

**NOTICE OF PUBLIC HEARING  
THE FREEPORT CITY COUNCIL  
TUESDAY, FEBRUARY 18, 2014, 6:00 P.M.  
FREEPORT MUNICIPAL COURT ROOM  
FREEPORT POLICE DEPARTMENT, 430 NORTH BRAZOSPORT BLVD.  
FREEPORT, TEXAS  
AGENDA  
FORMAL SESSION**

1. Call to order.
2. Invocation.
3. Pledge of Allegiance.
4. Consideration of approving the February 3, & Feb. 4, 2014 Council Minutes.  
Pg. 178-183
5. Attending citizens and their business.
6. Consideration of approving Resolution No. 2014-2434 calling for a Joint Election Agreement and contract for Election Services for May 10, 2014. Pg. 184-194
7. Consideration of approving the proposed amendments to the 2014 Charter Review.  
Pg. 195-198
  - a. 3.05 Mayor Pro Tem – having a Mayor Pro Tem rotate by ward.
  - b. 3.15 Publication of financial statement – publish financial statements on city websites.
  - c. 4.01 City Manager – require City Manager to reside in the City.
  - d. 4.02 Department of Police - require Chief of Police to reside in the City.
  - e. 4.08 Fire Department – require Fire Chief to reside in the City.
8. Consideration of approving Ordinance 2014-2060 calling a Special Election for May 10, 2014, on the question of a sale of that portion of Riverside Park North of a Westerly extension of Avenue C for the purpose financing a new sports complex to be located on Blocks 643, 656, 681 and the one-half of Block 618 adjoining Block 643 of the Velasco Townsite. Pg. 199-206
9. Consideration of approving Resolution No. 2014-2435 nominating American Rice, Inc., as an enterprise project pursuant to the Texas Enterprise Zone Act, codified as Chapter 2303, Subchapter F of the Government Code. Pg. 207-208

10. Consideration of approving Resolution No. 2014-2433 authorizing the City Manager to form a non-profit corporation and to seek a tax exemption for it under the Section 501 (C) (3) of the U. S. Federal Tax Code to receive and administer funds and other assets donated for the benefit of the Freeport Museum; such corporation to be controlled with oversight by the City Council of the City of Freeport, Texas, which shall be the Board of Directors of such corporation. Pg. 209-210
11. Consideration of returning Tract U-3 (1/5 interest, Abstract 90, J. G. & G.W. McNeel, 1.944 acres, Geographic Id: 0090-0051-111 to Percy Beacroft, etal. Pg. 211-217
12. Consideration of approving a commercial tax abatement application for pipeline infrastructure for BASF and setting a Public Hearing date for March 17, 2014. Pg. 218-291
13. Consideration of approving a commercial tax abatement application for improvements for Signal Electronics, 203 S. Gulf Boulevard, Freeport Texas and setting a Public Hearing date for March 17, 2014. Pg. 293-298

#### Adjourn

Items not necessary discussed in the order they appear on the agenda. The Council at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

In compliance with the Americans with Disabilities Act, the City of Freeport will provide for reasonable accommodations for persons attending City Council Meetings. Request should be received 48 hours prior to the meeting. Please contact the City Secretary office at 979-233-3526.

I, Delia Munoz City Secretary for the City of Freeport, Texas certify that this agenda was posted on the official bulletin board/glass door of City Hall, facing the rear parking lot of the building, with 24 hours a day public access, 200 West 2nd Street, Freeport Texas, February 14, 2014 at or before 5:00 p.m.

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Delia Munoz - City Secretary  
City of Freeport, Texas

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the Freeport City Council met on Monday, February 3rd, 2014  
At 6:05 p.m. at the Freeport Municipal Court Room, 430 North Brazosport Boulevard, Freeport  
Texas for the purpose of considering the following agenda items:

City Council: Mayor Norma Moreno Garcia  
Councilwoman Michelle Kent  
Councilman Fred Bolton - Absent  
Councilwoman Sandra Loeza  
Councilwoman Sandra Barbree

Staff: Jeff Pynes, City Manager  
Gilbert Arispe, Asst. City Manager  
Wallace Shaw, City Attorney  
Delia Munoz, City Secretary  
Larry Fansher, Parks Director  
Nat Hickey, Property Manager  
Brian Davis, Fire Chief  
Dan Pennington, Police Chief  
Brian Dybala, Golf Director

Visitors: Tina Rogers                      Kenny Kouches  
Jennifer Hawkins                  Jerry Meeks  
Manny Rollerson                  Ruth Rollerson  
Raymond Garivey                  Jim Pirrung  
Dorothy Pirrung                  Lila Lloyd  
Stoney Burke                      Ronald Woodruff  
Shannon Daughtry

**Call to order.**

Mayor Norma Garcia called the meeting to order at 6:05 p.m.

**Invocation.**

**Pledge of Allegiance.**

Brandon Oabauiss led the Pledge of Allegiance.

Consideration of approving the January 21st, 2014 Council Minutes.

On a motion by Councilwoman Kent, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved the January 21, 2014 Council Minutes.

Attending citizens and their business.

Manning Rollerson is concerned that some of our Freeport schools in the Brazosport Independent School District failed to meet academic requirements. He asked the City Council to review the accountability of BISD.

Consideration of approving Ordinance No. 2014-2059 calling the Annual General Election for the City of Freeport for the second Saturday in May 2014, being May 10, 2014 at which the voters of said City residing in Wards A and Ward C shall be permitted to vote for or against the candidates for positions A and C on the City Council of the City of Freeport.

On a motion by Councilwoman Kent, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved Ordinance No. 2014-2059 calling the Annual General Election for the City of Freeport for the second Saturday in May 2014, being May 10, 2014 at which the voters of said City residing in Wards A and Ward C shall be permitted to vote for or against the candidates for positions A and C on the City Council of the City of Freeport.

Consideration of approving of Resolution No. 2014-2432 approving issuance up to a maximum amount of \$59,000,000 Brazosport Water Authority water supply system revenue bonds, Series 2014.

On a motion by Councilwoman Barbree, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved Resolution No. 2014-2432 approving issuance up to a maximum amount of \$59,000,000 Brazosport Water Authority water supply system revenue bonds, Series 2014.

Consideration of rescheduling February 17<sup>th</sup>, 2014 to February 18<sup>th</sup>, 2014 to observe President's Day.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved rescheduling February 17<sup>th</sup>, 2014 to February 18<sup>th</sup>, 2014 to observe President's Day.

Consideration of approving Resolution No. 2014-2433 to form a non-profit corporation under 501 (C) (3) of the U.S. Federal Tax Code to receive and administer funds and other assets donated for the benefit of the Freeport Museum; such corporation to be controlled with oversight by the City Council of the City of Freeport.

This item reagendaed.

Mayor Garcia opened the Work Session at 7:15 p.m.

Work Session:

Regarding Summer Time Blues Festival.

Jeff Pynes spoke on downsize the Summer Times Festival budget. Council agreed on a \$45,000 budget, focusing on trimming expenses, charging \$10 at the gate instead of \$5.00, using two stages instead of four. Jennifer Hawkins member of the Freeport Downtown Association volunteering in the festival is in contact with Austin Blue Festival and will be contacting local bands, and marketing the festival.

Presentation by the Brazos Water Authority on a propose new water desalination project.

Ronnie Woodruff General Manager of Brazosport Water Authority discussed and answered questions of the bond that is needed to build the plant and providing water to seven municipalities, two Texas Department of Criminal Justice and Dow. The \$59,000,000 desalination plant would provide water through a process of reverse osmosis converting brackish water.

Propose a Freeport Golf RV Park.

Jeff Pynes proposed a Freeport Golf RV Park. The City has the land for a proposed recreational RV park, a way of generating additional revenue. He projected expense of picnic tables, road, pads, parking, water/sewer installation, fencing and lighting of \$173,000 in house, compare to \$254,000 vendor price. This item will be reviewed by the Planning Commission.

Discussion relating to alley usage and designating a no thru alley.

Jeff Pynes suggested designating a no thru alley by barricading half of the alley and only serving the residents. It is suggested that this item be reviewed by the Planning Commission.

Regarding creating an ordinance regarding animal waste removal.

Bobby Casale asked City Council to implement an ordinance on animal waste removal. It is a health and safety issue and a good policy for the owners of dogs to dispose animal waste from yards and properties.

Executive Session:

Section 551.071, Government Code

Consultation with City Attorney concerning pending or contemplated litigation, settlement offers or other matters in which his duty to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Government Code, to wit;

- Pending Litigations - Marina Lawsuit

Adjourn

On a motion by Councilwoman Kent, seconded by Councilwoman Barbree, with all present voting "aye", Council adjourned the meeting at 7:35 p.m.

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Mayor Norma M. Garcia  
City of Freeport, Texas

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City Secretary – Delia Munoz  
City of Freeport, Texas

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the Freeport City Council and the Freeport Economic Development Corporation met for a Joint Public meeting, Tuesday, February 4, 2014 at 6:30 p.m. at the Freeport Municipal Court Room, 430 North Brazosport Boulevard, Freeport Texas for the purpose of considering the following agenda items:

City Council:

Mayor Norma M. Garcia  
Councilwoman Michelle Kent  
Councilman Fred Bolton – Absent  
Councilwoman Sandra Loeza  
Councilwoman Sandra Barbree

Economic Development:

Brooks Bass  
Trent D. Allen – Absent  
Troy T. Brimage  
Mark A. Friudenberg  
Drew Ryder  
Jason Travis  
Roy Yates

Staff:

Gilbert Arispe, Asst. City Manager  
Delia Munoz, City Secretary  
Nat Hickey, Property Manager

Visitors:

Sam Reyna  
Nicolosa Mireles  
Chris Duncan  
Karen Jewell

Call to Order

Their being a quorum with the City Council and the Freeport Economic Development Corporation, Mayor Norma M. Garcia called the meeting to order and opened the Executive Session at 6:30 p.m.

**EXECUTIVE SESSION:**

**Section 551.071, Government Code**

**Consultation with City Attorney concerning pending or contemplated litigation, settlement offers or other matters in which his duty to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Government Code, to wit:**

- **Pending Litigations - Marina Lawsuit (*no action taken*)**

**Adjourn**

**Mayor Norma Garcia adjourned the Joint meeting at 7:20 p.m.**

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**Mayor Norma M. Garcia  
City of Freeport, Texas**

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**Delia Munoz - City Secretary  
City of Freeport, Texas**



RESOLUTION NO. 2014-2434

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; PROVIDING THAT THE ANNUAL ELECTION CALLED BY THE CITY COUNCIL OF SAID CITY FOR THE ELECTION OF COUNCIL MEMBERS FOR COUNCIL POSITIONS A and C AND THE SPECIAL ELECTION, ALL SUCH ELECTIONS BEING CALLED FOR THE 10th DAY OF MAY, 2014, BE HELD JOINTLY WITH ALL ELECTIONS CALLED FOR THE SAME DAY BY OTHER POLITICAL SUBDIVISION LOCATED IN BRAZORIA COUNTY, TEXAS; AUTHORIZING THE MAYOR AND THE CITY SECRETARY OF SAID CITY TO EXECUTE AND ATTEST, RESPECTIVELY, A JOINT ELECTION AGREEMENT AND CONTRACT FOR ELECTION SERVICES WITH THE COUNTY CLERK OF BRAZORIA COUNTY, TEXAS, WHICH SPECIFIES IN AN ATTACHMENT THERETO THE LOCATION OF THE COMMON POLLING PLACES AND WHICH AGREEMENT MAKES PROVISION FOR THE OFFICERS OF SAID JOINT ELECTION AND THEIR COMPENSATION, ALLOCATES THE EXPENSES OF SUCH JOINT ELECTION AND MAKES PROVISIONS FOR EARLY VOTING, THE BALLOT, BALLOT BOXES, ELECTION FORMS AND RECORDS AND THE CUSTODIAN THEREOF; PROVIDING THAT THIS RESOLUTION SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION; AND PROVIDING THAT THE ORIGINAL OF THIS RESOLUTION SHALL BE MAINTAINED BY THE CITY SECRETARY IN THE PERMANENT RECORDS OF SAID CITY AND A CERTIFIED COPY THEREOF AND OF THE EXECUTED AND ATTESTED AGREEMENT HEREBY AUTHORIZED BE SENT TO THE COUNTY CLERK OF BRAZORIA COUNTY, TEXAS.**

**WHEREAS, Chapter 271 of the Texas Election Code, authorizes two or more political subdivision of this state located in the same county to hold jointly elections which are held on the same day;; and,**

**WHEREAS, the City Council of the City has called an election for the election of Council Members for Council Positions A and C on the City Council of the City, a special election in which the voters will vote in favor of or against a sale of a portion of Riverside park and a special election for the submission of proposed charter amendments to the voters; and,**

**WHEREAS, the County Clerk of Brazoria County, Texas, the county in which the City is located, has requested that the City hold such elections jointly with other political subdivisions in said county being held on the same day under the terms and conditions included in a written agreement and contract to be signed by the County Clerk and the appropriate officials of such other political subdivisions to which shall be affixed an attachment specifying the location of the common polling places and which agreement makes provision for the officers of said joint election and their compensation, allocates the expenses of such joint election and makes provisions for early voting, the ballot, ballot boxes, election forms and records and the custodian thereof for such joint election; and,**

**WHEREAS, the City Council of the City has determined and does here now declare that the adoption of this resolution and the execution of such agreement and contract is necessary to the health, safety and general welfare of the inhabitants of the City and will facilitate the holding of such elections.**

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:**

**First, that all of the elections called by the City Council of the City for May 10, 2014, be held jointly with the elections called by other political subdivision in Brazoria County, Texas, for the same day, and the Mayor and City Secretary of the City are hereby authorized to execute and attest, respectively, a Joint Election Agreement and Contract for Election Services described above in the preamble of this resolution.**

**Second, that the locations of the common polling places and the officers of said election and their compensation be designated and fixed, the expenses of such joint election be allocated and the provisions for early voting, ballots, ballot boxes, election forms and records and the custodian thereof be made all as provided in said agreement and contract.**

**Third, that early voting in such joint election as well as voting on the day of such joint election shall be conducted jointly by the County Clerk of said county and the City Secretary of the City and the comparable election officer of all of the other political subdivisions participating in such joint election as provided in said agreement and contract.**

**Fourth, this resolution shall take effect and be in force from and after its passage and adoption.**

**Fifth, the original of this resolution, after execution and attestation, shall be maintained by the City Secretary in the permanent records of the City and a certified copy hereof, and the executed and attested agreement and contract hereby authorized, be sent to the County Clerk of Brazoria County, Texas.**

**READ, PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.**

\_\_\_\_\_  
**Norma Moreno Garcia, Mayor,  
City of Freeport, Texas**

**Pg. 185**

**ATTEST:**

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**Della Muñoz, City Secretary,  
City of Freeport, Texas**

**APPROVED AS TO FORM ONLY:**

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**Wallace Shaw, City Attorney,  
City of Freeport, Texas**

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## JOINT ELECTION AGREEMENT AND CONTRACT FOR ELECTION SERVICES

THIS CONTRACT by and between **CITY OF FREEPORT**, acting by and through the governing body of hereinafter referred to as "Political Subdivision", and Joyce Hudman, County Clerk of Brazoria County, Texas, hereinafter referred to as "County Clerk", and by authority of section 31.092(a), Texas Election Code, for the conduct and supervision of the Political Subdivisions election to be held on May 10, 2014.

### RECITALS

Political Subdivision is holding a Municipal Election (at the expense of Political Subdivision) on May 10, 2014.

The County owns an electronic voting system, the Hart InterCivic eSlate Voting System (Version 6.1), which has been duly approved by the Secretary of State pursuant to Texas Election Code Chapter 122 as amended, and is compliant with the accessibility requirements set forth by Texas Election Code Section 61.012. Political Subdivision desires to use the County's electronic voting system and to compensate the County for such use and to share in certain other expenses connected with joint elections in accordance with the applicable provisions of Chapters 31 and 271 of the Texas Election Code, as amended.

NOW THEREFORE, in consideration of the mutual covenants, agreements, and benefits to the parties, IT IS AGREED as follows:

### I. ADMINISTRATION

The parties agree to hold a "Joint Election" in accordance with Chapter 271 of the Texas Election Code and this agreement. The County Clerk of Brazoria County shall coordinate, supervise, and handle all aspects of administering the Joint Election as provided in this agreement. Political Subdivision agrees to pay Brazoria County for equipment, supplies, services, and administrative costs as provided in this agreement. The County Clerk shall serve as the administrator for the Joint Election; however, the Political Subdivision shall remain responsible for the decisions and actions of its officers necessary for the lawful conduct of its election. The County Clerk shall provide advisory services in connection with decisions to be made and actions to be taken by the officers of the Political Subdivision.

It is understood that other political subdivisions may wish to participate in the use of the County's electronic voting system and polling places, and it is agreed that Brazoria County and the County Clerk may enter into other joint election agreements and contracts for election services for those purposes on terms and conditions generally similar to those set forth in this contract. Political Subdivision agrees that Brazoria County may enter into joint election agreements with other political subdivisions that may have territory located partially or wholly within the boundaries of Political Subdivision, and in such case all parties sharing common territory shall share a joint ballot

on the county's electronic voting system at the applicable polling places. In such cases, costs shall be divided among the participants.

At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating parties shall share a mutual ballot in those precincts where jurisdictions overlap. However, in no instance shall a voter be permitted to receive a ballot containing an office or proposition stating a measure on which the voter is ineligible to vote. Multiple ballot styles shall be available in those shared polling places where jurisdictions do not overlap.

## II. LEGAL DOCUMENTS

Political Subdivision shall be responsible for the preparation, adoption, and publication of all required election orders, resolutions, notices, and any other pertinent documents required by the Texas Election Code and/or Political Subdivision's governing body, charter, or ordinances. With reference to publications, the "County Clerk" will publish the "Notice of Test of Automatic Tabulating Equipment", but the "Political Subdivision" will publish the "Notice of Election."

Preparation of the necessary materials for notices and the official ballot shall be the responsibility of each participating authority, including translation to languages other than English. Each participating authority shall provide a copy of their respective election orders and notices to the County Clerk's Election Department.

It is currently unclear whether the preclearance section of the Voting Rights Act of 1965, as amended, applies and whether preclearance is required. If it is determined that preclearance is required, the County Clerk's Election Department, with the assistance of the Brazoria County District Attorney's Office, shall prepare a submission to the United States Department of Justice for preclearance of the joint election procedures and polling places, pursuant to the Voting Rights Act of 1965, as amended. If preclearance is required, each Political Subdivision shall provide necessary documentation for preclearance and this submission to the Department of Justice shall be made on behalf of all political subdivisions participating in joint elections on May 10, 2014.

## III. VOTING LOCATIONS

The County Clerk's Election Office shall select and arrange for the use of and payment for all election day voting locations. Voting locations will be, whenever possible, the usual voting location for each election precinct in elections conducted by the county. The proposed voting locations are listed in Attachment A of this agreement. In the event a voting location is not available, the Elections Department will arrange for use of an alternate location with the approval of the Political Subdivision. The Elections Department shall notify the Political Subdivision of any changes from the locations listed in Attachment A.

If polling places for the May 10, 2104 joint election are different from the polling place(s) used by Political Subdivision in it's most recent election, Political Subdivision agrees to post a notice no later than May 9, 201 at the entrance to any previous polling places in the jurisdiction stating that the polling location has changed and stating the political subdivision's polling place names and addresses in effect for the May 10, 2014 election. Any changes in voting location from

those that were used in the last May Countywide Joint elections will be posted by the County Clerk's Election Office.

#### IV. ELECTION JUDGES, CLERKS, AND OTHER ELECTION PERSONNEL

Brazoria County shall be responsible for the appointment of the presiding judge and alternate judge for each polling location in accordance with Chapter 32 of the Texas Election Code. The County Clerk shall make emergency appointments of election officials if necessary. Upon request by the County Clerk, Political Subdivision agrees to assist in recruiting polling place officials who are bilingual (fluent in both English and Spanish).

The Elections Department shall notify all election judges of the eligibility requirements of Subchapter C of Chapter 32 of the Texas Election Code, and will take the necessary steps to insure that all election judges appointed for the Joint Election are eligible to serve.

The County Clerk shall arrange for the training and compensation of all election judges and clerks. The Elections Department shall arrange for the date, time, and place for presiding election judges to pick up their election supplies. Each presiding election judge will be sent a letter from the Elections Department notifying him of his appointment, the time and location of training and distribution of election supplies, and the number of election clerks that the presiding judge may appoint.

Each election judge will receive compensation at an hourly rate of \$12.00. Each election clerk will receive compensation at an hourly rate of \$10.00. The election judge will receive an additional sum of \$25.00 for picking up the election supplies prior to election day and for returning the supplies and equipment to the central counting station after the polls close. All judges and clerks will receive \$30.00 for attending training.

It is agreed by all parties that at all times and for all purposes hereunder, all election judges, clerks, and all other personnel involved in this election are independent contractors and are not employees or agents of the County or Political Subdivision. No statement contained in this Agreement shall be construed so as to find any judge, clerk, or any other election personnel an employee or agent of the County or Political Subdivision, and no election personnel shall be entitled to the rights, privileges, or benefits of County or Political Subdivision employees except as otherwise stated herein, nor shall any election personnel hold himself out as an employee or agent of the County or Political Subdivision, unless considered a county employee as determined by the Brazoria County Human Resources Department.

#### V. PREPARATION OF SUPPLIES AND VOTING EQUIPMENT

The Elections Department shall arrange for all election supplies and voting equipment including, but not limited to official ballots, sample ballots, voter registration lists, and all forms, signs and other materials used by the election judges at the voting locations. At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating parties shall share a mutual ballot in those precincts where jurisdictions overlap.

However, in no instance shall a voter be permitted to receive a ballot containing an office or proposition stating a measure on which the voter is ineligible to vote. Multiple ballot styles shall be available in those shared polling places where jurisdictions do not overlap. The Elections Department shall provide the necessary voter registration information, instructions, and other information needed to enable the election judges in the voting locations that have more than one ballot style to conduct a proper election. If special maps are needed for a particular Political Subdivision, the Election Department will order the maps and pass that charge on to that particular Political Subdivision.

Political Subdivision shall furnish the County Clerk a list of candidates and/or propositions showing the order and the exact manner in which the candidate names and/or proposition(s) are to appear on the official ballot (including titles and text in each language in which the authority's ballot is to be printed). This list shall be delivered to the Elections Department as soon as possible after ballot positions have been determined by each of the participating authorities. Each participating authority shall be responsible for proofreading and approving the ballot insofar as it pertains to that authority's candidates and/or propositions.

## VI. EARLY VOTING

The participating authorities agree to conduct joint early voting and to appoint the County Clerk as the Early Voting Clerk in accordance with Sections 31.097 and 271.006 of the Texas Election Code. Political Subdivision agrees to appoint the County Clerk's permanent county employees as deputy early voting clerks. The participating authorities further agree that each Early Voting Location will have an "Officer in Charge" that will receive compensation at an hourly rate of \$12.00. The clerks at each location will receive compensation at an hourly rate of \$10.00. Early Voting by personal appearance will be held at the locations, dates, and times listed in Attachment "B" of this document. Any qualified voter of the Joint Election may vote early by personal appearance at any one of the joint early voting locations.

As Early Voting Clerk, the County Clerk shall receive applications for early voting ballots to be voted by mail in accordance with Chapters 31 and 86 of the Texas Election Code. Any requests for early voting ballots to be voted by mail received by the Political Subdivision shall be forwarded immediately by fax or courier to the Elections Department for processing.

The Elections Department shall, upon request, provide the Political Subdivision a copy of the early voting report on a daily basis and a cumulative final early voting report following the election.

## VII. EARLY VOTING BALLOT BOARD

Brazoria County shall appoint an Early Voting Ballot Board (EVBB) to process early voting results from the Joint Election. The Presiding Judge, with the assistance of the Elections Department, shall appoint two or more additional members to constitute the EVBB. The Elections Department shall determine the number of EVBB members required to efficiently process the early voting ballots.

## VIII. CENTRAL COUNTING STATION AND ELECTION RETURNS

The County Clerk shall be responsible for establishing and operating the central counting station to receive and tabulate the voted ballots in accordance with the provisions of the Texas Election Code and of this agreement.

The participating authorities hereby, in accordance with Section 127.002, 127.003, and 127.005 of the Texas Election Code, appoint the following central counting station officials:

Counting Station Manager:	Janice Evans
Alternate Counting Station Manager:	Brandy Pena
Tabulation Supervisor:	Susan Cloudt
Alternate Tabulation Supervisor:	Brandy Pena
Presiding Judge:	Bonnie Farrer
Alternate Presiding Judge:	Dottie Cornett

The Elections Department will prepare the unofficial canvass reports after all precincts have been counted, and will deliver a copy of the unofficial canvass to the Political Subdivision as soon as possible after all returns have been tabulated. All participating authorities shall be responsible for the official canvass of their respective elections.

The Elections Department shall be responsible for conducting the post-election manual recount required by Section 127.201 of the Texas Election Code unless a waiver is granted by the Secretary of State. Notification and copies of the recount, if waiver is denied, will be provided to each participating authority and the Secretary of State's Office.

The Elections Department shall submit all Political Subdivision's precinct by precinct returns to the Texas Secretary of State's Office electronically.

The Elections Department shall post all election night results to our website on election night. [http://www. Brazoriacountyvotes.com](http://www.Brazoriacountyvotes.com).

## IX. ELECTION EXPENSES AND ALLOCATION OF COSTS

The participating authorities agree to share the costs of administering the Joint Election. Allocation of costs, unless specifically stated otherwise, is mutually agreed to be shared according to a formula which is based on the cost per polling place. Costs for polling places shared by County, Political Subdivision, and other political subdivisions shall be divided equally among the participants utilizing that polling place.

It is agreed that the normal rental rate charged for the County's voting equipment used on election day shall be divided equally among the participants utilizing each polling location.

Costs for Early Voting by Personal Appearance will be divided by all Political Subdivisions as follows: Total cost of all 10 locations will be divided by all Political Subdivisions holding elections on May 10, 2014. Cost will be based on registered voters.



## X. WITHDRAWAL FROM CONTRACT DUE TO CANCELLATION OF ELECTION

Political Subdivision may withdraw from this agreement and the Joint Election should it cancel its election in accordance with Sections 2.051 - 2.053 of the Texas Election Code, or should it be later ruled that the election is not needed. Political Subdivision is fully liable for any expenses incurred by Brazoria County on behalf of Political Subdivision. Any monies deposited with the county by the withdrawing authority shall be refunded, minus the aforementioned expenses.

## XI. RECORDS OF THE ELECTION

The County Clerk is hereby appointed general custodian of the voted ballots and all records of the Joint Election as authorized by Section 271.010 of the Texas Election Code.

Access to the election records shall be available to each participating authority as well as to the public in accordance with applicable provisions of the Texas Election Code and the Texas Public Information Act. The election records shall be stored at the offices of the County Clerk or at an alternate facility used for storage of county records. The Elections Department shall ensure that the records are maintained in an orderly manner so that the records are clearly identifiable and retrievable.

Records of the election shall be retained and disposed of in accordance with the provisions of Section 66.058 of the Texas Election Code. If records of the election are involved in any pending election contest, investigation, litigation, or open records request, the County Clerk shall maintain the records until final resolution or until final judgment, whichever is applicable. It is the responsibility of each participating authority to bring to the attention of the County Clerk any notice of pending election contest, investigation, litigation or open records request which may be filed with the participating authority.

## XII. RECOUNTS

A recount may be obtained as provided by Title 13 of the Texas Election Code. Political Subdivision agrees that any recount shall take place at the offices of the County Clerk, and that the County Clerk shall serve as Recount Supervisor and the Political Subdivision's official or employee who performs the duties of a secretary under the Texas Election Code shall serve as Recount Coordinator.

The Elections Department agrees to provide advisory services to the District as necessary to conduct a proper recount and cost of the recount depends on the size of the election and number of precincts to be recounted.

## XIII. MISCELLANEOUS PROVISIONS

1. It is understood that to the extent space is available, that other districts and political subdivisions may wish to participate in the use of the County's election equipment and voting places, and it is agreed that the County Clerk may contract with such other districts or political

subdivisions for such purposes and that in such event there may be an adjustment of the pro-rata share to be paid to the County by the participating authorities.

2. The County clerk shall file copies of this document with the Brazoria County Treasurer and the Brazoria County Auditor in accordance with Section 31.099 of the Texas Election Code.

3. In the event that legal action is filed contesting Political Subdivision's election under Title 14 of the Texas Election Code, Political Subdivision shall choose and provide, at its own expense, legal counsel for the County, the County Clerk, and additional election personnel as necessary.

4. Nothing in this contract prevents any party from taking appropriate legal action against any other party and/or other election personnel for a breach of this contract or a violation of the Texas Election Code.

5. The parties agree that under the Constitution and laws of the State of Texas, neither Brazoria County nor Political Subdivision can enter into an agreement whereby either party agrees to indemnify or hold harmless another party; therefore, all references of any kind, if any, to indemnifying or holding or saving harmless for any reason are hereby deleted.

6. This agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Brazoria County, Texas.

7. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

8. All parties shall comply with all applicable laws, ordinances, and codes of the State of Texas, all local governments, and any other entities with local jurisdiction.

9. The waiver by any party of a breach of any provision of this agreement shall not operate as or be construed as a waiver of any subsequent breach.

10. Any amendments of this agreement shall be of no effect unless in writing and signed by all parties hereto.

#### **XIV. COST ESTIMATES AND DEPOSIT OF FUNDS**

The cost of this election will be calculated once we know how many political subdivision will be holding elections and once we know the total expenses incurred to hold this election. Political Subdivision agrees to pay to Brazoria County a deposit of \$1,100.00, which is about 50% of the cost of your most recent May election. This deposit shall be paid to Brazoria County within 10 days after the final candidate filing deadline. The final candidate filing deadline is February 28, 2014. Therefore, deposit is due by March 10, 2014. The exact amount of the Political Subdivision's obligation under the terms of this agreement shall be calculated after the May 10, 2014 election and if the amount of the Political Subdivision's obligation exceeds the amount deposited, the Political Subdivision shall pay to Brazoria County the balance due within thirty (30)

days after receipt of the final invoice from the County Clerk's Election Department. However, if the amount of the Political Subdivision's obligation is less than the amount deposited, Brazoria County shall refund to the Political Subdivision the excess amount paid within thirty (30) days after final costs are calculated.

IN TESTIMONY HEREOF, this agreement, its multiple originals all of equal force, has been executed on behalf of the parties hereto as follows, to-wit:

(1) It has on the \_\_\_\_\_ day of \_\_\_\_\_, 2014 been executed on behalf of Brazoria County by the County Judge or the County Clerk pursuant to the Texas Election Code so authorizing;

(2) It has on the \_\_\_\_\_ day of \_\_\_\_\_, 2014 been executed on behalf of the Political Subdivision by its Presiding Officer or authorized representative, pursuant to an action of the Political Subdivision so authorizing;

**BRAZORIA COUNTY**

By \_\_\_\_\_  
Joyce Hudman, County Clerk

**ATTEST:**

**POLITICAL SUBDIVISION**

\_\_\_\_\_ By \_\_\_\_\_  
Presiding Officer or Authorized Representative  
CITY OF FREEPORT

## Munoz, Delia

---

**From:** Wallace Shaw <shawpc@sbcglobal.net>  
**Sent:** Wednesday, January 22, 2014 11:42 AM  
**To:** Munoz, Delia  
**Cc:** Jeff Pynes  
**Subject:** Charter Election  
**Attachments:** CHARTER REVIEW-SEC.150.021 LGC - RESIDENCY REQUIREMENTS.doc; Charter Election - Proposed Amendments (2014).doc

Delia,

Section 11.13(b) of the existing charter makes submitting an amendment of the charter recommended by the Charter Review Commission to the voters of the City permissive (because the word "may" is used) but it is unclear whether the exact wording used by the commission in its Final Report must be used. However, the first sentence of Section 11.12 of the existing charter provides that amendment to the charter may be framed and submitted to the voters, "...in the manner provided by Chapter 9 of the Local Government Code."

Subsection 9.004(a) of that chapter provides that, "(t)he governing body of a municipality on its own motion may submit a proposed charter amendment to the municipality's qualified voters for their approval at an election..." I take this to mean that the language in which an amendment is recommended by the Charter Review Commission may be varied by the City Council in its submission. Accordingly, I have attached for consideration of the City Council suggested wording for a ballot which includes everything that the Charter Review Commission recommended in its Report but in language (printed in green) which I believe would better conform the recommendations of the Commission to the language of the existing charter provisions.

In my opinion, Section 150.021 of the Local Government Code prohibits placing residency requirements on our Chief of Police or the Fire Chief because, under our existing charter provisions, they are appointed by the City Manager and not the Mayor or City Council. Consequently, they are included but in red strikeout.

As I noted above, Section 9.004(a) provides that, "(t)he governing body of a municipality on its own motion may submit a proposed charter amendment to the municipality's qualified voters for their approval at an election..." It is my opinion that, as an alternative to requiring a separate election or a separate submission at the same election, this provision would permit the City Council to add language to a recommendation by the Commission. At the January 6, 2014, meeting of the City Council, when accepting the Final Report of the Commission was on the agenda, there was discussion concerning adding a "grandfather clause" to the amendments which would require residence within the City. Accordingly, I have added such a clause in yellow to the proposal to require the City Manager to reside within the City for consideration by the City Council.

It is my understanding that you are going to place the question of which amendments, if any, are to be submitted to the voters on the agenda for the February 3, 2014, meeting of the City Council, and that an ordinance calling a charter amendment election, if needed, will be on the agenda for the February 17, 2014, meeting. After we know what amendments, if any, the City Council wants to submit and the language they want to use, I will then be able to prepare the ordinance calling a charter amendment election to be considered at the February 17<sup>th</sup> meeting.

Please include this e-mail and the attachments printed in color as well as a signed copy of the Commission's Final Report in the city council packets for the February 3<sup>rd</sup> meeting and call me if you have any questions.

Wallace Shaw

<<...>> <<...>>

**up or down vote could be taken on each proposed amendment. I would then prepare a single ordinance calling the charter election for adoption by the City Council at the subsequent regular meeting which would include each section in the form approved by a majority of the City Council. This would still leave more than the required 60 days before the election to obtain a preclearance by the U.S. Dept. of Justice.**

**Please give me some direction on this matter. Thank you.**

Wallace Shaw

**CONFIDENTIALITY NOTICE: This electronic transmission (including any files attached hereto) contains confidential information that is legally privileged, confidential, and exempt from disclosure. The information is intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient or any employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying, distribution, or the taking of any action in reliance on the contents of this confidential information is strictly prohibited. If you have received this communication in error, please destroy it and immediately notify us by telephone. Thank you.**

**§ 150.021. Residency Requirements for Municipal Employees**

(a) A municipality may not require residency within the municipal limits as a condition of employment with the municipality. A municipality may require residency within the United States as a condition of employment.

(b) The prohibition under Subsection (a) does not apply to residency requirements for:

(1) candidates for or holders of a municipal office, including a position on the governing body of the municipality; or

(2) municipal department heads appointed by the mayor or governing body of the municipality.

(c) The governing body of a municipality may prescribe reasonable standards with respect to the time within which municipal employees who reside outside the municipal limits must respond to a civil emergency. The standards may not be imposed retroactively on any person in the employ of the municipality at the time the standards are adopted.

**NOTES OF DECISIONS**

**Geographical boundaries 1**

**1. Geographical boundaries**

City of Galveston police department regulation providing that every member of the police department shall reside within geographical boundaries of Galveston County, except for Port Bolivar, and those portions of the City of Friendswood that are located in Harris County did not require that employees live only within the city of Galveston and thus, regulation did not on its face conflict with statute governing residency requirements for municipal employees. *City of Galveston v. Giles* (App. 1 Dist. 1995) 902 S.W.2d 167.

## **Proposed Language for Charter Amendments (2014)**

**Should Section 3.05 Mayor Pro Tem be amended to read as follows:**

At the meeting of the City Council at which the returns of the annual election are canvassed each year, the members of the City Council shall select, on a rotating basis among the Wards, a member of the City Council who has been on City Council for at least two (2) years to serve as Mayor Pro Tem until the meeting of the City Council at which the returns of the annual election for the next succeeding year have been canvassed. The Mayor Pro Tem shall perform all of the duties of the Mayor in the absence or disability of the Mayor, and shall assume the office of Mayor for the remainder of the unexpired term in the event the office of the Mayor becomes vacant. If both the Mayor and the Mayor Pro Tem are absent from any meeting of the City Council, the members present shall elect from among themselves a Temporary Mayor Pro Tem to preside at such meeting.

**Should Section 3.15 Publication of financial statement be amended to read:**

As soon as possible after the close of each quarter of the fiscal year, the City Manager shall cause a financial statement for such quarter to be prepared and made available for inspection by the public in the office of the City Secretary and maintain such report on the City's website for the next succeeding quarter of the fiscal year.

**Should a new Subsection (d), which shall read as follows, be added to Section 4.01 City Manager:**

(d) Within six (6) months of his appointment, the City Manager shall establish and thereafter maintain a place of residence within the City for the duration of his employment by the City in such capacity. Provided, however, this requirement shall not apply to the person serving as the City Manager on the date it becomes a part of the Home Rule Charter.

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CALLING AN ELECTION TO PERMIT THE QUALIFIED VOTERS OF SAID CITY TO APPROVE OR DISAPPROVE THE PROPOSED RELOCATION OF RIVERSIDE PARK TO BLOCKS 643, 656, 681 AND THE ONE-HALF OF BLOCK 618 ADJOINING BLOCK 643 OF THE VELASCO TOWNSITE AND THE SALE OF THAT PORTION OF RIVERSIDE PARK LOCATED NORTH OF A WESTERLY EXTENSION OF THE PUBLIC STREET SHOWN ON THE PLAT OF SAID TOWNSITE AS AVENUE C TO FINANCE THE DEVELOPMENT AT SUCH NEW LOCATION OF A MODERN SPORTS COMPLEX; PROVIDING FOR ONE (1) MUNICIPAL POLLING PLACE AND DESIGNATING THE LOCATIONS THEREOF; PROVIDING FOR THE QUALIFICATION OF ELECTORS; APPOINTING THE OFFICERS OF SAID ELECTION AND DESIGNATING THE NUMBER OF CLERKS TO ASSIST IN CONDUCTING SAID ELECTION AND THE COMPENSATION TO BE PAID THE ELECTION JUDGE AND CLERKS; PROVIDING FOR EARLY VOTING; PROVIDING FOR RATIFICATION AND CONFIRMATION BY THE MAYOR OF SAID CITY OF THE ACTION TAKEN BY THIS ORDINANCE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, the plat of the Velasco Townsite, now located within the corporate limits of the City of Freeport, Texas ("the City"), as recorded in Volume 32, page 14 of the Deed Records of Brazoria County, Texas, depicts the area surrounded by a portion of Gulf Boulevard, Skinner Street and the left descending bank of the Brazos River as the location of the public park known as Riverside Park; and,

WHEREAS, Section 253.001 of the Local Government Code provides that municipal park land may not be sold unless the issue of the sale is submitted to the qualified voters at an election and is approved by a majority of the votes received at such election; and,

WHEREAS, the City owns other real property within said townsite, to-wit, Blocks 643, 656, 681 and the one-half of Block 618 adjoining Block 643 which are vacant and are a suitable location for a modern sports complex; and,

WHEREAS, the relocation Riverside Park to such new location is in the interest of the citizens of the City because it will allow that portion of Riverside Park located north of a westerly extension of the public street shown on the plat of said townsite as Avenue C to be sold for development and the proceeds of such sale used to develop a modern sports complex at the new location of such park; and,

WHEREAS, the City Council of the City had decided to submit to the



qualified voters of the City on the second Saturday in May, 2014, being May 10, 2014, the question of relocating Riverside Park to such new location so that portion of the present location of said park located north of a westerly extension of the public street shown on such location as Avenue C can be sold for development and the proceeds of such sale used to develop a modern sports complex at such new location; and,

WHEREAS, such day is the first available authorized uniform election date prescribed by the Election Code that will allow sufficient time to comply with the notice requirements thereof.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION ONE--Election Called.

Pursuant to Section 253.001 of the Local Government Code, the Mayor and City Council of the City hereby order and ordain, respectively, that a special election shall be held in and throughout the City on the second Saturday in May, 2014, being the May 10, 2014, between the hours of 7:00 o'clock a.m. and 7:00 o'clock p.m., in conjunction with the annual municipal election a special election for the purpose of allowing the qualified voters of the City to disapprove the relation to Blocks 643, 656, 681 and the one-half of Block 618 adjoining Block 643 of the Velasco Townsite and the sale of that portion of Riverside Park located north of a westerly extension of public street shown on the plat of the Velasco Townsite as Avenue C to finance the develop a modern sports complex at such new location.

SECTION TWO--Form of Ballot

The ballot used at said election shall conform with the applicable requirements of the Texas Election Code and shall submit to the voters the following proposition:

FOR the sale of sale of that portion of Riverside Park located north of a westerly extension of public street shown on the plat of the Velasco Townsite as Avenue C to finance the develop a modern sports complex at a new location.

AGAINST the sale of sale of that portion of Riverside Park located north of a westerly extension of public street shown on the plat of

the Velasco Townsite as Avenue C to finance the develop a modern sports complex at a new location.

SECTION THREE--Municipal Election Precinct and Polling Place

As provided in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, which is incorporated herein by reference, for the purpose of the election called by this ordinance, there shall be two (2) municipal polling places, one located outside the City of Freeport at the Oyster Creek City Hall, located at 3210 FM 523 in the Village of Oyster Creek, Texas, where voters residing in Brazoria County Election Precinct 8 but also residing within the City shall vote on election day and one within the City of Freeport located at the Brazosport High School Auditorium, 1800 West Second Street, Freeport, Brazoria County, Texas, where all other voters shall vote on election day.

SECTION FOUR--Electors.

Every person eligible to vote under the provisions of Chapter 11 of Title 2 of the Texas Election Code who is a resident of the City and who is duly registered to vote in the county election precinct where and on the day on which he or she votes, shall be entitled to vote for or against the sale of that portion of Riverside Park located north of a westerly extension of public street shown on the plat of the Velasco Townsite as Avenue C to finance the develop a modern sports complex at a new location.

SECTION FIVE--Officers of Election and Compensation Thereof.

The Presiding Judge, Alternate Presiding Judge and clerks needed on the day of election for the election called by this ordinance, for the early ballot board and the central counting station shall be appointed, have the duties and be compensated as provided in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, which is incorporated herein by reference.

SECTION SIX--Early Voting.

Early voting shall begin on April 28, 2014, and end on May 6, 2014, such early voting to be conducted by the County Clerk of Brazoria County, Texas, between the hours of 8:00 a.m. and 5:00 p.m. at the following locations, from Monday, April 28, 2014, through Friday, May 4, 2014, and between the hours of 7:00 a.m. through 7:00 p.m. on Saturday, May 3, Monday, May 5, and Tuesday, May 6, 2014, at such locations, to-wit:

<u>Angleton Main Location:</u>	East Annex (Old Walmart Building) 1524 E. Mulberry, Angleton
<u>Alvin Branch Location:</u>	Alvin Library 105 S. Gordon, Alvin
<u>Brazoria Branch Location:</u>	Brazoria Library 620 S. Brooks, Brazoria
<u>Freeport Branch Location:</u>	Freeport Library 410 Brazosport Blvd., Freeport
<u>Lake Jackson Branch Location:</u>	Lake Jackson Library 250 Circle Way, Lake Jackson
<u>Manvel Branch Location:</u>	Courthouse North Annex 7313 Corporate Dr., Manvel
<u>Pearland East Branch Location:</u>	Pearland Library 3522 Liberty Dr., Pearland
<u>Pearland West Branch Location:</u>	Westside Event Center 2150 Countryplace Pkwy., Pearland
<u>Shadow Creek Branch Location:</u>	Pearland Westside Library 2803 Business Dr. #101, Pearland
<u>Sweeny Branch Location:</u>	Sweeny Community Center 205 W. Ashley Wilson Rd., Sweeny
<u>West Columbia Branch Location:</u>	Pct. 4 Government Office 121 N. 10 <sup>th</sup> St, West Columbia

SECTION SEVEN--Method of Voting and Conducting Election.

Both early voting and all voting on the day named above for the holding of said charter amendment election shall be in the manner specified in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, mentioned above.

(a) The Mayor of the City is hereby authorized and directed to issue a notice of said special election, including a substantial copy of above and foregoing proposition, and to cause the same to be posted in accordance with Section 4.003(a) (2) of the Election Code for at least twenty-one (21) days prior to the date named above for the holding of said election on the bulletin board used for posting notices of meetings of the City Council.

(b) The City Secretary of the City is hereby authorized and directed to cause a copy of such notice, including a substantial copy of above and foregoing proposition, to be published in a newspaper in accordance with Section 4.003(a) (1) of the Election Code, such publication to be at least ten (10) days before but not more than thirty (30) days before the date named above for the holding of said special election.

SECTION NINE--Ratification and Confirmation by Mayor.

By signing this ordinance, the undersigned Mayor of the City hereby ratifies and confirms as his action all matters hereinabove recited which by law come within his jurisdiction.

SECTION TEN--Effective Date.

This ordinance shall be effective immediately upon its passage and approval.

READ, PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Norma Moreno Garcia, Mayor,  
City of Freeport, Texas

ATTEST:

\_\_\_\_\_  
Delia Muñoz, City Secretary,  
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

\_\_\_\_\_  
Wallace Shaw, City Attorney,  
City of Freeport, Texas

C:\Freeport.Elc\Riverside Pk Sale-Ord

NOTICE OF REFERENDUM ELECTION

TO: ALL PERSONS ENTITLED TO VOTE UNDER THE PROVISIONS OF CHAPTER 11 OF TITLE 2 OF THE TEXAS ELECTION CODE WHO ARE RESIDENTS OF THE CITY OF FREEPORT, TEXAS, AND ARE DULY REGISTERED TO VOTE IN THE PRECINCT WHERE AND ON THE DAY ON WHICH THEY VOTE, GREETINGS:

I.

You will take notice that an election will be held in and throughout the City of Freeport, Texas, on the second Saturday in May, 2014, being the May 10, 2014, between the hours of 7:00 a.m. and 7:00 p.m. for the purpose of submitting the following to popular vote as provided in Section 253.001 of the Local Government Code:

FOR the sale of sale of that portion of Riverside Park located north of a westerly extension of public street shown on the plat of the Velasco Townsite as Avenue C to finance the develop a modern sports complex at a new location.

AGAINST the sale of sale of that portion of Riverside Park located north of a westerly extension of public street shown on the plat of the Velasco Townsite as Avenue C to finance the develop a modern sports complex at a new location.

As provided in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, there shall be two (2) municipal polling places for said election, one located outside the City of Freeport at the Oyster Creek City Hall, located at 3210 FM 523 in the Village of Oyster Creek, Texas, where voters residing in Brazoria County Election Precinct 8 but also residing within the City shall vote on election day and one within the City of Freeport located at the Brazosport High School, John Magee Performance Center, 1800 West Second Street, Freeport, Texas, where all other voters residing with the City shall vote on election day.

III.

Early voting shall begin on April 28, 2014, and end on May 6, 2014, such early voting to be conducted by the County Clerk of Brazoria County, Texas, between the hours of 8:00 a.m. and 5:00 p.m. at the following locations, from Monday, April 28, 2014, through Friday, May 4, 2014, and between the hours of 7:00 a.m. through 7:00 p.m. on Saturday, May 3, Monday, May 5, and Tuesday, May 6, 2014, at such locations, to-wit:

<u>Angleton Main Location:</u>	East Annex (Old Walmart Building) 1524 E. Mulberry, Angleton
<u>Alvin Branch Location:</u>	Alvin Library 105 S. Gordon, Alvin
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<u>Shadow Creek Branch Location:</u>	Pearland Westside Library 2803 Business Dr. #101, Pearland
<u>Sweeny Branch Location:</u>	Sweeny Community Center 205 W. Ashley Wilson Rd., Sweeny
<u>West Columbia Branch Location:</u>	Pct. 4 Government Office 121 N. 10 <sup>th</sup> St, West Columbia

WITNESS MY OFFICIAL SIGNATURE HEREUNTO AFFIXED this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Moreno Garcia, Mayor,  
City of Freeport, Texas

ATTEST:

\_\_\_\_\_  
Delia Muñoz, City Secretary,  
City of Freeport, Texas

Pg. 205

MAYOR'S RETURN

I certify that on the \_\_\_\_ day of \_\_\_\_\_, 2014, I posted a true and correct copy of the foregoing "Notice of Election", on the bulletin board located at the Freeport City Hall used for posting notices of meetings of the City Council, such day being more than twenty-one (21) days prior to said election.

---

Norma Moreno Garcia, Mayor,  
City of Freeport, Texas

CITY SECRETARY'S RETURN

I hereby certify that I caused a copy the above and foregoing "Notice of Election" to be published in the Brazosport Facts, heretofore designated as the official newspaper of the City of Freeport, Texas, it being a newspaper published in the adjoining City of Clute, in Brazoria County, Texas, which meets all of the criteria set forth in Section 2051.044 of the Government Code. I requested that, such publication be one (1) time, not less than ten (10) days nor more than thirty (30) days before the date hereinabove fixed for the holding of said election.

WITNESS my official signature and the seal of said City hereunto affixed this \_\_\_\_ day of \_\_\_\_\_, 2014.

---

Delia Muñoz, City Secretary  
City of Freeport, Texas

Pg. 206

RESOLUTION NO. 2014-2435

WHEREAS, the City of Freeport (City) has previously passed Ordinance No. 2011-2284 electing to participate in the Texas Enterprise Zone Program, and the local incentives offered under this resolution are the same on this date as were outlined in Ordinance No. 2011-2284;

WHEREAS, the Office of the Governor Economic Development and Tourism (EDC) through the Economic Development Bank (Bank) will consider American Rice, Inc. as an enterprise project pursuant to a nomination and an application made by the City;

WHEREAS, the City desires to pursue the creation of the proper economic and social environment in order to induce the investment of private resources in productive business enterprises located in the City and to provide employment to residents of enterprise zones and to other economically disadvantaged individuals;

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code (the "Act"), American Rice, Inc. has applied to the City for designation as an enterprise project;

WHEREAS, the City finds that American Rice, Inc. meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

SECTION 1: American Rice, Inc. is a "qualified business" under Section 2303.402 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction located inside of an enterprise zone and at least twenty-five percent (25.0%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and

SECTION 2: There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the area; and

SECTION 3: The designation of American Rice, Inc. as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

WHEREAS, the City finds that American Rice, Inc. meets the criteria for tax relief and other incentives adopted by the City and nominates American Rice, Inc. for enterprise project status on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, the City finds that it is in the best interest of the City to nominate American Rice, Inc. as an enterprise project pursuant to the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT:

That the findings of the City and its actions approving this resolution taken at the council meeting are hereby approved and adopted.



BE IT FURTHER RESOLVED that American Rice, Inc. is a "qualified business", as defined in Section 2303.402 of the Act, and meets the criteria for designation as an enterprise project, as set forth in Section 2303, Subchapter F of the Act.

BE IT FURTHER RESOLVED that the enterprise project shall take effect on the date of designation of the enterprise project by the agency and terminate five years from the date of designation.

READ, PASSED, AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, on this \_\_\_ day of February, 2014.

---

Norma M. Garcia, Mayor,  
City of Freeport, Texas

(SEAL)

ATTEST:

---

Delia Munoz, City Secretary,  
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

---

Wallace Shaw, City Attorney,  
City of Freeport, Texas

RESOLUTION NO. 2014-2433

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, AUTHORIZING THE CITY MANAGER TO FORM A NON-PROFIT CORPORATION AND TO SEEK A TAX EXEMPTION FOR IT UNDER SECTION 501(C) (3) OF THE U.S. FEDERAL TAX CODE TO RECEIVE AND ADMINISTER FUNDS AND OTHER ASSETS DONATED FOR THE BENEFIT OF THE FREEPORT MUSEUM; SUCH CORPORATION TO BE CONTROLLED WITH OVERSIGHT BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS, WHICH SHALL BE THE BOARD OF DIRECTORS OF SUCH CORPORATION.**

**WHEREAS, the City of Freeport, Texas owns and operates the Freeport Historical Museum for the purpose of education of the general public about the history of the City of Freeport and surrounding area,**

**WHEREAS, the City of Freeport has received interest by members of the public to donate funds and other items of value to support the Freeport Historical Museum,**

**WHEREAS, the City of Freeport desires to create a non-profit corporation under the Texas Business Organization Code and to have that corporation apply for an exemption under Section 501(c)(3) under of the U.S. Federal Tax Code to receive and administer donations, allowing for such donations to be tax-deductible for those donating.**

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:**

**SECTION ONE (1): CREATION OF CORPORATION**

**The City Council of the City authorizes the City Manager to file with the Secretary of State a certificate of formation creating a non-profit corporation for the sole purpose of receiving charitable donations and administering those donations for the benefit of the Freeport Historical Museum. The corporation shall file for Section 501(c) (3) status with the Internal Revenue Service. Such corporation shall be formed to benefit the City of Freeport and be regarded as a blended unit for accounting purposes.**

**SECTION TWO (2): CREATION OF BYLAWS**

**The City Council of the City authorizes the creation of corporate bylaws which establishes the duties of the City Manager to operate the corporation, under supervision of the City Council. The authority of the City Manager shall pass to successive City Managers and to the acting City Manager or person performing the duties of such office should the City Manager position be vacant. The bylaws shall provide that the City Council shall maintain authority to change the corporate bylaws, and remove the City Manager's**

**authority over the corporation at will. All charitable contributions received shall be placed with the Finance Director of the City of Freeport and shall only be disbursed or expended upon approval of the City Council.**

**READ, PASSED AND ADOPTED this the \_\_\_ day of \_\_\_\_\_, 2014.**

\_\_\_\_\_  
**Norma Moreno Garcia, Mayor  
City of Freeport, Texas**

**ATTEST:**

\_\_\_\_\_  
**Delia Munoz, City Secretary  
City of Freeport, Texas**



PROPERTY MANAGEMENT  
MEMO

Jeff Pynes  
Chief Executive Officer  
City Manager

February 13, 2014

— Jeff Pynes

re: 1.322 acre tract out of 9.86 acre (called 9.8717 acres)  
tract of land within the J G & G W McNeel 1/2 League  
Abstract 90

Please place the following item on the February 17, 2014, City Council Agenda:

Discuss / consider returning Tract U-3 (1/5 interest),  
Abstract 90, J.G. & G.W. McNeel, 1.944 acres  
Geo ID: 0090-0051-111

This property was conveyed to the City of Freeport by Percival Beacroft,  
W. A Cayer and Stephen Loomis for right of way for a road to be known as Cayer Road. The  
deed to the property in which this tract is located has a 10 year reverter clause.

On March 4, 2013, CenterPoint Energy was granted an aerial easement across this right of  
way. Copy of deed 2013011047 and plat attached.

Talked with Percival this date regarding procedure for return, with which he is in agreement.

N C Hickey  
Property



THE CITY OF



FREEPORT

200 West Second St • Freeport, TX 77541

979.233.3526 • Fax 979.233.8867

**PROPERTY MANAGEMENT**

Jeff Pynes  
Chief Executive Officer  
City Manager  
March 12, 2013

CenterPoint Energy  
P O Box 1700  
Houston Tx 77251-1700

Attn: Mr Steve Voss  
7th Floor - Surveying / ROW

COPY

re: Easement, Cayer Road  
Freeport Tx

Dear Mr Voss:

Confirming our telephone conversation this date, find enclosed executed copy of aerial easement, 1.322 acre tract out of a portion of that certain 9.86 acre tract of land situated within the J. G. & G. W. McNeel 1/2 League Abstract 90, Brazoria County Texas, known as Cayer Road, Freeport.

This document has been filed in the Official Records of Brazoria County at number 2013011047.

A handwritten signature in black ink, appearing to read "N C Hickey".

N C Hickey  
Property Manage

Encl.

/s



TRANSMISSION LINE EASEMENT

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

STATE OF TEXAS }  
COUNTY OF BRAZORIA }

KNOW ALL PERSONS BY THESE PRESENTS:

THAT, the City of Freeport, Texas, a municipality within the State of Texas, herein called Grantor, whether one or more, for and in consideration of the sum of TEN DOLLARS (\$10.00) CASH and other good and valuable consideration to Grantor paid by CenterPoint Energy Houston Electric, LLC, a Texas limited liability company, herein called Grantee, the receipt of which is hereby acknowledged, has **GRANTED, SOLD AND CONVEYED** and does by these presents **GRANT, SELL AND CONVEY** unto said Grantee, its successors and assigns, a perpetual, unobstructed easement for: (1) electric transmission and distribution lines and (2) telecommunication lines, hereinafter referred to as the "Easement", whether one or more, consisting of a variable number of wires, conduits, cables and all necessary or desirable appurtenances, including, but not limited to, towers or poles made of wood, metal or other equipment, materials, props and guys, collectively hereinafter referred to as the "Facilities", whether for Grantee's use in its business or for other purposes, located on, over, under, and across the following described lands, to wit:

That certain tract containing 1.322-acres of land out of and a portion of that certain 9.86-acre (a called 9.8717 acres) tract of land situated within the J. G. & G. W. McNeel 1/2 League, Abstract 90, within Brazoria County Texas, being the same property described in a deed to City of Freeport from Stephen Loomis, dated January 17, 2007,(as to an undivided 1/5 interest) and filed of record under County Clerk's File Number 2007027460; in a deed from Percival T. Beacroft, Jr. to the City of Freeport dated June 2, 2005 (as to an undivided 7/10 interest) and filed of record under County Clerk's File number 2006033208;and in a deed from W. A. Cayer to the City of Freeport

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dated June 2, 2005 (as to an undivided 1/10 interest) and filed of record under County Clerk's File Number 2006033209 all of which are recorded in the Official Public Records of Brazoria County, Texas, said 1.322 acre tract being further described on EXHIBIT "A" attached hereto and made a part hereof.

This conveyance is made and accepted subject to any and all valid and subsisting easements, rights-of-way, conditions, exceptions, reservations, restrictions, covenants and other encumbrances properly of record affecting the title to the above described property; the condition subsequent contained in the above mentioned deeds from Percival T. Beacoft, Jr., W.A. Cayer and Stephen Loomis; all visible and apparent easements, including but not being limited to any existing utility lines, and the rights of all parties in possession.

Grantor or Grantee, its successors, heirs and assigns, will not construct or permit any type of structures save and except as provided for herein, lakes or ponds to be constructed, regardless of size, kind or nature, except for agricultural or commercial fences, as said fences are defined herein, on, above or below the ground within the boundaries of said easement without the express written consent and approval of Grantee and Grantor, which consent shall not be unreasonably withheld. The permitted construction of said agricultural or commercial fences, defined for the purposes of this easement, shall be limited to those fences that are installed for the sole purpose of farming, ranching or commercial business. Said fences shall be constructed in a manner that permits the movement of the fence and shall consist of only wooden or metal poles and chain link or barbed wire fencing with gates or gaps, twenty feet (20') in width, located at or near the centerline of the easement. Those fences utilizing concrete, bricks, rocks, or any other material of like kind, are considered permanent structures and will not be

permitted without the express written consent and approval of Grantee and Grantor. Fencing for any other purposes than those mentioned above, including the fencing of residential lots within the boundaries of said easement will not be permitted.

Grantor or Grantee, their successors, and assigns, will not change the natural grade elevation of the ground, without the express written consent of Grantee and Grantor, which consent shall not be unreasonably withheld.

Except for said agricultural or commercial fences, the easement herein granted shall be an unobstructed easement together with the following rights: (1) of ingress and egress to, from and along said easement and across adjoining lands of Grantor, for the purposes of constructing, reconstructing, inspecting, maintaining, hanging additional wires and cables and/or changing the size thereof, and removing said electrical and communication facilities and appurtenances; (2) that during the initial construction period, during future maintenance thereof and thereafter during any emergency condition existing on said electrical and communications facilities, Grantee shall have the right to use Grantor's existing roadways, driveways, and trails to reach said easement as well as the right to drive Grantee's construction vehicles on the closest adjacent dry ground around creeks or standing water which crosses or encroaches upon said easement; in connection with said usage, any damage resulting therefrom to land, roads, crops, culverts, fences, trees, houses, barns, buildings, equipment, or livestock or any other unspecified damages herein, Grantee shall be responsible for correcting such damage either by replacement, repair, or cost of replacement or repair; (3) to remove all trees and shrubs from said easement and to cut and trim all limbs of trees that intrude into said easement; (4) to remove from said easement all other obstructions which, in the opinion of Grantee, interferes with Grantee's rights of ingress and egress and which otherwise would endanger or interfere with the safe

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and efficient operation and maintenance of said electrical and communication facilities and appurtenances. The rights granted in this paragraph are in addition to and shall not detract from other rights granted herein.

TO HAVE AND TO HOLD the above described easement, together with all and singular the rights and appurtenances thereto in anywise belonging, unto said Grantee, its successors and assigns, and Grantor does hereby bind itself and its successors, assigns, and legal representatives, to warrant and forever defend all and singular the above described easement and rights unto said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this 4<sup>th</sup> day of March, 2013

City of Freeport

By: Norma M. Garcia  
Signature

Norma M. Garcia  
Mayor of the City of Freeport

STATE OF TEXAS }

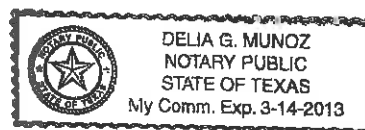
COUNTY OF BRAZORIA }

This instrument was acknowledged before me on Mayor Norma Garcia, 2013 by Norma M. Garcia being the Mayor of the City of Freeport and acknowledged to me that she executed the same for the purposes and consideration therein expressed in the capacity therein stated and as the act and deed of said municipality.

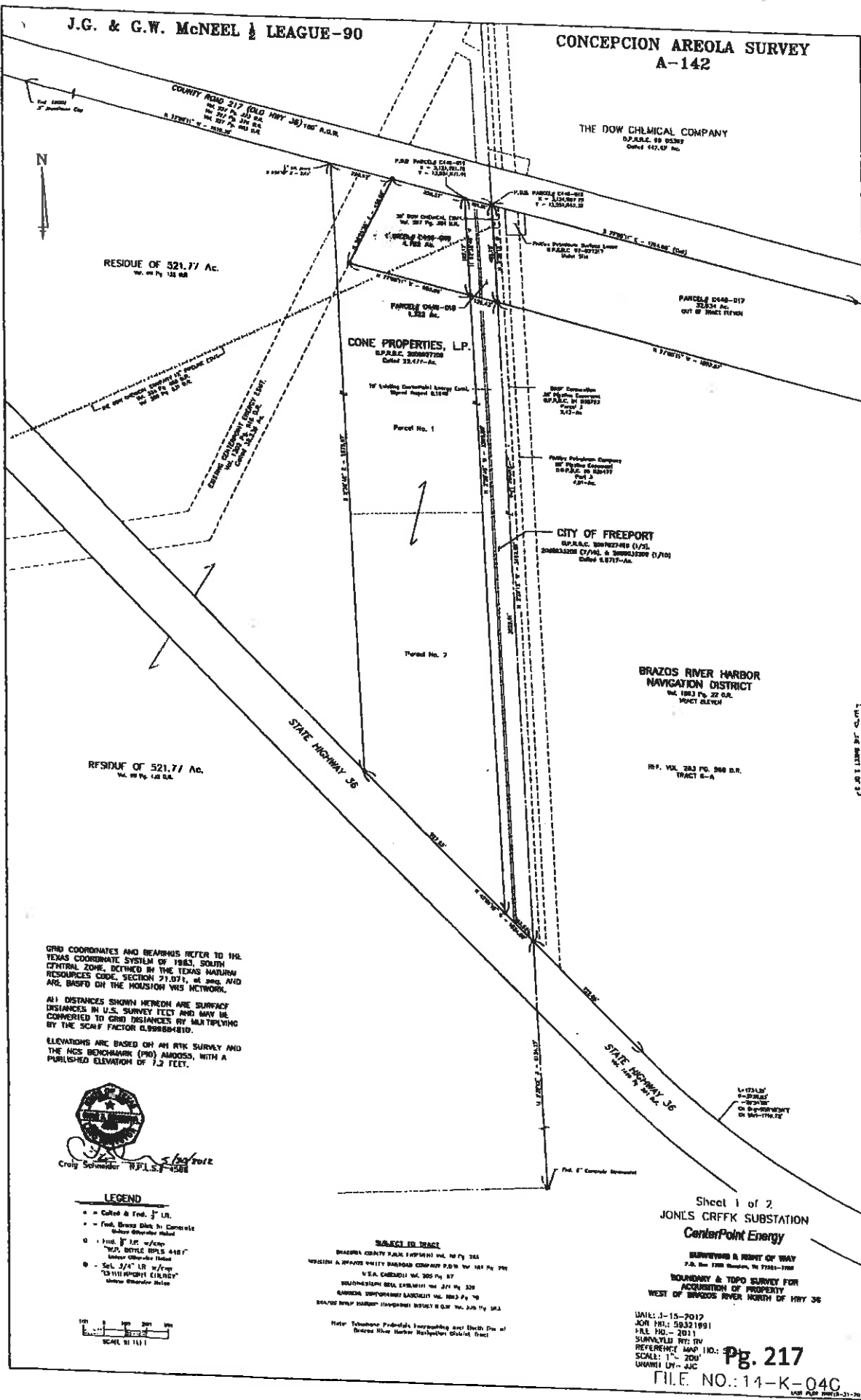
Delia Munoz  
Notary's Signature

AFTER RECORDING RETURN TO:

SURVEYING & RIGHT OF WAY  
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC  
P.O. BOX 1700  
HOUSTON, TX 77251-1700



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RESIDUE OF 521.77 Ac.  
Vol. 44 Pg. 142 88

RESIDUE OF 521.77 Ac.  
Vol. 44 Pg. 142 88

CONE PROPERTIES, L.P.  
S.P.R.C. 20080720  
Caled 23.477-Ac.

THE DOW CHEMICAL COMPANY  
S.P.R.C. 99 05387  
Caled 147.07 Ac.

BRAZOS RIVER HARBOR  
NAVIGATION DISTRICT  
Vol. 1883 Pg. 22 04  
MAY 21 1954

REF. VOL. 283 PG. 268 D.R.  
TRACT 6-A

GRID COORDINATES AND BEARINGS REFER TO THE TEXAS COORDINATE SYSTEM OF 1983, SOUTH CENTRAL ZONE, DEFINED IN THE TEXAS MARINE RESOURCES CODE, SECTION 71.071, et seq. AND ARE BASED ON THE HOUSTON VHS NETWORK.

ALL DISTANCES SHOWN HEREON ARE SURFACE DISTANCES IN U.S. SURVEY FEET AND MAY BE CONVERTED TO GRID DISTANCES BY MULTIPLYING BY THE SCALE FACTOR 0.999864810.

ELEVATIONS ARE BASED ON AN RTK SURVEY AND THE NGS BENCHMARK (P10) ADJOSSED, WITH A PUBLISHED ELEVATION OF 7.2 FEET.



- LEGEND**
- = Caled & Fed. 1/2" LR
  - = Fed. Survey Mark to Corner or Subsequent Point
  - = 1/2" LR - 1/2" LR
  - = 1/2" LR - 1/2" LR
  - = 1/2" LR - 1/2" LR
  - = 1/2" LR - 1/2" LR



**SUBJECT TO DEED**  
BRAZOS COUNTY TRACT 6-A VOL. 1883 PG. 22  
SECTION 6 BRAZOS RIVER HARBOR NAVIGATION DISTRICT VOL. 1883 PG. 22  
N.E.A. CHANDLER VOL. 200 PG. 87  
SOUTHWESTERN BELL ESTATE VOL. 374 PG. 338  
BARBER, TEMPORARILY SURRENDERED VOL. 1883 PG. 78  
BRAZOS RIVER HARBOR NAVIGATION DISTRICT VOL. 1883 PG. 22

Note: Townships, Ranges, Sections and Block No. of Brazos River Harbor Navigation District, Tract

Sheet 1 of 2  
JONKS CRFFK SUBSTATION  
CenterPoint Energy

SURVEYED & BOUNDARY OF WAY  
P.A. 100 1208 Session, 10 1788-1789  
BOUNDARY & TOPO SURVEY FOR  
ACQUISITION OF PROPERTY  
WEST OF BRAZOS RIVER NORTH OF HWY 36

DATE: 3-15-2012  
JOB NO.: 59321691  
FILE NO.: 2011  
SURVEYED BY: RV  
REFERENCE MAP NO.:  
SCALE: 1" = 200'  
DRAWN BY: JJC



The Chemical Company

February 13, 2014

City of Freeport  
Mayor and City Council Members  
c/o City Manager Jeff Pynes  
200 W. 2<sup>nd</sup> Street  
Freeport, TX 77541

Dear Mayor Garcia and Honorable City Council Members,

The following documents are to request a tax abatement from the City of Freeport for sections of a potential project that may traverse Freeport's city limits.

BASF is in the evaluation stages (in conjunction with a joint venture partner) regarding a significant capital investment in a new facility at its Freeport site. This new capital project, if approved, provides for the design and construction of an ammonia production facility as well as related utility, infrastructure and logistics improvements. The plant would manufacture ammonia that is used in products such as nylon, polyurethanes, water treatment products, personal health care products, and many others.

If approved, the project is estimated to commence construction on or about Q1 2015 with completion on or about Q1 2017.

BASF is planning to invest a total of \$750 Million on the new ammonia facility, if approved. The entire project will create a minimum of 10 new full-time jobs, and at peak construction, would create approximately 600 contract positions. The aspects of the proposed project that could possibly cross Freeport city limits are sections of pipelines valuing approximately \$200,000.

BASF is requesting consideration for the City of Freeport tax abatement for this portion of the proposed project. With this in mind, please see the following pages for further details of this tax abatement request.

Sincerely,

A handwritten signature in black ink that reads "Chris Witte".

Christopher Witte  
Senior Vice President and Site Manager  
BASF Corporation  
Freeport, Texas 77541  
979-415-6111

- (2). business plans
- (3). agreements or other materials demonstrating that the facility is intended to serve a market of which the majority is substantially outside the City of Freeport.

### ECONOMIC MARKET

#### Permanent Employment Estimates

In estimating the permanent employment, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

#### Estimated Appraised Value on Site

The value on January 1 preceding abatement should be the value established by the Brazoria County Appraisal District. If the applicant must estimate value because taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least fifty thousand dollars (\$50,000) after the period of abatement expires. Projections of value should be a best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project related improvements such as an office in excess of that used for plant administration, housing, etc.

### APPLICATION FOR TAX ABATEMENT COMMERCIAL/INDUSTRIAL

This application should be filed at least ninety (90) days prior to the beginning of construction or the installation of equipment. 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:

City Manager  
City of Freeport  
200 West Second Street  
Freeport, TX 77541

### APPLICANT INFORMATION

Company Name: BASF Corporation Submittal Date: February 12, 2014

Address: 602 Copper Road, Freeport, TX, 77541

Name/Address/Telephone of Company contact on this project: \_\_\_\_\_

Christopher Witte, Sr. Vice President: Freeport Site Manager / 602 Copper Road, Freeport, TX 77541

Email: christopher.witte@basf.com Telephone: (979) 415-6111

**PROJECT INFORMATION**

Check type of facility to be abated:

Manufacturing	(X)	Regional Distribution	( )
Regional Service	( )	Regional Entertainment Center	( )
Research	( )	Other Basic Industry	( )

Proposed facility address and legal description: (attach exhibit if necessary):

Legal description of estimated .124 mile and 3.84 mile pipeline infrastructures to be attached.

Attach a map showing the site. (Attach as Exhibit)

Proposed facility located in the following taxing jurisdictions:

School District	Brazoria Independent School District
Drainage District	Velasco Drainage District
City	City of Freeport

Other Taxing Jurisdictions: Brazoria County; Port Freeport; etc.

Describe product or service to be provided: \_\_\_\_\_

Chemical Manufacturing Facility

Pipeline infrastructure

This application is for a: New Facility ( )      Expansion (X)

**PROJECT DESCRIPTION**

Please attach a statement which:

1. fully explains the project;
2. describes the site and existing improvements;
3. describes all proposed improvements;
4. provides a list of improvements and fixed equipment for which abatement is requested.

**ECONOMIC IMPACT INFORMATION**

A. Estimated cost of improvements: \$200,000 (estimated)

Real Estate \$ \_\_\_\_\_

Personal Property \$ \_\_\_\_\_

B. Permanent employment estimates:

If existing facility, current plant employment: 752 (BASF Freeport Site)

Estimated number of jobs retained: ( ) jobs created: (X)

Number of employees anticipated at start up: <sup>(10)</sup> within 1yr. <sup>(10)</sup>

\*Figures for primary project

C. Construction employment estimates:

Construction to start: Month: January Year: 2015

Construction to be completed: Month: December Year: 2016

Number of construction jobs anticipated: At start: 150\*

Peak 600\* Finish: 250\*

\*Estimated figures for primary project construction

D. School District impact estimates: (for projects over \$5,000,000)

Number of families transferred to area: 0

Number of students added to ISD: 0

E. City Impact estimates:

Volume of treated water required from city: 0

Volume of effluent water to be treated by city: 0

Has permitted been started? Yes ( ) No (X)

F. Estimated appraised value on site:

LAND PERSONAL IMPROVEMENTS  
PROPERTY

Valuation of existing property as of January 1, preceding this abatement Application

\$ 356,880\* \$ 0 \$ 0

Valuation 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 \$ 0

Estimated value, upon completion of project of exempt pollution control

equipment.	\$ _____	\$ _____	\$ <u>N/A</u>
Estimated value of abated improvements after abatement agreement expires	\$ _____	\$ _____	\$ <u>120,000</u>

G. **Statement of planned efforts to use City of Freeport Vendors and services:**

Please attach a statement describing willingness and planned efforts to use qualified City of Freeport vendors and services where applicable in the construction and operation of the facility.

**DECLARATION**

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

\_\_\_\_\_  
Company Official Signature

Christopher Witte, Sr. V.P. - Site Manager  
Printed Name and Title of  
Company Official

February 12, 2014  
Date Signed

**BASF Corporation Freeport Facility**

**PART I - Applicant's Information**

**Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan:**

**See Attached Exhibit A-1**

**EXHIBIT A**



# BASF in North America

## Report 2012



 **BASF**  
The Chemical Company

A team of employees, including Jennifer Holland, is dedicated to the advancement of agriculture and works to bring to-market the research and development activities in the Research Triangle Park, N.C. greenhouses.

## Chemicals

The Chemicals segment comprises our business with basic chemicals and intermediates. Our portfolio ranges from solvents, plasticizers, glues and electronic chemicals to starting materials for detergents, plastics, textile fibers, paints and coatings, as well as for crop protection products and pharmaceuticals. In addition to supplying customers in the chemical industry and numerous other sectors, we also ensure that other BASF segments are supplied with chemicals for producing downstream products.

### Key data Chemicals (million €)

	2012	2011	Change in %
Sales	13,824	12,958	6.7
Thereof Inorganics	1,735	1,415	22.6
Petrochemicals	9,179	8,839	3.8
Intermediates	2,910	2,704	7.6
EBITDA	2,409	3,188	(24.4)
Income from operations before special items	1,717	2,441	(29.7)
Income from operations (EBIT)	1,718	2,442	(29.6)

## Performance Products

Our Performance Products lend stability and color to countless everyday items and help to improve their application properties. Our product portfolio also includes vitamins and food additives as well as ingredients for pharmaceuticals and for hygiene, home and personal care items. Other products from this segment improve processes in the paper industry, oil and gas production, mining and water treatment. They can also enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.

### Key data Performance Products (million €)

	2012	2011	Change in %
Sales	15,871	15,697	1.1
Thereof Dispersions & Pigments	3,677	3,509	4.8
Care Chemicals	4,957	5,174	(4.2)
Nutrition & Health	1,959	1,862	5.2
Paper Chemicals	1,634	1,623	0.7
Performance Chemicals	3,644	3,529	3.3
EBITDA	2,113	2,312	(8.6)
Income from operations before special items	1,428	1,727	(17.3)
Income from operations (EBIT)	1,286	1,361	(5.5)

## Agricultural Solutions

Our crop protection products guard against fungal diseases, insects and weeds, increase the quality of agricultural products and secure crop yields. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, better nutrition, and use as renewable raw materials.

Research and development expenses, sales, earnings and all other data pertaining to BASF Plant Science are not included in the Agricultural Solutions segment; they are reported in Other.

### Key data Agricultural Solutions (million €)

	2012	2011	Change in %
Sales	4,679	4,165	12.3
EBITDA	1,182	981	20.5
Income from operations before special items	1,037	810	28.0
Income from operations (EBIT)	1,026	808	27.0

## Plastics

The Plastics segment includes a broad range of products, system solutions and services. We offer a number of engineering plastics for the automotive and electrical industries as well as for use in household appliances and sports and leisure products. Our styrenic foams are used as insulating materials in the construction industry and in packaging. Our polyurethanes are extremely versatile: As soft foams, for example, they improve car seats and mattresses, and as insulating rigid foams they increase the energy efficiency of refrigerators.

### Key data Plastics (million €)

	2012	2011	Change in %
Sales	11,402	10,990	3.7
Thereof Performance Polymers	5,110	5,138	(0.5)
Polyurethanes	6,292	5,852	7.5
EBITDA	1,314	1,678	(21.7)
Income from operations before special items	873	1,203	(27.4)
Income from operations (EBIT)	874	1,259	(30.6)

## Functional Solutions

In the Functional Solutions segment, we bundle system solutions and innovative products for specific sectors and customers, in particular for the automotive, chemical and construction industries. Our portfolio comprises automotive and industrial catalysts, battery materials, automotive and industrial coatings and concrete admixtures as well as construction systems such as tile adhesives and decorative paints.

### Key data Functional Solutions (million €)

	2012	2011	Change in %
Sales	11,460	11,361	0.9
Thereof Catalysts	6,184	6,380	(3.1)
Construction Chemicals	2,315	2,181	6.1
Coatings	2,961	2,800	5.8
EBITDA	894	921	(2.9)
Income from operations before special items	561	559	0.4
Income from operations (EBIT)	435	427	1.9

## Oil & Gas

As the largest German producer of oil and gas, we focus our exploration and production on oil and gas-rich regions in Europe, North Africa, South America, Russia and the Caspian Sea region. Together with our Russian partner Gazprom, we are active in the transport, storage and trading of natural gas in Europe.

### Key data Oil & Gas (million €)

	2012	2011	Change in %
Sales	16,700	12,051	38.6
Thereof Exploration & Production	5,330	3,182	67.5
Natural Gas Trading	11,370	8,869	28.2
EBITDA	4,721	2,616	80.5
Income from operations before special items	4,104	1,144	258.3
Income from operations (EBIT)	3,904	2,111	84.9
Net Income	1,201	1,064	12.9

## BASF Group 1st Quarter 2013<sup>1</sup>

		2013	2012	Change in %
Sales	million €	19,738	18,840	4.8
Income from operations before depreciation and amortization (EBITDA)	million €	2,854	3,304	(13.6)
Income from operations (EBIT) before special items	million €	2,214	2,010	10.1
Income from operations (EBIT)	million €	2,169	2,598	(16.5)
Financial result	million €	(126)	(158)	20.3
Income before taxes and minority interests	million €	2,043	2,440	(16.3)
Net income	million €	1,446	1,703	(15.1)
Earnings per share	€	1.57	1.85	(15.3)
Adjusted earnings per share	€	1.67	1.54	8.4
Cash provided by operating activities	million €	2,041	1,539	32.6
Additions to long-term assets <sup>2</sup>	million €	1,586	717	118.4
Research and development expenses	million €	429	403	6.5
Amortization and depreciation <sup>2</sup>	million €	685	706	(3.0)
Segment assets (as of March 31) <sup>3</sup>	million €	56,447	52,219	8.1
Personnel costs	million €	2,279	2,370	(3.8)
Number of employees (as of March 31)		111,687	109,161	2.3

<sup>1</sup> We have applied International Financial Reporting Standards 10 and 11 and International Accounting Standard 19 (revised) since January 1, 2013; the figures for 2012 have been restated accordingly.

<sup>2</sup> Intangible assets and property, plant and equipment (including acquisitions)

<sup>3</sup> Intangible assets, property, plant and equipment, inventories and business-related receivables

### 1st Quarter 2013

#### Sales

Change compared with 1st quarter 2012

**+5%**

#### EBIT before special items

(Change compared with 1st quarter 2012)

Million €

**2,214 (+204)**

Fig. 226

## BASF Group 2012 At a glance

### Economic data

		2012	2011	Change in %
Sales	million €	78,729	73,497	7.1
Income from operations before depreciation and amortization (EBITDA)	million €	12,516	11,993	4.4
Income from operations (EBIT) before special items	million €	8,861	8,447	5.1
Income from operations (EBIT)	million €	8,976	8,586	4.5
Income before taxes and minority interests	million €	8,436	8,970	(6.0)
Net income	million €	4,879	6,188	(21.2)
Earnings per share	€	5.31	6.74	(21.2)
Adjusted earnings per share	€	5.71	6.26	(8.8)
Dividend per share	€	2.60	2.50	4.0
Cash provided by operating activities	million €	6,733	7,105	(5.2)
Additions to long-term assets <sup>1</sup>	million €	5,397	3,646	48.0
Depreciation and amortization <sup>1</sup>	million €	3,540	3,407	3.9
Return on assets	%	14.6	16.1	-
Return on equity after tax	%	20.4	27.5	-

<sup>1</sup> Including acquisitions

### Value added 2012<sup>2</sup>

Creation of value added  
(Million €, previous year's figures in parentheses)

1	Value added	18,619 (18,652)
2	Amortization and depreciation	3,540 (3,407)
3	Services purchased, energy costs and other expenses	13,889 (12,656)
4	Cost of raw materials and merchandise	44,805 (41,986)



Use of value added  
(Previous year's figures in parentheses)

48.9%	Employees (46.0%)
19.1%	Government (14.5%)
1.8%	Minority interests (2.2%)
4.0%	Creditors (4.1%)
26.2%	Remaining for shareholders (Dividend and retention) (33.2%)

<sup>2</sup> Value added results from the company's performance minus goods and services purchased, depreciation and amortization. It shows the BASF Group's contribution to both private and public income as well as the distribution of this contribution among all stakeholders.

### Innovation

		2012	2011	Change in %
Research and development expenses	million €	1,746	1,605	8.8
Number of employees in research and development as of December 31		10,542	10,126	4.1

## Employees and society

		2012	2011	Change in %
Employees as of December 31		113,262	111,141	1.9
Apprentices as of December 31		2,809	2,565	9.5
Personnel expenses	million €	9,089	8,576	6.0
Annual bonus	% of Group companies	97.5	93.7	4.1
Donations and sponsorship	million €	49.2	48.7	1.0

## Supply chain management and Responsible Care

		2012	2011	Change in %
Number of on-site audits of raw material suppliers		210	206	2.0
Number of environmental and safety audits		112	97	15.5
Number of occupational medicine and health protection audits		42	35	20.0

## Safety and health

		2012	2011	Change in %
Transportation accidents	per 10,000 shipments	0.24	0.18	33.3
Product spillages during transportation	per 10,000 shipments	0.25	0.30	(16.7)
Lost time injuries	per million working hours	1.7	1.9	(10.5)
Health Performance Index <sup>3</sup>		0.89	-	-

<sup>3</sup> The Health Performance Index was newly defined in 2012.

## Environment

		2012	2011	Change in %
Primary energy usage <sup>4</sup>	million MWh	61.5	63.8	(3.6)
Energy efficiency in production processes	metric tons of sales product/MWh	0.589	0.621 <sup>5</sup>	(5.2)
Total water withdrawal	million cubic meters	2,009	2,130	(5.7)
Withdrawal of drinking water	million cubic meters	23	24	(4.2)
Emissions of organic substances to water <sup>6</sup>	thousand metric tons	21.6	24.3	(11.1)
Emissions of nitrogen to water <sup>6</sup>	thousand metric tons	2.8	2.9	(3.4)
Emissions of heavy metals to water <sup>6</sup>	metric tons	26	24	8.3
Emissions of greenhouse gases	million metric tons of CO <sub>2</sub> equivalents	24.7	25.8	(4.3)
Emissions to air (air pollutants) <sup>7</sup>	thousand metric tons	31.6	34.4 <sup>7</sup>	(8.1)
Waste	million metric tons	2.24	2.11 <sup>8</sup>	6.2
Operating costs for environmental protection facilities	million €	910	850	7.1
Investments in environmental protection	million €	272	190	43.2

<sup>4</sup> Primary energy used in BASF's plants as well as in the plants of our energy suppliers to cover energy demand for production processes

<sup>5</sup> Excluding emissions from oil and gas production

<sup>6</sup> Deviation from Report 2011 due to reclassification of natural gas usage

<sup>7</sup> Deviation from Report 2011 due to retroactive inclusion of emissions from a former Cognis site

<sup>8</sup> Deviation from Report 2011 primarily due to retroactive inclusion of waste from construction activities at the Ludwigshafen site

# BASF in North America

## Report 2012

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### About this report

"BASF in North America – Report 2012" is published annually as a concise document about the performance of our activities across the three dimensions of sustainability – economy, environment, and society – in North America. The reporting period for this publication is the financial year 2012. The financial data of BASF Group presented in this report is prepared in accordance with the German Commercial Code and the International Financial Reporting Standards (IFRS). Local sales figures in this report refer to sales by BASF Group companies to customers located in North America. Environmental data at joint venture companies in North America are reported pro rata based on our stake. Employee numbers refer to total employment by BASF Group companies in North America and companies where BASF has a stake of 50% or greater, as of December 31, 2012. All figures are based on the scope of consolidation and segment structure of BASF Group valid on December 31, 2012. IFRS 10, IFRS 11 and IAS 19 (revised) have not yet been taken into account.

## Introduction

### Letter from Hans Engel, Chairman and CEO

*Dear Reader,*

We are pleased to present the 2012 report on *BASF in North America*.

Even in the face of challenging market conditions, BASF made several steps during 2012 toward long-term profitable growth in North America. Much of this progress was propelled by the implementation of BASF's new "We create chemistry" strategy.

The foundation of the strategy is a clear and unmistakable purpose statement: "We create chemistry for a sustainable future." During 2012, our employees, customers, suppliers and other stakeholders learned what this means first-hand as the "We create chemistry" World Tour came to North America. Nearly 7,000 visitors attended this travelling showcase of BASF sustainability-enabling innovations at stops in Detroit; Florham Park, New Jersey; Houston; Toronto; Charlotte, North Carolina; and Mexico City.

The Florham Park stop coincided with the dedication of our new LEED® Double Platinum- certified headquarters in Florham Park. Using 33 BASF-enabled sustainable construction solutions, it is one of only five buildings in North America to achieve this distinction. Earlier in the year, another example of BASF's commitment and contributions to sustainability — the newly retrofitted BASF Mexicana headquarters — opened its doors.

BASF made and announced some significant investments during 2012 to drive business growth in North America. We established a new global business unit — Battery Materials — based in Iselin, NJ, and acquired several companies and assets that position BASF as a lead innovator in electromobility. Aligned with these investments, we inaugurated a new cathode materials plant in Elyria, Ohio.

BASF also began construction of North America's only formic acid plant in Geismar, LA and a new emulsion polymers plant at our site in Freeport, TX. BASF Plant Science opened a new global headquarters at Research Triangle Park, North Carolina — part of a larger BASF expansion at RTP. We further expanded our R&D capabilities in North America with a new bio-technology and micro-biology research center at our Tarrytown, New York innovation hub and acquired Becker Underwood, to support our opportunities in crop protection.

Creating the chemistry for a sustainable future takes foresight, innovation, and value-adding connections between businesses and industries; with our customers, suppliers as well as with the other partners in various areas. We thank you for creating chemistry with BASF.

Best regards,

*Hans Engel*

**Hans Engel**  
Chairman and CEO  
BASF North America

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#### **Hans Engel**

Hans Engel has worked at BASF for 25 years. In addition to being the Chairman and CEO of BASF Corporation, he is the Chief Financial Officer of BASF Group. He is responsible for the areas of Finance; Catalysts; Corporate Controlling; Corporate Audit; Information Services & Supply Chain Management.



## The BASF Group

The world's leading chemical company – The Chemical Company

**We are the world's leading chemical company – The Chemical Company. Around 113,000 employees work in the BASF Group toward contributing to the success of our customers from nearly all sectors and almost every country in the world. Our broad portfolio is arranged into six segments: Chemicals, Plastics, Performance Products, Functional Solutions, Agricultural Solutions and Oil & Gas.**

### Markets and sites

BASF has subsidiaries in more than 80 countries and supplies products to a large number of business partners in nearly every part of the world. In 2012, we achieved 55% of our sales with customers in Europe, of which 36 percentage points were in the Oil & Gas segment. In addition, 18% of sales were generated in North America; 19% in Asia Pacific; and 8% in South America, Africa, and the Middle East.

We operate six Verbund sites as well as approximately 380 additional production sites worldwide. Our Verbund site in Ludwigshafen is the largest integrated chemical complex in the world. This was where the Verbund concept was developed and continuously optimized before it was applied to other sites around the world.

The Production Verbund intelligently links production units and energy demand so that heat from production processes can be used as energy in other plants, saving both primary resources and costs. Another important part of the Verbund concept is the Know-How Verbund. Expert knowledge is pooled in our central research areas.

→ For more on the Verbund concept, see [basf.com/verbund\\_e](http://basf.com/verbund_e)



BASF flags fly at the North American headquarters in Florham Park, New Jersey

### Organization of the BASF Group

At the end of 2012, BASF's six segments contained 15 divisions which bore operational responsibility and managed our 70 global and regional business units. The divisions develop strategies for our approximately 80 strategic business units and are organized according to sectors or products.

The regional divisions contribute to the local development of our business and help to exploit market potential. They are also responsible for optimizing the infrastructure for our business. For financial reporting purposes, our divisions are grouped into the following four regions: Europe; North America; Asia Pacific; and South America, Africa, Middle East.

Three central divisions, six corporate departments and eleven competence centers provide Group-wide services such as finance, investor relations, communications, human resources, research, engineering, site management and environment, health and safety.

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### The BASF Group

- Six Verbund sites and approximately 380 other production sites worldwide; around 113,000 employees
- Ludwigshafen is the location of the largest BASF Verbund site, and where the Verbund concept was created
- Verbund: Intelligent plant networking in the Production Verbund; Know-How and Research Verbund

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### Organization of the BASF Group

- Six segments contain 15 divisions that manage our global and regional business units
- Regional divisions optimize the infrastructure and support operations
- Corporate divisions and departments as well as competence centers provide Group-wide services





Tim Macdonald, Scientist, Crop Physiology, BASF Plant Science, outside of his greenhouses in Research Triangle Park, North Carolina.

## BASF Group corporate strategy

**With the “We create chemistry” strategy, BASF has set itself ambitious goals in order to strengthen its position as the world’s leading chemical company. We want to contribute to a sustainable future and have embedded this into our corporate purpose: “We create chemistry for a sustainable future.”**

In 2050, around nine billion people will live on this planet. While the world population and its demands will keep growing, the planet’s resources are finite. On the one hand, population growth is associated with enormous global challenges; but we also see many opportunities, especially for the chemical industry.

### Our purpose

#### We create chemistry for a sustainable future

Growth in the chemicals sector will be particularly dynamic in the emerging economies. We expect that these markets will account for around 60% of global chemical production by 2020.

Innovations based on chemistry will play a key role in these countries, particularly in three areas:

- Resources, environment and climate
- Food and nutrition
- Quality of life

Our leading position as an integrated global chemical company opens up opportunities for us in all three of these areas. In pursuing them, we act in accordance with four strategic principles.

### Our strategic principles



#### We add value as one company

Our Verbund concept is unique in the industry.

We plan to strengthen this sophisticated and profitable system even further. It extends from the Production Verbund and Technology Verbund to the Know-How Verbund, and provides access to all relevant customer industries worldwide. In this way, we combine our strengths and add value as one company.



#### We innovate to make our customers more successful

We want to focus our business even more strongly on our customers’ needs and contribute to their success with innovative and sustainable solutions. Through close partnerships with customers and research institutes, we link expertise in chemistry, biology, physics, materials sciences and engineering to jointly develop customized products as well as functional materials and system solutions.



#### We drive sustainable solutions

In the future, sustainability will increasingly become a starting point for new business opportunities. We therefore value sustainability and innovation as important drivers for profitable growth.



#### We form the best team

Committed and qualified employees around the world are the key to making our contribution to a sustainable future. That is why we will continue to pursue our goal of building the best team. We offer excellent working conditions and an open leadership culture that fosters mutual trust and respect and encourages high motivation.

### Our values

How we act is critical for the successful implementation of our strategy: This is what our values represent. They guide how we interact with society, our partners and with each other.

#### Creative

In order to find innovative and sustainable solutions, we have the courage to pursue bold ideas. We bring together our expertise in many different fields and build partnerships to develop creative, value-adding solutions. We constantly improve our products, services and solutions.

#### Open

We value diversity – in people, opinions and experience. That is why we foster dialog based on honesty, respect and mutual trust. We explore our talents and capabilities.

#### Responsible

We act responsibly as an integral part of society. Thereby, we strictly adhere to our compliance standards. And in everything we do, we never compromise on safety.

#### Entrepreneurial

We all contribute to BASF’s success, as individuals and as a team. BASF turns market needs into customer solutions. We succeed in this because we take ownership and embrace accountability for our work.

## BASF Group goals

### Growth and profitability<sup>1</sup>

	Annual goals	2015 Goals	2020 Goals	Status at year-end 2012
Sales		Approx. €85 billion	Approx. €115 billion	€78.7 billion
Premium on cost of capital	At least €2.5 billion on average each year			€1.5 billion
EBITDA		Approx. €15 billion	Doubling compared with 2010 to approx. €23 billion	€12.5 billion
Earnings per share		Around €7.50		€5.31

<sup>1</sup> We have set ourselves these goals as part of the "We create chemistry" strategy adopted in 2011. Our goals are based on the assumptions that we will continue to grow two percentage points faster than global chemical production annually and that global gross domestic product will grow by an average of 3% every year until 2020 and worldwide chemical production by 4% every year.

### Employees

	Long-term goals	Status at year-end 2012
International proportion of senior executives	Increase in the proportion of non-German senior executives (baseline 2003: 30%)	33.8%
Senior executives with international experience	Proportion of senior executives with international experience over 80%	80.4%
Women in executive positions	Increase in the proportion of female executives worldwide	17.0%
Personnel development	Establishment of personnel development as a responsibility shared by employees and managers based on relevant processes and tools	Introduced for around 30,000 employees worldwide in first phase

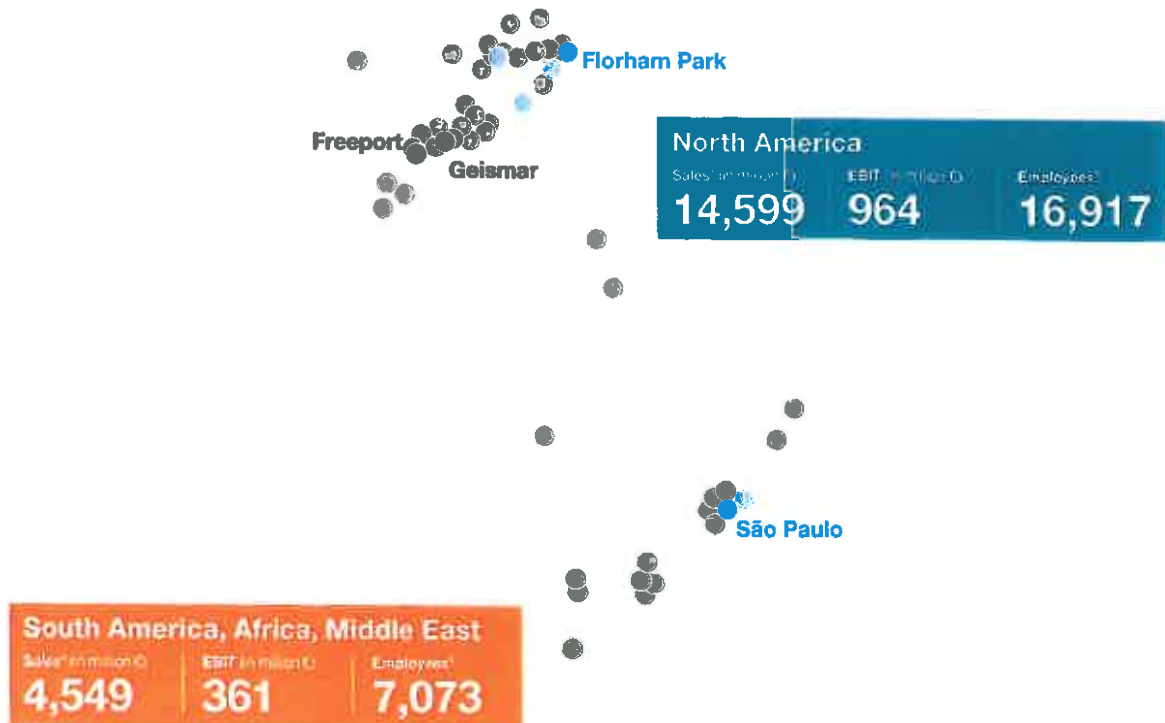
### Environment, safety and health

	2020 Goals	Status at year-end 2012
<b>Energy and climate protection</b>		
Improvement of energy efficiency in production processes <sup>2</sup> (baseline 2002)	+35%	+19.3%
Greenhouse gas emissions per metric ton of sales product <sup>2</sup> (baseline 2002)	-40%	-31.7%
Stop flaring of associated gas released during Wintershall's production of crude oil (2012 goal)	100%	100%
Greenhouse gas emissions per amount and distance of transported gas (baseline 2010)	-10%	-22.1%
<b>Water</b>		
Emission of organic substances to water <sup>2</sup> (baseline 2002)	-80%	-76.4%
Emission of nitrogen to water <sup>2</sup> (baseline 2002)	-80%	-87.3%
Emission of heavy metals to water <sup>2</sup> (baseline 2002)	-60%	-56.8%
Withdrawal of drinking water for production (baseline 2010)	-50%	-23.2%
Introduction of sustainable water management at production sites in water stress areas	100%	3.1%
<b>Air</b>		
Emission of air pollutants <sup>2</sup> (baseline 2002)	-70%	-63.1%
<b>Transportation</b>		
Transportation accidents per 10,000 shipments (baseline 2003)	-70%	-57%
<b>Production</b>		
Lost time injuries per million working hours (baseline 2002)	-80%	-48%
Health Performance Index (annual goal)	>0.9	0.89
<b>Products</b>		
Risk assessment for all products sold worldwide by BASF in quantities of more than one metric ton per year	>99%	45%

<sup>2</sup> Excluding oil and gas production

## BASF in the Regions

Sales 2012: €78,729 billion; EBIT 2012: €8,976 million



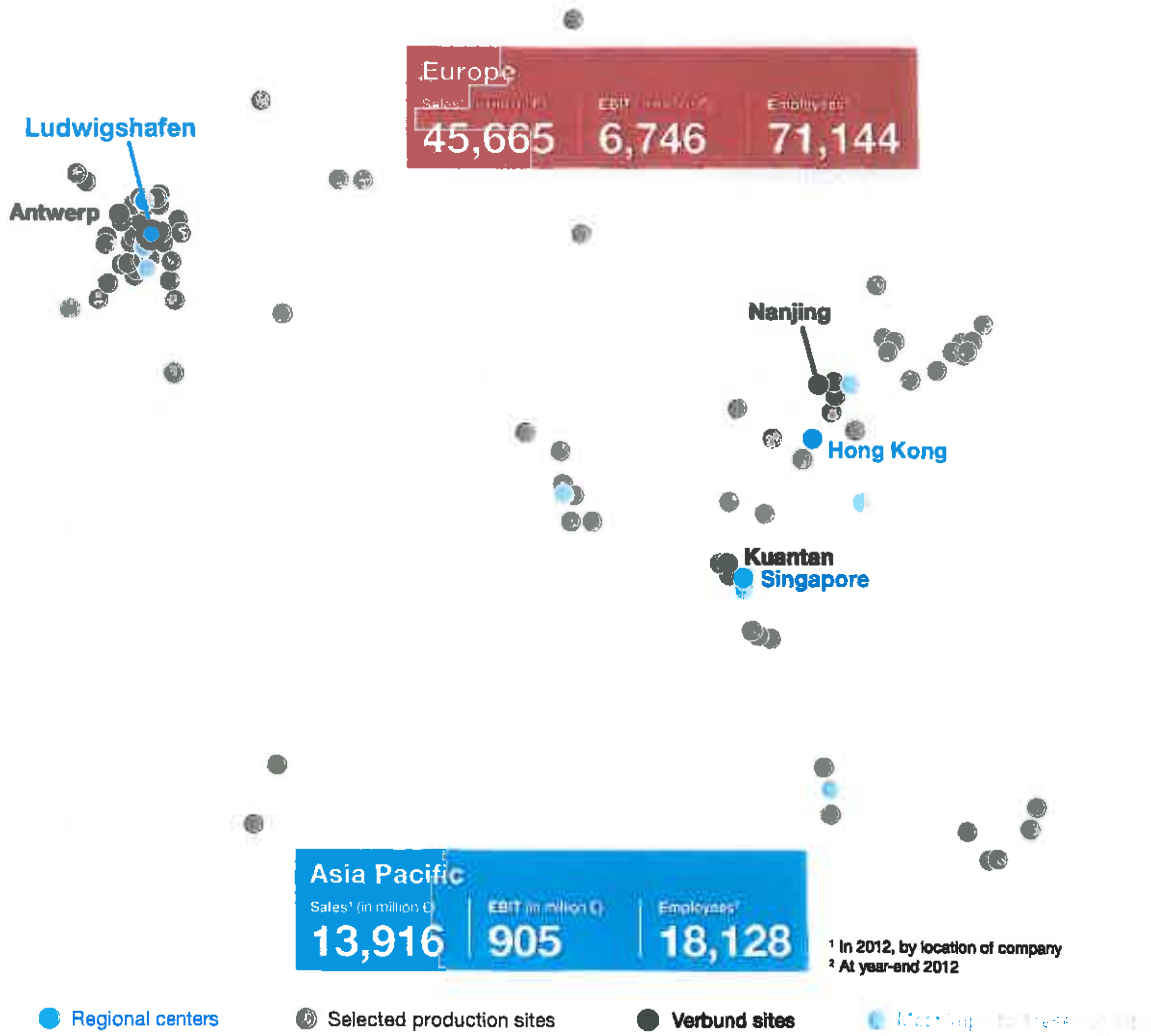
### North America

At €14,599 million, sales for companies headquartered in North America were 1% below the level of 2011. In local-currency terms, sales were 8% lower than in the previous year. Income from operations decreased by 27% to €964 million, mostly as a result of the lower contribution from the Chemicals segment.

### South America, Africa, Middle East

Compared with 2011, sales for companies in the region rose by 3% to €4,549 million. Sales were 3% above the previous year's level in local-currency terms, as well. Income from operations in the region declined by 23% to €361 million, predominantly as a result of the lower contribution from the Oil & Gas segment in Argentina.

Around 113,000 employees work in the BASF Group toward contributing to the success of our customers from nearly all sectors and almost every country in the world. We operate six Verbund sites as well as approximately 380 additional production sites worldwide.



### Europe

In 2012, companies headquartered in Europe recorded a significant increase in sales compared with the strong previous year: Sales grew by 11% to €45,665 million. Income from operations amounted to €6,746 million, an improvement of 19% compared with 2011.

### Asia Pacific

Companies headquartered in the Asia Pacific region increased sales by 5% to €13,916 million in 2012. Positive currency effects boosted sales growth, while lower prices reduced sales. In local-currency terms, sales declined by 3%. Income from operations fell by 20% to €905 million. This was mostly due to weaker margins in the Chemicals segment.

## Business development

### The business year at BASF in North America

**At €14,599 million, sales for companies located in North America were 1% below the level of 2011. While we posted a decrease in sales in the Chemicals segment, sales rose considerably in the Plastics and Agricultural Solutions segments. In local-currency terms, sales were 8% lower than in the prior year.**

Income from operations decreased by 27% to €964 million, mostly as a result of the lower contribution from the Chemicals segment. Due to higher raw material costs, earnings in the Functional Solutions segment did not match the good level of 2011. However, we achieved a significant earnings increase in the Performance Products and Agricultural Solutions segments.

We also made progress in implementing our regional strategy for North America in 2012, which centers on an even stronger orientation toward customers and markets. We are concentrating on innovation, attractive customer and market segments and cross-business initiatives. In 2012, we moved the headquarters of the Pharma Ingredients & Services business unit from Switzerland to Florham Park, New Jersey, in order to strengthen our presence in the North American pharmaceuticals market. In the course of the reorientation of BASF Plant Science, we moved the company headquarters to Raleigh, North Carolina.

#### Trends in chemistry

Global chemical production (excluding pharmaceuticals) grew by 2.6% in 2012 – significantly slower than in the previous year (+3.8%) and than our original forecast for 2012 (+4.1%). The upswing in demand expected for the second half of the year did not appear.

Compared with the previous year, growth in demand for products from the chemical industry (excluding pharmaceuticals) was significantly slower in 2012. This was largely attributable to weak economic development in the industrialized countries and restrained growth in many emerging markets. In anticipation of decreasing prices, many consumers of chemical products also showed caution in restocking their inventories.

In the United States, chemical production rose by 2.5%, representing a slight increase compared with 2011 (+1.5%). The chemical industry benefited from low gas prices as well as from high demand, especially from the automotive industry.

#### Shale gas in the North American market

Shale gas is a positive development for the North American petrochemical industry and for the U.S. economy but will benefit more than just the petrochemicals industry. It will provide a boost for other energy-intensive industries, such as the steel industry, that are looking to add/expand production. Investments that would previously not have been economically feasible are now viable with shale gas in North America (e.g., methanol, ammonia), and existing infrastructure, political stability and a developed free-market economy in North America also support new investments in plants & facilities, and provide North America with an advantage over other markets.

The technological capability to reach the prolific shale natural gas reserves in the United States has resulted in an increased focus on the regulation of unconventional natural gas development, including hydraulic fracturing. While regulatory constraints on hydraulic fracturing at the federal and state level may have some impact on production, it is unlikely that the impact will be significant. Shale gas production and hydraulic fracturing in the United States are likely to continue unabated in light of the significant economic and employment opportunities these activities present.

BASF supports the practice of hydraulic fracturing to recover shale gas, provided that it is done in a safe and sustainable manner and consistent with environmental regulation.

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#### Trends in the chemical industry in 2012

Growth in global chemical production (excluding pharmaceuticals) was considerably slower than in the previous year (2012: +2.6%; 2011: +3.8%). Increase in demand was not as sharp as in 2011.



The Methylamines plant located at the Geismar, Louisiana site, produces chemicals used in the production of personal care products, detergents, pharmaceuticals, textiles, solvents and animal feed additives.

Fig. 2

## BASF in North America At a glance

**BASF is among the largest producers and marketers of chemicals and related products in North America (the United States, Canada, Mexico, Central America and the Caribbean). Headquartered in Florham Park, New Jersey, BASF Corporation is the largest affiliate of BASF SE, Ludwigshafen, Germany.**

Five of BASF's six business segments operate in North America: Chemicals, Plastics, Performance Products, Functional Solutions and Agricultural Solutions. Oil & Gas is not active in the region. Key industries served include chemicals, automotive, agriculture, construction, personal care, health and nutrition, packaging, and consumer products. The company has more than 100 production and research & development sites throughout North America and operates Verbund sites with integrated production in Geismar, Louisiana and Freeport, Texas.

### Key sites in North America:

#### Geismar, Louisiana

The Geismar Verbund site is the largest BASF manufacturing site in North America. The site manufactures basic and specialty chemicals, intermediates and polyurethanes.

#### Freeport, Texas

The Freeport Verbund site is a leading producer of basic chemicals, intermediates and fiber intermediates.

#### Port Arthur, Texas

BASF TOTAL Petrochemicals LLC is a 60-40 joint venture between BASF Corporation and Total Petrochemicals USA. BASF has responsibility for daily operations of one of the world's largest naphtha steam crackers and a world-scale C4 olefins complex adjacent to the steam cracker.

#### Wyandotte, Michigan

The site develops and manufactures a variety of urethanes and specialty plastics for the automotive, furniture and electronic industries, as well as for a wide range of industrial applications.

#### Tarrytown, New York

A major R&D hub for BASF in North America, this site has expertise ranging from light stabilizers to bioactive and effect materials, personal care, nutrition and pharmaceutical ingredients.

#### Iselin, New Jersey

BASF's global Catalysts division, headquartered in Iselin, New Jersey, along with the division's principal North American R&D facility, is the world's leading supplier of environmental and process catalysts. Also based in Iselin is BASF's newly formed Battery Materials business unit, which has been integrated in the Catalysts division.

#### Research Triangle Park, North Carolina

The BASF site in Research Triangle Park, North Carolina, is home of the BASF Agricultural Products Center (APC). The APC is headquarters for the BASF Agricultural Solutions North American Crop Protection division, BASF Plant Science, BASF Global Insecticide Research, and BASF Global Agricultural Research & Development.

#### Altamira, Mexico

The site manufactures dispersions, colorants and plastics. BASF also operates an engineering plastics compounding plant at the site. In addition, expandable polystyrene is produced at the site in the 50-50 Polioles joint venture with the Alfa Group.

#### Windsor, Canada

The site manufactures automotive coatings, including basecoats and primers. In particular, the facility manufactures waterborne coatings.

### 2012 Performance

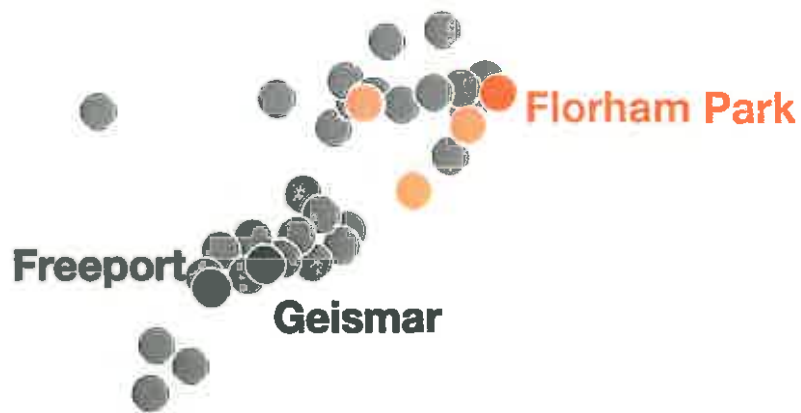
In 2012, companies located in North America posted sales of around €14.6 billion (approx. \$18.7 billion); North America accounted for 18% of BASF Group sales in 2012. Income from operations (EBIT) in North America amounted to €964 million (approx. \$1.2 billion).

### Sales in USA (million €)

2012	12,492	
2011	12,042	
2010	11,097	



**Sites**



**USA**

€12,492 million<sup>1</sup>

**Canada**

€989 million<sup>1</sup>

**Mexico**

€895 million<sup>1</sup>

**Costa Rica, Dominican Rep., Panama, Puerto Rico**

€84 million<sup>1</sup>

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<sup>1</sup> Figures reflect sales by location of customer.

## North America Executive Committee

Leading the way in North America



### Hans Engel

- Member of the Board of Executive Directors
- Chief Financial Officer, BASF SE
- Chairman and Chief Executive Officer, BASF Corporation
- Florham Park, New Jersey

#### Responsibilities:

**Global:** Finance; Catalysts; Corporate Controlling; Corporate Audit; Information Services & Supply Chain Management; Market Business Development North America; Regional Functions North America

**North America:** All BASF business within Canada, the Caribbean, Central America, Mexico and the U.S.

**Years with BASF:** 25



### Beate Ehle

- President, Market and Business Development North America
- Executive Vice President, BASF Corporation
- Florham Park, New Jersey

**Responsibilities:** Chemicals; Performance Products; Functional Materials & Solutions; Verbund Sites; Assets & Infrastructure; Engineering; Innovation; Market and Business Development; Distribution

**Years with BASF:** 23



### André Becker

- President, Regional Functions North America
- Executive Vice President and Chief Financial Officer, BASF Corporation
- Florham Park, New Jersey

**Responsibilities:** North American service platform including Finance & Accounting; Controlling; Tax & Insurance; Internal Audit; Procurement; Information Systems; Supply Chain Operations; Ecology Health & Safety; Canada; Mexico; Central America & Caribbean; Crop Protection; Health & Nutrition; Care Chemicals

**Years with BASF:** 17



**Kenneth Lane**

- President, Global Catalysts Division
- Executive Vice President, BASF Corporation
- Iselin, New Jersey

**Responsibilities:** BASF Catalysts worldwide operations

**Years with BASF:** 7



**Peter Eckes**

- President, Plant Science
- Executive Vice President, BASF Corporation
- Research Triangle Park, North Carolina

**Responsibilities:** BASF Plant Science worldwide operations

**Years with BASF:** 21

## BASF in Mexico, Central America and the Caribbean

### At a glance

**BASF Group in Mexico, Central America and the Caribbean, headquartered in Mexico City, has more than 1,800 employees. The largest facility in the region, located in Altamira, manufactures dispersions and colorants, and operates an engineering plastics compounding plant.**

Through a joint venture with the Mexican industrial conglomerate Alfa Group called Polioles, we operate an expandable polystyrene plant in Altamira, as well as a production site in Lerma, State of Mexico, where we produce polyurethane and high performance chemicals.

Other key sites in Mexico include Tultitlán (OEM coatings), near Mexico City; Puebla (lubricants and plastic additives); Ecatepec (care chemicals), as well as production sites in Barrientos and Ciénega de Flores (construction chemicals).

#### **An ever more important presence in the region**

Priorities for BASF in the region are the automotive, construction, home and personal care, electro/electronics industries, as well as the agriculture sector. However, we continue to grow substantially in other businesses. Implementing the strategic approach of being close to our customers, BASF has not only increased its production in the region, but also its infrastructure for product development. BASF's Coatings division inaugurated a new Paint Application Center and an extension of its Development Laboratory at the production site in Tultitlán. These laboratories strengthen the technical support for the automotive industry and to develop sustainable and customized coating materials and technologies. The new facility will support activities including technical service for basecoats, pigments and dispersions as well as the introduction of new colors.

Focused on sustained growth and innovation for the automotive market, the Coatings division in Mexico is of key importance to the North American Coatings division and its overall focus on serving the automotive market with world-class products and services.

With an investment of \$10 million (€7.7 million), the new facilities will offer best-in-class services for the dynamic and growing automotive industry. The investment includes a wet and dry laboratory, spray booths with two electrostatic and three manual functions, and a dispersions laboratory.

With the considerable investment of around \$8 million (€6.2 million) in the infrastructure of its Ecatepec site in 2012 and 2013, BASF is strengthening its care chemicals business, optimizing product quality as well as operational excellence.

#### **Community relations**

As everywhere in the world, BASF also puts great emphasis on its relations with the community in the region. One important focus is sustainable water supply, one of the great challenges not only for urban areas but for the whole country. Here, BASF carries out a program with schools in the metropolitan area of Mexico City, aimed at substantially improving their water supply. In accordance with a global program called "Kids' Lab," we bring chemistry closer to children at our production sites. Well received by communities in need has been the donation of used computers to school children. Last year alone, BASF donated nearly 800 computers to several schools in local site communities.

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#### **Coating Paint Application Center**

The presence of distinguished guests at the dedication of this site underlined the importance of the project. From left to right: Vice President, Coatings Division, Mexico, Frank Hezel; Senior Vice President, Coatings Division North America, Juan Carlos Ordoñez; Secretary of Economic Development of the State of Mexico, Justino A. Mondragón; Mayor of Tultitlán, José L. Pérez Cortés; President of BASF in Mexico, Central America and the Caribbean, Ralph Schweens.



## BASF in Canada At a glance

**BASF Canada has approximately 600 employees at its Mississauga, Ontario, headquarters, and 13 manufacturing facilities and sales sites located in most provinces. The company's portfolio includes agricultural solutions, chemicals, performance products, and functional materials and solutions. As a member of the Chemical Industry Association of Canada, BASF Canada is committed to operating in accordance with Responsible Care®, protecting the environment and supporting our customers' success by developing long-term solutions for sustainability.**

### Corporate sustainability in Canada

In 2012, BASF continued to demonstrate its commitment to sustainability in Canada, engaging with stakeholders across industries and along the entire product value chain. In addition to hosting the "We create chemistry" world tour in Toronto, the company actively participated in cross-sector sustainability events including GLOBE 2012, The Canadian Water Summit, the BLOOM Sustainability Applied conference, a Unisféra sustainability forum and the Canadian Institute of Management Accountants' (CIMA) Business Case for Sustainability.

BASF Canada was recognized for its sustainability leadership at the 2012 BLOOM Sustainability Applied Gala. As one of three finalists, BASF was acknowledged for its success in integrating sustainability into its business strategy, decision-making and operations, and delivering comprehensive value as measured by tangible economic, environmental and social accomplishments.

### Chemistry Industry Association of Canada celebrates golden anniversary

In 2012, the Chemistry Industry Association of Canada (CIAC) celebrated 50 years as the voice of Canada's chemistry industry. Founded in 1962, the association was initially formed for the purpose of influencing economic policy. However, it quickly evolved, developing an industry-led responsibility initiative – Responsible

Care®— and becoming Canada's first business association to require members to commit to a set of principles on safety, health and the environment. Today, CIAC's Responsible Care Initiative is practised in more than 60 countries around the world.

CIAC recently released the 20<sup>th</sup> anniversary edition of its Reducing Emissions report, summarizing the overall environmental performance of its member-companies' manufacturing operations, including those of BASF Canada. Since publishing that first report two decades ago, CIAC members have nearly eliminated emissions to water, and have substantially reduced the global-warming and ozone-depleting potential of their operations (by 60% and 99%, respectively). Today, a unit of Canadian chemical product is produced with 87% fewer emissions than in 1992.

### Canada welcomes new president Carles Navarro

Effective February 1, 2013, Carles Navarro was appointed president of BASF Canada. He succeeds Laurent Tainturier, who has begun a new assignment within the BASF Group.

In this role, Navarro assumes responsibility for all of BASF's businesses in Canada. Working closely with the Canadian Leadership Team, he oversees the implementation of the company's global and regional strategies in Canada and continues BASF's commitment to Responsible Care and sustainable development. In addition, he manages BASF Canada's internal business support groups, including communications, human resources, legal, finance, and market and business development.

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### Canadian Leadership Team

BASF Canada's Leadership Team is responsible for the strategic direction and oversight of the company's operations, business and market development, and image and reputation. Pictured (from left to right): Front row: Maureen Paukert, Carles Navarro, Peter Hasfeld; Back row: Kerry Bowman, François Paroyan, Harry Dhanjal, Guido Broche, Scott Kay.



## Sustainability

Combining ecology, economy and social responsibility



Members of the BASF Agricultural Solutions team, including Pianna Guethling, ensure that better agricultural chemicals will lead to more efficient and consistent production thereby allowing the world's farmers to meet the needs of the growing population.

**BASF is committed to steady business growth but also sustainable natural resources and environmental quality of life. Continual Improvement in our professional standards equates to perfectibility in the way we leave the ecology undisturbed and climate and resources better than we found them. It was a signature year for BASF continuing to make a major mark in the industry without leaving too much of an environmental footprint.**

### Rising standards

At the beginning of 2012, BASF established a new, ambitious climate protection goal: By 2020, the company wants to reduce

global greenhouse gas emissions per metric ton of sales product by 40% compared to 2002.

A demonstration of this commitment was the construction of the company's new North American headquarters building, which officially became the fifth construction project in the United States and the first in New Jersey to achieve LEED® (Leadership in Energy and Environmental Design) double-Platinum certification.

The "Path to Platinum" was careful and complicated. One category of the certification was the "Sustainable Sites" requirement. Concerning the location of the building — among other points this requirement rewarded smart transportation

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### A bright future

Our research pipeline included approximately 3,000 projects in 2012. We increased our spending on research and development by €141 million to €1,746 million (2011: €1,605 million). The operating divisions were responsible for 78% of total research and development expenditures. Another 22% was allocated to cross-divisional, strategic corporate research. Around one third of our research and development expenditure is principally invested in projects for increased energy efficiency and climate protection.

choices, control of stormwater runoff, and reductions in erosion, light pollution, and construction-related contaminants.

For the category of water efficiency, low-flow sinks are used, as well as recovered condensate from a state-of-the-art HVAC system. For the "Energy & Atmosphere" category, the building maximizes energy efficiency in many areas while deriving 50% of its electricity from renewable sources.

Highly recycled content in building materials, and reduced transportation distances for materials and furnishings, helped fulfill the "Materials & Resources" category, and certain chemicals in the workplace environment were not utilized. These measures and more contributed to the new headquarters taking the LEED.

### End-to-end solutions

The honors for BASF crossed the continent. BASF Mexicana's corporate headquarters in Mexico City was presented with the award for "Sustainable Building Retrofit" for outstanding achievement in sustainability, an award sponsored by the President of the Mexican Republic at the country's most important construction conference, the annual Expo CIHAC 2012. The award took into account criteria such as reduced water consumption, power savings and the avoidance of greenhouse gas emissions.

At the other end of the continent, BASF Canada was recognized for its sustainability leadership by Sustainability Applied. The company was cited for its success in integrating sustainability into its business strategy, decision-making and operations, and delivering comprehensive value as measured by tangible economic, environmental and social accomplishments.

### World-class

Also in Canada, BASF overall was named to the Global 100 list of the world's most sustainable corporations by Corporate Knights, the Toronto-based media and investment research company. BASF placed 35th on this highly competitive list of 100 top-performing stocks worldwide on a range of sector-specific sustainability metrics. BASF was scored on a set of key

performance indicators (KPIs) relating to resource productivity in conserving water and energy and decreasing carbon and waste.

### Most valuable

BASF had a place at the table when the White House invited it to participate in the discussion on "Greening the Games" in July 2012, celebrating the sports industry's success in adopting innovative sustainable practices. The event focused on the economic and environmental benefits associated with these sustainable practices, including the significant, successful sponsorship by BASF of the Seattle Mariners' "Zero Waste Initiative."

### The A-list

By any measure, BASF has taken a lead role in sustainability, placing once again on three renowned indices of progress in this field.

The company was again included in the global Dow Jones Sustainability Index (DJSI World), recognizing the company for its sustainability engagement in areas such as climate strategy, risk and crisis management and human capital development. The DJSI World is one of the most recognized sustainability indices and represents the top 10% of the largest 2,500 companies in each industry included in the Dow Jones Global Index. BASF was included in the DJSI World for the twelfth consecutive year. The listed companies have to demonstrate continuous improvement every year with regard to sustainability.

BASF also placed among the 10 leading companies in the world in climate protection on the international investor group Carbon Disclosure Project (CDP)'s Carbon Disclosure Leadership Index (CDLI), which listed BASF for the eighth time; as in previous years, BASF was the top scorer in the Materials & Energy sector of the CDLI. BASF was also included in the Carbon Performance Leadership Index or CPLI (which lists companies based on their exemplary performance in climate protection) for the third time — and thus continuously since establishment of that index.

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### From farm to the table

BASF Canada launched a video series called "Conversations on Sustainability" on its AgSolutions YouTube channel. The videos feature conversations between five city dwellers and farmers about how food is grown and how the industry can help make food production sustainable. → [www.youtube.com/agsolutions](http://www.youtube.com/agsolutions)



## Innovation

### Science to solve society's greatest challenges

**BASF is known throughout the world for what we've done — but our reputation will rest on achieving things that no one has seen before. This is the cornerstone of our commitment to innovation.**

BASF keys its innovations to anticipating consumer needs. We're looking at demographic trends, promising new markets and resource balances, and customers are seeing positive progress. Consumers of all ages need more comfort, so we're producing superabsorbent materials for ultrathin diapers. Emollients from renewable feedstock meet the market's desire for sensitive skincare and natural sources. New UV filters promote recreation while protecting health.

#### Seeing the light

BASF is developing light-emitting materials of the future. OLEDs (Organic Light Emitting Diodes) can achieve brilliant colors and fit in extremely thin and flexible components. Lighted surfaces and information displays can be even simpler and more responsive when semiconducting inks, with which to print circuitry, are developed. OLEDs consume only half the electricity of even current energy-saving lamps, and are projected to generate \$20 billion (€15.5 billion) in sales by 2020. A pioneering partnership between BASF and Philips is producing transparent car roofs made of solar-powered OLEDs that can light the car while letting in the sky. The range of colors, the inventory of rising product classes — including organic Radio Frequency Identification tags (RFIDs) — the spectrum of possibilities is opening up, with BASF chemistry.

#### Corn principles

BASF is exploring genetic modification to help both crops and farmers adapt to climatic conditions like drought, so that corn yields are consistent even in times that pose challenging potential environmental limitations. Growing populations need farmers to grow more, but agricultural land area may be shrinking with a rise in temperatures and desertification. The area that farmers already have needs to securely produce more, and resilient

genes introduced to current corn strains can stand up to drought stress and help guarantee greater yields even in years when conditions are not favorable. To meet the nutritional needs of the nine billion people estimated to be living on planet Earth by 2050, such strategies are critical — and BASF is conducting 250 farm trials to bring this future to the surface.

#### Leading the charge

Customer demand and increasing government regulations are driving new paths in the auto industry — emission limits and the need for economical energy-efficiency are advancing electromobility, with millions of new battery-powered vehicles projected for the coming years. BASF is helping set the pace by providing materials for state-of-the-art lithium-ion batteries and R&D for future lithium-sulfur and lithium-air systems. Consumers think energy when they think of electric cars, but the core is chemistry — the storage possible with state-of-the-art batteries saves energy, innovations in "lightweighting" while optimizing how much energy can be yielded from the weight of the battery facilitates widespread use of this form of power, and renewable or CO<sub>2</sub>-optimized materials are key. BASF has made a multimillion-dollar investment, including the flagship cathode materials plant in Elyria, Ohio and collaborations with the Department of Energy. As cities rise and demand expands while resources become more precious and climate control remains crucial, BASF will become a central supplier for the ways we can all move safely into a successful future.

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#### Doorways to advancement

The new BASF North American headquarters' Innovation Center is a gallery of the next steps in technology and society, placed right next to the headquarters' front door. Its online counterpart, the Virtual Innovation Center, brings the same engagement and education to online visitors around the clock and across the globe. → <http://innovation-center.basf.us/>





## Markets and customers

### Innovation at work

**BASF is behind the scenes and at the front of the market in solutions that improve and ease people's lives every day. We work through a number of companies who are our customers, to serve diverse markets which bring what's needed and what's new to their customers as well.**

#### Pillars of progress

When it's completed, One World Trade Center (OWTC) in New York City will be the tallest building in the USA — and it will need pillars made from concrete and steel that are able to withstand a pressure equivalent to the weight of a small car resting on the area of a postage stamp. Two key factors in ensuring this success from concrete manufacturer Eastern Concrete are the Glenium® admixtures from BASF, which give the concrete high durability and compressive strength, and BASF's Green Sense<sup>SM</sup> program.

This service enables concrete mixes to be optimized and large parts of the cement clinker to be replaced by recycled materials, such as blast furnace slag. This saves a great deal of energy and resources: the concrete mix used for OWTC consumes 27% less energy and 21% fewer raw materials compared with conventional concrete mixes. In addition, the CO<sub>2</sub> emissions are 42% lower.

#### Polished skills

BASF delivers cost and time savings for professional floor cleaners in the USA, with Basotect® W, an improved version of a melamine resin foam that's used as a floor pad in standard cleaning machines. Everyone has seen these machines, which are special industrial equipment used for polishing, scrubbing, and removing layers of grease and heavy dirt.

The new type of pad system offers advantages to the trade; the pad does its job without the use of aggressive cleaning agents. Basotect works like soft sandpaper; all you need to do is add water or very mild cleaning solution to thoroughly clean floors. In addition, cleaning companies save time: compared with the usual process, which involves scrubbing and then the application of wax protective layers, the Basotect pad does not take the luster off the floor. In addition, Basotect W is certified to be harmless to

health when used or processed. No dangerous substances are released or absorbed through the skin.

BASF works with Americo Manufacturing to supply the pad system, and Queen City Manufacturing to convert the melamine to customize products.

#### Above and BEYOND

BEYOND Applied Building Science is a service concept of the BASF Center for Building Excellence, offering consulting, plan reviews and other services to assist builders in constructing homes that go beyond typical new construction in a wide range of metrics and features.

The program emphasizes cost-effective techniques to reach an extraordinary level of efficiency. All homes built to the BEYOND requirements must achieve a Home Energy Rating System (HERS) index score of 50 or lower, meaning they require only 50% (or less) of the energy of a conventional code-built home.

A central idea in the BEYOND program is that sustainable construction isn't sustainable if it's not affordable, and BEYOND helps deliver cost-effective, high-performance homes in a win-win-win for the builder, the homeowner and the planet.

BASF supports builders by modeling the performance of various systems and materials, which helps guide their choices and results in an overall level of cost efficiency they would otherwise not achieve.

#### The main ingredient

BASF's Pharma Ingredients & Services business unit has been moved from Evionnaz, Switzerland, to Florham Park, New Jersey. This strengthens BASF's presence in one of the world's largest and most innovative markets for pharma products. BASF makes and markets a broad range of active ingredients and excipients, as well as exclusive synthesis services, for the pharmaceutical industry. These products are made to the highest quality standards, using the latest technologies, and in compliance with FDA "current Good Manufacturing Practice" (cGMP) guidelines.

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#### The BASF bounce

The midsole of adidas' new running shoe Energy Boost, available worldwide since February 2013, is made of BASF's new particle foam which exhibits outstanding rebound properties together with good stiffness properties. The material is the first expanded thermoplastic polyurethane (E-TPU). It is a closed-cell elastic particle foam consisting of individual beads. The Energy Boost running shoe was developed by adidas together with BASF.

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## Investments in North America Growing at a rapid rate

**BASF provides the essential solutions that generate expanding profits — but we're as smart in what we spend as we are successful in what we make. The last year has seen major investments in facilities and strategic acquisitions of significant capability.**

### The Chemical Company you keep

Growth was cultivated in the established areas that keep BASF strong as well as the cutting-edge industries that secure its future.

Construction began in June on a new plant in Geismar, Louisiana to manufacture surfactants (used in consumer, industrial and pharmaceutical applications). This new state-of-the-art facility offers a sustainable long-term platform for BASF's care chemicals products.

Also in Geismar, BASF broke ground on a world-scale production plant for formic acid in October. The new facility, with an annual capacity of 50,000 tons, will serve BASF's customers who use formic acid as an eco-friendly solution in a wide range of applications such as animal feed preservatives, roads and runway de-icing, household and industrial cleaning, pharmaceutical and other chemical intermediates, and promotion of oil and gas extraction.

In Freeport, Texas, BASF announced plans to build a new production plant for emulsion polymers at its existing site there. The new plant will allow BASF to better serve several fields, manufacturing acrylic emulsion polymers used for architectural coatings, construction chemicals, adhesives, and the paper chemicals industry.

### Breaking ground in plant sciences

The largest individual acquisition in the reporting period was Becker Underwood, headquartered in Ames, Iowa. The company is one of the leading global providers of technologies for biological seed treatment and seed treatment colors and polymers, as well as products in the areas of biological crop protection, turf and horticulture, animal nutrition and landscape design. With this transaction, we have considerably strengthened our position on the market, particularly in the area of seed treatment. In order to

take account of the growing significance of this business, we established a global strategic business unit in the Crop Protection division called Functional Crop Care. The unit merges our research, development and marketing activities in the areas of seed treatment, biological crop protection, plant health, and water and resource management with those of Becker Underwood, pooling and fortifying them.

### Battery power

BASF showed its commitment to the battery industry that will power the future of transportation when it opened the advanced cathode materials manufacturing plant in Elyria, Ohio in November. The materials manufactured at the plant will be used by BASF's customers to produce advanced lithium-ion batteries that will propel current and next-generation hybrid and full electric vehicles, helping drive the advancement of electromobility in North America and around the globe.

BASF invested more than \$50 million, supported by a grant of approximately \$25 million from the U.S. Department of Energy. In addition, BASF was selected as one of only two licensed suppliers of Argonne National Laboratory patented Nickel-Cobalt-Manganese (NCM) cathode materials, which employ a unique combination of lithium and manganese-rich mixed metal oxides, particularly well suited to the production of lithium-ion batteries for automotive and other high-end applications.

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### A colorful beginning

More than 100 guests attended a ceremonial ground-breaking for a new plant in Freeport, Texas, which welcomed the Dispersions and Pigments and the Paper Chemicals Businesses to the site. The plant, projected to be completed and online in mid-2014, will provide work for more than 20 employees and more than 150 contractors during peak construction.

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## "We create chemistry" world tour

### Bringing big ideas and inspiration to North America

**At BASF, "We create chemistry" is our strategy, and our way of life. The compounds that need to come together for reliable and innovative materials and products in many industries are mirrored in the diverse talents and perspectives of BASF's workforce. The chemistry we create together changes the course of our business and improves the path of our lives.**

This message traveled the globe as BASF's strategy was rolled out, literally, across all our North American territory in the "We create chemistry" world tour.

#### Showing the future

The tour was a dynamic exhibit which told BASF's innovation story to almost 7,000 employees and external stakeholders in six North American cities in 2012.

By drawing connections between chemistry and our daily lives, it brought new meaning to the work each of us does for BASF. Customers and employees left the experience with greater knowledge of BASF, as well as a fresh perspective on our changing planet and their place in it.

As BASF colleagues all over the world strive to create value as one company, the events gave everyone a basic understanding of the scope of BASF's capabilities.

#### Flying off the shelf

It was a showcase of eye-opening and inspiring initiatives and ideas, captivating hearts and minds of stakeholders across the BASF community. From March to June, the "We create chemistry" world tour stopped in Detroit, Michigan; Florham Park, New Jersey; Charlotte, North Carolina; Mexico City, Mexico; Houston, Texas; and Toronto, Ontario.

The ambitious four-month tour had the exhibit racing from city to city with a common goal: to create a shared experience for all employees and stakeholders, not just in the region but

across the globe. Months of planning, extraordinary teamwork, excellent implementation and collaboration by the Communications department contributed to each resoundingly successful event.

#### Next big things

For seasoned employees the tour was a reintroduction to what keeps BASF new, but for more than 1,000 incoming employees, it was an initiation to the culture and principles that make BASF unique. With its emphasis on the future and BASF's global strategy, the tour was the perfect backdrop for the new regional onboarding program "Welcome to BASF – We create chemistry in North America." Held in tandem with the "We create chemistry" events, this program offered an in-depth look at who we are and what we do.

The "We create chemistry" world tour overall was a lesson in what BASF can achieve with its We create chemistry strategy – cooperation, collaboration and communication to create new solutions. For executives and employees alike, that means living the strategic principles in interactions with customers, stakeholders and – most importantly – each other.

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#### "We create chemistry" world tour

Innovations are the foundation of our long-term success as the world's leading chemical company and they are the key to solving the global challenges of the future.



Michigan Governor Rick Snyder and Hans Engel, Chairman and CEO of BASF Corporation, tour the "We create chemistry" world tour in Detroit, Michigan.



Employees enjoy world-class innovation at the "We create chemistry" world tour.



Jurron Bradley, Clean Energy Market Manager, explains the future of wind energy.

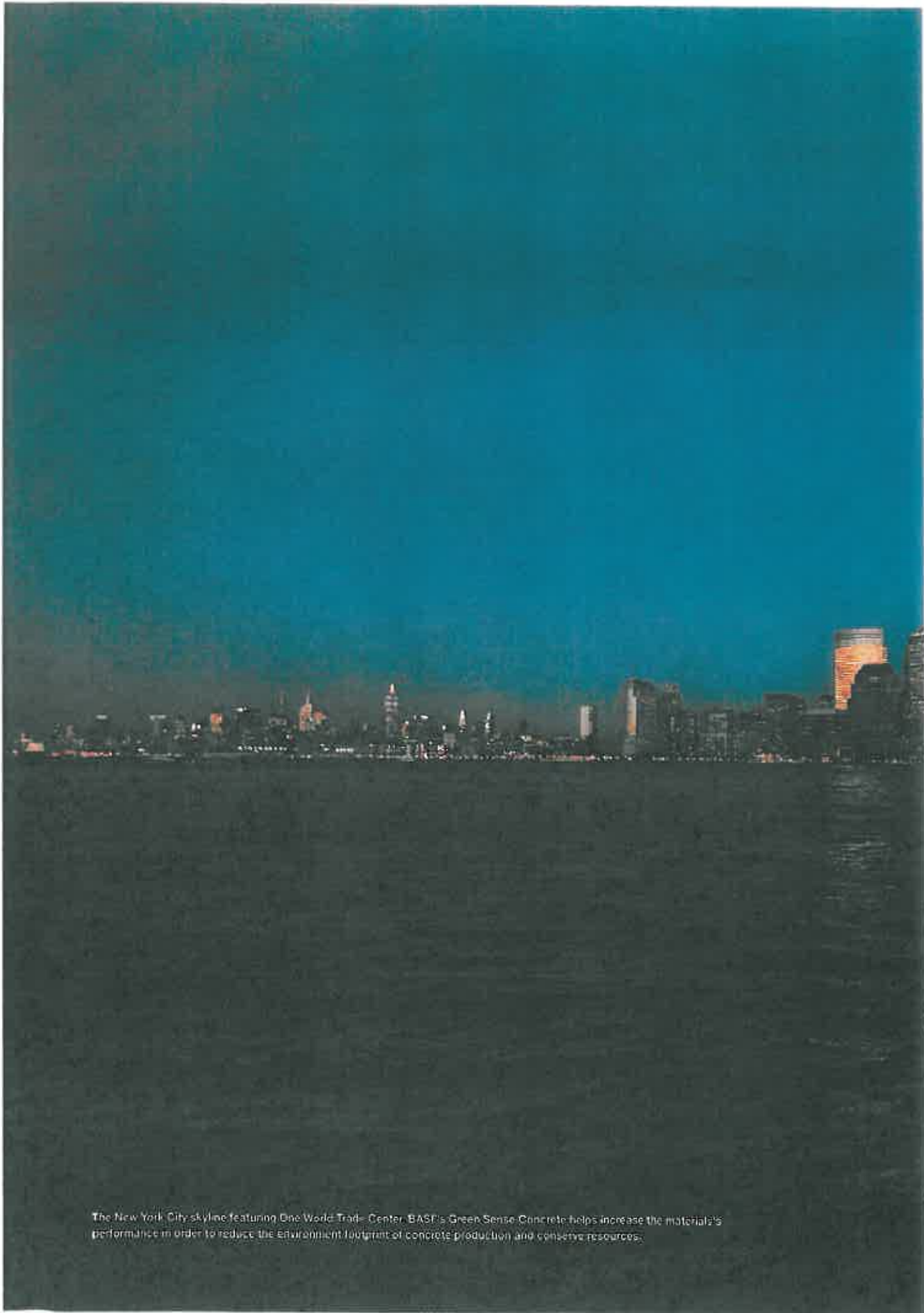


The smart forvision concept car was a collaborative effort between BASF and Daimler, draws a crowd in Florham Park, New Jersey.

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### As the world changes

We create chemistry to help power, move, house and feed a growing world population by innovating in the following areas: wind and solar power, biotechnology, energy-efficiency, sustainable construction, water treatment and fuel cell technology.



The New York City skyline featuring One World Trade Center. BASF's Green Sense Concrete helps increase the material's performance in order to reduce the environment footprint of concrete production and conserve resources.

## The year 2012

A review of the highlights

### January

#### January 20

BASF announces that it will establish the global headquarters of its BASF Plant Science business at Research Triangle Park (RTP), North Carolina, to focus on main markets in North and South America.

### February

#### February 14

BASF announces that it has acquired Ovonic Battery Company, a wholly owned subsidiary of Energy Conversion Devices Inc.

#### February 15

BASF announces a \$33 million (€26.7 million) investment to expand its facilities in Research Triangle Park (RTP), North Carolina. Nearly 80,000 square feet of office, laboratory and greenhouse facilities will support the company's plant biotechnology and insect control research.

#### February 22

BASF opens a new white biotechnology and microbiology research center in Tarrytown, New York. In the new laboratory, scientists will work to develop new antimicrobial products for medical technology, hygiene and health care.

#### February 27

BASF Canada receives Cascades' Sustainable Supplier Award for the environmental and economic impact of BASF's LUREDUR® product. Used in plants for container board, it increases productivity and reduces the amount of energy required.

### March

#### March 27

"We create chemistry" world tour starts in North America. Employees learn how BASF innovations are designed to meet society's current and future needs.

### March 12

BASF announced its financing of Allylix, a U.S. based renewable specialty chemicals company whose technology enables the development of renewable specialty chemicals for use in flavor and fragrance, food ingredients, and cosmetics.



## ● April

### ● April 21

The Seattle Mariners, one of the greenest clubs in Major League Baseball, teams up with BASF to inspire its fans to follow its lead and start striking out landfills at home. The Saturday, April 21 Mariners-Chicago White Sox matchup marks the launch of "Sustainable Saturdays," a season-long program at Safeco Field to promote the kind of environmentally-conscious practices that have earned the club the prized position of number one in energy efficiency and number two in recycling in Major League Baseball.

### ● April 26

A new paint application center and an expanded development laboratory were inaugurated at BASF's production site in Tultitlán, Mexico. The new facility will support activities for the automotive industry including technical service for basecoats, pigments and dispersions, as well as the introduction of new colors.

## ● May

### ● May 4

BASF announces plans to build the only production plant for formic acid in North America at its integrated Verbund site in Geismar, Louisiana.

## ● June

### ● June 14

BASF opens a newly expanded food technology & applications center in Tarrytown, New York.

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### May 10

BASF celebrated the official opening of the new North American Headquarters in Florham Park, New Jersey.

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## July

### July 16-26

Students from across the U.S. explore chemistry and careers at the BASF Science Academy, a two-week summer science program at Fairleigh Dickinson University in Madison, New Jersey.

### July 26

BASF Corporation was awarded the 2012 Reclamation Award by the Georgia Mining Association. This is the top environmental honor for reclamation of mining land in the state of Georgia, and recognizes BASF's efforts to return mined lands to their natural state. This marks the third time in four years that the BASF Middle Georgia Kaolin site has received the prestigious award.

## August

### August 13

BASF Canada employees participate in a United Way "Day of Caring" event by helping paint the inside of the Goodfellows warehouse in Windsor, Ontario, which is used to store food items for the organization's school breakfast programs and also serves as a distribution site for food baskets at Christmas.

## September

### September 10-14

BASF sites worldwide recognized the first ever Global Safety Days.

### September 11

*EHS Today* named BASF one of "America's Safest Companies," a ranking that recognizes organizations who demonstrate exceptional commitment to EHS and who have made safety an integral part of their business model.

### September 20

BASF announces plans to acquire Becker Underwood, one of the leading global providers of technologies for biological seed treatment and seed treatment colors and polymers.

### September 26

BASF launched a new Construction Centre in Toronto. The new facility offers on-site service and support as well as manufacturing and warehousing capabilities, and is centrally located to ensure optimal service to customers in the construction industry.

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### September 6

BASF opens a new research lab for thermoplastic polyurethanes (TPU) in Wyandotte, Michigan. A multi-disciplinary team will work to discover new products for the American automotive, construction, sports and leisure industries.

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## October

### October 1

BASF announces that its Pharma Ingredients & Services business unit will be relocating its global headquarters from Evionnaz, Switzerland, to Florham Park, New Jersey.

### October 3

The BASF Mexicana headquarters receives the "People's Choice" award at "Obra del Año" ("Work of the Year"), an annual contest organized by the renowned architecture magazine "OBRAS" ("Works").

### October 24

BASF's North American headquarters building officially becomes the fifth construction project in the United States and the first in New Jersey to achieve Leadership in Energy and Environmental Design (LEED®) double-Platinum certification, a score denoting exceptional environmental performance.

### October 25

BASF announced today that its West Memphis, Arkansas, administration building has achieved Silver certification from the LEED rating system.

### October 26

BASF is selected for both Carbon Disclosure Project (CDP) indices, which acknowledge BASF's success in climate protection transparency and performance.

### October 19

BASF is listed in the Dow Jones Sustainability World Index: the company was recognized for its sustainability engagement in areas such as climate strategy, risk and crisis management and human capital development.

## November

### November 7

Habitat for Humanity recognizes the BASF site in Wyandotte, Michigan, for its spirit of partnership with a "2012 Sponsor of the Year" Award.

### November 9

BASF announces that it will donate up to \$1 million (€800,000 million) to support Hurricane Sandy relief and recovery in the Northeast.

### November 12

BASF announces plans to build a new production site for emulsion polymers at the "Verbund" site in Freeport, Texas. The new plant will allow BASF to serve the coatings, construction, adhesives, and paper industries.

### November 13

BASF celebrates the grand opening of a new cathode materials production plant in Elyra, Ohio. The materials will be used by BASF's customers to produce advanced lithium-ion batteries that will propel current and next-generation hybrid and full electric vehicles.

### November 28

BASF completes the acquisition of Becker Underwood from Norwest Equity Partners, a U.S.-based private equity investment company, for a purchase price of US\$1.02 billion (€785 million).

## December

### December 10

BASF receives the 2012 Educational Outreach Award from the Society of Chemical Manufacturers and Affiliates (SOCMA) in recognition of the company's efforts to enhance chemistry education across the U.S.





## Strategic areas

### Overview

**In 2050, around nine billion people will live on this planet. On the one hand, this population growth is associated with enormous global challenges; but, we also see many opportunities, especially for the chemical industry. We expect the chemical industry to grow particularly strongly in the emerging economies, and that these markets will account for around 60% of global chemical production by 2020. Innovations based on chemistry will play a key role in three areas in particular:**

#### Resources, environment and climate

Dramatically rising energy demand is one of the world's most pressing challenges. In addition, access to clean water and other non-renewable resources is becoming increasingly important.

#### Food and nutrition

A growing world population obviously needs correspondingly more food. And it will be necessary to enhance nutrition quality.

#### Quality of life

Population growth and globalization present further challenges. Aspirations differ greatly from region to region and among different social groups, but there is a common ambition: people want to improve their individual quality of life.

BASF's products and solutions will contribute to conserving resources, ensuring healthy food and nutrition, and improving quality of life. Sustainability and innovation will be significant driving forces.



Resources, environment and climate



Food and nutrition



Quality of life

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### We create chemistry for a sustainable future

We combine economic success, social responsibility and environmental protection. Through science and innovation, we enable our customers in almost all industries to meet the current and future needs of society.

## Resources, environment and climate

### Using wind energy more profitably

**The increasing demand for energy worldwide presents us with a number of challenges. At the same time, it is more important than ever to conserve resources and to protect the environment and climate. As an environmentally friendly energy source, wind energy especially is on the rise, already constituting a fixed component of both current and future energy concepts around the world. Solutions by BASF help to make constructing new wind turbines more efficient and operating them even more cost-effective.**

#### Wind turbines withstand the forces of nature

In 1887 James Blyth built the first wind energy turbine to supply the electricity needed to light his vacation home in Scotland. Today, it is no longer possible to imagine renewable energy generation without including wind energy. The growth in the wind energy sector makes high demands of turbine manufacturers: New wind farms are expected to be connected to the grid quickly and wind turbines must resist weathering for a long time.

Whether wind, rain, hail, snow or heat – the power of nature puts a strain on all components. BASF products help to make constructing new turbines more efficient and operating them more cost-effective: Special mortars from BASF's Masterflow® 9000 line provide a lasting, solid bond between the tower and foundation. They resist strong, ever-changing stress factors over the wind turbine's entire lifespan. In turbine construction, they flow especially well and harden quickly, even at temperatures around zero degrees. This is how wind farms both on land and at sea can be erected in rough weather quickly, safely and cost-effectively, and can remain in operation for a long time.

#### Durable rotor blades both outside and inside

The rotor blades are also exposed to enormous strain. For example, raindrops at heights of 100 meters and speeds of nearly 300 kilometers per hour can do real damage. To shield the blades, manufacturers adopt BASF's Relest® Wind multi-layer coating system, which is based on the specialty plastic material polyurethane: A special coat applied to the rotor blade protects it from environmental factors like moisture and UV rays. Small irregularities on the surface are smoothed out with a putty. Finally, a topcoat and edge protection prevent wear and tear on the blade.

BASF products also provide support from the inside: With speeds of nearly 300 kilometers per hour at the tip, a 40-meter-long rotor blade copes with a stress load equivalent to the weight of a dozen cars. To maintain this performance over a 20-year lifespan, modern rotor blades are made from glass or carbon fiber mats bonded using BASF's Baxxodur® epoxy systems. The fibers are soaked in a fluid which acts as a dual-component adhesive: When heated, synthetic epoxy resins and hardeners react to form a high-strength plastic. In addition, BASF's Kerdyn® PET (polyethylene terephthalate) foams stabilize the blades from the inside.

#### Reliable turbine gearboxes

Just like in a car engine, the oil in a turbine's gearbox also needs to be changed regularly. To extend the time between expensive and time-consuming oil changes, BASF offers synthetic motor oils consisting of more than 50 percent renewable and biodegradable raw materials. The Emgard® high-performance lubricants and ProEco® hydraulic fluids last significantly longer than standard mineral oils. Furthermore, they remain fluid and stable even at temperatures below 50 degrees Celsius.

→ For more, visit [www.windenergy.basf.com](http://www.windenergy.basf.com)

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#### For the more efficient use of wind power

From foundation to the tips of the rotor blades — at every point on a wind turbine, BASF products help make the manufacture and construction of new turbines more efficient and their operation more cost-effective.



## Food and nutrition

### Promoting health worldwide

**In many parts of the world, especially in developing areas, people suffer from hunger and malnutrition due to the limited availability of affordable, nutrient-rich foods. By fortifying foods – for example, with vitamin A, an essential nutrient – BASF contributes to combating malnutrition.**

#### Fighting malnutrition with vitamin A

Vitamin A deficiency is a serious problem in more than 70 countries around the world. According to World Health Organization estimates, 140 million to 250 million children under five years of age suffer from this form of malnutrition, which leads to disease and increased infant mortality rates. Vitamin A is necessary for almost all functions of the human body – including vision, the nervous system, skin, bones and the immune system. Since the body cannot produce vitamin A itself, it must obtain it through the diet. This presents a problem for many people in emerging and developing countries, as they cannot afford the expensive foods that naturally contain vitamin A, like oily fish and meat.

BASF supports governments, development organizations and producers in fortifying affordable staple foods, such as oil, corn, rice and flour, with additional nutrients – a method called food fortification. Foods are therefore enriched with vitamins and minerals that are naturally either marginally present or not at all. To do so, the basic product Citral is converted into vitamin A through a multi-step process. The result is a fat-soluble liquid that can be directly mixed with cooking oil. To add it to solid foods, it is packaged into small beads of starch that keep it stable until consumption, even when exposed to high temperatures, moisture, light or oxygen.



Fortifying staple foods with specially encapsulated Vitamin A can protect people in developing countries from the consequences of malnutrition.

#### Healthy fatty acids

Cardiovascular disease and strokes are on the rise, especially in the industrialized nations. Long-chain omega-3 fatty acids, such as those contained in oily fish, offer effective protection from these maladies. Since only very few people eat enough fish to cover their omega-3 requirements, these fatty acids are added to foods and pharmaceutical products. In nutritional applications, particularly as a dietary supplement, essential fatty acids have a beneficial effect on health – promoting, for example, eye, brain and heart health. In pharmaceutical products, highly concentrated omega-3 fatty acids are used to treat, for example, heart attacks.

Growing awareness of the health benefits of omega-3 fatty acids ensures a steady increase in demand for these products. Through its joint project with the food producer Cargill; the acquisition of Equateq Ltd. – now BASF Pharma Callanish – a U.K.-based producer of highly concentrated omega-3 fatty acids; and the acquisition of the Norwegian company Pronova BioPharma, BASF has taken a leading position in the worldwide market for omega-3 fatty acids.

→ For more, visit: [basf.com/humannutrition](http://basf.com/humannutrition) and [www.food-fortification.com](http://www.food-fortification.com)

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#### For fighting malnutrition

BASF supports governments, development organizations and producers in fortifying affordable staple foods, such as oil, corn, rice and flour, with additional nutrients – a method called food fortification. Foods are therefore enriched with vitamins and minerals that are naturally either marginally present or not at all.

## Quality of life

### Comprehensive skin protection

**We all like a walk on a beautiful sunny day but keeping skin healthy and providing reliable protection even on the sunniest days requires the right combination of UV filters. Sunscreens and personal care products made with BASF's UV filters absorb harmful UV rays, turning them into harmless heat, allowing you to enjoy sunny days without regrets.**

#### **BASF's active ingredients protect and nurture**

Whether on vacation or in the yard at home – enjoying the sun for too long without skin protection can increase the risk of sunburn. This skin-damaging redness is mainly caused by short-wave UVB rays, a part of the ultraviolet spectrum. For a long time, the long-wave UVA rays – comprising 90% of all ultraviolet light that reaches the Earth – were considered harmless. Yet these, too, damage the skin. Without sufficient protection from the right products, UV rays penetrate the skin. They are the main cause of both sunburn and premature aging of the skin, and can contribute to the development of skin cancer.

BASF's innovative Uvinul®, Tinosorb® and Z-COTE® product lines encompass UVB, UVA and broad-range UV filters which absorb penetrating rays and transform them into harmless heat. They are highly resistant to light and offer long-lasting, reliable skin protection, even in the blazing sun.

#### **Daily skincare products for overall protection**

We are exposed to UV rays even when we are not sunbathing: under a cloudy sky, in partial shade or behind windows. This can lead to chronic tissue damage, where the skin loses elasticity and moisture, and wrinkles appear or deepen. BASF's particularly light-resistant UV filters, Tinosorb M, Tinosorb S and Uvinul A Plus, especially protect the skin from UVA rays by efficiently intercepting them. This considerably reduces the formation of free radicals – highly reactive, aggressive bonds – in the skin.

UV filters catch the incoming rays and turn them into harmless warmth, as absorber molecules process the energy without reacting with other molecules or being destroyed. The energy undergoes a short-term, internal rearrangement reaction: The intercepted UVA rays excite the molecule, and a hydrogen atom migrates to another position within the molecule. When converted back into its original state, the energy absorbed as UV light is gradually released as heat, allowing the molecule to absorb further radiation energy.

Tinosorb®, Uvinul® and Z-COTE® brand UV filters are also water resistant and feel comfortable on the skin. They are easily combined with other cosmetic ingredients and incorporated into sunscreens and personal care products.

→ For more, visit [basf.com/care-chemicals](http://basf.com/care-chemicals)

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#### **For skin that loves the sun**

BASF's UV filters Uvinul and Tinosorb® protect against both UVA and UVB rays, and are easily incorporated into sunscreens and personal care products. They absorb harmful UV rays and turn them into harmless rays of heat, allowing you to enjoy sunny days without regrets.



## Environment and safety

### Our license to operate

**We act responsibly as an integral part of society. We never compromise on the safety and security of our employees, contractors and neighbors or our facilities, transportation and products. Our Responsible Care Management System sets out the framework for our voluntary commitments.**

#### Climate protection

We want to reduce greenhouse gas emissions in our production and along the entire value chain. We have been performing measures such as those for the reduction of nitrous oxide in our production since as early as 1997. These have been implemented to a large extent, along with our major projects for the efficient generation and use of steam and electricity. Around 50% of BASF Group emissions in 2012 resulted from steam and electricity generation in our power plants as well as in our energy suppliers' power plants. We want to further reduce these emissions with the help of numerous smaller measures and projects to increase energy efficiency. To do so, we rely on energy management help us analyze and continue improving energy efficiency at our plants.

As a company in an energy-intensive industry, our success also depends on the long-term security and competitiveness of our energy supplies. We implemented a Group directive in 2012 that aims to further improve the reliable and economical supply and use of energy at our sites. It contains requirements for the efficient use of energy and the preparation of energy concepts as well as for the verification of supply reliability.

We offer our customers solutions that help reduce greenhouse gas emissions and improve energy efficiency. About a third of our annual research spending goes toward the development of these products and processes.

In 2012, BASF was recognized by the Georgia Mining Association (GMA) and was awarded the top environmental honor for reclamation of mining land in the state of Georgia. This award recognizes BASF's efforts to return mined lands to their natural state and marks the third time in four years that the BASF Middle Georgia Kaolin site has received the prestigious award.

#### Emissions to air

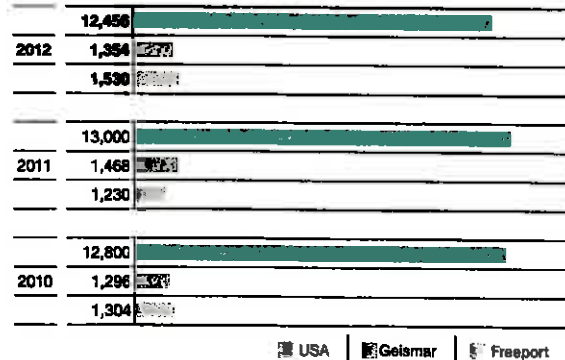
We want to further reduce emissions to air from our operations. We have established standards for doing so in a global directive.

Regular monitoring of our emissions to air is a part of environmental management at BASF. In addition to greenhouse gases, we also measure emissions of other pollutants into the atmosphere.

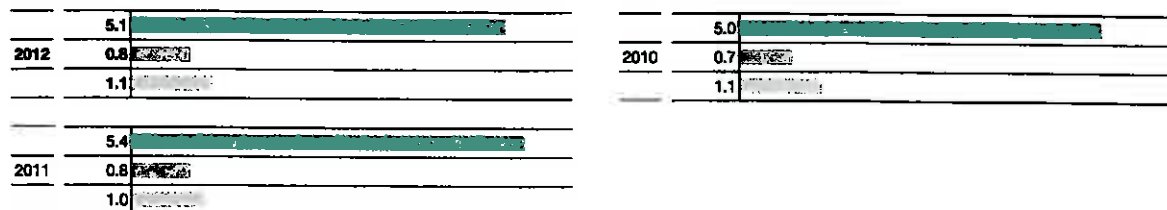
By 2020, we aim to decrease absolute emissions of air pollutants from our chemical plants worldwide by 70% in comparison with baseline 2002. In 2012, the decline was 63.1%; we reduced emissions to 31,580 metric tons (2011: 59.9%; 34,364 metric tons). Emissions of ozone-depleting substances as defined by the Montreal Protocol totaled 44 metric tons in 2012 (2011: 62 metric tons), while emissions of heavy metals totaled 3 metric tons (2011: 3 metric tons).

We offer our customers products that enable them to reduce emissions of air pollutants. For example, we develop catalysts for diesel engines that reduce both nitrogen oxides and particulate emissions in traffic.

**Air pollutants (w/o CH<sub>4</sub>)**  
CO, NOx, NMVOC, SOx, dust, NH<sub>3</sub>/other inorganics (Metric tons)



**Greenhouse gas emissions (total) CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFC, PFC, SF<sub>6</sub>** (Million metric tons of CO<sub>2</sub> equivalents)





**Energy**

We are committed to energy efficiency and global climate protection. We make an important contribution with our efforts to further reduce emissions along our value chain, as well as with our climate protection products. The conservation of resources is also one of our fundamental principles. We use efficient technologies to generate steam and electricity as well as energy-efficient production processes, and have implemented comprehensive energy management.

In 2012, BASF received six awards from the American Chemistry Council (ACC) for success in implementing innovative, energy-saving improvements in corporate energy management and manufacturing operations. The awards are in recognition of significant energy management process enhancements made at BASF manufacturing sites in 2011. BASF received awards for projects in the following categories:

**Energy Efficiency Program – Corporate/Business Unit**

- BASF Corporation, for Corporate Energy Management Process, Exceptional Merit.

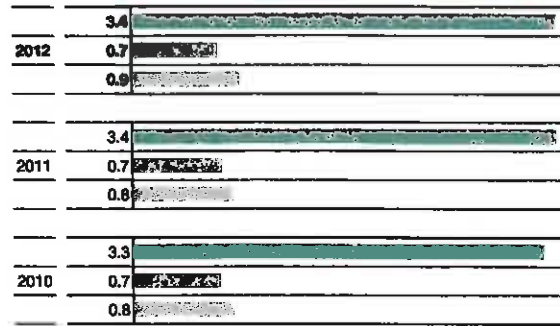
**Significant Improvement in Manufacturing – Operating Unit**

- BASF's Geismar, Louisiana site, for Ethylene Oxide Plant Vent Gas Study.
- BASF's Jackson, Mississippi site, for Flash Dryer Heat Recovery.
- BASF's McIntosh, Alabama, site, for Production Schedule Optimization.

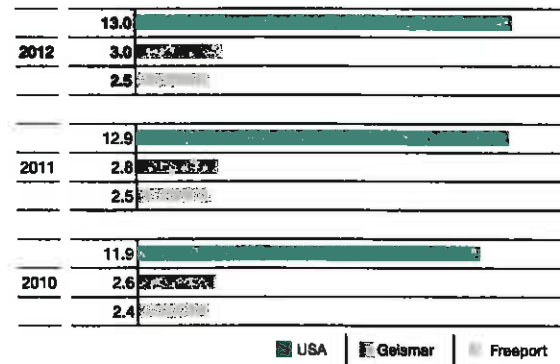
**Significant Improvement in Manufacturing – Plant Site**

- BASF's Geismar site Methylene Diisocyanate (MDI) plant, for Steam Pressure Optimization.
- The BASF TOTAL Petrochemicals, LLC site in Port Arthur, Texas, for fuel System Optimization.

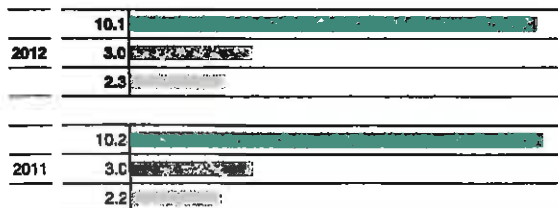
**Electricity consumption (total) (Million MWh)**



**Steam consumption (total) (Million metric tons)**



**Fuel consumption (total) – central power plants and boilers (Million MWh)**



**Water**

We use water as a cooling medium, solvent and cleaning agent, as well as to produce our products. We are committed to responsible water use along the entire value chain. To this end, we have set ourselves global goals.

We aim to use water as sparingly as possible and further reduce emissions to water. Water quality and availability vary substantially from region to region. We want to introduce sustainable water management at production sites in water stress

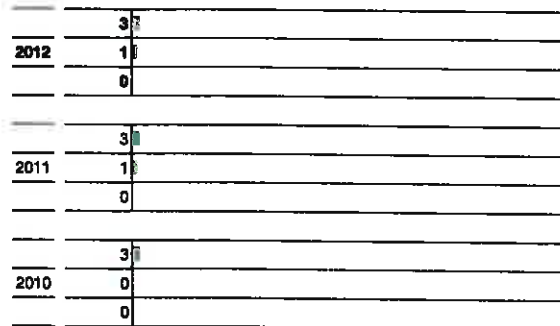
areas. In order to continue improving our processes and identify further potential for environmental protection, especially in water use, we established a globally active group of experts in 2012.

We analyze water risks in the supply chain. We offer our customers solutions that help them to purify water, use it more efficiently and reduce pollution. In 2012, we invested in NanoH<sub>2</sub>O in 2012, a U.S. company that produces membranes which aid in desalinating seawater.

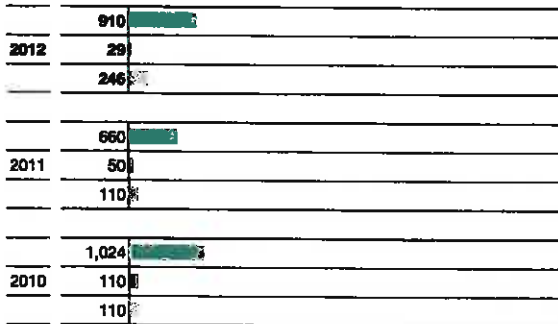
**Emissions to water (total) – Organic substances (COD) (Metric tons)**



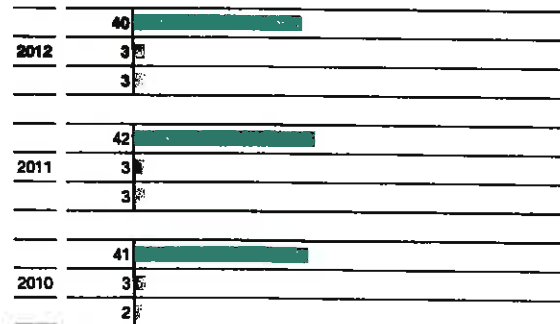
**Emissions to water (total) – Heavy metals (Metric tons)**



**Emissions to water (total) – Nitrogen (Metric tons)**

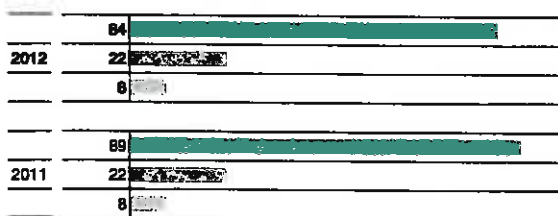


**Water used for production (total) (Million cubic meters)**

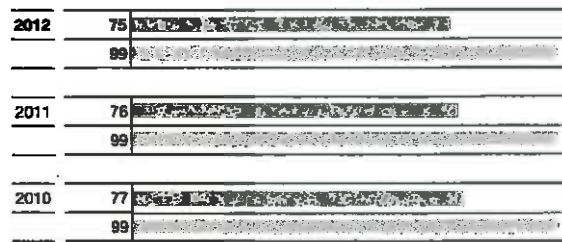


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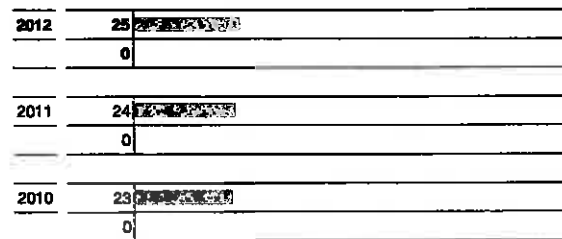
**Water supply (total) (Million cubic meters)**



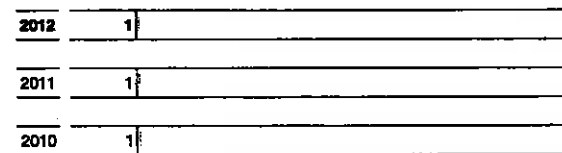
**Water supply by source (Verbund sites only) – Surface water (percent)**



**Water supply by source (Verbund sites only) – Ground water (percent)**



**Water supply by source (Verbund sites only) – Drinking water (percent)**

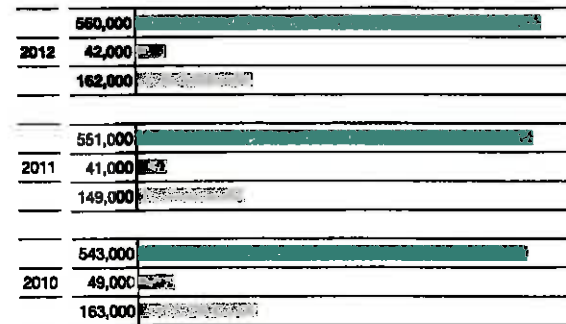


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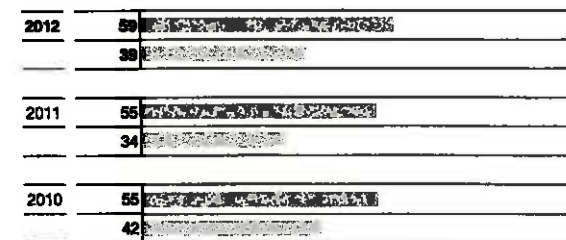
**Waste**

We aim to prevent and reduce waste. If no recovery options are available, we dispose of waste in a correct and environmentally responsible manner. We regularly carry out audits to inspect external waste management plants and ensure that our hazardous waste is correctly disposed. In 2012, we began creation of a central database to collect data on our contaminated sites worldwide. This will enable us to a global standard for the responsible and environmentally sound management of contaminated sites.

**Total amount of waste (Metric tons)**

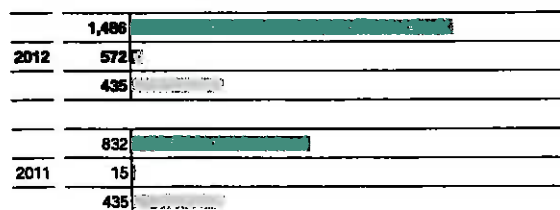


**Disposal of waste (Verbund sites only) – Incineration (percent)**

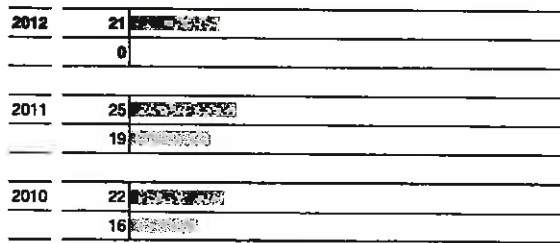


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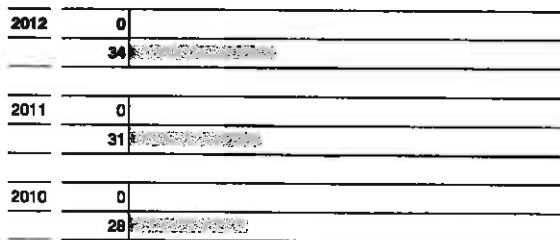
**Water used for cooling (total) (Million cubic meters)**



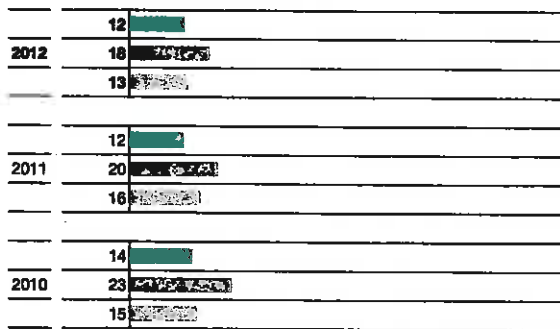
**Disposal of waste (Verbund sites only) – Landfill (percent)**



**Disposal of waste (Verbund sites only) – Underground storage (percent)**



**Recycling of waste (recycling and thermal recovery) (percent)**



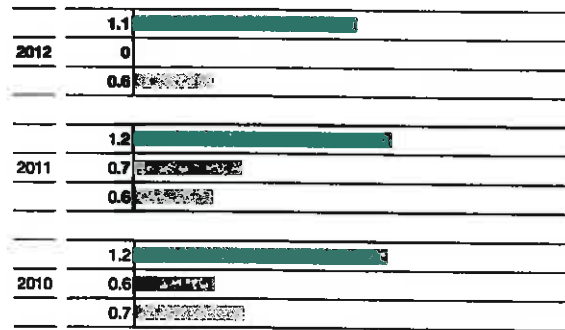
**Occupational health and safety**

In 2005, BASF made a commitment to refocus efforts to further reduce EHS impacts with the goal of becoming the industry leader in EHS practices. BASF developed and implemented the "Journey to EHS Excellence" program, which was designed to drive culture changes and program improvements.

BASF's occupational safety and health program is important because it demonstrates leadership's commitment and encourage them to be engaged in the safety process; sets EHS expectations high; encourages all employees to actively participate in the safety process and be personally accountable; ensure continuous EHS improvement through a "plan-do-check-act" management system; and ingrains safety as a "value," not just a requirement.

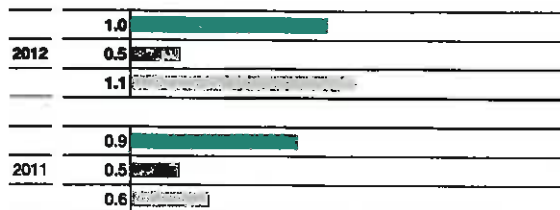
In 2012, BASF's efforts were recognized by *EHS Today* Magazine, which named BASF Corporation and seven other businesses as America's Safest Companies. America's Safest Companies demonstrate support from management and employee involvement; provide innovative solutions to safety challenges; report injury and illness rates significantly lower than the average for their industries; support comprehensive training programs; believe that prevention of incidents is the cornerstone

**Lost time injury rate, contractors (Per million working hours)**



USA | Geismar | Freeport

**Lost time injury rate, BASF employees (Per million working hours)**



USA | Geismar | Freeport

of the safety process; have integrated safety into their corporate culture and communicate the value of safety to employees and customers; and substantiate the benefits of the safety process.

### Responsible Care Management

BASF's Responsible Care Management System (RCMS) is a set of processes, procedures, and guidance documents that help define how BASF will operate as a responsible corporate citizen. The objective of RCMS is to establish and implement the processes BASF uses in North America to achieve compliance with regulatory and BASF requirements, operate safe and environmentally sound facilities, produce safe products, meet Responsible Care® and sustainability commitments and result in a business advantage for our partners. Adherence to the processes in RCMS will drive continuous improvement in performance, and increase the efficiency and effectiveness of EHS-related activities.

### Product stewardship

For us, product stewardship does not end at the factory gates. We review the safety of our products from research to production and finally to our customers' use of the products. We work continually to ensure that our products pose no risk to people or the environment when they are used responsibly and in the manner intended.

In North America, we met our goal of providing publicly available Product Safety Summaries for all of our high-priority substances. These easy-to-read summaries provide health and risk information to our stakeholders and communities. In addition, we are ahead of our target for preparing summaries for substances that are not high-priority, having posted documents for nearly a third of all substances that BASF produces in North America.

In 2012, BASF conducted 13 lifecycle studies in North America using our Eco-Efficiency Analysis and carbon footprint methodologies. In addition, we rolled out our AgBalance™ lifecycle assessment methodology with an evaluation and comparison of growing corn in Iowa in the years 2000 and 2010. The tool enables us to evaluate sustainable practices in agriculture using a variety of indicators and weighting schemes, and can be

used to compare different farming systems, agricultural enterprises, processes and products.

Attendees of the World of Concrete conference and readers of several construction journals voted BASF's Integrated Durability-Sustainability Wizard the "Most Innovative Product" for 2012. The Wizard is a versatile, user-friendly Microsoft Excel-based tool that generates project-based recommendations for concrete admixtures and technologies that address durability and sustainability requirements.

### Process safety and emergency response

When designing a new facility, we apply a five-step review system from conception to startup that takes into account the most important safety, security, environmental and health protection aspects in order to incorporate them early on and observe and review them in every stage of planning. We use a risk matrix to assess risks regarding their estimated probability and potential impact, and to determine appropriate protective measures. In addition, more than 5,000 employees around the world received training in process safety in 2012.

In 2012, we continued the project begun in 2011 to investigate our plants' safety concepts in order to constantly improve the safety of our production facilities worldwide. With this initiative, we are reviewing the implementation of our safety concepts as well as the consistent application of our risk matrix in all plants with medium to high risk potential within 10 years. Incidents at our sites which led to fires, explosions or the release of substances are documented and investigated in detail. This allows us to compare the causes of incidents on a global level and further optimize our processes.

### Chemical transportation safety

Transportation, distribution and warehouse safety are essential parts of our operations. Part of this commitment is BASF's ongoing partnership with the Norfolk Southern railroad and American Chemistry Council's TRANSCAER (Transportation Community Awareness and Emergency Response) group to provide outreach training to local communities.

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### BASF's Mobile Railcar Trainer "Mr. T"

A centerpiece of the program is BASF's Mobile Railcar Trainer – "MR. T." – a rolling tank car classroom equipped with an assortment of railcar equipment and GPS security technology. Using "MR. T.," BASF's Technical Resource and Chemical Emergency Response (TRACER) team members have the ability to simulate railcar leak incidents for hands-on emergency responder training.



## Employees

Empowering, inspiring and engaging our people to create chemistry

**At BASF, we do more than make chemicals, we create chemistry. Nowhere is that more evident than in the chemistry we create with our people, customers and communities.**

This "people chemistry" carries over into how we work to recruit and retain the best talent for today and tomorrow. It is evident in how we help our employees develop their careers and learn new skills, and in how we provide them with comprehensive, competitive benefits that support a healthy mind and body. It is also evident in our commitment to create an inclusive and inspiring work environment where our people can do their best work.

### Forming and developing the best team

As the world's leading chemical company, we compete for the talent in many fields. Working with our customers to solve some of the world's biggest challenges requires thoughtful people who are committed to making a difference. To attract and retain the best, we are focused on creating a robust employer value proposition and brand aligned with BASF's global We create chemistry strategy. Here are some examples of how we are forming the best team:

- Discover BASF Onboarding Program - We welcome new hires through the Discover BASF passport to learning. The 18-month program features courses on financial acumen, career development, and customer focus. New hires attend "Welcome to BASF," a two-day workshop held at corporate headquarters in Florham Park, New Jersey designed to help them understand our business, network with new colleagues, and meet senior leaders.
- Some people join us through our Professional and Leadership Development Programs. These provide selected undergraduates, PhDs and MBAs an opportunity to join BASF in a two-year development program, with rotational assignments including international exposure to jumpstart their career development.

- Regardless of whether you join us right out of school or at a later point in your career, we are committed to helping you develop your career and skill set. Development exchanges and development positions help employees who are interested in gaining experience in a new field to stretch and grow in their careers. Organization-wide Talent Reviews identify and develop our people across businesses and functions. Employees are encouraged to commit to lifelong development through formal training, online learning, coaching and on-the-job experience.
- Mentoring - Everyone can benefit from a mentor at various stages of their career. The BASF NA Mentoring Program is designed to engage and retain talent by helping individuals establish networks, deepen their roots and build skills through engaging in mentoring partnerships that reach across geographic and organizational boundaries.

### Creating value through diversity

Operating in one of the most diverse talent markets in the world, at BASF we value the differences in our workforce as key to the success of our business and to the personal and professional growth of our people. Building an inclusive environment that encompasses diversity of gender, race, experience and points of view is paramount to our future success, to our ability to attract and retain the best people, and to our ability to help expose our customers to a world of ideas and innovation.

We are proud to be one of the "Top 50 Companies for Diversity," as recognized by DiversityInc. We are committed to continued progress in all aspects of building the inclusive and inspiring environment that welcomes people of all backgrounds and talents.

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### Unity loves diversity

At BASF, we understand that diversity—of people, experience, and perspective—is paramount to our future success. We are proud to have been named one of the Top 50 Companies for Diversity by DiversityInc. We are also ranked in the Top 50 Employers for both Women and Minority Engineers.

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BASF was recognized for the first time ever by DiversityInc as a Top 50 Company for Diversity at a special gala in New York City.

**A new way to think about total rewards**

BASF offers many ways to find satisfaction at work and in life. From performance-based incentives to employee discounts to flexible work opportunities, we want our employees to be at their best.

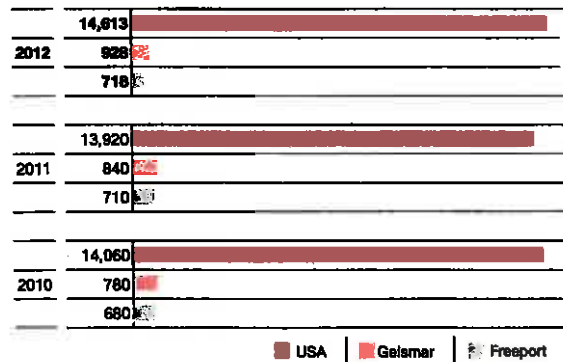
Introduced in 2012, "you@BASF" is a new program that helps our employees rediscover and make use of the breadth and value of their BASF rewards in four key areas: Benefits, Compensation, Development and Work Environment. The program was introduced with a new magazine called *YOU*, and a new Total Rewards Statement website that allows our people to clearly see the full value of all their rewards, from base pay and benefits to special perks and training courses.

We also introduced a new Wellness Program called "Healthy You." The program offers our employees, and their covered spouses or domestic partners, a chance to improve their health and be rewarded. Healthy You aims to help BASF and our employees mitigate the effects of quickly rising health care costs by focusing on staying well, physically and emotionally.



"Healthy You," a program of "you@BASF," helps employees, and their covered spouses or domestic partners, to optimize their health and provides rewards for doing so.

**Employees – Number of Employees**



**Highest climber with grads**

Improved brand recognition with grads BASF was named a Top 100 Ideal Employer for Engineering by Universum, a global leader in employer branding. We now rank #95 on the firm's list of the top companies for engineering and #121 for natural sciences, a jump of 36 spots versus the previous year.



More than 50 college graduates joined BASF's Professional Development Program in 2012.

## Community relations

### Creating chemistry in our communities

**BASF is committed to making a positive contribution to social development, not only through our business activities, but through our involvement in the communities where we operate. Our employees play a vital role in supporting our local communities as volunteers and contributors.**

#### Chemistry with class

BASF has a strong commitment to science education. In 2012, more than 12,200 students participated in the Kids' Lab program at science centers in New Jersey, Texas, Louisiana and Michigan and in classrooms across the U.S. and Mexico.

BASF is also a national sponsor of the "You Be the Chemist Challenge," provided through the Chemical Educational Foundation. This is a national academic competition where students in grades 5 through 8 are quizzed on various chemistry concepts in a format that both educates and entertains. Sites in Michigan, Pennsylvania, North Carolina, and South Carolina participated in 2012.

The Science Academy aspires to develop the technology based workforce of the future by exposing high school students to advance science, practical business applications and potential careers in chemistry. Students from New Jersey, Pennsylvania, Ohio, Virginia, South Carolina, Texas, Alabama and Louisiana participated in a two week long summer residential program where they worked in the labs and learned from professors and BASF business leaders in a college campus setting.

#### Calming the storm

The BASF family was out in force to render aid, support and assistance to those impacted by Superstorm Sandy that struck the East Coast of the U.S. in October. With overwhelming generosity and selflessness, BASF employees contributed funds to organizations supporting relief efforts and participated in a volunteer day of caring in New Jersey. This was in addition to the company's direct contribution of \$250,000 to the Hurricane Sandy New Jersey Relief Fund, and the pledge to donate

\$500,000 worth of products to support relief and recovery efforts. BASF also matched employee donations for a combined additional contribution of approximately \$120,000.

#### Run for our life

For the second year in 2012, BASF Texas locations teamed up to sponsor and participate in the BeTheOneRun to raise awareness for and increase donor participation in the Gulf Coast Marrow Donor "Be the Match" program. The program and bone marrow registry raise awareness of the life-saving need for marrow or peripheral blood stem cell donations from adult donors to patients with leukemia and lymphoma. "Be the Match" also tests, types and recruits donors.

About 500 BASF employees and family members attended the event to help out or participate in the races. Many children of BASF employees also participated in the Kids Tot Trot Race.

Throughout the day, employees and family members had an opportunity to be tested as possible donor matches. At least three BASF employees and one BASF family member have already been found as matches and donated stem cells. This is just one example of how BASF employees care for their communities.

#### Kicked up a notch

BASF played a hand in one of America's favorite sports when the company showed how its chemistry helps benefit the game of football — from a stadium's cement structure, foam roof, seats and artificial turf, to players' uniforms, sport shoes and protective gear.

BASF was a Host Committee sponsor for the New Orleans Super Bowl XLVII and volunteers from the BASF site in Geismar, Louisiana were proud to lend a hand.

On Super Bowl Boulevard, a free outdoor four-day festival full of food, music and entertainment near the French Quarter, employee volunteers chatted with fans and educated the general public about how BASF creates chemistry in action.

And as part of the Super Bowl's "Super Saturday of Service," BASF employees also worked with Habitat for Humanity of Greater Baton Rouge to build homes for local families.

#### Keeping Fit for a cause

In 2012, BASF Canada donated \$20,000 to select Canadian charities as part of *KeepFit*, an employee wellness program that encourages employees to improve their well-being through increased exercise and activity. To encourage participation, for every one kilometer walked and recorded during the campaign period, BASF Canada donated \$1 to the employee's charity of choice.





## Selected awards and recognition



**BASF named to Global 100 list of most sustainable corporations by Corporate Knights**  
BASF SE placed 35<sup>th</sup> overall.



**BASF honored by Habitat for Humanity**  
Wyandotte site recognized with a "2012 Sponsor of the Year" Award.



**BASF North American headquarters receives LEED® double-Platinum certification from USGBC**  
Building is the fifth construction project in the United States and the first in New Jersey to achieve LEED® double-Platinum certification. The classification system for sustainable buildings defines standards in the areas of site concept, water and energy consumption, building materials and interior construction.



**BASF receives six awards from the American Chemistry Council for energy efficiency**  
The awards are in recognition of significant energy management processes enhancements made at BASF manufacturing sites in 2011.



**GM Supplier of the Year**  
BASF honored for performing above expectations as a coating supplier.



**Carbon Disclosure Project**  
Carbon Disclosure Leadership Index and Carbon Performance Leadership Index. BASF again achieved the top ranking in the Materials & Energy sector in the Carbon Disclosure Leadership Index. BASF was also once again included in the Carbon Performance Leadership Index, which assesses companies' performance in dealing with climate change.



**Dow Jones Sustainability Index**  
BASF share included in DJSI World for twelfth consecutive year. The company received particular recognition for its commitment in the areas of climate strategy and risk and crisis management, as well as human capital development.

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### The head of the class

In 2012, BASF was recognized for excellence in science education by both the New Jersey Chapter of the Public Relations Society of America and the Society of Chemical Manufacturers and Affiliates.



## Contacts

### Regional contacts:

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Tel: (973) 245-6000

**BASF Canada**  
100 Milverton Drive, 5th floor  
Mississauga, ON L5R 4H1  
Tel: (866) 485-2273

**BASF Mexicana, S.A. de C.V.**  
Insurgentes Sur 975  
Col. Ciudad de los Deportes  
03710 Mexico, D.F.  
Tel: 52-55-5325-2600

### Division contacts:

#### Care Chemicals:

BASF Corporation  
100 Park Avenue  
Florham Park, NJ 07932  
Tel: (973) 245-7838

#### Crop Protection:

BASF Corporation  
26 Davis Drive  
Research Triangle Park, NC  
27709  
Tel: (919) 547-2000

#### Nutrition & Health:

BASF Corporation  
100 Park Avenue  
Florham Park, NJ 07932  
Tel: (973) 245-7925

#### Petrochemicals:

BASF Corporation  
1111 Bagby Street  
Suite 2600  
Houston, TX 77002  
Tel: (973) 245-6014

#### Catalysts:

BASF Corporation  
25 Middlesex/Essex Turnpike  
Iselin, NJ 08830  
Tel: (732) 205-5000

#### Dispersions & Pigments:

BASF Corporation  
11501 Steele Creek Road  
Charlotte, NC 28273  
Tel: (704) 587-2597

#### Paper Chemicals:

BASF Corporation  
11501 Steele Creek Road  
Charlotte, NC 28273  
Tel: (704) 587-1812

#### Plant Science

BASF Corporation  
26 Davis Drive  
Research Triangle Park, NC  
27709  
Tel: (919) 547-2000

#### Coatings:

BASF Corporation  
26701 Telegraph Road  
Southfield, MI 48033  
Tel: (248) 304-5453

#### Inorganics:

BASF Corporation  
1424 Mars Evans City Road  
Evans City, PA 16033  
Tel: (724) 538-1381

#### Performance Chemicals:

BASF Corporation  
100 Park Avenue  
Florham Park, NJ 07932  
Tel: (973) 245-6014

#### Polyurethanes:

BASF Corporation  
26701 Telegraph Road  
Southfield, MI 48033  
Tel: (248) 304-5453

#### Construction Chemicals:

BASF Corporation  
23700 Chagrin Boulevard  
Beachwood, OH 44122  
Tel: (216) 839-7016

#### Intermediates:

BASF Corporation  
100 Park Avenue  
Florham Park, NJ 07932  
Tel: (973) 245-6288

#### Performance Polymers:

BASF Corporation  
1609 Biddle Avenue  
Wyandotte, MI 48192  
Tel: (734) 324-5608

→ [www.basf.us](http://www.basf.us)

### Social media at BASF

BASF has multiple accounts on the most popular social networks. Browse the content on Facebook, Twitter, YouTube, etc. and join the conversation.



We create  
chemistry  
that lets cozy  
homes love  
windy days.



Wind turbines produced with innovative solutions from BASF can withstand high-speed winds and severe weather conditions. Our products help make the production and installation of wind turbines more efficient, as well as making them durable—from the foundations to the very tips of the blades. In this way, we support the development of wind power as a climate-friendly source of energy. When high winds mean clean energy, it's because at BASF, we create chemistry.

[www.wecreatechemistry.com](http://www.wecreatechemistry.com)

 **BASF**  
Pg. 275  
The Chemical Company

### Further information

You can find this publication on the Internet  
at [www.basf.us/reports](http://www.basf.us/reports)



BASF supports the worldwide Responsible Care<sup>®</sup>  
initiative of the chemical industry.

### Contact

**General Inquiries:** (973) 245-6000 or (800) 526-1072 (toll free)  
or visit [basf.us](http://basf.us)

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**Sustainability:** Charlene Wall, Tel: (973) 245-6438

**Investor Relations:** Florian Greger, Tel: (973) 245-6013

**Design:** Coyne Public Relations  
**Photography:** Myriad Media, Eye Wander Photography, Detlef Schmalow

**BASF Corporation Freeport Facility**

**Certification of Appraised Value of Properties as of January 1, 2013:**

**EXHIBIT B**

**BRAZORIA COUNTY APPRAISAL DISTRICT  
CERTIFICATION OF APPRAISED VALUE OF PROPERTIES  
AS OF JANUARY 1, 2013**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: December 19, 2013

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2013, for property of "BASF CORPORATION CHEMICALS DIVISION" described in Exhibit "A" attached hereto are listed in the records of the Brazoria County Appraisal District and indicated by the following account numbers:

<u>PERSONAL PROPERTY ACCOUNT(S)</u>	<u>APPRAISED VALUE(S)</u>
-------------------------------------	---------------------------

n/a

LAND ACCOUNT(S)

2114-0230-007*	\$108,820
2115-0004-110*	\$248,060

IMPROVEMENT ACCOUNT(S)

Land = 25.923 ac @ \$4,000 = \$103,690\*

Certified this 19<sup>th</sup> day of December, 2013.

BRAZORIA COUNTY APPRAISAL DISTRICT

  
Cheryl Evans, Chief Appraiser

**BASF Corporation Freeport Facility**

**PART II - Project Information**

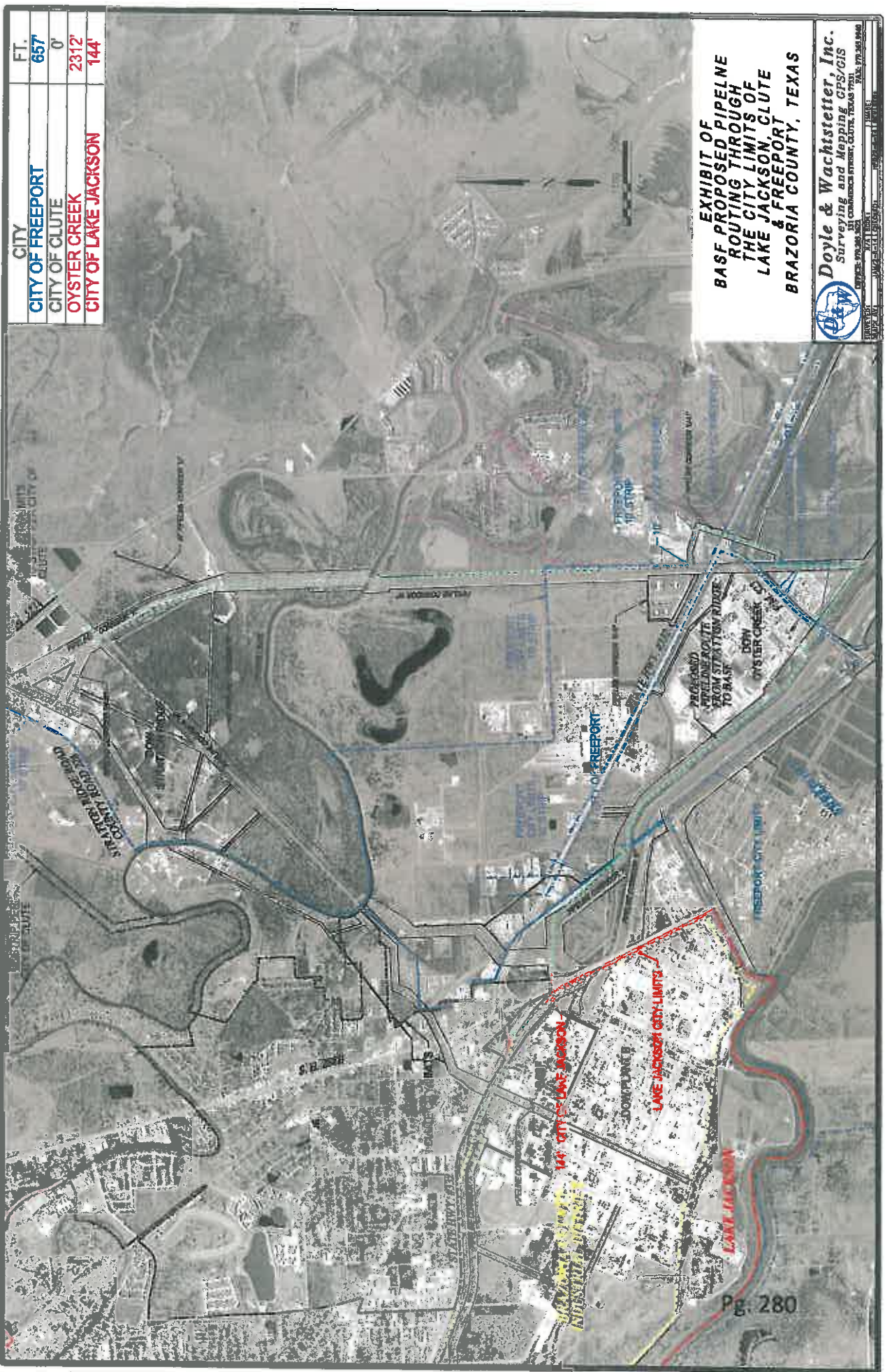
**Proposed Facility Address and Legal Description:**

Final Legal Description to be attached.

**\*\*CONFIDENTIAL\*\***

**EXHIBIT C**

CITY	FT.
CITY OF FREEPORT	657'
CITY OF CLUTE	0'
OYSTER CREEK	2312'
CITY OF LAKE JACKSON	144'



**EXHIBIT OF  
 BASF PROPOSED PIPELINE  
 ROUTING THROUGH  
 THE CITY LIMITS OF  
 LAKE JACKSON, CLUTE  
 & FREEPORT, TEXAS  
 BRAZORIA COUNTY, TEXAS**



**Doyle & Wachtstetter, Inc.**  
 Surveying and Mapping CPS/CIS  
 OFFICE: 7000 351 COMMERCE STREET, CLUTE, TEXAS 77551  
 PHONE: 409-343-0440  
 FAX: 409-343-0440



**BASF Corporation Freeport Facility**

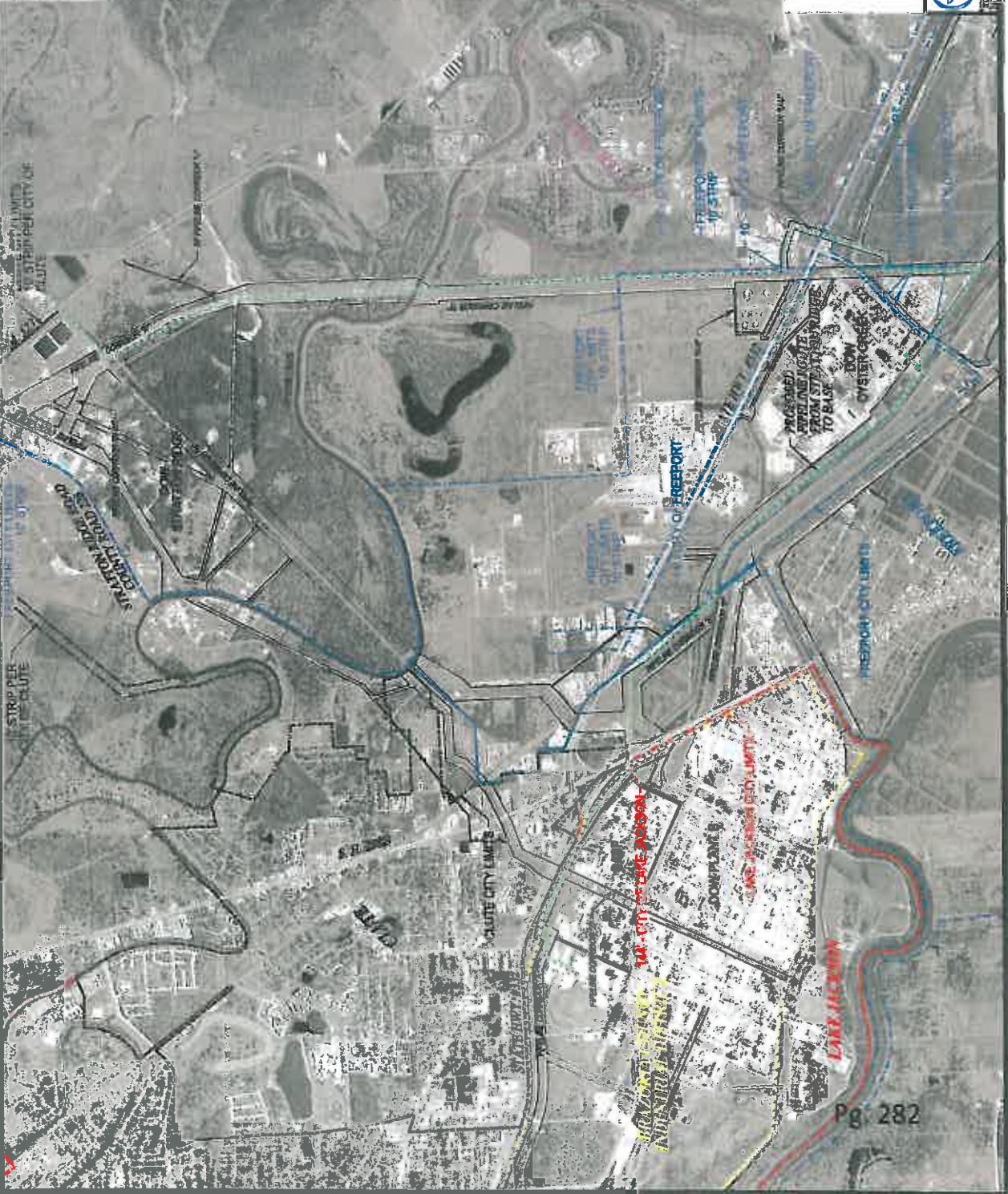
**Map Showing Site:**

Final Map to be attached.

**\*\*CONFIDENTIAL\*\***

**EXHIBIT D**

CITY	FT.
CITY OF FREEPORT	657'
CITY OF CLUTE	0'
OYSTER CREEK	2312'
CITY OF LAKE JACKSON	144'



**EXHIBIT OF  
 BASF PROPOSED PIPELINE  
 ROUTING THROUGH  
 THE CITY LIMITS OF  
 LAKE JACKSON, CLUTE  
 & FREEPORT  
 BRAZORIA COUNTY, TEXAS**



**Doyle & Wachtstetter, Inc.**  
 Surveying and Mapping GPS/GIS  
 10000 W. 10th Street, Suite 1000, Houston, TX 77036  
 Phone: 281.461.1111 Fax: 281.461.1112  
 www.dwy.com

**BASF Corporation Freeport Facility**

**PART III - Project Description**

**Project Description including Time Schedule for Undertaking and Completing Project:**

**EXHIBIT E**

**Project Description:**

This project provides for the design and construction of an ammonia production facility as well as related utility, infrastructure and logistics improvements. The plant will manufacture ammonia that is used in products such as nylon, polyurethanes, water treatment products, personal health care products, and many others.

The project is estimated to commence construction on or about Q1 2015 with completion on or about Q1 2017.

**Site Information:**

If approved, the facility will be constructed in the southwest corner of the BASF Corporation Freeport plant site. This site is an existing facility with multiple plants producing a variety of chemical products. Additional project spending for pipelines and infrastructure will be necessary within the Freeport plant site to support the new plant.

**Proposed Improvements:**

Potential improvements for which this tax abatement is sought include site development, installation of pipeways, utility service lines, product and raw material pipelines, storage tanks, compressors, drums, heat exchangers, pumps, filters, piping, insulation, electrical, switchgear, transformers, instrumentation equipment, equipment and structural foundations and supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, shipping facility improvements, inter-plant piping, other chemical processing equipment, modifications and tie-ins to existing facilities.

**Items For Which Abatement Is Requested:**

The items mentioned above under Proposed Improvements comprise assets for the primary project. BASF Corporation requests that an abatement be approved for certain logistical pipeline assets that may be within the limits of City of Freeport.

BASF Corporation Freeport Facility

PART IV - Economic Impact Information

**Planned Water and Sewer Treatment Methods and Disposal of Effluent:**

**Treated Water Needs:**

Water used for drinking, sanitation facilities, safety showers, safety eyewash systems, and other needs will be provided by BASF's existing proprietary system.

**Sewer and Effluent Treatment:**

The disposal of effluent and sewer treatment will be accomplished using the existing BASF waste treatment plant.

EXHIBIT F

## BASF Corporation Freeport Facility

### **Letter/Statement regarding Variance Requests:**

In the event BASF Corporation chooses to locate the potential investment at the Freeport site, construction would not be anticipated to begin until Q1 2015 and the unit would not be expected to be fully operational until Q2 2017. With this consideration in mind, we request that the abatement become effective as of January 1st of the year following the start-up of the unit. For example, if the unit becomes fully operational in May of 2017, the abatement term would commence on January 1, 2018 and expire December 31, 2024.

**EXHIBIT G**

## BASF Corporation Freeport Facility

### Statement on Planned use of Brazoria County Vendors:

In the event BASF Corporation's Freeport site is successful in securing company investment for a manufacturing facility in Brazoria County, we plan to actively seek and encourage qualified Brazoria County vendors and service providers to compete for construction, supply and operation of the facility, where applicable. The vendors and service providers must be competitive with non-county vendors and service providers regarding price, quality, safety, availability, and ability to perform.

BASF Corporation is committed to supporting Brazoria County businesses and citizens in every way possible. The company actively seeks qualified local vendors, suppliers, and service providers to meet our needs. Many local companies are able to compete successfully and are utilized by BASF on a continuing basis.

EXHIBIT H

**BASF Corporation Freeport Facility**

**Detailed Itemized List of Tangible Personal Property requesting to be abated:**

**BASF Corporation will provide a list of any and all tangible personal property that should be considered subject to the tax abatement agreement. BASF Corporation will provide the list at a future date and upon the most accurate determination of qualifying tangible personal property.**

**EXHIBIT I**



## BASF Corporation Freeport Facility

### **Application for Abatement with Other Taxing Jurisdictions:**

BASF Corporation applied for a tax abatement with Brazoria County in November 2013 with an approval by the Brazoria County Commissioners Court on December 23, 2013. BASF Corporation is currently considering submitting tax abatement applications to other taxing jurisdictions.

EXHIBIT J

Date: 12/23/2013

THE SPECIAL COMMISSIONERS COURT SESSION OF BRAZORIA COUNTY, TEXAS

ORDER NO. VII.B.1.f.

**RE: Grant BASF Corporation tax abatement application**

---

**That the application for tax abatement of BASF Corporation attached hereto be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement, in the Reinvestment Zone created in Brazoria County, for a term of seven (7) years, and at 100% abatement of eligible properties; that the subject location described in the attached application be designated a reinvestment zone for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law; and further that the County Judge is authorized to execute a tax abatement with BASF Corporation in accordance with the same guidelines and criteria.**

APPLICANT INFORMATION

Company Name: Signal Electronics Submittal Date: \_\_\_\_\_

Sole Proprietor ( ) Partnership ( ) Corporation (X) Other: \_\_\_\_\_ ( )

Address: 1744 W. 4<sup>th</sup> Suite 202, Freeport, TX

Name/Title/Address/Telephone of Company contact on this project:

DAVE ALSTON - President - Above address  
Office 979-233-1112 Cell 979-299-3849

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 if necessary):

203 S. Gulf Blvd, Freeport, TX 77541  
Block 15, LOT 22, 23, 24

Attach a map showing the site. (Attach as Exhibit)

Proposed facility located in the following taxing jurisdictions:

School District	Brazosprt Independent School District
Drainage District	Velasco Drainage District
City	City of Freeport

Other Taxing Jurisdictions: Brazoria County; Port Freeport

Describe product or service to be provided: MARINE

electronics & Security Systems Sales & Service

Application is for: New Facility ( ) Expansion (X) Modernization ( )

PROJECT DESCRIPTION

Please attach a statement which:

1. fully explains the project;
2. describes the site and existing improvements;
3. describes all proposed improvements; and,
4. provides a list of improvements and fixed equipment for which abatement is requested.

ECONOMIC IMPACT INFORMATION

A. Estimated cost of improvements:

Real Estate Added: \$ 80,000  
*\*40K purchase price + 40K improvements*  
 Personal Property Added: \$ 25,000

B. Permanent employment estimates:

If existing facility, current plant employment: 5  
 Estimated number of jobs retained: 5 jobs created: 0  
 Number of employees anticipated at start up: 5 within  
 1 year 5

C. Construction employment estimates:

Construction to start: Month: 3 Year: 2014  
 Construction to be completed: Month: 9 Year: 2014  
 Number of construction jobs anticipated: At start:       
 Peak      Finish:     

D. School District impact estimates: (for projects over \$5,000,000)

Number of families transferred to area:                     

Number of students added to ISD:                     

E. City Impact estimates:

Gallons of treated water required from city:                     

Gallons of effluent water to be treated by city:                     

Project Started? Yes ( ) No () Finished Yes ( ) No ( )

F. Estimated appraised value on site:

	LAND	IMPROVEMENTS	PERSONAL PROPERTY
--	------	--------------	----------------------

*\* See Note on attachment*

Valuation of existing property as of January 1, preceding this abatement Application \$ 13,000 \$ 12,740 \$ 0

Valuation of Personal Property and Improvements, not subject to abatement, excluding exempt pollution control equipment, upon completion of project subject to this application \$ 8,000 \$ 32,000 \$ 25,000

Estimated value, upon completion of project of exempt pollution control equipment. \$      \$      \$     

Estimated value of abated improvements after abatement agreement expires \$ 8,000 \$ 72,000 \$ 25,000

- G. Statement of planned efforts to use Vendors and Services located in the City of Freeport:

Please attach a statement describing willingness and planned efforts to use qualified vendors and services located in the City of Freeport where applicable in the construction and operation of the facility.

DECLARATION

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

  
\_\_\_\_\_  
Company Official Signature

David Alston - President  
\_\_\_\_\_  
Printed Name and Title of  
Company Official

2/14/14  
\_\_\_\_\_  
Date Signed



*"Our Commitment to Quality Guarantees Your Satisfaction"*

*MARINE ELECTRONICS SERVICE & SALES SINCE 1982*

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2/14/2014

## **Expansion/Relocation Project for Signal Electronics**

### **Site Description:**

Signal Electronics will purchase the property and building located at 203 S. Gulf Blvd in Freeport, Texas. Property described as Freeport (Velasco), Block 15, Lots 22,23, & 24.

Existing building is approximately 5,600 square feet. It's constructed with brick/block and has a flat built-up style roof. There are no existing improvements inside the building. All interior walls, flooring, electrical, and plumbing fixtures have been removed. Additional minor demolition and clean-up will be required prior to renovations.

### **Proposed Improvements:**

- Repair or replace roof as necessary
- Repair and address building exterior as necessary to improve appearance
- Repair and/or replace HVAC as necessary
- Build-out approximately 3,100 sq. ft. of interior for offices and shop facilities
- Remaining area will be used for warehouse space

### **Abatement:**

Proposed abatement would cover materials and labor cost for above listed improvements and repairs.

### **Note:**

Existing tax rolls show five (5) lots with this property. They are Block 15, Lots 1,2,22,23,24. Lots 1 & 2 will not be included in the sale and therefore the existing appraised value of the land may drop from the current amount of \$13,000 to approximately \$8,000.

"Economic Impact Information - The \$80K represents the expected purchase price or \$40K plus the estimated improvements of \$40K.

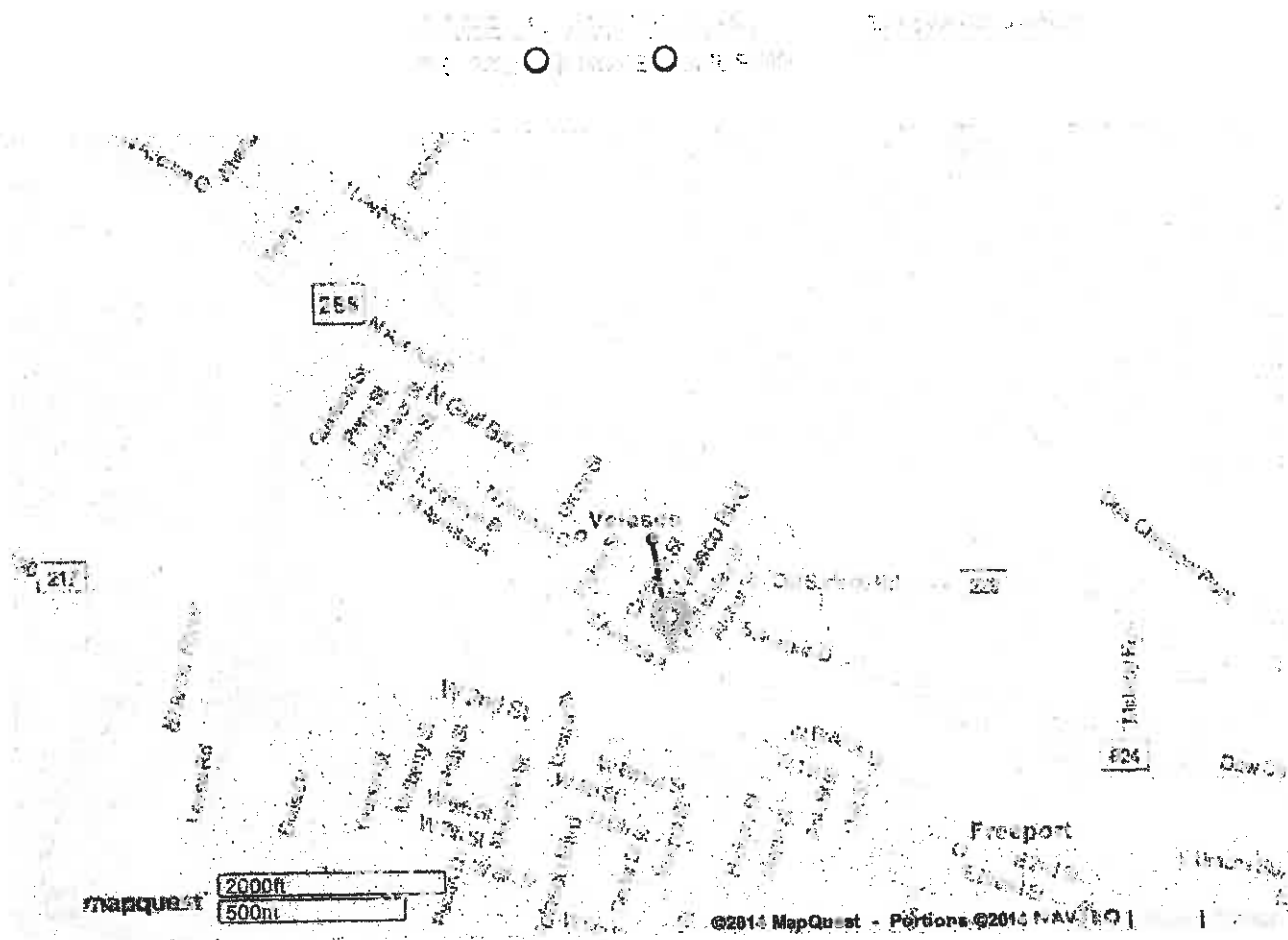
### **Vendors and Contractors:**

Signal Electronics will make a best effort to use local Freeport vendors and contractors to implement improvements to said property.

Notes



Map of:  
**203 S Gulf Blvd**  
Freeport, TX 77541-4809



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Notes



Map of:  
**203 S Gulf Blvd**  
Freeport, TX 77541-4809

Map Tools: [Print](#) [Share](#) [Link](#) [Embed](#) [Fullscreen](#)  
Map Style:  Standard  Topographic  Satellite



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