 1,431.00').

THENCE, West, along a line 15-feet north of and parallel to the centerline of said "C" Street for a distance of 576.00 feet to the southwest corner of the herein described tract;

THENCE, North, along a line 15-feet east of and parallel to the centerline of 6th Street for a distance of 954.00 feet to the northwest corner of the herein described tract;

THENCE, East, along a line 15-feet south of and parallel to the centerline of "E" Street for a distance of 846.00 feet to the northeast corner of the herein described tract;

THENCE, South, along a line 15-feet west of and parallel to the centerline of 2nd Street for a distance of 454.00 feet to the most northerly southeast corner of the herein described tract;

THENCE, West, along a line 15-feet north of and parallel to the centerline of "D" Street for a distance of 270.00 feet to an interior corner of the herein described tract;

THENCE, South, along a line 15-feet west of and parallel to the centerline of the aforementioned 3rd Street for a distance of 500.00 feet to the POINT OF BEGINNING, containing a computed area of 15.429-acres (672,090 square feet).

NOTES:

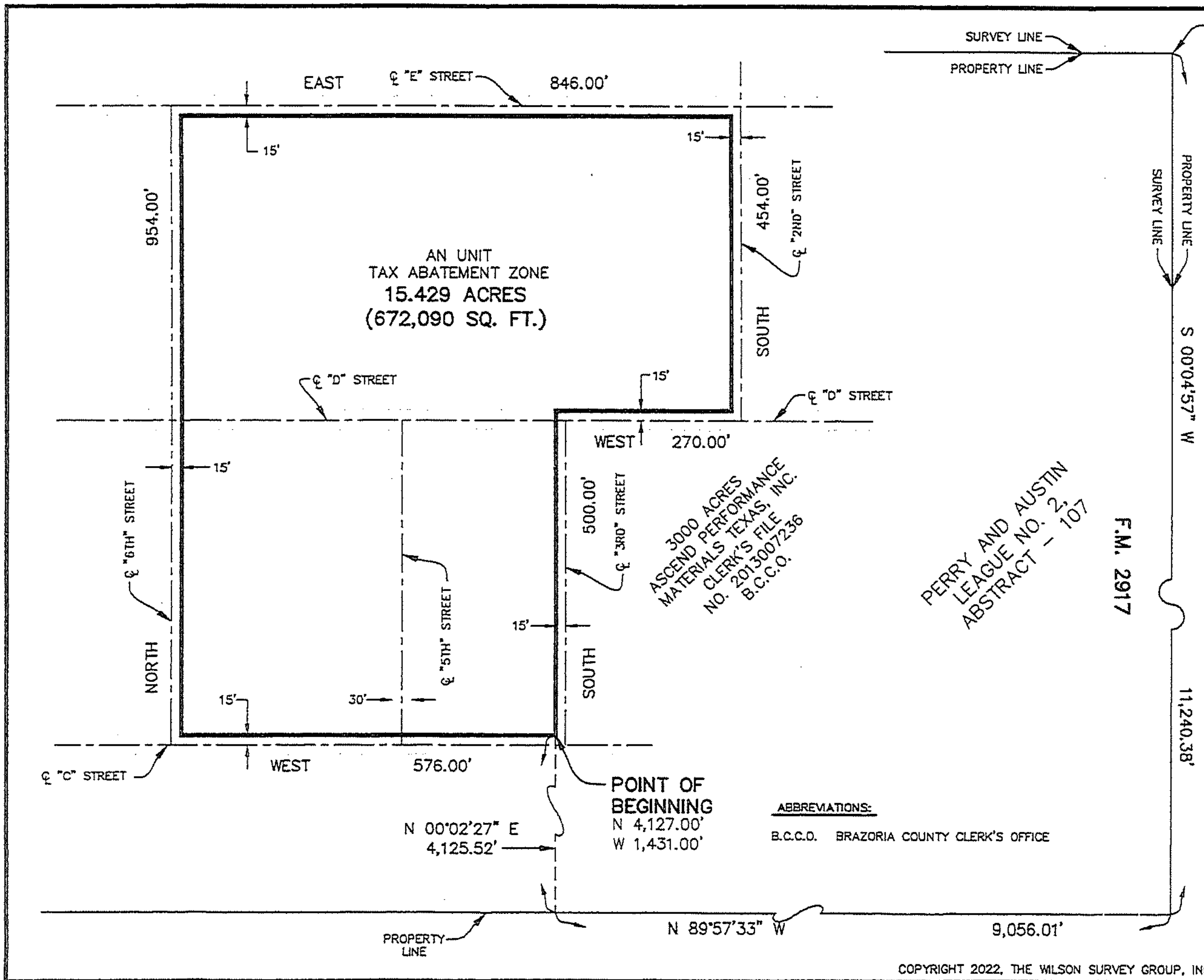
1. The bearings and coordinate shown hereon are based on the Ascend Plant Control Monumentation System utilizing Plant Monument No. 2 (N 3519.00, W 515.00) and Plant Monument No. 5 (N 5074.00, W 515.00).
2. The corners of this tract have not been monumented at the request of the client.
3. A separate exhibit map has been prepared in connection with this description.
4. This document was prepared under 22 TAC §663.21 and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

The Wilson Survey Group, Inc.
2006 East Broadway, Suite 103
Pearland, Texas 77588
(281) 485-3991
Job No. 22-133
TBPELS Firm No. 10014900

Michael D. Wilson, R.P.L.S.
Registration No. 4821

07/18/22

STATE OF TEXAS
REGISTERED
MICHAEL D. WILSON
4821
PROFESSIONAL
LAND SURVEYOR



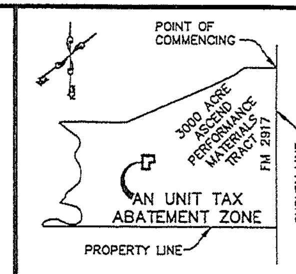
ABBREVIATIONS:

B.C.C.O. BRAZORIA COUNTY CLERK'S OFFICE

POINT OF
COMMENCING
NORTH CORNER OF
ASCEND PERFORMANCE
MATERIALS
3000 ACRE TRACT

TRUE PLANT

SCALE: 1"=200'



(NOT TO SCALE)

STATE OF TEXAS
REGISTERED
MICHAEL D. WILSON
4821
PROFESSIONAL
SURVEYOR

07/18/22

NOTES:

1. BEARINGS AND COORDINATE SHOWN HEREON ARE BASED ON THE ASCEND PLANT CONTROL MONUMENTATION UTILIZING PLANT MONUMENT NO. 2 (N 3519.00, W 515.00) AND PLANT MONUMENT NO. 5 (N 5074.00, W 515.00).

2. THE CORNERS OF THIS TRACT HAVE NOT BEEN MONUMENTED AT THE REQUEST OF CLIENT.

3. A SEPARATE METES AND BOUNDS DESCRIPTION HAS BEEN PREPARED IN CONNECTION WITH THIS EXHIBIT.

4. THERE ARE IMPROVEMENTS WITHIN THIS TRACT THAT HAVE NOT BEEN SHOWN.

DATE: 07/18/22	22–133(AN–UNIT).dwg
SCALE: 1"=200'	DWN: C.L.H.

THE WILSON SURVEY GROUP
PROFESSIONAL LAND SURVEYORS
2006 E. BROADWAY PEARLAND, TEXAS
(281) 485–3991 FAX (281) 485–3998
T.B.P.E.L.S. FIRM NO. 10014900

EXHIBIT OF THE 15.429 ACRE AN UNIT TAX ABATEMENT ZONE AT ASCEND PERFORMANCE MATERIALS CHOCOLATE BAYOU, BRAZORIA COUNTY, TEXAS

EXHIBIT

D

CERTIFICATION OF APPRAISED VALUE OF PROPERTIES AS OF JANUARY 1, 2022

TO: **BRAZORIA COUNTY**

FROM: **BRAZORIA COUNTY APPRAISAL**

DISTRICT DATE: 7/25/2022

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2022, for Ascend Performance Materials Texas, Inc., attached hereto are listed in the records of Brazoria County Appraisal District and indicated by the following account numbers:

See attached files

Certified this 25th day of July, 2022

CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT

BY: ____________________

BRAZORIA COUNTY APPRAISAL DISTRICT — PROPERTY FIELD REVIEW CARD 2022 — 2022-0-704875-267901

PROPERTY ID AND LEGAL DESCRIPTION

PROP ID: 704875 TYPE: Real DBA:
A0107 PERRY & AUSTIN BLOCK 7 TRACT 1A (PT) ACRES 14.708
GEO ID: 0107-0003-003 MAP ID:
REF ID1: REF ID2: 704875 MAPSCO: IND
SITUS: TIF: N
PROP USE: SUB MKT:
GBA: 0 NRA: 0 UNITS: 0

OWNER ID, NAME AND ADDRESS

ASCEND PERFORMANCE MATERIALS LLC
1010 TRAVIS ST STE 900
HOUSTON, TX 77002-5928-25
OWNER ID / %: 267901 100.00%
EFFECTIVE ACRES: 0.0000
APPR VAL METHOD: Cost

EXEMPTIONS

ENTITIES

CAD	100%
DR3	100%
GBC	100%
JAL	100%
RDB	100%
SAN	100%

VALUE METHOD — C 2022 VALUES

IMPROVEMENT	0
LAND MKT +	14,710
MARKET =	14,710
PROD LOSS -	0
APPRAISED =	14,710
HS CAP LOSS -	0
ASSESSED =	14,710

GENERAL

UTILITIES: LAST APPR YR: 2022 LAST APPR: KIRK
TOPOGRAPHY: CAP BASIS YR: NBHD APPR:
ROAD ACCESS: LAST INSP DATE: 01/08/2021 SUBDV APPR:
ZONING: 9-20-18 AR NEXT INSP DATE: LAND APPR:
GROUP CODES: BUILDER: VALUE APPR: KIRK
NEXT REASON: RENT:

REMARKS / SKETCH COMMANDS

BUILDING PERMITS

B#	ISSUE DT	PERMIT #	TYPE	ST	EST VALUE	APPR	BUILDER	COMMENT

PICTURE

INCOME APPROACH DATA

GPI	VAC	EGR	OTHER INC	EOI	EXPENSE	TAXES	NOI	METHOD	INC VALUE

TAX AGENT: RYAN LLC-HOUSTON OFFICE PHONE: 713-629-0090
GROSS SQFT: NET SQFT:
LINKED ACCTS: RECONCILED VALUE:

INQUIRY / ARB PROTESTS

CASE ID	DATE	APPR	STATUS	OWNER COMMENTS	STAFF COMMENTS

SALES & DEED HISTORY

SALE DT	SALE PRICE	TYPE	RATIO CD	FIN CD	FIN TERM	LA SQFT	SP / SQFT	1ST IMPRV	2ND IMPRV	GRANTOR	CONSID	DEED	BOOK ID	DEED PAGE

IMPROVEMENT VALUATION LIVING AREA: 0 APPR/SQFT: 0.00 SALE/SQFT:

I#	TYPE	DESCRIPTION	MTHD	CLASS/SUBCL	AREA	UNIT PRICE	UNITS	STY	BUILT	EFF YR	COND.	VALUE	DEPR	PHYS	ECON	FUNC	COMP	ADJ	ADJ VALUE

IMPROVEMENT DETAIL ADJUSTMENTS

I#	ADJ TYPE	ADJ AMT	ADJ %

IMPROVEMENT FEATURES

DESCRIPTION	UNITS	CODE	VALUE

REGION: SUBD: A0107 (100%) NBHD: SUBSET: **LAND VALUATION** IRR Wells: 0 Capacity: 0 IRR Acres: 0.0000 Oil Wells: 0

L#	DESCRIPTION	TYPE	SOIL	CLS	TABLE	SC	HS	METH	DIMENSIONS	UNIT PRICE	ADJ	MASS ADJ	VAL SRC	MKT VAL
1.	FRONT ACREAGE	A1			INDUSTR F2		N	A	14.7080 AC	1,000.00	1.00	1.00	A	14,710
	CR;INDUSTRIAL; 2019 EQUALIZE LAND TABLE													
														14,710

LAND ADJUSTMENTS

L#	ADJ TYPE	ADJ AMT	ADJ %

PRODUCTIVITY VALUATION

AG	AG USE	AG TABLE	AG UNIT PRC	AG VALUE
N			0.00	0
				0

 Effective Date of Appraisal: January 1 Date Printed: 07/06/2022 01:23:41PM by MP

Appraisal Summary

Appraisal Year: 2022

Chocolate Bayou Plant
FM Road 2917
Alvin, TX 77512

ASCEND PERFORMANCE MATERI
ASCEND PERFORMANCE MATERIALS LLC
ATTN: PROPERTY TAX DEPARTMENT
PO BOX 711
ALVIN, TX 775120711

Agent: Jeff Moore
Agent Phone: (512) 691-2474

Appraiser: Kirk Slaughter
Date Inspected: 4/5/2022

Process Units

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
AN 2 Unit	81,677,390	43	47.8772				81,347	3,087,230	0107-0003-000
AN 3 Unit	55,563,320	40	31.3833	43.72%	0.3000			6,048,780	0107-0003-000
AN 7 Unit	215,062,170	25	20.6720	29.06%	0.3000	2,409,369		11,107,440	0107-0003-000
Formalin Unit	12,343,920	40	40.2813		0.3000			864,900	0107-0003-000
IDA Unit	59,304,450	25	32.7407				1,500,000	5,034,330	0107-0003-000
NTA Unit	35,896,640	40	42.8590		0.3000			1,987,910	0107-0003-000
Total Process Units	**459,847,890**					**2,409,369**	**1,581,347**	**28,130,590**	

Taxable Value: 28,130,590

Utilities

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Air Systems	7,272,540	45	49.1305					229,420	0107-0003-000
AN-7 Water Treatment & Utilities (w/16.5% Eco)	59,290,040	25	18.8215	39.42%	0.3000			5,854,720	0107-0003-000
Cooling Towers (w/16.5% Eco)	9,289,250	45	15.5837	88.41%	0.3000			2,057,260	0107-0003-000
Electrical System (w/16.5% Eco)	17,418,010	50	42.2095	38.58%	0.3000			1,683,330	0107-0003-000
Fuel Gas System	640,550	50	56.1167					14,880	0107-0003-000
Steam Distribution	16,108,680	50	56.0922					374,490	0107-0003-000
Steam Generation (w/16.5% Eco)	22,317,320	50	36.2069	58.40%	0.3000			3,264,840	0107-0003-000
Water Systems (w/16.5% Eco)	9,220,750	45	40.7632	23.59%	0.3000			544,880	0107-0003-000
Total Utilities	**141,557,140**					**0**	**0**	**14,023,820**	

Taxable Value: 14,023,820

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Receiving, Shipping & Storage

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
AN 7 Receiving Shipping & Storage (w/60% Eco)	16,597,870	33	21.7255	56.40%	0.3000			1,123,340	0107-0003-000
Docks	8,616,690	48	55.2645					207,040	0107-0003-000
Loading & Unloading Racks (w/60% Eco)	10,355,810	45	30.6657	61.06%	0.3000			758,790	0107-0003-000
Pumps & Piping (w/16.5% Eco)	7,733,160	45	26.2352	71.70%	0.5000			2,314,900	0107-0003-000
Rail Spurs	3,092,950	48	56.0226					72,060	0107-0003-000
Refrigerated tanks (w/60% Eco)	13,695,490	45	38.5504	33.78%	0.3000			555,160	0107-0003-000
Storage Tanks (w/16.5% Eco)	11,087,030	48	13.9460	91.86%	0.3000			2,551,230	0107-0003-000
Total Receiving, Shipping & Storage	**71,179,000**					**0**	**0**	**7,582,520**	
							Taxable Value:	**7,582,520**	

Service Facilities

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Fire Protection Equipment (w/16% Eco)	3,205,770	45	34.5332	49.24%	0.3000			397,790	0107-0003-000
Site Improvements (Paving, Fence, etc) (w/16% Eco)	14,493,150	45	38.7553	32.89%	0.3000			1,201,230	0107-0003-000
Total Service Facilities	**17,698,920**					**0**	**0**	**1,599,020**	
							Taxable Value:	**1,599,020**	

General Buildings

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
01. Engineering Building	3,496,400	45	51.3146					100,960	0107-0003-000
02. Administration Building	3,791,300	45	44.0000	6.10%	0.3000			187,600	0107-0003-000

Appraisal Summary

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General Buildings

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
03. Operations Bldg. & Annexes	11,217,050	45	48.0000					414,030	0107-0003-000
06. Stores & I/E Shop	2,139,080	45	51.3330					61,700	0107-0003-000
07. PTOR Building	936,080	45	51.3331					27,000	0107-0003-000
08. AWO Warehouse	2,184,180	45	51.3331					63,000	0107-0003-000
11. Contractor Lunch & Restrooms	1,028,170	45	48.9861					32,400	0107-0003-000
12. Contractor Fab Shop	2,109,230	45	51.3328					60,840	0107-0003-000
13. Contractor HVAC / I&E Shop	1,039,360	45	47.0832					42,500	0107-0003-000
18. Chemical Warehouse	1,597,480	45	51.3323					46,080	0107-0003-000
20. Contractor Paint Shop	693,390	45	51.3331					20,000	0107-0003-000
23. Distribution Offices	938,590	45	43.2744	10.32%	0.3000			49,380	0107-0003-000
24. Contr. Office(Ex Phenol C.R.)	368,930	45	37.5641	37.92%	0.3000			41,970	0107-0003-000
26. Shop 5 & Tool Room	920,270	45	48.9861					29,000	0107-0003-000
27. Electrical Contractor's Office	189,360	45	33.7565	51.83%	0.3000			29,440	0107-0003-000
28. Chocolate Bayou Credit Union Building	727,240	45	47.0000					29,990	0107-0003-000
Miscellaneous Smaller Buildings (11)	3,829,300	45	43.2942	10.20%	0.3000			201,140	0107-0003-000
Total General Buildings	37,205,410					0	0	1,437,030	
							Taxable Value:	1,437,030	

Construction In Progress

	Cost		Age	% Good	Pct Compl	Amt Spent	Market Value	Component Account
AN 7 Unit	1,000,000	20		100.00%	0.5000		68,250	0107-0003-000

Appraisal Summary

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Appraiser: Kirk Slaughter
Date Inspected: 4/5/2022

Construction In Progress

	Cost	Age	% Good	Pct Compl	Amt Spent	Market Value	Component Account
Total Construction In Progress	**1,000,000**				**0**	**68,250**	
					Taxable Value:	**68,250**	

TCEQ Pollution Control Equipment

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
1999 TCEQ Non-Exempt Value	17,441,265			93.67%				857,610	0107-0003-000
1995 TCEQ Exempt Value								562,650	POLL-MONS-000
1996 TCEQ Exempt Value								110,250	POLL-MONS-000
1999 TCEQ Exempt Value								8,412,120	POLL-MONS-000
2006 TCEQ Exempt Value								949,080	POLL-MONS-000
Total TCEQ Pollution Control Equipment	**17,441,265**					**0**	**0**	**10,891,710**	
							Taxable Value:	**857,610**	

Personal Property & Inventory

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Furniture & Fixtures				100.00%	1.0000			8,430	8900-0543-000
Lab/Test Equipment				100.00%	1.0000			1,192,960	8900-0543-000
Mobile Machinery & Equipment				100.00%	1.0000			53,170	8900-0543-000
Personal Computers				100.00%	1.0000			77,240	8900-0543-000
Vehicles				100.00%	1.0000			165,940	8900-0543-000
Inventory (FPT)				100.00%	1.0000			37,500,500	8900-0543-020
Personal Computers				100.00%	1.0000			9,670	8900-0543-050

Appraisal Summary

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Date Inspected: 4/5/2022

Personal Property & Inventory

	RCN	Life	Age	% Good	Svc Factor	Additions	Retirements	Market Value	Component Account
Total Personal Property & Inventory	0					0	0	39,007,910	
							Taxable Value:	39,007,910	
Total Chocolate Bayou Plant	745,929,625					2,409,369	1,581,347	102,740,850	
						Taxable Value:	92,706,750		

Total value of existing improvements for RZ: AN2, AN3 and AN7: $26,159,570
Total value of existing personal property (CIP) for RZ: $68,250